

Report to: Cabinet
Date of Meeting: 6 February 2019
Public Document: Yes
Exemption: None
Review date for release: None



Agenda item: 14

Subject: **Revenue and Capital Budgets 2019/20**

Purpose of report:

Cabinet adopted draft Revenue and Capital Estimates for 2019/20 at its meeting on 2 January 2019. A joint meeting of the Overview and Scrutiny Committees reviewed those budgets on 16 January and the Housing Review Board considered the Housing Revenue Account budgets on 24 January.

Recommendations from those meetings are detailed in this report and the minutes are contained on the agenda. It is now for Cabinet to consider those comments and recommendations and to make their recommendations to Council.

As part of the Prudential Code for Capital Finance in Local Authorities the Council is required to set prudential indicators as part of its budget setting process, these indicators are detailed in the Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy and are included on the Cabinet agenda. They reflect the proposals and details in this report.

Alongside the Treasury Management Strategy sits a new requirement for the Council to adopt a Capital Strategy this is also contained on this agenda.

Recommendation:

It is recommended:

1. To propose the Net Revenue General Fund Budget as considered in 2.8 of the report.
2. A Council Tax increase is approved of £5 a year giving a Band D council tax of £141.78 a year for 2019/20.
3. That the Housing Revenue Account Estimates with a net surplus of £1.154m is approved.
4. That the Net Capital Budget totalling £9.819m for 2019/20 is approved.

Reason for recommendation:	There is a requirement for the Council to set a balanced budget for both the General Fund and Housing Revenue Account and to levy a Council Tax for 2019/20.
Officer:	Simon Davey Strategic Lead – Finance; sdavey@eastdevon.gov.uk
Financial implications:	Details contained in the report
Legal implications:	The requirements for budget setting and council tax are set out in statute and regulations which the finance team take account of in the preparation of the report. The duties of the Council's Section 151 Officer include the requirement to make recommendations to ensure that the Council maintains an adequate level of reserves, when considered alongside the risks the Council faces and the general economic outlook
Equalities impact:	Low Impact Equality impact was considered by budget managers with finance officers during the budget preparation stage with consideration given to any budget variation which could result in any service changes being assessed as high, medium, or low in terms of equality impact. Due to the fact that no high or medium impacts were identified it is deemed that a full impact assessment is not necessary for implications in the budget proposals.
Risk:	Low Risk Risks have been considered in preparing the budgets and the financial implications have been assessed at the point of preparation. Various budget assumptions have been made including the treatment of inflation and interest rates; estimates on the level and timing of capital receipts; the treatment of demand led pressures; the treatment of planned efficiency savings/productivity gains; levels of income; financial risks inherent in any new arrangements; capital developments; the availability of funds to deal with major contingencies and the need for any provisions. In each of these areas the Council's financial standing, management and track record has been considered in order to prepare robust budget proposals. The risks associated with Brexit were highlighted and considered in the Financial Plan 2019-2029. There is a Strategic Risk included in the Council risk register and services have considered impacts on their own service areas. The risks have been assessed under the operational parameters of this Council. The overall assessment of low risk has been made on the basis of the 2019/20 budget proposal and the mitigation of financial uncertainties as detailed in the report. Future budget considerations and risks from 2020/21 onwards are considered in the Council's Financial Plan.
Links to background information:	-
Link to Council Plan:	Funding allocation to meet the Council Plan

1. Introduction.

1.1 The Cabinet adopted draft revenue and capital budgets on the 2 January 2019.

1.2 The budgets, associated service implications and Service Plans were then considered by:

- A joint meeting of the Overview and Scrutiny Committees on 16 January.
- The Housing Review Board considered the Housing Revenue Account (HRA) budgets at its meeting on 24 January.
- Comment were also invited from the business community to the Council's draft budget proposals.

1.3 This report follows on from the draft Revenue and Capital Budgets 2019/20 report presented to Cabinet on the 2 January; this gave significant narrative on the budget proposals including the details presented in the budget book and service plans. For reference:

- The budget report can be found here [Budget Report 2019/20](#) ,
- the draft budget book here, [Draft budget book 2019/20](#) and
- the Service Plans here [Draft Service Plans 2019/20](#)

2. Update and Summary of recommendations to Cabinet.

2.1 The minutes of the joint meeting of the Overview and Scrutiny Committees on 16 January and the Housing Review Board meeting of 24 January are contained on this agenda.

General Fund Budget

2.2 The draft General Fund budget adopted by Cabinet proposed a budget with a net General Fund Revenue spend of £15.168m, with a requirement to use £0.236m from the General Fund Balance (£0.080m for the one off costs associated with the District election).

2.3 **No amendments have been recommended by the Scrutiny Committee** to draft budget adopted by Cabinet.

2.4 **One amendment was recommended by the Overview Committee to reinstate a vacant post within the Economy Portfolio at a cost of £25,000.** The deletion of this vacant post in the draft budget was agreed by the Strategic Management Team as a saving in line with Transformation Strategy "Fit for Purpose" imperative. The responsible officer for this area believed the saving could be made through efficiencies and would not impact the service.

2.5 Members of **both Committees recommended to Cabinet a Council Tax increase of £5 a year (3.7%)** raising the charge from £136.78 to £141.78 a year for a band D property as included in draft budget.

- 2.6 Neither Committee recommended including in the 2019/20 budget the funding request from Cranbrook Parish Council as detailed in the 2 January budget report.
- 2.7 No budget amendments have been proposed by the business community.
- 2.8 To conclude only one amendment has been proposed to the draft budget adopted by Cabinet and that is by the Overview Committee as given 2.4 above. If accepted by Cabinet this will increase the draft budget by £25,000 raising the net budget from £15.168m to £15.193m which in turn will increase the sum needed from the General Fund Balance by £25,000 to balance the budget. **A final recommendation is required by Cabinet to Council.**

Housing Revenue Account Budget

- 2.9 The draft Housing Revenue Account (HRA) budget adopted by Cabinet proposed a surplus of £1.154m. No amendments were proposed to the draft budget originally adopted by Cabinet by either the Overview and Scrutiny Committees or the Housing Review Board.

Capital Budget

- 2.10 No amendments have been proposed to the draft capital budget with Net Expenditure of £9.819m as adopted by Cabinet.

3. Council's Balances and Reserves

- 3.1 Details are contained in the draft Revenue and Capital Budgets 2019/20 report presented to Cabinet on the 2 January.

4. The Prudential Code for Capital Finance in Local Authorities

- 4.1 The Prudential Code for Capital Finance in Local Authorities gives the requirement to report on a series of prudential indicators, which are designed to support and record local decision making. These indicators are required to be part of the Council's budget setting process and show the overall effect on various financing and borrowing strategies that the Council plans to adopt over the next three financial years. These indicators will be monitored and reported and when necessary updated to reflect any changes in policy.
- 4.2 This Council's prudential indicators are contained in the Treasury Management Strategy 2019/20 – Minimum Revenue Provision Policy Statement and Annual Investment Strategy included on the agenda and reflect the proposals and details in this report.
- 4.3 Alongside the Treasury Management Strategy sits a new requirement under the Prudential Code for the Council to adopt a Capital Strategy, this is also contained on this agenda for Members consideration.