

**Medium Term Financial Strategy and Budget Proposals  
2019/20**

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service/Lead Director</b>	Mark Green, Director of Finance and Business Improvement
<b>Lead Officer and Report Author</b>	Mark Green, Director of Finance and Business Improvement
<b>Classification</b>	Public
<b>Wards affected</b>	All

**Executive Summary**

This report forms part of the process of agreeing a budget for 2019/20 and setting next year's Council Tax. It brings together final revenue and capital budget proposals for 2019/20, including a proposed level of Council Tax, so that a balanced budget may be recommended to Council on 27<sup>th</sup> February 2019.

**This report makes the following recommendations to this Committee:**

It is recommended that the Committee:

1. Notes the outcomes of consideration of budget proposals by the Service Committees;
2. Agrees the updated Strategic Revenue Projection set out in Appendix A;
3. Agrees the Budget Savings Proposals set out in Appendix B;
4. Agrees the allocation of £50,000 from the Parking Fund for Transport Planning in 2019/20;
5. Agrees the Revised Estimates for 2018/19 and the Budget Estimates for 2019/20 set out in Appendix C for recommendation to Council;
6. Agrees the Capital Programme set out at Appendix D for recommendation to Council;
7. Agrees the Treasury Management Strategy, Investment Strategy and Capital Strategy set out in Appendix E for recommendation to Council;
8. Agrees a £7.56 increase in Council Tax for 2019/20 for recommendation to Council;
9. Agrees the updated Medium Term Financial Strategy set out in Appendix G;
10. Recommends to Council the appropriate matters for decision to set a balanced budget for 2019/20 and the necessary level of Council Tax in accordance with the Local Government Finance Act 1992 and the Localism Act 2011 including the decisions made above.

<b>Timetable</b>	
<b><i>Meeting</i></b>	<b><i>Date</i></b>
Policy and Resources Committee	13 February 2019
Council	27 February 2019

# Medium Term Financial Strategy and Budget Proposals

## 1. INTRODUCTION AND BACKGROUND

1.1 This section sets out revenue and capital budget proposals for 2019/20 as follows:

- Background
- Local Government Finance Settlement 2019/20
- Feedback from Service Committees on budget proposals
- Updates to Strategic Revenue Projection
- Revenue Estimates
- Capital Programme
- Balances / Earmarked Reserves

### Background

1.2 This Committee has considered the Medium Term Financial Strategy (MTFS) for 2019/20 onwards on a number of occasions during the course of the financial year. The Committee initiated the budget process at its meeting on 27 June 2018. It agreed an approach to development of an updated Medium Term Financial Strategy for 2019/20 – 2023/24 and a budget for 2019/20 and noted the assumptions to be used for planning purposes, including annual Council Tax increases in line with the government's referendum limit.

1.3 At its meeting on 12 December 2018, Council agreed a MTFS for the next five years. The MTFS reflects considerable uncertainty about the level of resources which are available to deliver the Strategic Plan. This uncertainty arises for a number of reasons. Outcomes for the national economy could vary widely depending on how the UK's planned exit from the EU is managed. These wider economic factors will affect the level of public expenditure. The framework for local government expenditure in particular is anyway subject to uncertainty, with the four year local government funding settlement 2016/17 to 2019/20 coming to an end next year, and no definitive information about what subsequent arrangements will mean in practice for the Council.

1.4 At the same time, the MTFS seeks to support the Council's new strategic priorities by allowing for revenue budget growth, where necessary, and by providing the necessary capital investment to achieve longer term objectives.

1.5 Given uncertainty about the future, various potential scenarios were modelled in the MTFS, representing (a) favourable, (b) neutral and (c) adverse sets of circumstances. All scenarios assumed that budget savings included within the existing MTFS would be delivered. Projections were prepared for each of the scenarios modelled. The projections have been brought up to date as of February 2019 and the neutral scenario projections are set out at Appendix A.

