

RECORD OF EXECUTIVE DECISION

Tuesday, 25 February 2020

Decision No: (CAB 19/20 26135)

| | |
|-----------------|---|
| DECISION-MAKER: | CABINET |
| PORTFOLIO AREA: | RESOURCES |
| SUBJECT: | THE MEDIUM TERM FINANCIAL STRATEGY, BUDGET AND CAPITAL PROGRAMME 2020/21 TO 2022/23 |
| AUTHOR: | Steve Harrison |

THE DECISION

General Fund

- i) Note the position on the forecast outturn position for 2019/20 as set out in paragraphs 30 to 33 of Appendix 1.
- ii) Note the revised Medium Term Financial Strategy 2020/21 to 2022/23 as detailed in paragraphs 72 to 77 of Appendix 1 and Annex 1.1 to Appendix 1.
- iii) Note the aims and objectives of the Medium Term Financial Strategy which will be presented to council for approval on 26th February 2020 as set out in paragraphs 24 to 26 of Appendix 1.
- iv) Note that formal budget consultation began on 16th October 2019 and ended on 7th January 2020. The outcome of the consultation is outlined in paragraphs 37 to 42, with no changes to amounts put forward as savings proposals in October.
- v) Note that the Executive's budget proposals are expected to lead to an overall investment in staffing within the council. Where staffing levels are impacted consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented.
- vi) Note that the Executive's budget proposals are based on the assumptions detailed within the MTFS and that this includes an increase in the Adult Social Care precept of just under 2.00% and no increase in the general council tax, allowable under general powers to increase council tax without a referendum.
- vii) Accept the award of £0.765M Access Fund Extension grant for 2020/21 as set out in paragraph 43 of Appendix 1.
- viii) To note that the report identifies additional general fund pressures totalling £7.22M in 2020/21, rising to £9.82M in 2022/23, as detailed in paragraphs 47 to 51 of Appendix 1.
- ix) To note that savings proposals totalling £7.61M are included in the 2020/21 General Fund Revenue Budget, rising to £11.42M in 2022/23, as detailed in paragraphs 52 to 55 of Appendix 1.
- x) To note that investment proposals totalling £4.25M are included in the 2020/21 General Fund Revenue Budget, rising to £6.10M in 2022/23,

- as detailed in paragraphs 56 to 58 of Appendix 1.
- xi) To note that further proposals will need to be considered to address the 2021/22 and future years budget gap.
 - xii) Notes and recommends to Council where appropriate, the MTFs and General Fund Revenue Budget changes as set out in Council recommendations i) to xv).

General Fund Capital Programme

- xiii) Notes the revised General Fund Capital Programme, which totals £728.77M (as detailed in paragraphs 5 & 39 of Appendix 2) and the associated use of resources.
- xiv) Notes that a further £320.46M has been added to the General Fund programme, requiring approval to spend, by Cabinet/Council subject to the relevant financial limits. These additions are detailed in paragraphs 9 of Appendix 2 and Annex 2.1.
- xv) Notes the addition of £29.48M to the General Fund capital programme and the request for approval to spend £29.48M as detailed in paragraph 10 of Appendix 2 and Annex 2.1.
- xvi) Notes the removal of schemes from the capital programme totalling £15.68M as set out in paragraph 11 of Appendix 2 and detailed in Annex 2.1.
- xvii) Notes that the capital programme remains fully funded up to 2024/25 based on the latest forecast of available resources although the forecast can be subject to change; most notably with regard to the value and timing of anticipated capital receipts and the use of prudent assumptions of future Government Grants to be received.
- xviii) Notes that a review of the Council's capital strategy has been undertaken as detailed in Annex 2.3.
- xix) Notes that a review of the Council's MRP strategy has been undertaken as detailed in Annex 2.3(a).
- xx) Notes that a review of the Council's investment strategy has been undertaken as detailed in Annex 2.3(b).

