

Agenda Item No: 9.2
Report Title: General Fund Revenue Budget 2018/2019
Report To: Cabinet **Date** 5 February 2018
Cabinet Member: Councillor Bill Giles
Ward(s) Affected: All
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Purpose of Report:

To present the 2018/2019 General Fund Revenue Budget to be recommended to Full Council.

Officers Recommendation(s):

That Cabinet:

- 1 Reviews the contributions to reserves and use of reserves as set out in Appendix C.
- 2 Considers any recommendations of the Scrutiny Committee.
- 3 Notes the Council Tax and Business Rates Collection Fund balances to be returned in 2018/2019.
- 4 Considers the statutory report of the Designated Chief Finance Officer as required by section 25(1) of the Local Government Act 2003, set out in section 13.
- 5 Notes completion of the statutory Non Domestic Rates Return (NDR1) and consequent retained rating income for 2018/2019, as explained in paragraph 5.2(e).

That Cabinet recommends to Council:

- 6 An aggregate Council Tax requirement of £7,438,000 (a Band D Council Tax increase of £5.79, 2.97% for the aggregate Lewes District Council "Council Tax Requirement) comprising
 - a. A General Expenses Council Tax requirement of £6,793,160
 - b. A Special Expenses Council Tax Requirement of £644,840.

- 7 That following publication of the Final 2018/2019 Local Government Finance Settlement the Deputy Chief Executive be authorised to make the necessary adjustments to maintain the general expenses council tax requirement at the above level and to report any adjustments to the next Cabinet meeting.

Reasons for Recommendations

- 1 Cabinet is required to approve the budget in accordance with the Council's Constitution. This budget report sets out the level of General Fund revenue resources needed to support the Council's priorities and services.
- 2 The Council has a statutory duty to determine its Council Tax Requirement and level of Council Tax for the coming year. Cabinet makes a recommendation to Council on this matter having taken account of the Deputy Chief Executive's statutory report on the adequacy of reserves and balances.

1 National Context 2018/2019

- 1.1 On 19 December 2017, the Secretary of State for Communities and Local Government gave his statement on the local government finance settlement for 2018/2019, subject to consultation with local authorities and representatives bodies. The consultation closed on 16 January 2018. Details of the final settlement have not been released at the time of writing this report.
- 1.2 97% of local authorities, including this Council, have signed up to the Government's offer of a multi-year settlement, 2018/2019 being the third year of its 4 year term. Participating authorities have a high level of certainty about the financial resources which will be made available to them from the Government through to 2019/2020.
- 1.3 The provisional finance settlement continues the methodology of distributing New Homes Bonus to local authorities first introduced in 2017/2018, which comprises a general reward allocation based on the year on year increase in local housing stock above a specified threshold, 0.4%. As previously indicated, the number of years for which payments are made reduced from 5 years in 2017/2018 to 4 years from 2018/2019. The Government will retain the option of making adjustments to the baseline in future years in the event of a significant increase in housing growth.
- 1.4 The last business rates revaluation took effect from 1 April 2017. Revaluation is a revenue neutral exercise so the total rates bill stayed the same at the England level in real terms, after allowing for appeals. At the local authority level, overall bills increased or fell depending upon whether rateable values in that area performed above or below the average for England, after allowing for appeals.
- 1.5 This would have resulted in a change in the business rates income available to authorities under the business rates retention scheme, for reasons outside their control. Under the 50% business rates retention scheme, the Government adjusts each authority's tariff or top up following a revaluation to ensure, as far as is practicable, that its retained income was the same after

reevaluation as immediately before; thereby ensuring that the growth incentive created by the rates retention scheme and the delivery of public services will not be threatened by losses of income outside the control of authorities. Following consultation with local authorities, the methodology used to make this adjustment in 2017/2018 has been reviewed by the Government and further changes will be made as part of the 2018/2019 settlement.

- 1.6** As previously notified, the Government has confirmed its intention to limit the distribution of Transition Grant to local authorities to the two years 2016/2017 and 2017/2018 only. This Council had received £84,000 as Transition Grant in 2017/2018.
- 1.7** The National Employers, who negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland, have offered a two-year pay increase which, if accepted, would give a 2% uplift in salaries on 1 April 2018 and a further 2% on 1 April 2019. The finance settlement assumes an increase of 1%.
- 1.8** In overall terms, the provisional local government finance settlement indicates a 1.5% reduction in local authorities' Core Spending Power (comprising Revenue Support Grant and other core grants, retained business rates at baseline levels and council tax).

