

COUNCIL
13TH FEBRUARY 2019
RECOMMENDATIONS OF CABINET ON THE BUDGET 2019/20

EX/51 **Budget 2019/20 and the Medium Term Financial Strategy to 2022/23**

The Leader reported details of the proposed 2019/20 revenue and capital budgets, following the receipt of the provisional financial settlement from Government on 13th December 2018, and reviewed the Medium Term Financial Strategy, which had been approved in December 2018. It was noted that the Council was able to set a budget for 2019/20 that would generate a surplus, which would help towards funding future transformation to maximise efficiency and effectiveness. In 2019/20, the Council would be delivering a £19,300,000 capital programme, while the level of council tax proposed remained the lowest in West-Sussex and in the lowest quartile nationally.

It was currently projected that there would also be a budget surplus in 2020/21, despite the continued reduction in Government funding. However, without taking action this would result in budget deficits and the budget projections for 2021/22 and 2022/23 were to breakeven, provided significant transformation continued to be delivered.

It was therefore planned to continue to deliver savings and income generation through a combination of measures including: service reviews; procurement; income generation; and other efficiency measures.

The report set out a series of prudential indicators, which were a statutory requirement to demonstrate that the Council's capital programme was affordable and prudent in the context of the Council's overall finances, together with a statement on the robustness of reserves.

The proposals were supported by the Finance and Assets Policy Development Advisory Group.

The Leader also reported that the calculation used for the budget figures in the report were based on the November 2018 forecast for inflation. However, the December 2018 forecast, recently received, reduced the inflation figure from 3.2% to 2.7%. It was therefore proposed that the level of Council Tax (recommendation (i)) for 2019/20 should be increased by 2.7% and not 3.2%, as proposed in the report. A similar reduction to the Special Expenses in respect of the unparished area (recommendation (iii)) was also proposed

The Deputy Leader and Cabinet Member for Leisure and Culture also proposed that the overall capital budget for Highwood Community Centre should be increased from £1,500,000 to £2,000,000.

Details of the impact of these changes on recommendations (v) and (vii) below would be reported to Council.

RECOMMENDED TO COUNCIL

- (i) That the level of Council Tax for 2019/20 be increased from £145.60 by £3.93 (2.7%) to £149.53 at Band D.
- (ii) That the net revenue budget for 2019/20 of £10.435m be approved (Appendix A to the report).
- (iii) That Special Expenses of £299,140 (Appendix D to the report) and a Band D charge of £25.46 be agreed in respect of the unparished area for 2019/20.
- (iv) That the capital programme for 2019/20 (Appendix E to the report) be approved, subject to the overall budget for Highwood Community Centre being increased from £1,500,000 to £2,000,000, and that the indicative capital budgets in the programme for future years be noted.
- (v) That the projected future balanced budgets on the revenue account in 2021/22 and 2022/23 be noted and the Medium Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken to deliver these balanced budgets in these two years.
- (vi) That the Minimum Revenue Provision (MRP) Statement set out in Appendix F to the report be approved.
- (vii) That the Capital Strategy and prudential indicators and limits for 2018/19 to 2021/22 set out in Appendix G to the report be approved.
- (viii) That the statement on the robustness of the level reserves in Appendix I to the report be noted.

REASON

To meet the Council's statutory requirement to approve the budget and the prudential indicators before the start of a new financial year.