

Report to Finance and Performance Management Cabinet Committee



**Epping Forest
District Council**

Report reference: FPM-020-2018-19

Date of meeting: 24 January 2019

Portfolio: Business Support Services

Subject: Detailed Directorate Budgets 2019/20

Officer contact for further information: Peter Maddock (01992 564602)

Committee Secretary: Rebecca Perrin (01992 564532)

Recommendations/Decisions Required:

That the Committee consider the attached General Fund and Housing Revenue Account budgets for 2019/20 and make recommendations as appropriate.

Executive Summary

The report provides the draft General Fund and Housing Revenue Account (HRA) Budgets for the financial year 2019/20. The budgets are presented on a directorate by directorate basis in line with the revised directorate structure. There are accompanying notes that give some background to each service heading and any CSB (Continuing Services Budget) and DDF (District Development Fund) changes proposed. They are presented to the Committee to give an opportunity to comment and make recommendations prior to the budget being formally set during February 2019.

Reasons for Proposed Decision

To give Members an opportunity to review and provide recommendations on the detailed budget prior to adoption by Council.

Other options for action

Other than deciding not to review the budget there are no other options.

Report:

The budget setting process commenced with the presentation of the Financial Issues Paper incorporating the Medium Term Financial Strategy (MTFS) to the meeting of 26 July 2018. At that time it was identified that the savings targets set for 2020/21 and 2021/22 of £0.3 million in each year could be left the same.

The settlement figures provided in December 2015 were for four years and the Council signed up on the understanding that the figures would be set at that level. However there were subsequently reductions made to the original figures albeit not that significant which were nevertheless disappointing. The introduction of the slightly bizarre idea of negative Revenue Support Grant (RSG) in 2019/20 was also a feature of the settlement.

The settlement for 2019/20 has now been received and was slightly better than expected. It included the reversal of the previous decision on Negative RSG worth £280,000 to the Council. The Government has also now provided an update on the New Homes Bonus for 2019/20 and this is better than previously estimated. The 2018/19 budget assumed that the current figure of £849,000 would be reduced by a further £202,000 to £647,000 in 2019/20.

The actual allocation is rather better at £1,049,000 as £452,000 has been awarded for next year. The MTFS had previously assumed the CSB element to drop to £116,000 going forward and given the volatile nature and potential revisions to the formula it seems prudent to keep the CSB element to a minimum and reduce slightly to £100,000 whilst putting the rest into the DDF. The CSB lists now show a reduction of £749,000 over the three years from 2019/20 with £900,000 being diverted to the DDF in 2019/20 and 2020/21. There is also a one off windfall in 2019/20 of £50,000 relating to the redistribution of surplus Business Rates levy income collected by Central Government.

The commitment made to move to 100% retention of Business Rates locally was changed to 75% during 2018/19. The detail behind this will be worked up over the next few months or so and a consultation on this was launched with the settlement papers with responses required by 21 February. A number of county areas did apply for pilot status but Essex was not successful. One thing that is expected is that the current retention proportions (40% District, 9% County and 1% fire) are likely to change.

The budgets are presented on a directorate by directorate basis and are shown at Appendix 1 to 9 (General Fund) and Appendix 10 (HRA). Within each pack there is a commentary on the budgets highlighting areas where either Continuing Services Budget(CSB), District Development Fund (DDF) savings or growth and Invest to Save (ITS) expenditure have occurred.

The budget papers also contain the CSB, DDF and ITS lists for each directorate. It should be noted that with regard to ITS in particular the figures included with the budgets relate to revenue items only.

One significant change relates to Support Service Allocations. The requirement to allocate out all support services has now been made discretionary. This process is quite time consuming but made the allocation of the appropriate level of Support Services to the HRA transparent and clear. The budget has been prepared on the basis of allocations only to the HRA and corporate activities so this will mean some significant movements in some areas as support services have no longer been allocated there. It is fair to say the revised process was not as easy as expected and once the budgets are complete a review will be undertaken to assess whether we continue with this or revert back to the previous approach.

The new Council structure and budget databases had to be created and run by the end of October so that there was enough time to carry out the budget process, as it was this was several weeks later than usual. This though has meant the inclusion of the Governance and Member Services directorate which was effectively disbanded a couple of days into November. To have gone back, amended the structure and re-run the budget databases would have created a further week or so of delays. The intention is to disaggregate Governance and Members Services when the formal budget papers are put together.

Each budget is to be presented by the relevant Director with Portfolio Holders providing comments as appropriate. There will also be staff at the meeting to assist with any questions that members might have.

Resource Implications

Proposed spending levels for the General Fund and HRA for the financial year 2019/20.

Legal and Governance Implications

Agreeing budgets in advance of the financial year represents good financial management practice. The budget is a key element of income and expenditure management and forms the benchmark against which financial performance can be measured.

Safer, Cleaner, Greener Implications

The Council's budgets contain spending in relation to this initiative.

Background Papers

Working papers held in Accountancy.

Impact Assessments

Risk Management

Failure to set an acceptable budget in advance of the financial year would expose the Council to unacceptable financial management risks.

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process? None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group? N/A

Due Regard Record

This page shows **which groups of people are affected** by the subject of this report. It sets out **how they are affected** and how any **unlawful discrimination** they experience can be eliminated. It also includes information about how **access to the service(s)** subject to this report can be improved for the different groups of people; and how they can be assisted to **understand each other better** as a result of the subject of this report.

S149 Equality Act 2010 requires that due regard must be paid to this information when considering the subject of this report.

This report does not affect a particular group of people more than any other. It deals with the setting of the budget as a whole.

Where there are changes to the budget that do affect a particular group of people more than others the report on those changes will consider the equalities impact on that group rather than this report.