POLICY AND RESOURCES COMMITTEE
13 November 2019

Subject:	**Financial outlook and draft budget 2020/21**
Director:	Chief Executive - Colin Carmichael Deputy Chief Executive - Tricia Marshall Director of Finance and Procurement - Lisa Fillery
Classification:	This report is open to the public.
CCC Ward(s):	**All**
Summary:	*This report sets out the key financial issues facing the Council from 2019 to 2024, advises Councillors on key budget assumptions and puts forward budget proposals for 2020/21 and future years for consultation.* *The Council needs to find new ongoing savings of £5m by 2023/24, equivalent to 29% of its net budget.* *The detailed estimates and consultation responses will be considered by the Policy and Resources Committee on 5 February 2020 and by Council on 13 February when the budget and council tax for 2020/21 areset.*
To Resolve:	**i) that the Committee endorses the budget assumptions and strategy set out in the report;** **ii) that the public consultation be used to seek views on the significant proposals in Appendices 1 to 7(as amended to reflect decisions taken at this meeting) ;** **iii) that the car park charges and order proposals set out be advertised; [see separate report]** **iv) that it be noted that officers will use delegated powers to implement operational savings contained in the proposals;** **v) that for the cost recovery fees and charges (highlighted in amber in Appendix 7), officers are able to increase or decrease charges during the year by up to 5% if costs vary, in consultation with the Chairman of the Policy and Resources Committee;**
To recommend to Full council:	**vi) that officers be given authority to put into effect the measures required to achieve the service savings and reductions contained within the 2020/21 proposals, in order that the savings begin to accrue from as early as possible in 2020/21, subject to implementation of the measures only becoming effective if the measures are approved in the budget in February 2020.**

vii) that the Capital Programme for the current year is amended as shown in Appendix 6.

1. Summary

This report sets out the key financial issues facing the Council for 2020/21 and beyond, advises the Committee on key budget assumptions and puts forward budget proposals for 2020/21 and future years.

Summary Financial Plan (£000)

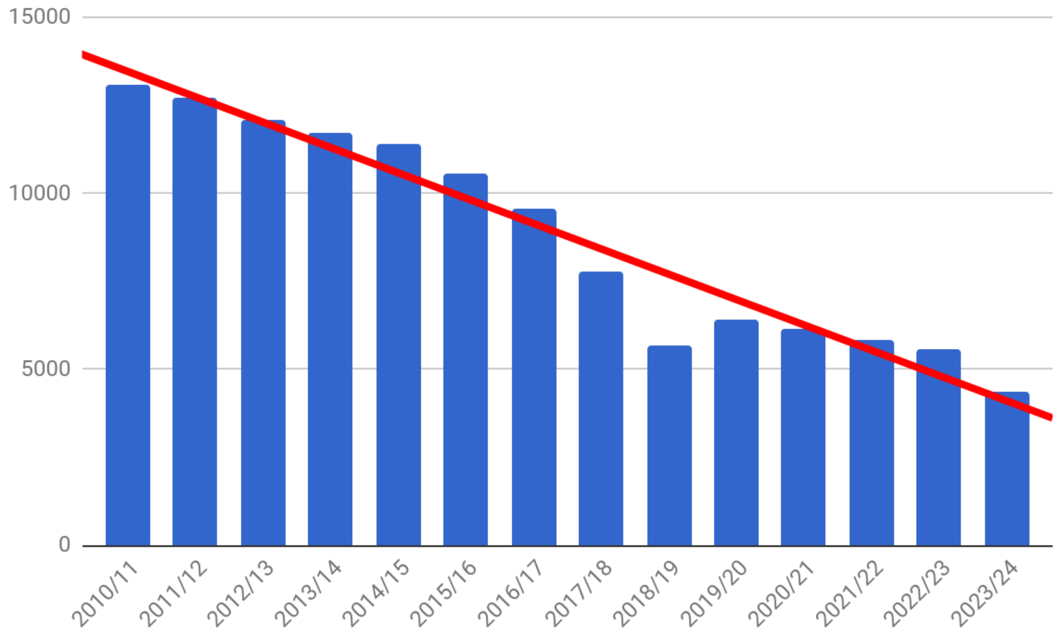
£000	2020/21	2021/22	2022/23	2023/24
Net budget before savings	19,092	21,149	21,451	21,605
Savings required (cumulative)	-2,001	-3,966	-4,111	-5,015
Savings identified in report	1,800	2,500	2,500	2,500
Savings still to find	**-201**	**-1,466**	**-1,611**	**-2,515**
Net budget	**17,091**	**17,183**	**17,340**	**16,590**
Business rates & NHB	-6,157	-5,841	-5,577	-4,392
Council tax	-10,934	-11,341	-11,762	-12,198
Total funding	-17,091	-17,182	-17,339	-16,590

