

Is the final decision on the recommendations in this report to be made at this meeting?

Yes**Budget Update 2020/21**

Final Decision-Maker	Cabinet
Portfolio Holder(s)	Councillor Tom Dawlings, Finance and Governance
Lead Director	Lee Colyer, Director of Finance, Policy and Development
Head of Service	Jane Fineman, Head of Finance and Procurement
Lead Officer/Report Author	Lee Colyer, Director of Finance, Policy and Development
Classification	Non-exempt
Wards affected	All

This report makes the following recommendation to the final decision-maker:

1. That officers continue to work on delivering a balanced budget in line with the Budget Strategy and report back in December with proposals prior to public consultation on the draft budget.

This report relates to the following Five Year Plan Key Objectives:

- A Prosperous Borough
- A Green Borough
- A Confident Borough

The Council's budget involves the allocation of financial resources to deliver the Council's Key Objectives.

Timetable

Meeting	Date
Management Board	11 September 2019 (verbal update)
Discussion with Portfolio Holder	9 September 2019
Finance & Governance Cabinet Advisory Board	1 October 2019
Cabinet	24 October 2019

Budget Update 2020/21

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget projections for the 2020/21 budget and subsequent years. The report also provides an update on the Government's Spending Round (SR19) published on 5 September 2019.
 - 1.2 A budget deficit of £507,000 is currently forecast for 2020/21. If left unmanaged the deficit would increase to an annual deficit of £3.9 million by 2024/25, which would need to be funded from new income, further cost reductions or from reserves.
 - 1.3 For 2020/21 Revenue Support Grant for this Council is expected to remain at zero. The Council will again, need to be financially self sufficient.
 - 1.4 This report will enable Directors/Heads of Services to begin the service planning process and to develop proposals with their respective portfolio holder(s) for savings, changes to service delivery and to optimise income.
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2. INTRODUCTION AND BACKGROUND

- 2.1 Cabinet received the first report leading to the setting of the 2020/21 budget at the meeting on 1 August 2019 entitled Budget Projection and Strategy which had also been considered by the Finance & Governance Cabinet Advisory Board.

Four-Year Settlement Offering

- 2.2 The Government's four-year funding settlement has now come to an end and the council is financially self-sufficient. The ability to fund local services is now dependent on growing the local economy and sharing in the proceeds of business rates growth.

Spending Round (SR19)

- 2.3 The Government previously stated its intention to hold a new Spending Review in 2019 covering the period 2020/21 to 2022/23. However, with the current political turbulence around Brexit, it was announced that a one-year Spending Round would be provided, covering the financial year 2020/21. This would then be followed in 2020 by a full Spending Review, reviewing public spending as a whole and setting multi-year budgets.
- 2.4 On 4 September 2019 the Chancellor of the Exchequer announced details of SR19 to Parliament. Not only is SR19 a departure from the norm it is without any recent updates to forecasts from the Office for Budget Responsibility, and therefore spending commitments are based on fiscal forecasts produced back in March 2019. Below are the main headlines for Local Government:

- The Business Rates Reset and the Fair Funding Review will be deferred until 2021/22.
- No new Business Rates Pilots are planned for 2020/21
- Legacy payments for New Homes Bonus will be paid, but there still remains uncertainty regarding new payments.
- A 2 per cent Council Tax referendum limit (or £5 for district councils if this is greater) will be proposed.
- An additional £54m in 2020/21 to help reduce homelessness and rough sleeping to add to the funding already provided in 2019/20.

2.5 In the past few years, the Ministry of Housing Communities and Local Government (MHCLG) has issued a technical consultation in advance of the publication of the Provisional Settlement which could alter the above headlines

Budget Strategy

2.6 The budget projection covers a five year period (Appendix A) to reflect the Council's Five Year Plan and other strategies. The projection model has been updated to reflect expected changes at this time and to show the impact on next year's budget and following years.

2.7 The current position of adhering to the budget strategy is shown below:

Budget Update October 2019

	£000s
Fair Funding Review	0
Employment Costs	694
Transport	0
Premises	33
Business Rates	42
Supplies and Services	0
Contracts	219
Additional General Income	(369)
Additional Car Parking Income	0
Interest and Finance Charges	0
Additional Council Tax Income	(312)
Collection Fund Surplus	0
Use of Reserves	0
Additional subsidy required for the Assembly Hall	100
Triennial pension revaluation	100
Shortfall	507

2.8 A subjective breakdown of the current years budgets is available on the Council's website:

http://www.tunbridgewells.gov.uk/data/assets/pdf_file/0005/180275/Codebook_2019-20_Website.pdf

Council Tax Strategy

- 2.9 One source of funding for the provision of local services is council tax. This Council has historically had a policy of very low council tax levels and the strategy is for council tax to increase up to the threshold for triggering a referendum.
- 2.10 For SR19 indicates that the most efficient authorities such as this Council to be able to increase council tax up to £5.00 a year rather than the cap of 2 per cent. The Government assumes this Council will increase Council Tax by the maximum permitted in their assessment of this Council's available financial resources. It will be for Full Council in February 2020 to decide the level of Council Tax.