2 The future of the local government finance system

- 2.1** Over the last year, the Government has been working closely with the local government sector to identify central government grants that can be funded through retained business rates in the future, and on reforming the local government finance system where needed.
- 2.2** As previously announced, it is the Government's intention to implement an increase in business rates retention in 2020/2021, replacing resources which are currently distributed by grants including Revenue Support Grant. Allowing local authorities to keep business rates to the value of these grants would represent business rates retention across the local government system of at least 75%. The Government also intends to use the intervening period to develop a set of measures that support a smooth transition of funding for public health services from a grant to retained business rates.
- 2.3** The Government will also continue to work with the sector to improve the way the local government finance system works, such as tackling the impact of business rates appeals on local authorities. The Government intends to develop a series of reforms with the view of implementing these in 2020/2021 alongside greater business rates retention.
- 2.4** Alongside these reforms, the Government continues to make progress on a fair funding review of relative needs and resources, in collaboration with the Local Government Association and representatives from across local government. This review will calculate new baseline funding levels based on an up-to-date assessment of the relative needs and resources of local authorities. Business rates will be redistributed according to the outcome of the new assessment, alongside the resetting of business rates baselines,

subject to suitable transitional measures. The Government has published a consultation setting out its approach to the fair funding review

3 Council Tax Referenda

- 3.1** The Localism Act 2011 contains a requirement for referenda to approve or veto council tax increases that exceed limits set out by the Secretary of State (and approved by Parliament) in “principles” defined for the following financial year.
- 3.2** In recognition of higher than expected inflation and the pressures on services such as social care and policing, the Government has decided to make changes to the council tax referendum principles. In the case of district councils, increases of less than 3% or up to and including £5 (whichever is higher) above the authority’s relevant basic amount of council tax for 2017/2018 can be made without triggering a referendum. This same principle will apply for increases in 2019/2020. In recent years the threshold has been for increases of less than 2% or up to and including £5 (whichever is higher) This threshold is applied to changes in the aggregate of an authority’s “General” and “Special” Expenses.

4 Lewes District Council council tax requirement for 2018/2019

- 4.1** The Council’s average band D tax each year is calculated as follows:

$$\frac{\text{Aggregate Council Tax Requirement}}{\text{Band D taxbase}} = \text{Band D tax requirement}$$

- 4.2** The aggregate Band D requirement comprises two elements:
- Special Expenses in respect of the cost of managing and maintaining parks and open spaces. The cost of each site is charged to the council taxpayers of that part of the district area in which it is located.
 - General Expenses, all other costs
- 4.3** The Council has made a commitment to passing on changes in the cost of the upkeep of open spaces, reflecting the devolution of these assets to town and parish councils. Special Expenses amounts are shown in the table below:

Town/Parish area	Special Expense 2017/2018 £	Band D 2017/2018 £	Special Expense 2018/2019 £	Band D 2018/2019 £
Lewes	345,430	56.40	338,830	55.03

Newhaven	98,890	27.32	155,150	43.47
Telscombe	51,890	20.83	53,230	20.55
Seaford	54,060	5.70	54,590	5.62
Peacehaven	37,510	8.00	37,810	7.83
Chailey	1,050	0.81	1,060	0.81
Ringmer	4,110	2.19	4,170	2.18
Total	592,940	16.31	644,840	17.41

The total amount charged as Special Expenses for Newhaven increases in 2018/2019 because the devolution of a number of open spaces to the Town Council (and with it the transfer of responsibility for their management and maintenance) has not yet been completed as had anticipated when the 2017/2018 budget was set. Work to achieve the devolution of these sites will continue, and an appropriate amount of funding raised by this Council through the 2018/2019 Special Expenses charge will be passed to the Town Council when the ownership of sites transfers.

- 4.4** Applying a 2.6% increase to the General Expenses element of the Council Tax gives a Band D tax amount of £183.43 as shown in the table below.

Band D	2017/2018 £	2018/2019 £	Change £	Change %
Special Expenses	16.31	17.41	1.10	6.7
General Expenses	178.74	183.43	4.69	2.6
Total	195.05	200.84	5.79	2.97

The increase in the total council tax requirement, £5.79 is within the 'less than 3%' referendum limit.

5 The 2018/2019 General Fund Budget

- 5.1** The table below indicates the change in resources made available to the Council from the Government.