NHB = New Homes Bonus

Local government has already received major reductions in funding since 2011 and this is set to continue to 2020 and beyond. In fact local government has received a higher reduction in central funding than any of the government departments, including the MHCLG. In addition the Council faces a number of unavoidable cost pressures that needed to be funded.

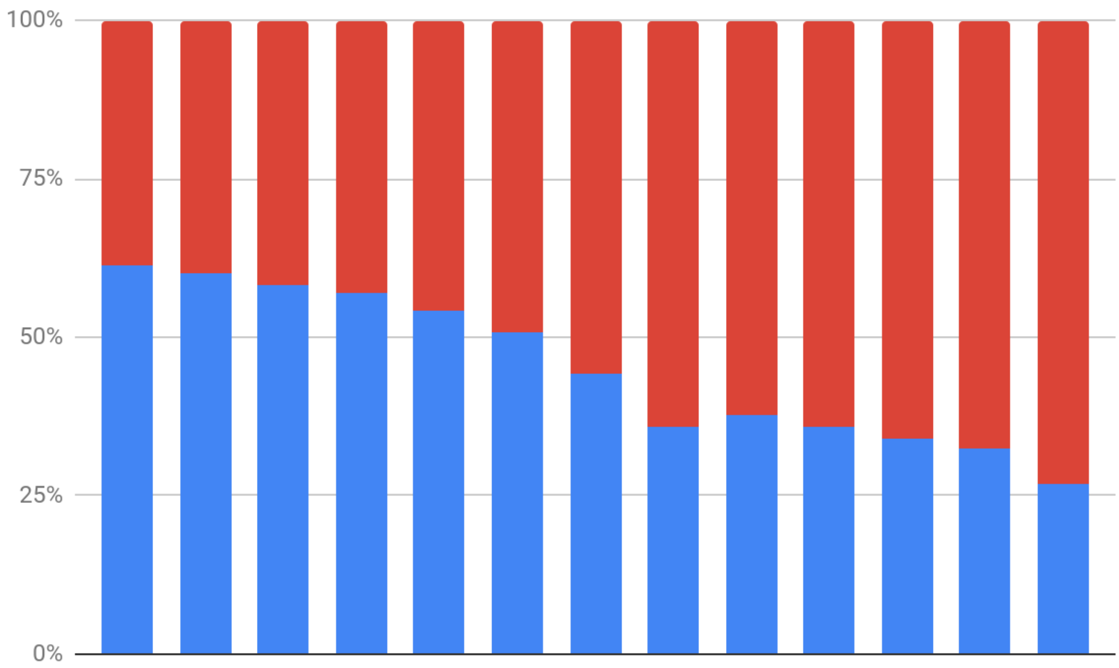
As a result of funding reductions and cost pressures, in 2020/21 the council must find £2m in savings to close its budget gap. And up to 2023/24, this savings figure rises to a cumulative total of £5m. Set against this very difficult financial backdrop, the council is putting forward a number of proposals to either increase income or find savings. The proposals still leave a funding gap of £200,000 to be closed before February 2020.

