

Report to the Council

Committee: Cabinet

Portfolio Holder: Councillor C Whitbread on behalf of Business Support Service

Finance Strategy including:

- A. Medium-Term Financial Strategy**
- B. Budget 2020/21**
- C. Prudential Indicators**
- D. Council Tax Increase**

**Recommendations/Decisions Required in relation to papers A, B, C and D:
In general**

- 1. To note that the Financial Strategy of the Authority contains the same information as in previous years whilst drawing attention to the fact that there have been format changes throughout the document pack.**
- 2. To note that due to establishment and other team and service changes that the budgets and recharges shown in Appendix C to Paper B, are right in total but may require further redistribution before the issue of operational budgets to managers on the 31st March 2020.**
- 3. To note that all figures and assumptions have been reviewed after the Cabinet Meeting of the 6th February to take account of later and better detail received and comments made by members. Further adjustments may be required to take account of current financial performance and any decisions taken subsequent to the 14th February 2020.**
- 4. To note the Local Council Tax Support Scheme for 2020/21 was approved in December 2019 with no change from the previous year. This approval is reflected in the Paper B and the Appendices to Paper B.**

Paper A, Medium Term Financial Strategy

- 1. To approve the approach set out in the Medium-Term Financial Strategy, particularly in respect of inflation of cost and charges and fees and the aim to maintain the financial strength of the Authority as evidenced by setting aside specific contingency reserves, managing developments alongside new and additional income streams and maintaining reserve balances as per the current policy, i.e. as a minimum keeping them at 25% of net running costs or £4m (whichever is the largest figure).**
- 2. To note and support the increase in the importance of the income from Qualis in respect of the Medium-Term Financial Strategy and the Budget and the large increase in the value and importance of developments that Qualis income will support.**

Paper B, Budget 2020/21

- 1. To approve the 2020/21 Budget as set out in detail in Appendix C (various).**

2. To confirm the approach to cost and income inflation at 3.0%, noting that rents will rise per the national formula at 2.7% and car parking income will not rise at all pending the outcome of the review.
3. To approve the list of revenue developments including additional income assumptions, capital schemes, loan requirements and call from detailed thematically in Paper B Appendix 1 and by Service in Paper B Appendix 2. It should be noted that in prior years, revenue developments, capital developments and use of DDF were shown separately.
4. To approve specifically the revenue developments and additional income assumptions as set out in Paper B Appendix 1 to a net value of £512,886.
5. To approve the general and HRA capital spend of £26,549,250 in total, and as detailed in Paper B Appendix 1
6. To approve the loans to Qualis that will total up to £120m in 2020/2 and 2021/22 as set out in the reports and allow for further borrowing of up to £30m to fund the housing and general capital programme and provide cash-flow flexibility on a week by week basis.
7. To note that net staff and management savings to a value of £1,130,686 for 2020/21 have already been made and are included in the service budget figures. This saving represents approximately 0.95% and no further savings are required to balance the budget for 2020/21
8. To approve specifically that District Development Fund funded developments that are shown in Paper B, Appendix 1 and indicate a draw from DDF of £1,164,590 (£2m forecast last year), and a replenishment of DDF of £851,704.
9. To note that whilst 2% has been added to pay and non-pay budgets to cover the costs of inflation, a further £1,095,540 has been set aside to fund other inflation pressures as they arise (making a 3% inflation expectation in total).
10. To note that in addition to the Budget shown a net amount of £450,000 provided by HMRC is available to use.

Paper C, Treasury Strategy

1. To note the prudential indicator papers have now been developed and that a fully updated Treasury Strategy is now produced.
2. To approve the Treasury Strategy as set out and the statement and indicators that it contains.

Paper D, Council Tax Increase

1. To declare the council tax increase of 1.5% (half the predicted inflation rate) for 2020/21.
2. To note that the Local Council Tax Support Scheme for 2020/21 was approved by Cabinet in December 2019.