

Report to:	Cabinet
Date:	12th December 2018
Title:	Draft Budget Proposals 2019/20
Report of:	Chief Finance Officer
Cabinet member:	Councillor Stephen Holt
Ward(s):	All
Purpose:	To summarise the main elements of the emerging 2019/20 revenue budget that has arisen from the corporate and service financial planning process to date.
Decision type:	Key decision
Recommendations:	<p>Members are asked to:</p> <ul style="list-style-type: none"> i) Agree the draft budget proposals for consultation. ii) Agree that subject to there being no material change in the government settlement that Cabinet is minded to propose a council tax rise of 2.99% for 2019/20 to make a Band D charge £246.84, in line with the current cap. iii) Note the updated MTFS
Reasons for recommendation:	The Council is required by legislation to set a balanced budget. The report forms part of the process that will culminate in the Council Tax setting by the Council in February.
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1.0 Introduction

- 1.1 Each year the Council consults with a range of stakeholders on its detailed draft budget proposals for the following financial year. This follows consultation on the corporate plan and Medium Term Financial Strategy (MTFS), which is carried out over the summer and autumn. The results of the corporate plan consultation are reported elsewhere on this agenda.
- 1.2 The Cabinet will consider the draft proposals on 6th February 2019 in order to recommend a final budget and capital programme to the Council, on 20th February 2019. The process of service and financial planning is an integral part of the corporate planning cycle that looks over a medium term horizon. The corporate change programmes principally the Joint transformation programme (JTP) is also

considered a key component of the MTFS.

- 1.3 Government funding is projected to fall a further 30% to 40% in real terms to 2023/24 based on current trends but there is no certainty as the 4-year local government settlement ends after the next financial year.
- 1.4 The new Fair Funding Review will have a major impact on all assumptions, savings targets and resources available to the authority for 2020/21 and beyond. However, the indicative signs from central government are not positive for local government, especially those without social care, as we are lower down the list of central government priorities with NHS and Brexit being far higher up. Therefore, any assumptions beyond this financial year, should be viewed as potentially subject to significant revision, likely in downwards direction in terms of resources.

2.0 Integrated corporate planning process

- 2.1 The MTFS set out the principles for the budget of the following five years and models the financial impact of the strategy. The Service and financial planning process looks to address the MTFS 5-year £3.7m cumulative gap. The main backdrop to the MTFS is the requirement to set a balanced budget and dealing with the effects on the Councils finances of the current economic downturn. More details are in the accompanying appendices.
- 2.2 Eastbourne has a successful track record of delivering efficient services in the past and is committed to transforming the way it delivers its services but clearly the path is becoming more challenging. Commercialisation and greater efficiencies from integration with Lewes will form the majority of the savings strategies going forward.
- 2.3 Whilst at the time of writing the settlement has not been finalised but the following items are assumed in the draft budget. It is important to note that the level of income is broadly similar to that in 2018/19, which one takes into account inflation, means there has been a significant reduction in resources available to the authority.

Year	2019/20
	£'m
RSG	(0)
Retained Rates/section 31 grants	(4.6)
Other grants	(0.1)
New Homes Bonus	(0.2)
Council Tax	(8.8)
TOTAL	(13.7)

3 The Draft Budget Proposals 2019/20

- 3.1 The service and financial planning process started in July and has culminated in the four service areas presenting their plans to the Cabinet and shadow cabinet in November.

- 3.2 In response the challenge set out in the MTFs, the service and financial planning process has identified proposed savings of £1.1m (8% of net spend) shown in **(Appendix 1)**

These are categorised as:

	£'m
Efficiency savings	(0.5)
Increases in income	(0.6)
Total	<u>(1.1)</u>

- 3.3 A total of £2.6m of growth*(includes £1.3m of one-off planned expenditure) is proposed categorised as follows (and detailed in Appendix 2):

	£'m
Corporate inflation	0.9
Other Growth	<u>1.7</u>
Total	<u>2.6</u>

- 3.4 The draft budget assumes a rise in Council Tax of 2.99% for 2019/20, consistent with the MTFs. The requirement to hold a referendum may apply if any proposed tax rise were 3% or greater (The Government may announce cap on Council Tax rises as part of settlement).

4.0 Summary of Revenue Proposals

- 4.1 The following is a summary of the effect of the proposed changes.

4.2

	£'m
Base Budget 2018/19	13.5
Growth	1.3
Savings	(1.1)
Net budget requirement	<u>13.7</u>
Funded By:	
Government Grants/Retained Rates	(3.8)
Council tax	<u>(8.8)</u>
Total Resources	<u>(13.7)</u>

5.0 Capital Programme 2018/19-2023/24

- 5.1 The Council currently finances its capital programme from capital receipts and grants and contributions. Borrowing is permitted on a business case basis where savings or new income generated from a scheme can repay the capital costs. However, the Council does not have spare reserves that have not already been committed to fund capital schemes.

5.2 It should also be noted that unlike the Council Tax, the capital programme can be varied at any time and that there are duties under certain schemes to consult with those affected before schemes are commenced. As well as schemes financed from internal resources, the corporate plan will include schemes financed from external resources.

7.0 Consultation

Consultation on the financial plans is underway and includes Scrutiny, union and staff as well as partner organisations and the public.

8.0 Conclusions

8.1 Faced with the lasting effects of the recent economic climate and subsequent reduction in core funding by the Government, the Council has identified opportunities for efficiencies, innovative working and seeking commercial opportunities.

8.2 Should the budget proposals and assumptions remain materially intact following consultation and further announcements, The Council will have continued to move its financial position towards longer term sustainability as outlined in the MTFS.

**Homira Javadi (FCCA, ACCA, CPFA)
Chief Finance Officer**

Background Papers:

The Background Papers used in compiling this report were as follows:

Budget 2018/19

*Cabinet Reports: – Finance Matters Each Cabinet Meeting
- Budget Setting Feb 2018 & MTFS July 2018.*

Audit Committee- Final Accounts- July 2018.

To inspect or obtain copies of background papers please refer to the contact officer listed above.