Actual and forecast reduction in central funding for Canterbury (£000)



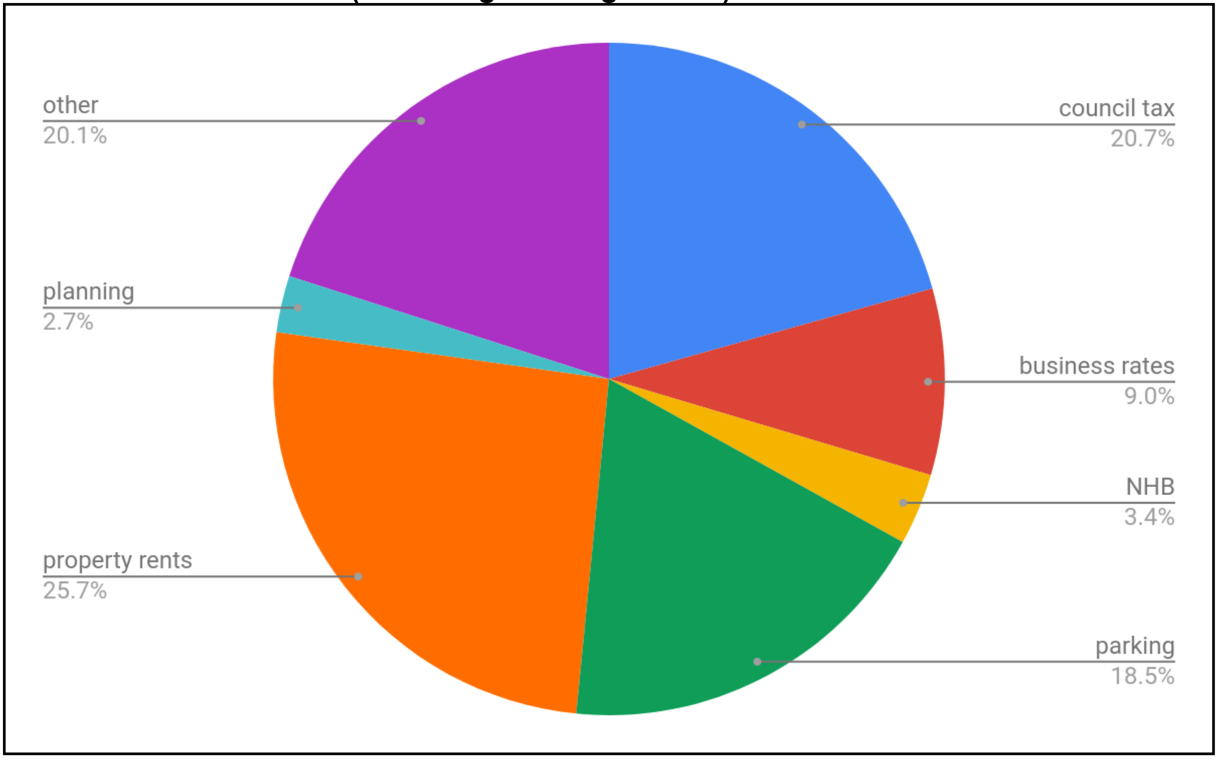
The major reduction in funding shown in the graph above has changed the nature of the Council's financing. In 2012/13, 40% of the Council's net expenditure was funded by council tax and 60% from central funding. By 2020/21 it is estimated that central funding will have fallen to 30% of net expenditure, with council tax picking up 70%. If central funding continues to fall after 2020/21, reliance on council tax and other income sources such as fees and charges will increase further.

Change in proportion of net expenditure funded by council tax (red) and central funding (blue)



Looking at the Council's overall income, government funding has become a minor part of the Council's funding.

Council income sources (excluding housing benefit)



While central funding has reduced in cash terms, the Council's costs have been subject to inflation and the ability to increase council tax has been constrained. As a result, high levels of ongoing savings have been required each year to close the funding gap.

Changes to the way funding is distributed (more emphasis on payment by results and fixed term grants and less on general needs based assessments) has made the Council's funding more volatile and difficult to forecast. The need to set a sustainable budget requires the Council to make assumptions about future funding levels and this is challenging when key information is only released just before the budget is finalised.

Since 2012, the Council has responded to these challenges by reviewing how it provides its services, and looking to preserve service levels wherever possible. Between 2012 and 2020 it is expected that the Council will have made ongoing savings of over £12.5m in order to deliver a balanced budget each year. The annual rate of savings required has increased from around £1m to over £1.5m a year. It will be increasingly difficult to continue to find savings at that level on top of the savings already achieved without affecting service levels.