- 1.6 The budget proposals set out in this report are based on the neutral budget scenario, as this is considered on the balance of probabilities to represent the most likely set of outcomes. Service Committees have considered the proposals that relate to their areas of responsibility, and all budget proposals were reported to this Committee at its meeting on 23 January 2019.
- 1.7 The budget proposals are set out in Appendix B. In total, £1,067,000 of new budget savings have been identified, of which £175,000 will arise in 2019/20. Offset against these is £155,000 of budget growth (£131,000 in 2019/20) to address the new Strategic Priorities. These proposals, together with existing budget plans agreed by Council in earlier years and updates to the strategic revenue projection, are sufficient to meet the budget remit of a balanced budget for 2019/20.
- 1.8 The budget proposals also achieve a significant reduction in the budget gap in 2020/21 and subsequent years. Whilst there remains a budget gap in 2020/21, good progress has been made towards eliminating it, and this provides the necessary assurance that the approach to balancing the budget set out in the MTFS is sustainable.
- 1.9 'Adverse scenario' proposals have been developed for contingency planning purposes. The position will be kept under review over the coming year, and if the assumptions on which the neutral scenario is based turn out no longer to be valid, revised budget proposals will if necessary be brought back to Policy and Resources Committee and Council.

### **Local Government Finance Settlement 2019/19**

- 1.10 The Provisional Local Government Finance Settlement 2019/20 was announced by the Secretary of State for Housing, Communities and Local Government on 13 December 2018 and were confirmed in the Final Settlement announced on 29 January 2019. Key points arising from the statement were as follows:
- 2019/20 is the fourth year of the four year funding settlement originally announced in 2015. Overall allocations have been confirmed in line with the four year settlement.
  - New Home Bonus continues to be paid to authorities that exceed the baseline figure of 0.4% growth in the number of homes. The payment to Maidstone BC in 2019/20 will be £3.8 million, in line with our expectations.
  - As anticipated, the government will not levy negative Revenue Support Grant (RSG) on those authorities that had been due to pay it in 2019/20. This would have cost Maidstone Borough Council £1.589 million in 2019/20.
  - The government will distribute the £180 million surplus that it was holding in the business rates levy account to all councils, based on need. Maidstone's share of this distribution amounts to £49,000.

- The core Council Tax referendum limit will be 3%, with a further 2% for adult social care, as in 2018/19. Police and Crime Commissioners will be allowed increases of up to £24 (£12 in 2018/19).
- Twelve new business rates retention pilots have been announced. However, Kent & Medway was not given pilot status again in 2019/20.

Negative RSG of £1.589 million was originally included in our projections for 2019/20. Rather than reverse it out, the MTFS assumes that the amount that would have been paid to the government is held as a contingency for future funding pressures, and will be used to cushion the impact of likely reductions in resources in 2020/21.

The loss of business rates retention pilot status has no effect on the projections, as it was assumed, in the interests of prudence, that we could not rely on continuing to be a pilot.

### **Feedback from Service Committees on Budget Proposals**

#### **1.11 Strategic Planning, Sustainability and Transportation Committee (8 January 2019)**

It was suggested that a growth item of £50,000 be recommended to the Policy and Resources Committee to provide in-house expertise for traffic modelling. This was due to a skills gap in the current team and previous instances of outsourcing this function.

The Committee commented that it was difficult to make a judgement on the suitability of the budget without information pertinent to the resourcing that was required to fulfil the Local Plan deadlines in 2021.

The Committee also noted that while there was a surplus in the last year regarding Planning Performance Agreements, this was not something that could be relied upon in coming years.

The conclusion was that budget proposals for services within the remit of the Committee were agreed, with the addition of a request for a growth item to fund an Officer/resource for additional expertise in transportation matters.

#### **1.12 Communities, Housing and Environment Committee (15 January 2019)**

The Committee expressed concern at the proposed increased charges for the Garden Waste Service, as there was a risk that residents with lower incomes would be discouraged from using the service. Officers stated that the increased charges for services should be seen in the context of balancing the whole Council budget and it was preferable to generate additional income rather than cutting services. The Garden Waste Services charge was originally due to be increased in both 2019/20 and 2020/21. The current proposal ensured that customers did not experience increased charges in consecutive years, and that costs remained competitive with other Local Authorities. Neighbouring Local Authorities had explored the

introduction of a Garden Waste Service, and estimated that it would cost £15 more than the proposed Maidstone charge.

The Committee commented that it was preferable to agree the proposed increased charges and to monitor uptake of services to assess the impact of the decision. Despite the reluctance to increase prices, it was stated that there were no other viable way to save the required money.

The Committee acknowledged the need to balance the budget, and commented that aligning the budget to the Strategic Plan was a positive approach.

It was also suggested that, in future, the Council could charge other organisations who wished to access recorded CCTV footage.

The budget proposals were agreed for submission to the Policy and Resources Committee.

#### 1.13 Policy and Resources Committee (23 January 2018)

Budget proposals for services within the remit of the Committee were agreed.

