

COUNCIL
15TH FEBRUARY 2017

RECOMMENDATIONS OF CABINET ON THE BUDGET 2017/18

EX/74 **BUDGET 2017/18 AND MEDIUM TERM FINANCIAL STRATEGY TO 2020/21**

The Cabinet Member for Finance and Assets reported the details of the proposed 2017/18 revenue and capital budgets and reviewed the Medium Term Financial Strategy, which had been approved in November 2016, in light of the final 2017/18 budget and receipt of the Settlement. It was noted that the Council was able to set a balanced budget for 2017/18, generating a small surplus which would help towards funding future transformation to maximise efficiency and effectiveness.

The 2016 Autumn Statement had done little to change the Government's policy of significantly reducing funding to local authorities in a bid to help reduce Government debt, consequently the pressure on Council finances remained as strong as ever. As the Council had already accepted the four year settlement in 2015/16, the settlement in December 2016 duly confirmed a 23.6% reduction in Settlement Funding Allocation in 2017/18 when compared to funding of £2,700,000 in 2016/17. Cumulatively, there would be a 62.3% reduction over the four year period by 2019/20.

The current budget estimate was for the Council to deliver a small surplus in 2018/19, breakeven in 2019/20 and have a deficit of £1,600,000 in 2020/21. These projections were significantly lower than had been forecast a year ago as a result of the work done on the 2017/18 budget and also by the Cabinet's November 2016 decision to approve alternate weekly collection from Spring 2018, which should generate savings of £1,000,000 per annum.

It was planned to deliver savings and income generation through a combination of measures including: service and productivity reviews; shared services; procurement; income generation; and other efficiency measures. The current programme focused on the period up to 2020, but this would help put the Council in good shape to tackle the deficit in 2020/21.

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.

RECOMMENDED

- (i) **That the level of Council Tax for 2017/18 be increased from £137.17 by 2.5% to £140.60 at Band D.**
- (ii) **That the net revenue budget for 2017/18 of £11,860,000 be approved, as submitted.**

- (iii) That Special Expenses of £280,319 and a Band D charge of £24.40 be agreed in respect of the unparished area for 2017/18.**
- (iv) That the capital programme for 2017/18 be approved as submitted and that the indicative capital budgets in the programme for future years be noted.**
- (v) That the projected future deficit on the revenue account in 2020/21 be noted and the Medium Term Financial Strategy continues to be reviewed and refined to ensure that decisions are taken to develop a balanced budget in 2020/21.**
- (vi) That the Minimum Revenue Provision (MRP) Statement be approved, as submitted.**
- (vii) That the prudential indicators and limits for 2016/17 to 2019/20 be approved, as submitted.**
- (viii) That the statement on the robustness of the level reserves 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.