£000	2020/21	2021/22	2022/23	2023/24	Total
total new savings required each year	2,001	1,965	145	904	5,015
savings identified	-1,800	-700	0	0	-2,500
savings still to find	201	1,265	145	904	2,515

The savings required annually start to reduce from 2022/23 onwards as by that year income from the Riverside development should start to be received. However higher savings are required the following year due to the expected end of NHB. These projections assume that clawback of government funding (through a negative grant) will not increase beyond 2021/22. If it does it will increase the level of savings required each year beyond that date.

Whilst central funding continues to reduce, the Council has an adequate level of reserves and has a good track record of delivering its services within budget each year. The Council is entering into a period of major uncertainty over central funding whilst it is also delivering a number of ambitious capital projects. It is therefore essential that good financial management arrangements are maintained and that potential risks are identified and mitigation put in place where possible.

Set out below in Section 2 is the information on the key assumptions made in putting together the draft budget covering major income sources and expenditure.

The schedules attached to this report are:

Appendix 1	Risk Schedule
Appendix 2	Summary Financial Plan to 2023/24
Appendix 2.1	Detailed Financial Plan to 2023/24
Appendix 3	Savings proposals
Appendix 3.1	Detailed savings proposals
Appendix 4	Growth bids
Appendix 5	Schedule of Reserves and Balances
Appendix 6	Capital programme
Appendix 7	Fees and Charges

The budget setting timetable is:

Activity	Date
Policy and Resources Committee consider financial outlook and draft budget proposals for General Fund, Housing Revenue Account and parking charges	13 November
Budget consultation	25 November to 3 January
Council approves council tax base and confirms council tax support scheme	16 December
Policy and Resources Committee considers feedback from budget consultation and updated budget information and makes recommendations to full Council on budget and council tax	5 February
Council approves budget and council tax for 2020/21	13 February

2. Financial Outlook and key assumptions

a) *Central Government Formula funding*

Each year the government publishes a baseline needs assessment for each council under the formula funding system and this is made up of two elements – Revenue Support Grant (RSG) and business rates. The business rates element currently increases each year in line with inflation. RSG is the balancing figure to bring the total funding to the baseline needs assessment total.

Looking at RSG and business rates together, funding will have reduced by 42% (£3m) between 2015/16 and 2019/20.

There is no information about funding beyond 2020/21. it is expected that funding will reduce but it is unknown at this stage by how much. It has been assumed for financial planning purposes that there will be a reduction in funding in 2021/22 but no further reductions beyond that year.

b) ***Business rates*** (£4.7m)

As mentioned above, business rates form part of the baseline needs assessment. The government makes an estimate of the Council's business rates income. It then shares the income as follows.

Recipient	share
Government	50%
CCC (but see below re. tariff)	40%
KCC	9%
Fire	1%
Total business rates income	100%

A tariff is then applied to the Council's share, reducing it to £4.7m in 2020/21. If business rates increase (for example due to new business premises being built) then the Council will receive a proportion of the increased rates due. However, if business rates decrease (for example through demolition or conversion to residential use, or as the result of an appeal) then the Council will share in the reduction in business rates, though the reduction is capped by a safety net limit - ie. the government bears any losses above the safety net limit.

In the longer term the government has indicated that it wishes to devolve 75% of business rates to local government nationally in exchange for the removal of some grant funding. The government would still use a formula to distribute initial funding based on need, but authorities would then bear more of the risks and rewards of movements in business rates income in their area.

In order to maximise the amount of business rates retained locally, a Kent business rates retention pool is in place in 2019/20 and is expected to continue into 2020/21. Under the pool arrangements, Kent County Council and the district councils in Kent are considered as one organisation for the purposes of calculating how to share any increase or reduction in business rates between the councils and the government. This means that the councils get to keep a greater proportion of any growth locally, but would have to cover reductions in income up to their joint safety net limit.

c) ***New Homes Bonus (NHB)*** (£1.5m)

The Council receives NHB each year based on the number of new homes built in the district, the number of affordable homes delivered and the number of empty homes brought back into use. NHB used to be received for a six year period, but in 2016 the government changed the way that NHB is distributed to limit payments to four years and the scheme will only reward growth in homes above 0.4% a year (for Canterbury 0.4% is around 200 band D properties).