Fees and Charges

- 2.11 For the fees and charges which are not imposed by central government a report will be considered by Cabinet in November.

Car parking charges

- 2.12 There are no plans to increase pay and display car parking charges.

Staff savings and efficiencies

- 2.13 Directors/ Heads of Services and Portfolio Holders have been busy trying to identify further efficiency options to reduce the cost of their services and to increase income. These are still in the discussion stage and need refining before they can be submitted to the Cabinet Advisory Board or in the case of staffing changes to the General Purposes Committee.

Digital transformation

- 2.14 It is not possible to keep working harder and faster with fewer resources and still provide safe, effective services. The Council will need to find new ways of working smarter and deliver services in a more digitally efficient form which meets with the way the public now interact with service providers. The Council has a Digital Services and Transformation Team in place to improve operational delivery and transform the way that services are provided. Details of these projects are reported quarterly to Cabinet and the resulting efficiencies will be incorporated into the budget-setting process.

National policy and legislative changes

- 2.15 The above forecasts are subject to changes from the following government activities:

- The implications of the UK leaving the European Union;
 - Technical Consultations; and
 - The Provisional Local Government Finance Settlement.
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3. AVAILABLE OPTIONS

- 3.1 The budget-setting process is well rehearsed and has largely been successful in delivering a balanced budget and engaging with the public. There may be other alternatives but ultimately the Council must produce a budget which meets its statutory responsibilities.
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4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 This report is the second in the formal budget-setting process which will be informed through consultation and research. Decisions on priorities and services will be communicated on a regular basis.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Council already has a wealth of information from previous budget consultation exercises and residents' surveys, the most recent being undertaken in 2015.
- 5.2 Early public engagement is essential to arrive at suitable feedback which can be developed in time to be incorporated within the budget. Information will be placed on the Council's website along with articles in Local which allows members of the public, staff and businesses to provide their ideas for how to reduce spending and optimise income while protecting the quality of public services.
- 5.3 The Cabinet Advisory Boards will continue to provide a good source of challenge in developing the budget and to the level of service provided.
- 5.4 The above will form an overall picture of prioritisation. Cabinet proposals for savings and growth can then be tested through consultation in December when the draft budget will be placed on the Council's consultation portal.

RECOMMENDATION FROM CABINET ADVISORY BOARD

- 5.5 The Finance and Governance Cabinet Advisory Board were consulted on this decision on 1 October 2019 and agreed the following:

The Recommendations set out in the report be supported.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 This report sets out the mechanism by which Cabinet will deliver its service and budget strategy. The report and recommendations will be subject to comment by the Finance and Governance Cabinet Advisory Board and further reports to Cabinet in due course. The draft budget proposals will be considered by Cabinet in December and published onto the consultation portal. Final proposals for the budget will be agreed by Cabinet in February and proposed for approval by Full Council in February 2020.

7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Legal including Human Rights Act	The Five Year Plan and budget form part of the Council's Policy Framework.	Director of Finance, Policy and Development, 10 September 2019
Finance and other resources	This report forms part of the Council's Budget and Policy Framework.	Director of Finance, Policy and Development, 10 September 2019
Staffing establishment	Where savings proposals impact on staff then this will be managed in accordance with Human Resources policies.	Director of Finance, Policy and Development, 10 September 2019
Risk management	An assessment of the risk factors underpinning the budget will accompany the final budget report. The Strategic Risk Register also includes a risk on funding streams which is being monitored by Cabinet and the Audit and Governance Committee.	Director of Finance, Policy and Development, 10 September 2019
Environment and sustainability	The budget has regard to the environmental sustainability priorities within the Five Year Plan.	Director of Finance, Policy and Development, 10 September 2019
Community safety	The budget has regard to the community safety priorities within the Five Year Plan.	Director of Finance, Policy and Development, 10 September 2019
Health and Safety	The budget has regard to the Health and Safety obligations and priorities within the Five Year Plan.	Director of Finance, Policy and Development, 10 September 2019

Health and wellbeing	The budget has regard to the health and wellbeing priorities within the Five Year Plan.	Director of Finance, Policy and Development, 10 September 2019
Equalities	Changes to service delivery may impact on equalities; however heads of service will ensure that an equality assessment is in place where this has been identified.	Director of Finance, Policy and Development, 10 September 2019

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Five Year Budget Projections

9. BACKGROUND PAPERS

None