	2017/18 £m	2018/19 £m	2019/20 £m
Lewes District Council			
Settlement Funding Assessment	2.469	2.160	1.791
Revenue Support Grant	0.375	0.002	0.000
Baseline Funding Level	2.094	2.158	2.205
Tariff / Top Up Adjustment ^a	0.000	0.000	-0.414
<i>Change in SFA:</i>			
<i>Annual change</i>		-12.5%	-17.1%
<i>Cumulative change</i>		-12.5%	-27.5%
All District Councils			
<i>Annual change in SFA</i>		-7.9%	-14.9%
<i>Cumulative change in SFA</i>		-7.9%	-21.7%

5.2 The General Fund Budget Summary for next year is shown at Appendix A together with the movement between 2017/2018 and 2018/2019. A statement showing the major variations arising from the Council's efficiency programme, inflation, variations in income and changes in demand for services is given at Appendix B.

- (a) A balanced budget for next year requires a total savings target of £1,034,000 (of which £334,000 is incorporated within the service budgets shown in the Summary). £800,000 of the savings target (of which £100,000 is projected to be allocated to the Housing Revenue Account budget) is to be met from Phases 2 and 3 of the Joint Transformation Programme (JTP). At the time of writing this report, appointments under JTP Phase 2 have been concluded and mobilisation of staff into new roles is taking place. Service Budgets will be reduced, and the savings target released, when the organisational changes have been embedded.
- (b) There is no withdrawal from the General Fund reserve to meet non-recurring expenditure.
- (c) A budget of £109,000 is available in 2018/2019 to support the implementation of service priorities, unchanged from 2017/2018.
- (d) A summary of contributions to and from reserves is shown in Appendix C. Reserves can be used to finance revenue or capital expenditure and the summary shows the aggregate planned use in 2017/2018 and 2018/2019. Service budgets for 2018/2019 incorporate one-off initiatives with a total budgeted cost of £211,000 to be funded from reserves. These initiatives include an economic assessment of the A259 and its constraints on the wide economy (£50,000), voluntary sector grant support for a scheme to mitigate the impact of the rollout of Universal Credit (£30,000), the Local Plan examination and associated work (£45,000) and a county-wide project to maintain and maximise the Business Rates base (£30,000).
- (e) The amount shown for Business Rates retained by the Council is indicative, pending the detailed calculation at the level of individual

premises of the impact of the annual increase in the RV multiplier, transitional relief phasing and changes to specific rate reliefs. The final estimate of retained business rates income, derived from the detailed business rates estimates (to be reported to Government through the annual NNDR1 return) should be available when Cabinet meets: it is expected to offset the change between projection and final estimate by a contribution to/use of the Strategic Change Reserve

- (f) The East Sussex district and borough councils, East Sussex County Council and Sussex Police Authority will restart the local pooling arrangement which was in place in 2016/2017. This means that rather than each district and borough council paying any levy (arising from business rates income exceeding the Government baseline amount) into a national pool, the levies will be retained within East Sussex and redistributed to the councils in proportion to local growth. At this stage, the 2018/2019 budget does not include an income budget for an amount to be redistributed to this Council from the local Pool.
- (g) Details of Government grants are shown in the sources of finance section of the General Fund Budget Summary. Key movements are the reduction in Revenue Support Grant (£373,000) and New Homes Bonus (£598,000). As in previous years, New Homes Bonus grant received is paid into the Strategic Change Reserve pending allocation to one-off initiatives.

5.3 Pay and Price Assumptions

The 2018/2019 draft budget has been prepared in accordance with the following framework:

Base budget:

- (i) No new items to be added to the budget except where approved by Cabinet in the year to date.
- (ii) Savings reported to and agreed by Cabinet to date are incorporated within draft budgets.

Employee budgets:

- (iii) With the exception of those employed in Legal Services, all staff are employees of Eastbourne Borough Council (EBC) with this Council being recharged an appropriate share of all employment costs including employer's national insurance and pension contributions.
- (iv) An average provision of £165,000 has been made for movements in the pay bill in line with the Local Government Employers' pay offer of a 2% increase for 2018/2019.
- (v) The budgeted employer's pension contribution rate for 2018/2019 is the same as that proposed by the actuary for EBC following the three yearly review of the East Sussex Pension Fund finalised in December 2016. This rate has been calculated in order to fund the cost of new benefits accruing in the Fund. In addition, a fixed monetary contribution is made

direct to the Pension Fund to target a fully funded position for Lewes District Council. This secondary contribution is £495,000 in 2018/2019 (£442,000 in 2017/2018).