The actual NHB to be received for 2020/21 will not be known until December or possibly January and so the Committee will be provided with updated information at its February meeting. The government had intimated that NHB would stop after 2019/20 but has announced that it will continue to pay it for 2020/21. It is not yet clear whether it will honour its commitments from previous years to pay NHB for a four year period. The Plan assumes that those commitments will be honoured. If that is not the case, savings of £1.5m will need to be brought forward to 2021/22.

d) ***Council Tax*** (£10.9m)

The council tax income is derived from three factors – the average (band D) council tax, the number of properties in the district (converted into band D equivalent properties and adjusted for discounts and allowances) and the collection rate.

In previous years the government has controlled increases in council tax through council tax referendum limits (any proposed increase above the limit requires a referendum). For 2020/21, the government has consulted on limiting council tax increases by district councils to the greater of two percent or £5; this will be updated if necessary for the February Committee meeting.

In year collection rates are currently slightly below target. It has been assumed that long term council tax collection rates will remain in line with previous years; this will be reviewed and updated for February.

e) ***Welfare Reforms – Council Tax Support Scheme and Universal Credit***

From 1 April 2013 council tax support replaced council tax benefit and the funding was reduced by 10% when compared with the previous year. Funding was rolled in to formula funding and effectively reduced at the same rate. The Council Tax Support Scheme was amended for 2017/18 and the Committee is due to consider consultation feedback on a new scheme for 2020/21 onwards at its meeting in December. The proposed new scheme is expected to be cost neutral but with reduced administrative costs and increased certainty for customers over instalments.

Universal Credit (UC) has been rolled out in Canterbury for new claimants (and those with significant changes in their circumstances). The Council has seen an impact on housing rent collection rates and applications for council tax support.

The implications for the Housing Revenue Account are discussed further in the HRA budget report.
The proposed new council tax support scheme includes treating the receipt of a notification from the DWP that someone is on UC as an application for council tax support. This would remove the need for residents in that position to make a separate applications for council tax support.

f) ***Other major income sources***

In some areas income is exceeding budget but in others services are struggling to achieve budgeted levels and these remain a risk factor for future years' budgets.

The largest income sources for the Council after council tax are property income and parking income and both are dependent on the health of the economy. More detail on risks associated with specific income streams is provided at Appendix 1. Proposed fees and charges are set out for consultation at Appendix 7. Parking charge proposals are set out elsewhere on this agenda.

Parking income shortfalls against budget were flagged as a risk in previous years' budgets and the outturn report for 2018/19 highlighted a shortfall of £618,000 in that year, some of which was due to the installation of the new parking system and barriers. The forecast for the current financial year is that parking income is likely to be down when compared with budget, some of which is due to car parks being out of action when ANPR systems were being installed and the closure of Station Road West car park for the construction of the multi storey car park. The overall the variance on off street parking is estimated to be £0.9m adverse.

Given the shortfall in the current year, and adjusting for one off factors, it is considered that to be prudent the parking budget for 2020/21 should be adjusted by £800,000 to realign the income and expenditure budgets. The position will be kept under review and an adjustment made in the February budget report if needed.

g) Pay and pension costs

The pay award for 2019/20 was agreed as part of a two year pay settlement last year. The pay award for 2020/21 is yet to be agreed. The budget makes some allowance for a pay award in 2020/21 and future years.

The Kent superannuation scheme is subject to triennial revaluations. The next review will be as at March 2019, with its results implemented in April 2020. Initial indications are that the costs should be contained within existing provisions.

The budget report in February will have an update on both pay and pensions and any implications for the budget.

h) Non-pay costs

The budget allows £250,000 for inflation on non-pay costs. Non-pay expenditure budgets are not increased for inflation, instead any inflationary pressures have to be met from this allowance. If the full allocation is not required, the unused element is used to reduce the budget gap in the next year. Any inflation over the allowance adds pressure to the budget. It is currently assumed in the budget that this inflation provision will be sufficient for 2020/21.

i) Borrowing costs

In October, without any notice, the government increased the margin on PWLB loans from 80 to 180 basis points above the gilt rate. The effect of this was to immediately increase future borrowing costs by one percent. All the Council's existing PWLB borrowing is at fixed rates, so the rate change had no impact on those loans.

