

BUDGET TARGETS 2018/19

Report of the: Head of Financial Services

Contact: Lee Duffy

Urgent Decision?(yes/no)

If yes, reason urgent decision required:

Annexes/Appendices (attached): **Annexe 1** –Minutes of Financial Policy Panel meeting 12/9/17

Annexe 2 – Report to Financial Policy Panel 12/09/17

Other available papers (not attached): Policy Book 2017/18

REPORT SUMMARY

This report updates the financial forecast and recommends financial targets for preparing the draft budget for 2018/19 and financial planning for 2019/20 & 2020/21 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 12 September 2017;
- (2) That the Committee agrees the following overall revenue budget target for 2018/19:-
 - (a) estimates are prepared including options to reduce organisational costs by £588,000 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 £200,000 additional revenue is generated from an increase in discretionary fees and charges, based on minimum overall increase in yield of 3.0%;
 - (c) that a provision for pay award is made of £228,000 that represents an increase to the staffing budget of 1.5%;
- (3) That further savings and efficiencies be identified to address the budget shortfalls of £90,000 in 2018/19, £577,000 in 2019/20 and £791,000 in 2020/21;

- (4) That the Capital Member Group seek to limit schemes included within the capital expenditure programme to enable the retention of agreed minimum level of capital reserves.**

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 Financial Policy Panel

- 2.1 At its meeting on 12 September 2017, 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 1 to this report and a copy of the Budget Targets report considered by the Panel is attached at Annexe 2.

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 ***Monitoring Officer's comments:** There are no direct legal or equality implications arising from this report. The choices made throughout the budget-setting process might engage a range of duties, particularly if any changes are proposed.*

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 2018/19 budget report.

8 Conclusion and Recommendations

- 8.1 The recommendations to the Strategy and Resources Committee are covered in the recommendations of this report.

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- 8.2 This report covers budget targets for 2018/19, taking into account the financial forecast for the next three years and the Council's approved Medium Term Financial Strategy.
- 8.3 Based on the assumptions used, the forecast identifies that cost reductions are required in the region of £90,000 in 2018/19 and £1.458 million in total over the next three financial years
- 8.4 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.
- 8.5 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 including any specific service reviews.
- 8.6 The Financial Policy Panel will next receive an update on the budget position for 2018/19 in December 2017 when the draft estimates have been prepared.

WARD(S) AFFECTED: (All Wards);