

Strategy and Resources Committee
24 September 2019

BUDGET TARGETS 2020/21

Head of Service/Contact:	Lee Duffy, Chief Finance Officer
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Annexes/Appendices (attached):	Annex 1: Minutes of the meeting of Financial Policy Panel dated 10 September 2019 Annex 2: - Report to Financial Policy Panel dated 10 September 2019
Other available papers (not attached):	Medium Term Financial Strategy 2016-2020

Report summary

This report recommends budget targets for 2020/21 and provides an update on financial planning for 2021/22 to 2023/24 as recommended by Financial Policy Panel.

RECOMMENDATION (S)

That the Committee:

- (1) Notes the recommendations of Financial Policy Panel held on 10 September 2019.**
- (2) Agrees the following overall budget targets for 2020/21:-**
 - (a) estimates are prepared including options to reduce organisational costs by £544,000 in 2020/21 subject to government grant announcement, 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 £290,000 additional revenue is generated from an increase in discretionary fees and charges, based on a minimum overall increase in yield of 3.0%, with the exception of car parking which is set at 6.0% as these charges are adjusted every two years;**
 - (c) that a provision for pay award is made of £400,000 that allows for a 2% cost of living increase;**

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- (3) **Agrees that further savings are identified for inclusion within the new Medium Term Financial Strategy for 2020-2024 to reduce the Council's net operating costs by a minimum of £1,825,000 over the period 2020/21 to 2023/24;**
- (4) **That Capital Member Group seeks to maintain a minimum capital expenditure programme to control the use of capital reserves between 2020 and 2024, subject to an appropriate prioritisation of spend to save and externally funded schemes.**

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

- 1.1 The recommendations in this report are consistent with the Council's Medium Term Financial Strategy 2016-2020.

2 Background

- 2.1 At its meeting on 10 September 2019, Financial Policy Panel received detailed financial analysis of the Council's budget position, including forecasts for the next ten years, in the Budget Targets report attached at **Annex 2**. Having considered the report, the Panel advises Strategy and Resources Committee to agree the recommendations of this report.

3 Proposals

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

4 Financial and Manpower Implications

- 4.1 All financial and manpower implications are set-out in the report
- 4.2 **Chief Finance Officer's comments:** It is important that the budget target recommendations be agreed in order to maintain the future financial health of the Council.

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 purposes of this report.

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7 Partnerships

7.1 No implications for the purposes of this report.

8 Risk Assessment

8.1 The financial risks for budgets over the next four years are set out in the Budget Targets report attached at **Annex 2**. Most significant continues to

be increased homelessness expenditure, the impact of further benefit reforms being proposed by government and continuing reductions in government grant funding.

8.2 Action required to manage these risks is also set out in that report, including the need to deliver cost reductions in the region of £544,000 in 2020/21 and £1.825 million over the next four financial years.

9 Conclusion and Recommendations

9.1 This report covers budget targets for 2020/21, taking into account the financial forecast for the next three years and the Council's Medium Term Financial Strategy.

9.2 Based on the assumptions used, the forecast identifies that cost reductions are required in the region of £544,000 in 2020/21 and £1.825 million in total over the following three financial years.

9.3 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.

9.4 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.

9.5 The Financial Policy Panel will next receive an update on the budget position for 2020/21 in December 2019 when the draft estimates have been prepared.

Ward(s) affected: (All Wards);