

BUDGET TARGETS 2019/20

Head of Service/Contact: Lee Duffy, Chief Finance Officer

Urgent Decision?(yes/no) No

If yes, reason urgent decision required:

Annexes/Appendices (attached):

Other available papers (not attached): Budget Book 2018/19

Report summary

This report updates the financial forecast and recommends financial targets for preparing the draft budget for 2019/20 as recommended by the Financial Policy Panel

Recommendation (s)

- (1) That the Committee receives the Minutes of the meeting of the Financial Policy Panel held on 11 September 2018;**
- (2) That the Committee agrees the following overall revenue budget target for 2019/20:-**
 - a) Estimates are prepared including options to reduce organisational costs by £406,000 subject to government grant announcement, in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy;**
 - b) That at least £200,000 additional revenue is generated from an increase in discretionary fees and charges;**
 - c) That a provision for pay award is made of £280,000 that represents an increase to the staffing budget of 2.5%, 1% for cost of living and 1.5% for progression**
 - d) That further savings and efficiencies be identified to address the budget shortfall of £113,000 in 2019/20;**
 - e) That £200,000 from the financial gain of being part of the Pilot for Business Rates is used to mitigate the potential payment of £625,000 to government for 'negative RSG'**

Strategy and Resources Committee

25 September 2018

1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

1.1 The recommendation in this report is consistent with the Council's four year financial plan 2016-2020 and the Medium Term Financial Strategy.

2 Background

2.1 At its meeting on 11 September 2018, the Financial Policy Panel received detailed financial analysis, including forecasts of the budget position, in the Budget Targets report.

2.2 The Minutes of the Meeting of the Panel are attached as Annexe 2 to this report and a copy of the Budget Targets report considered by the Panel is attached at Annexe 1.

3 Proposals

3.1 That the Committee endorses the budget targets recommended by the Financial Policy Panel.

4 Financial and Manpower Implications

4.1 As set out in the report to the Financial Policy Panel.

5 Legal Implications (including implications for matters relating to equality)

5.1 There are no legal or equality implications arising from the contents of this report.

5.2 **Monitoring Officer's comments:** There are no comments arising from the contents of this report.

6 Sustainability Policy and Community Safety Implications

6.1 No implications for the purpose of this report.

7 Risk Assessment

7.1 A high level of risk to Council finances has arisen from the resultant public sector spending cuts. The main risks for next year are set out in the 2019/20 budget report.

7.2 The greatest financial risks appear to be further potential funding cuts from Central Government and from Surrey County Council for services provided by this Council.

7.3 The longer term financial risks are contained in the Four Year Financial Plan 2016-2020.

Strategy and Resources Committee

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8 Conclusion and Recommendations

- 8.1 This report covers budget targets for 2019/20, taking into account the financial forecast for the next three years and the Council's approved Medium Term Financial Strategy.
- 8.2 Based on the assumptions used, the forecast identifies that cost reductions are required in the region of £113,000 in 2019/20 and £1.613 million in total over the next three financial years.
- 8.3 The budget strategy involves continuing to deliver efficiency savings and generate extra service income whilst reviewing service levels so that service costs can be reduced as needed to achieve a balanced budget year on year.
- 8.4 Following the Committee's approval of budget targets, the policy committees will be asked to give guidance on the preparation of detailed service estimates in the October/November committee cycle
- 8.5 The Financial Policy Panel will next receive an update on the budget position for 2019/20 in December 2018 when the draft estimates have been prepared.

Ward(s) affected: (All Wards);