The capital programme is funded from a combination of capital receipts, internal borrowing, short term borrowing from other local authorities and long term PWLB borrowing. The rate increase will impact on long term borrowing costs and has also led to short term borrowing costs increasing.

The borrowing costs for the current and future capital programme have been recalculated to take into account the new PWLB rates and the cost of capital financing is estimated to have increased as follows as a result of this increase.

year	estimated increase £000
2019/20	89
2020/21	290
2021/22	415
2022/23	420
2023/24	431

The Council will look at alternatives to PWLB borrowing for future capital projects, including the Municipal Bond Agency, though this is still to issue its first bond. Future capital spending will also need to be reviewed as this increase has made borrowing less affordable. Local authorities are lobbying the government to seek a discounted borrowing rate for housing and regeneration projects, but there are no indications so far that such a rate will be introduced.

j) Growth and shortfalls in income

The budget assumes growth/shortfalls in income of £250,000 a year. The bids for 2020/21 total £1,039,000 and so exceed the available funding by £789,000. Building in growth at this level puts considerable strain on the budget. All the proposals have been scrutinised by officers and the ones included in the budget are considered unavoidable.

The main areas of growth are set out below and details of all proposals are set out in Appendix 4.

Description	£000	explanation
Increased costs of waste collection and street cleansing	183	The Council is aware that the price of its current waste collection contract is below the cost of running the service. When the contract ends in January 2021 costs will increase by £570,000 a year, and a proportion of this increase has been built into the 2020/21 budget. Separating out the waste contract from the grounds maintenance contract will increase costs by £160,000 a year, and again a proportion of this increase has been built into the 2020/21 budget.
Improving Website accessibility	105	Additional resources needed to meet government requirement that all public sector websites are fully accessible to those with disabilities.
Improving City centre security	149	A number of bollards installed in the city centre can be lowered to allow vehicle access for deliveries and to

		visit properties within the secure area. In order to maintain safety and security, more control room staff are required in order to provide 24 hour access. In addition, the bollards will require regular maintenance and inspection to ensure their safe operation.
Paying for parking by card and online account	100	Customers are increasingly paying for parking by card and online accounts. These payment methods are much more convenient for customers, however they do incur an additional processing cost and the Council still needs to provide for payment in cash.
Additional graffiti cleaning and litter picking	94	Despite building in additional graffiti cleaning resources to the 2019/20 budget, the level of graffiti around the district continues to cause concern. As well as working with the Police and other agencies to try to catch perpetrators, and working with property owners to design out graffiti, additional funding is required to remove graffiti promptly. Additional resources are also being provided to fund litter picking on high speed roads.
Supporting homeless families	90	Changes to legislation and grant funding mean that, in order to continue to meet very high demand and provide a range of options for homeless families, the Council will need to increase spending on supporting homeless families.

k) Performance against budget in the current year

The end of September budget monitoring has been completed and will be reported to the December meeting of this Committee. The main item highlighted is the shortfall in car park income referred to above.

l) Capital Programme

The draft capital programme is set out in Appendix 6 and further detail is set out in paragraph 6 below. The budget includes funding costs relating to the items set out in the programme. For each £1 million of additional capital expenditure, the borrowing costs are around £70,000 a year for 25 years.

m) Other budget assumptions

Appendix 1 sets out risks and opportunities relating to significant budget items in the medium term.

3. Budget Strategy

The budget strategy is intended to ensure that the Council has a balanced and sustainable budget that provides the financial resources needed to implement its key priorities. Under the corporate plan the Council aims to be financially self-sufficient, delivering its services without a needs based grant from central government. For 2020/21 the Council will receive no RSG.

The Council is already using the following to close the budget gap:

- transforming service delivery through its digital programme;
- investing in and managing its property assets to generate income streams that can support the budget; and
- looking to recover the cost of delivering services, particularly where the service is discretionary and/or used by a minority of taxpayers.