Inflation:

- (vi) No allowance for general price increases other than where these are unavoidable eg business rates
- (vii) Agreed cost indices in tendered contracts.
- (viii) Should average price inflation (excludes pay) exceed assumptions in the budget outlook by 1%, this would add around £100,000 to the budget savings target.
- (ix) Income from general fees and charges is largely related to usage and activity levels. A separate report is agreed annually to agree increases in volume and price to be reflected in the budget. The Medium Term Finance Strategy assumes that overall income will rise by CPI.

6 Medium Term Budget Outlook and Savings Plan

- 6.1** The Medium Term Budget Outlook for the four years to 2021/2022 is shown at Appendix D. It builds upon the budget for 2018/2019 and uses assumptions for future years. No significant changes in assumptions have been made from 2017/2018.
- 6.2** As noted in paragraph 3.2, The Government has signalled that Council tax amounts for 2018/2019 and 2019/2020 can increase by the greater of £5 or up to 3%. The Budget Outlook assumes increases of 2.6% in both years, reducing to the previous referendum limit of 1.9% in each of the following years.
- 6.3** Retained business rates income is projected as reducing in 2019/2020 to reflect possible temporary changes in the business rates base while redevelopment projects in Lewes, Seaford and Newhaven take place. At this stage it is not possible to project how the value of locally retained business rates might vary as a result of expected changes in the local government finance system outlined in section 2 of this report.
- 6.4** In line with current objectives, the Budget Outlook delivers a sustainable recurring base budget up to 2021/2022, with no call on reserves for recurring expenditure. The savings target over the 4 years to 2021/2022 amounts to £1.833m which is an excess of £69,000 over the forecast requirement identified in the Budget Outlook.
- 6.5** Appendix E shows the savings plan through to 2022. The target for the current year is set to be achieved. The savings for 2018/2019 will mainly derive from the Joint Transformation Programme and growth in commercial income streams.
- 6.6** In the event that savings fail to materialise it would be necessary to utilise the New Homes Bonus spending power and even then a substantial budget gap would remain. The Council's reserves and balances would be under great

pressure and the shape of the Council's service provision would be biased more towards statutory services.

6.7 A number of underlying risks need to be monitored:

(a) Retained business rates:

- there is likely to be a loss of retained rate income associated with regeneration projects in Lewes and Newhaven as well as changes within the wider economy. This will be partly balanced in the medium term by newly created non domestic premises within the Newhaven Enterprise Zone and additional New Homes Bonus where non domestic premises are replaced with domestic dwellings.
- the outcome of appeals against business rate valuations remains a key risk, with the added complexity of the 2017 Revaluation. Successful appeals can be backdated to 2010 and decisions of Valuation Tribunals elsewhere in England can trigger fresh appeals from certain categories of business. There are currently 130 outstanding appeals against the LDC 2010 rating list. The Valuation Office Agency (VOA) advise that cases may take fifteen months to reach the final 'challenge' stage of the three stage appeals process that has been introduced in respect of the 2017 rating list. Very limited data has been given to local authorities by the VOA concerning businesses which have started on the process to appeal against their 2017 valuations.

(b) General income levels - income from fees and charges is dependant on demand, and the impact on the wider economy resulting from the UK's withdrawal from the European Union is uncertain.

(c) Provision for repayment of debt – the former DCLG has recently consulted on changes to the prudential framework of capital finance, including statutory guidance in respect of the calculation by councils of amounts that they should provide for the repayment of debt, particularly in respect of capital expenditure incurred on acquiring commercial properties or lending to companies. The outcome is not known at the time of writing this report. If implemented, the proposals could increase annual cost to the General Fund of providing for debt repayment by in excess of £0.1m and may reduce the returns which can be generated from future commercial developments.

6.8 Throughout the coming year Cabinet will receive monitoring reports to review budget against actual quarterly.

7 The Council's Capital Programme

7.1 Local authorities are required to have regard to The Prudential Code published by the Chartered Institute of Public Finance and Accountancy when setting their plans for capital expenditure. In accordance with the Prudential Code, local authorities establish their capital expenditure programme for at least three years ahead, and must ensure that the revenue impacts of the capital programme (eg

interest charges and principal repayments associated with new borrowing) are affordable.

- 7.2** Revenue contributions to finance the capital programme can be made either by the provision of a non-recurring contribution in the Revenue budget when circumstances permit or by annual recurring contributions if further savings can be generated within the revenue budget. Alternatively, contributions can be made from unallocated reserves and balances, or by using balances on reserves which are no longer required.
- 7.3** The revenue impacts of the outline Capital Programme for the period 2018/2019 to 2020/2021 which is the subject of a separate report on this Agenda have been taken into account within the General Fund and Housing Revenue Account draft budgets and are considered to be affordable. As noted in paragraph 6.7(c) above, the Government has recently consulted on making changes to the statutory guidance in respect of debt repayments.