#### 1.14 Heritage, Culture and Leisure Committee (29 January 2019)

The Committee expressed their concern that the budget and strategic plan did not necessarily align at present and moving forward it needed to ensure that the resources align to enable the strategic plan to be delivered. The budget proposals were nevertheless agreed for submission to the Policy and Resources Committee.

#### 1.15 Conclusion

The only substantive change recommended following consideration of the budget proposals by the Service Committees was the recommendation of Strategic Planning, Sustainability and Transport Committee that additional resources be identified for transport planning. This proposal has been considered and one-off resources of £50,000 have been identified from the Parking Fund that would address this requirement. This will allow transport planning resource to be procured for an initial period of 12 months on an experimental basis, after which the need for a longer term funding solution can be assessed.

### **Updates to Strategic Revenue Projection**

#### **Council Tax**

1.16 Policy and Resources Committee agreed at its meeting on 5 December 2018 that the Council Tax Base for 2019/20 will be 62,033.40. This is slightly less than the 2% increase in the Council Tax Base assumed in the MTFs, so projected Council Tax income is £87,000 less than projected. The agreed Council Tax Base will yield total Council Tax income of £16,157,219 if Band

D Council Tax is increased by 3% (£7.56), as assumed in the Medium Term Financial Strategy.

1.17 This report recommends that the Council increases Council Tax by 3%, for the following reasons:

- Pressures on the Council's budget mean that even a marginal difference in Council Tax income is of value. Each 1 per cent increase in Council Tax funds another £160,000 worth of Council services.
- An increase at the maximum level of 3% will allow a balanced budget to be set, assuming no changes to any of the other budget assumptions.
- Because the starting point for calculating the referendum limit in any given year is the previous year's Council Tax, agreeing a lower increase this year would reduce the Council's room for manoeuvre in future years.
- Although 3% is higher than the current level of CPI, inflation on the items that the Council buys is well in excess of 2%.
- The Council relies heavily on Council Tax, which is now its principal source of funding. The Council therefore exposes itself to unnecessary risk if it does not maximise Council Tax income.

1.18 Policy and Resources Committee agreed at its meeting on 23 January 2019 to increase the level of Empty Property Premium payable from 50% to 100% with effect for 2019/20. Taking into account the likely impact of the change in policy, Maidstone's share of the increased income is estimated to amount to £17,000 in 2019/20. No allowance has been built into subsequent years' projections for the change in policy, as the change may have the effect of reducing the amount of empty property and hence the amount collectible through the Premium.

1.19 It was reported to Policy and Resources Committee on 5 December 2018 that there would be a surplus on the Collection Fund arising from Council Tax collection activity as at 31 March 2019. Maidstone Borough Council's share of this surplus is £409,792. Whilst Council Tax generated a surplus, Business Rates generated a deficit – see paragraph 1.22 below.

### **Business Rates**

1.20 The Business Rates income estimate for 2019/20 is based on the recently completed NNDR1 return that has to be provided to the Department of Housing, Communities and Local Government each January. The Business Rates baseline, ie the notional amount of business rates due to the Council, after payments to preceptors and the government's tariff, excluding any growth, is £3.208 million.

1.21 The NNDR1 return indicates that there will be further business rates growth in addition to this. Maidstone's share of this growth amounts to £1.129 million, which is however £118,000 less than assumed in the MTF5.

- 1.22 The NNDR1 also provides our latest estimate of the balance on the Collection Fund arising from Business Rates collection activity as at 31 March 2019. Business Rates have recorded a deficit, of which Maidstone Borough Council's share is £495,227. Business Rates income is very difficult to predict, with total income of nearly £60 million, and a large number of variables including appeals, bad debts, and statutory reliefs to which ratepayers are entitled. Taking into account the surplus on Council Tax, the net deficit on the Collection Fund, which needs to be built into the budget, is £85,435.
- 1.23 Whilst Kent & Medway authorities no longer form a business rates retention pilot, Kent County Council and ten of the Kent districts continue to pool their business rates growth, which has the effect of reducing the levy on business rates growth that would otherwise be payable to central government. As previously agreed by Council, Maidstone's 30% share of the saving on the levy is ringfenced for investment in the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. Neither of these amounts are reflected in the Strategic Revenue Projection, as they have been earmarked for specific purposes.
- 1.24 The final figures for the proceeds from the 2018/19 business rates retention pilot will not be known until the accounts for the year are closed. Current indications are that the proceeds will be in excess of the original projections. No account is taken of this in the Strategic Revenue Projection.
- 1.25 As part of the 2019/20 Local Government Finance Settlement, the government announced that it would distribute the £180 million surplus that it was holding in the business rates levy account to all councils, based on need. Maidstone's share of this distribution amounts to £49,000.