Housing Revenue Account

- xxi) To note that, from 1st April 2020, a standard increase be applied to all dwelling rents of 2.7%, as set out in paragraph 10 of Appendix 3, equivalent to an average increase of £2.26 per week in the current average weekly dwelling rent figure of £83.46.
- xxii) To note an increase in a number of weekly service charges, whilst others remain unchanged, as detailed in paragraph 11 of Appendix 3 from 1st April 2020 (including supported accommodation). This approach was previously agreed by Council at its meeting in February 2019.
- xxiii) To note and recommend the Housing Revenue Account Revenue Estimates as set out in Appendix 3.
- xxiv) To note the 40 year Business Plan for revenue and capital expenditure set out in Annexes 3.1 and 3.2 of Appendix 3 respectively, that based on current assumptions are sustainable and maintain a minimum HRA balance of £2.0M in every financial year.
- xxv) To note that from 2020/21 onwards, following consultation, rents will now be charged on a weekly basis throughout the year, thus reducing the weekly payment and removing the four "rent-free" weeks.
- xxvi) Notes the revised Housing Revenue Account (HRA) Capital

Programme, which totals £251.97M (as detailed in paragraph 22 & 31 of Appendix 3) and the associated use of resources.

xxvii) Notes the addition of £73.71M to the HRA Capital Programme and the request for approval to spend £73.71M as detailed in paragraph 30 of Appendix 3.

REASONS FOR THE DECISION

The Council is a large and complex organisation managing the delivery of a vast range of businesses either directly or through/with others. Its core purpose is to improve the quality of life for residents and effective financial management is key to this. It is important that Members are aware of the major financial opportunities and challenges and that they make informed decisions. The Council regularly revises its MTFS so that the financial position is clear for budget proposals to be drawn up for the forthcoming year.

The Capital Programme is reviewed on a quarterly basis in accordance with the Council's Capital Strategy. Programme updates are reported to Cabinet and Council for approval. This is required to enable schemes in the programme to proceed and to approve additions and changes to the programme. Major capital projects are undertaken over a number of years so by setting a clear 5 year programme works can be undertaken in timely manner to assist the Council in achieving its aims and priorities, over both the short and medium term.

The Constitution requires the Executive to recommend its budget proposals for the forthcoming year to full Council. The recommendations contained in this report set out the various elements of the budget that need to be considered and addressed by the Cabinet in preparing the final papers that will be presented to full Council.

DETAILS OF ANY ALTERNATIVE OPTIONS

Alternative options for revenue spending and MTFS assumptions form an integral part of the development of the overall MTFS that will be considered at the council budget setting meeting on 26th February 2020.

Part of setting the General Fund Budget and Medium Term Financial Strategy, requires a view to be taken on the revenue cost of capital to the Council and proposals have been considered in order to ensure the most appropriate use of capital resources in meeting the council's priorities. The Capital Strategy and an updated Capital Programme are included as Appendix 2 to the report, and the latest position is included in the MTFS Model.

This report sets out the HRA revenue budgets for 2020/21 and the 40 year HRA business plan covering the period 2020/21 to 2059/60. The proposed changes to rents and other charges are an integral part of the revenue estimates for 2020/21.

The update of the Capital Programme is undertaken within the resource constraints imposed on it. No new schemes can be added unless specific additional resources are identified. Alternative options for new capital spending are considered as part of

the budget setting process in the light of the funding available and the overall financial position.

OTHER RELEVANT MATTERS CONCERNING THE DECISION

None.

CONFLICTS OF INTEREST

None.

CONFIRMED AS A TRUE RECORD

We certify that the decision this document records was made in accordance with the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000 and is a true and accurate record of that decision.

Date: 25th February, 2020

Decision Maker:
The Cabinet

Proper Officer:
Judy Cordell

SCRUTINY

Note: This decision will come in to force at the expiry of 5 working days from the date of publication subject to any review under the Council's Scrutiny "Call-In" provisions.

Call-In Period expires on

Date of Call-in *(if applicable) (this suspends implementation)*

Call-in Procedure completed *(if applicable)*

Call-in heard by *(if applicable)*

Results of Call-in *(if applicable)*