8 Conclusions

- 8.1** It is essential that Cabinet continues to control carefully the recurring base budget.
- 8.2** The General Fund Reserve can be used as a short term measure to manage the pressures arising from lower income, rises in demand for statutory services and the lead in time needed to deliver savings.
- 8.3** The Council's earmarked reserves could be reassigned to balance a future budget in exceptional circumstances, but again this is not a sustainable solution.
- 8.4** Current and medium term pressures require the recurring base budget to be significantly reduced. Unless there is a compelling business case that helps achieve the base budget restructuring any calls for additional recurring resources need to be considered only when the desired savings targets are delivered.
- 8.5** There is capacity within the budget to meet time limited initiatives of a non-recurring nature, either from specific earmarked reserves, the General Fund Reserve, or the service priorities budget which is in effect a contingency that can be deployed once the overall year end position can be reliably predicted.
- 8.6** The Council needs to be reassured that the aggregate of reserves and the working balance is sufficient to meet the medium term finance strategy principles and objectives.

9 Reserves

- 9.1** Section 25 of the Local Government Act 2003 contains the statutory duty on the Chief Finance Officer to report to the authority on the robustness of the estimates it makes when setting the Council Tax and on the adequacy of its proposed financial reserves.

- 9.2** The Chartered Institute of Public Finance and Accountancy has published guidance (most recently updated in July 2014) in relation to reserves and balances. The guidance has been taken into account in this report.
- 9.3** The Council's reserves and balances need to cover all significant identified risks and operational service needs. As part of the annual budget and closing of accounts processes, the Council reviews and approves the position on its reserves. This is a mandatory requirement for all councils.
- 9.4** Where it is known in advance of a financial year that a reserve will be used, the expenditure is budgeted for and included in the draft budget and a contribution is made from that reserve. The Leader can authorise additional uses up to £100,000 during the year in accordance with the Council's Constitution and Council above that amount.
- 9.5** Savings can be achieved by reducing the annual level of contributions to reserves, but reserves are essential to ensure the financial sustainability of services. Making short term cuts to annual contributions is not a sustainable course of action but reviewing the level of contribution in parallel with service reviews and realignment exercises may enable reductions to be achieved. Reviews are made at least twice a year, during the budget cycle and as part of the accounts closure process.
- 9.6** A statement of the Council's Main Reserves projected through to 31 March 2019 is shown at Appendix C.
- 9.7** The Strategic Change Reserve holds New Homes Bonus received pending its use on approved projects. The most significant projects to be financed from the Reserve are the Joint Transformation Programme with Eastbourne Borough Council (£1.5m allocated), and supporting changes to the Waste and Recycling service (£0.7m allocated).
- 9.8** The Asset Maintenance Reserve provides resources for major works to General Fund assets including corporate buildings, parks, and the indoor leisure facilities for which the Council has landlord repairing responsibilities.
- 9.9** The Vehicle and Equipment Replacement Reserve provides funding for the cyclical replacement of the vehicle fleet. £1.1m is committed to finance the up-front costs of restructuring the Waste and Recycling Service, and £0.4m committed for other fleet replacements in 2017/2018 and 2018/2019. This Reserve also provides funding for the replacement of IT equipment and is projected to hold £0.15m for that purpose at 31 March 2018.
- 9.10** The General Fund Reserve holds funds pending allocation to specific projects. It also retains a balance as a buffer against unforeseen expenditure or reductions in income as explained in section 11 below.

10 Collection Fund Balance

- 10.1** The Council Tax Collection Fund Balance and the Non Domestic Rates Collection Fund Balance are key components of the Council Tax setting process. A principle of the MTFS is to achieve a zero balance (or as close as

possible) each year. A review of the likely Collection Fund position is made at 31 March 2018 including a review of the provision for doubtful debts.