### **Fees and Charges**

- 1.26 The level of fees and charges made by each Service Area were considered by Service Committees at their meetings in January 2019. The combined considerations of all fees and charges has been incorporated in the budget proposals in Appendix B. The total projected value of fees and charges is now projected to be £28,000 less than in the MTFS Strategic Revenue Projection.

### **Inflation**

- 1.27 The MTFS projected inflation for the Council of 2.5%. This is a composite of several elements, including pay inflation and contract price inflation. The single biggest element in this figure is pay. A staff pay increase of 2% has been agreed for 2019/20, but in practice the rate of pay inflation is higher because our salary structure means that many staff receive increments each year if they meet performance targets. Contract price increases vary from contract to contract, but recent increases have been as high as 6%.
- 1.28 UK-wide inflation figures have fallen slightly since the MTFS was prepared. The latest CPI inflation figure, for December, is 2.0%, down from 2.2% in November. There was a big one-off factor in this fall, with a reduction in

the cost of a litre of petrol, 6.4p between November and December, compared with a rise of 0.8p a litre in the same period a year earlier. So the lower inflation rate of 2.0% may not be sustainable.

- 1.29 Taking all these factors into consideration, the projected allowance for inflation in the Strategic Revenue Projection has increased by £50,000.

### **Additional Growth Pressures**

- 1.30 Additional growth pressures have been identified that need to be incorporated in the Strategic Revenue Projections. These include additional costs of running borough elections, following a review of the actual costs incurred in 2018 (£44,000), a downgrade of Legal Service income projections based on latest information (£20,000), the Business Improvement District levy now payable on Maidstone Council properties (£17,000), and an unachievable external print income target (£10,000). Against this is offset a reduction of £30,000 in the amount that we are required to contribute in 2019/20 to the Kent Pension Fund, of which we are a member, to fund its deficit. In total there is a net increase of £64,000 in the predicted budget requirement arising from additional growth pressures.

### **Revenue costs of capital programme**

- 1.31 An allowance is made in the Strategic Revenue Projection for the revenue costs of the capital programme, ie financing costs and Minimum Revenue Provision. The Strategic Revenue Projection assumed that, based on progress with the capital programme and our funding requirements, we would have to start borrowing from the Public Works Loan Board early in 2019/20. Having reviewed the capital programme, as updated and approved by Policy and Resources Committee at its meeting on 23 January, it is clear that borrowing will not be required before the second half of 2019/20 and the revenue costs of capital expenditure will be delayed. This has led to a reduction of £409,000 in the projected costs in 2019/20.

### **Summary**

- 1.32 In summary, the impact of the above changes to the Strategic Revenue Projection for 2019/20, as compared with the position shown in the Medium Term Financial Strategy as adopted by Council on 12 December 2018, is as follows:

	£000
Projected budget gap as per MTFS	-85
New savings proposals	175
Growth to address new strategic priorities	-131
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Projected budget deficit for 2019/20	-41
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Updates to MTFS projections:

<u>Add:</u>	
Revenue effects of updating capital programme	409
MBC share of business rates levy account surplus	49
Increase in Council Tax Empty Homes Premium	17
<u>Less:</u>	
Lower than projected business rates growth	-118
Lower than projected increase in Council Tax base	-87
Collection Fund adjustment	-85
Additional budget pressures	-64
Increase in inflation allowance	-50
Adjustment to fees and charges growth	-28
Net effect of updates	46
Projected surplus	5

The updates to the Strategic Revenue Projections cancel out the projected budget deficit, and leave a small surplus of £5,000.

### **Revenue Estimates**

- 1.33 Attached at Appendix C is a summary of the revenue budget for 2019/20, based on the assumptions above. The summary shows the Original Estimate 2018/19 as approved by Council in March 2018; the Revised Estimate 2018/19 calculated as part of the budget development work completed this year; and the Estimate for 2019/20 based upon the details set out in this report. The Estimate for 2019/20 is analysed between gross expenditure, income and net expenditure, so that Members may see clearly how income generated by the Council contributes towards expenditure budgets.
- 1.34 Appendix C presents the Committee with the budget structured in line with the relevant Service Committees and separately structured in line with the strategic priorities set out in the Strategic Plan.
- 1.35 The Revised Estimate 2018/19 shown in Appendix C totals £19,362,116. This figure is net of all income with the exception of the use of balances and the council tax requirement.
- 1.36 The Estimate for 2019/20 shown in Appendix C totals £20,476,250. This incorporates the savings and other adjustments discussed above. The figure is net of all income with the exception of the use of balances, business rates income and the council tax requirement. This figure excludes the value of all precepts.

### **Capital Programme**

- 1.37 A draft Capital Programme was reported to Committee at its meeting on 23 January 2019. The Capital Programme totals £80 million over five years and includes a number of major schemes intended to achieve the Council's long term strategic objectives. Details are set out Appendix D.
- 1.38 The Council has the power to borrow to finance capital expenditure subject to the guidance set out in the Prudential Code. In 2012 the Council approved in principle the use of prudential borrowing, but it has not yet needed to undertake any. Current cash flow projections indicate that prudential borrowing will be required at some point later in 2019/20. The proposals set out in this report suggest a need to consider up to £55,524,000 of prudential borrowing over the life of the programme.
- 1.39 To date the Council has not borrowed to finance the capital programme, as the value of borrowing was outweighed by the benefit of using the Council's own resources. So long as the Council is holding cash balances, there is no merit in borrowing externally, given the margin between borrowing and lending rates of interest. It is projected that the Council will continue to be able to rely on its own resources for the first half of the financial year 2019/20, but will need to start borrowing from the Public Works Loan Board to fund the capital programme in the second half of the year.
- 1.40 The arrangements for funding the capital programme are set out in the Treasury Management Strategy, Investment Strategy and Capital Strategy, which were considered by the Audit Governance & Standards Committee at its meeting on 14 January 2019. The Audit Governance & Standards Committee was made aware of the potential for prudential borrowing arising from approval of the recommendations in this report. It agreed the Treasury Management Strategy, Investment Strategy and Capital Strategy, subject to any amendments arising from consideration of the Capital Programme by Policy and Resources Committee. The updated Treasury Management Strategy, Investment Strategy and Capital Strategy are accordingly included as Appendix E.

### **Balances / Earmarked Reserves**

- 1.41 Attached at Appendix F is a statement of general fund balances and details of earmarked reserves. The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.
- 1.42 The estimated level of resources available from business rates growth is identified. The in year receipt will be held for use in the following year based on the principles set out in the memorandum of understanding to the Kent Business Rates Pool.
- 1.43 General fund balances are estimated to be £10,584,000 by 31 March 2020. In considering the level of reserves that should be maintained Committee should make two decisions:
- a) The first is an absolute minimum below which the Committee cannot approve the use of balances without agreement by the Council. This figure is currently set at £2,000,000. It is recommended that

Committee propose to Council that the minimum level of balances be maintained at £2,000,000.

- b) The second is an operational minimum set for daily use of balances by the Policy & Resources Committee. In the past this has been set £300,000 above the Council set minimum. This makes £2,300,000 and it is recommended that Committee approve the principle that the minimum level of balances for daily use should be £300,000 above the Council set minimum.

It is considered that the projected level of balances at 31 March 2019 is adequate but not excessive.

### **Medium Term Financial Strategy**

- 1.44 Attached as Appendix G is the Medium Term Financial Strategy, updated to reflect the latest position as described in this report.
- 1.45 The financial projection that complements the Medium Term Financial Strategy is the Strategic Revenue Projection given at Appendix A. The financial projection considers the need for growth and savings over the period of the Medium Term Financial Strategy and incorporates assumptions about inflation and changes in local and national initiatives.
- 1.46 The financial projection that complements the Capital Medium Term Financial Strategy Statement is the capital programme given at Appendix E.
- 1.47 The Strategy may require amendment following Committee's consideration of this report or following consideration by Council on 27th February 2019. The final versions will be published as part of the budget documents on the Council's website following the Council meeting.