- 10.2** There is an estimated credit balance of £0.839m on the Council Tax Collection Fund which can be utilised in the 2018/2019 budget. The surplus will be redistributed as income to preceptors as follows:

Council Tax Collection Fund	£
East Sussex County Council	599,000
Lewes District Council	130,000
Sussex Police and Crime Commissioner	70,000
East Sussex Fire and Rescue	40,000
Total	839,000

- 10.3** A debit balance of £0.780m is estimated on the Business Rates Collection Fund at 31 March 2018 as a result of the provision needed in respect of business rates valuation appeals. The balance will be charged against the 2018/2019 budget, shared as follows:

Business Rates Collection Fund	£
East Sussex County Council	70,200
Lewes District Council	312,000
Central Government	390,000
East Sussex Fire and Rescue	7,800
Total	780,000

11 Unallocated General Fund Reserve

- 11.1** The Council uses a risk-based approach to setting the level of General Fund Reserve Minimum.
- 11.2** As a guideline the Council should keep a minimum level unallocated General Fund Reserve of £1m.
- 11.3** This can be further analysed as:

Risk	£
Unforeseen emergencies not covered by the Bellwin Scheme, capital programme overrun and general requirements	500,000
Delays in savings and lower than expected income	400,000
General provision for service risks	50,000
Provision for contingencies to be used in accordance with Financial Procedure Rules	50,000
Total Minimum General Fund Reserve	1,000,000

The projected General Fund Reserve at 31 March 2018 is £2.1m and there is no budgeted use in 2018/2019.

12 Setting the Council Tax including the other preceptors

- 12.1** The calculation of the overall tax requirement will be presented to Council on 19 February 2018, when all precept details will be known. The precept details for East Sussex County Council, East Sussex Fire Authority and Sussex Police Authority should all be available before Council meets.
- 12.2** At the time of writing this report, not all Town and Parish Councils had notified the Council of their precept requirements.

13 Report of the Chief Finance Officer (Deputy Chief Executive)

- 13.1** The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988).
- 13.2** The budget proposals before Cabinet have been prepared in accordance with the Council's policy framework and reviewed by Corporate Management Team, Heads of Service, Lead Councillors and the Scrutiny Committee.
- 13.3** Prudent use of reserves is an appropriate measure to finance one off budgets.
- 13.4** The underlying earmarked reserves will continue to be replenished from annual contributions in the base budget.
- 13.5** The earmarked reserves are not used to fund the recurring base budget or to fund initiatives that will add to the recurring base budget.
- 13.6** The commentary within this report provides a framework for achieving a sustainable medium term budget position. The level of the Council's reserves, balances and provisions are adequate and prudent for the commitments within the Medium Term Financial Strategy.
- 13.7** Should the budget adopted by the Council be materially unaltered then in the opinion of Chief Finance Officer, the estimates used to calculate the budget are robust and the levels of reserves are adequate.

14 Legal Implications

- 14.1** The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 14.2** Chief Financial Officers also have a duty to report on the robustness of estimates and adequacy of reserves under Section 25 of the Local Government Act 2003.
- 14.3** Section 151, of the Local Government Act 1972 requires that every local authority make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

15 Risk Management

- 15.1** A risk assessment in accordance with the Council's Risk Management methodology has been completed and the following significant risks and mitigating factors have been identified.
- (a)** Revenue Budgets – these have been compiled in accordance with the approved budget preparation guidelines, mitigating the risk that the budgets do not reflect likely expenditure needs or income levels. Cabinet will consider the estimates and recommend an overall budget to Council, having assessed the position in relation to its approved MTFS.
 - (b)** The Council has adequate Reserves and Balances established as a mechanism to support the Council through its deficit reduction programme and preparing for the future.
 - (c)** Reductions in income – Reserves provide a buffer to absorb falls in income and property related transactions in the short to medium term.
 - (d)** As inflation begins to take effect there is the prospect that future pay settlements will follow a similar pattern. The Medium Term Budget Outlook anticipates inflation rates in line with national projections including pay and price movements through to 31 March 2022 and takes into account local circumstances.
 - (e)** Demand for the Council's services and its income streams are affected by the general economic health of the District. Economists are divided on the level of impact that the UK's exit from the European Union may have on the economy and the regulatory environment in which businesses operate.

16 Equality Screening

- 16.1** The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports. The recommendations in this report do not have any disproportionate impact on any

specific group. The approved Council Tax Reduction Scheme offers targeted support to low income households.

17 Background Papers

- 17.1** Information on the Provisional Local Government Finance Settlement for 2018/2019 is available from this website:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2018-to-2019>

18 Appendices

Appendix A – The 2018/2019 General Fund Budget Summary.

Appendix B – General Fund budget movements from 2017/18 to 2018/19

Appendix C – Summary of Contributions to and use of Reserves

Appendix D – Medium Term Budget Outlook 2018/2019 to 2021/2022

Appendix E – 4-year Savings Plan