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## **2. AVAILABLE OPTIONS**

- 2.1 **Option 1:** To not recommend a budget or recommend a budget that is not balanced to Council.
- 2.2 The Council is statutorily required to set a balanced budget in time for the new financial year and in time for council tax billing to be achieved. If the Committee were to decide not to recommend a budget or recommend a budget that was not balanced Council would not be able to accept the proposal. A budget would need to be set and this would happen without the information or guidance from this Committee's work over the past year.
- 2.3 **Option 2:** The Committee could amend the budget set out in this report but would need to take care that the final recommendation to Council is a balanced budget.
- 2.4 The Director of Finance and Business Improvement (section 151 Officer) must provide confirmation to Council that "the budget calculations are based upon robust estimates and that the level of reserves is sufficient for

the purposes of the budget exercise". Care must be taken in amending the budget set out in this report so that the Director of Finance and Business Improvement is able to make the necessary confirmation.

- 2.5 **Option 3:** the Committee recommend the budget set out in this report, including the proposed council tax charge.
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### **3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 3.1 Option 3 is the preferred option.
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### **4. RISKS**

- 4.1 The Council's MTFS is subject to a high degree of risk and certainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each of its meetings.
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### **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 Policy and Resources Committee received an initial report on the MTFS at its meeting on 27 June 2018 and has subsequently received further reports on the development of the budget for 2019/20. Council agreed the MTFS at its meeting on 12 December 2018.
- 5.2 Residents were asked to consider our budget priorities as a Council in parallel with consultation on the new Strategic Plan that was adopted in December 2018. The findings were reported to Service Committees in January 2019 and formed part of their consideration of the budget proposals.
- 5.3 Detailed budget proposals were considered by individual Service Committees. The outcomes of this consultation are set out in this report at paragraphs 1.11 to 1.14.
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### **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The timetable for setting the budget for 2019/20 is set out below.

<b>Date</b>	<b>Meeting</b>	<b>Action</b>
13 February 2019	Policy and Resources Committee	Agree 2019/20 budget proposals for recommendation to Council
27 February 2019	Council	Approve 2019/20 budget

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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. Specifically, the capital programme allows for investment in long term projects that support the strategic plan objectives.	Section 151 Officer & Finance Team
<b>Risk Management</b>	See section 4 above.	Section 151 Officer & Finance Team
<b>Financial</b>	Set out in report.	Section 151 Officer & Finance Team
<b>Staffing</b>	None.	Section 151 Officer & Finance Team
<b>Legal</b>	Under Section 151 of the Local Government Act 1972 (LGA 1972) the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management. The Medium Term Financial Strategy demonstrates the Council's commitment to fulfilling its duties under the Act.	Head of Mid Kent Legal Partnership & Team Leader (Corporate Governance), MKLS

	<p>The Council is required to set a council tax by the 11 March in any year and has a statutory obligation to set a balanced budget. The budget requirements and basic amount of Council Tax must be calculated in accordance with the requirements of sections 31A and 31B to the Local Government Finance Act 1992 (as amended by sections 73-79 of the Localism Act 2011).</p> <p>The Council is required to determine whether the basic amount of council tax is excessive as prescribed in regulations - section 52ZB of the 1992 Act as inserted under Schedule 5 to the Localism Act 2011. The Council is required to hold a referendum of all registered electors in the borough if the prescribed requirements regarding whether the increase is excessive are met. The duty has been considered and is addressed under paragraph 1.15 of this report; which also notes that an increase of 3% will allow a balanced budget to be set.</p> <p>Approval of the budget is a matter reserved for full Council upon recommendation by Policy and Resources Committee on budget and policy matters.</p>	
<b>Privacy and Data Protection</b>	None.	Section 151 Officer & Finance Team
<b>Equalities</b>	No impact identified. Where appropriate, Equalities Impact Assessments are carried out for specific budget proposals.	Equalities and Corporate Policy Offer.
<b>Crime and Disorder</b>	None.	Section 151 Officer &

		Finance Team
<b>Procurement</b>	Procurement of the capital schemes described in section 2 of this report will be in accordance with the procurement provisions within the Council's constitution.	Section 151 Officer & Finance Team

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## **8. REPORT APPENDICES**

The following documents are to be published with this report and form part of the report:

- Appendix A: Strategic Revenue Projection 2019/20 to 2023/24
  - Appendix B: Budget Savings Proposals 2019/20
  - Appendix C: Revised Estimates for 2018/19 and Draft Budget Estimates for 2019/20
  - Appendix D: Capital Programme 2019/20 to 2023/24
  - Appendix E: Updated Treasury Management Strategy, Investment Strategy and Capital Strategy
  - Appendix F: Statement of General Fund Balances and Earmarked Reserves
  - Appendix G: Updated Medium Term Financial Strategy 2019/20 to 2023/24
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## **9. BACKGROUND PAPERS**

There are no background papers.