In the context of these objectives, the Council will continue to:

- plan its resources over a medium term period, to enable it to manage emerging cost pressures and to address these in a considered and cost-effective manner;
- keep a minimum General Fund Reserve level of 10% of net service expenditure or £2m, whichever is the greater;
- respond to new demands and pressures for services by seeking compensating savings from elsewhere in the budget;
- apply project appraisal, business planning and affordability processes including whole life costings to any significant new developments;
- bid for external funding, recognising that some service enhancements can only be achieved in this way;
- minimise any adverse impact on the revenue account of its capital programme;
- look for best value from developers in terms of Section 106/CIL contributions for community interest; and
- review and tightly manage its inflation pressures.

Whilst proposals are set out for four years, the focus is on the first year given uncertainty over the specific impact on individual councils of future funding changes.

4. Savings proposals

Savings proposals for 2020/21 are summarised at Appendix 3 and the main items set out below.

£000	2020/21	2021/22	2022/23	2023/24	Total
total savings required	2,001	1,965	145	904	5,015
savings identified	-1,800	-700	0	0	-2,500
savings still to find	201	1,265	145	904	2,515

Given the ongoing reductions in central funding and growth pressures outlined above, it is inevitable that the Council will have to look to make major savings over the next four years. Officers have scrutinised budgets to identify ways of making savings that do not require increases in fees and charges or reductions in service standards. These total £550,000 a year from 2020/21 rising by a further £88,000 the year after. However, these alone will not close the budget gap.

The non-operational savings are set out in Appendix 3.1.

The most significant saving proposal is the proposed introduction of a charge for green waste collection. Currently CCC is the only district council in Kent that does not charge for green waste collection - many neighbouring authorities have made such a charge for many years. Green waste collection is a discretionary service that is not used by every household in the district as not all have gardens.

Across Kent, the charges range from £38 to £52 a year and it is proposed that if a charge is introduced for this district then it would be that range.

A detailed report would be made to the Community Committee in January setting out detailed proposals, including a proposed charge and timescales, and equality and environmental impact assessments.

Proposed increases in parking charges are covered elsewhere on the agenda.

Other proposals include increasing fees to match costs of providing services and a reduction in the contribution for support and training for local voluntary organisations.

It is vital that as far as is practical, the proposals for savings for 2020/21 are implemented from the start of the new financial year and many of the proposals will have long lead-in times. It is proposed, therefore, that officers be given authority to put into effect the measures required to achieve the savings set out in the Appendix, subject to the implementation of the measures only becoming effective if they are approved in the budget in February 2020.

5. Reserves and other funds

When the council sets the budget and council tax in February, the Deputy Chief Executive will be required to report on whether the budget is robust and whether reserves are adequate. The Council's reserves are being reviewed in order to make that assessment. The current position is shown at Appendix 5.

The Summary Financial Plan at Appendix 2 assumes that in 2020/21 there will be a contribution to the revenue budget of £150,000 from the Budget Stabilisation Reserve, and that this will continue until 2023 when that reserve will be depleted. The budget also assumes a contribution of £200,000 a year from the General Fund balance.

6. Capital Programme and financing

The purpose of the capital programme is to identify and plan the Council's long term investment in existing and new assets. The proposed capital programme is set out in Appendix 6 and includes a high number of major projects for 2020/21:

- leisure centre refurbishments (£10.5m in 2020/21);
- building improvement requirements across the Council's operational properties (£1.5m);
- an allowance for initial work on proposed new offices (£1m) - work would not start on this until a new site is approved by councillors;
- repairs work to Canterbury Castle (£0.65m);
- temporary accommodation for homeless families (£1.4m);
- Canterbury Riverside commercial development (£13.6m)
- Wincheap park and ride expansion (£2.6m);
- St Georges Street public realm improvements (£1.2m); and
- Beach Street regeneration (£1.6m).

Capital expenditure can be funded from borrowing, capital receipts, asset sales, revenue contributions, reserves, grants and other contributions. Any capital expenditure met from borrowing has an impact on the revenue budget. The different funding sources available to fund the capital programme are set out in Appendix 6. This shows that the level of receipts, revenue contributions and external funding available are not sufficient to cover the estimated capital expenditure, and further borrowing will be required as set out below.

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Net borrowing requirement (including short term)	35,132	2,480	1,286	640
Annual revenue cost	1,075	-91	90	45

These costs have been built into the Financial Plan.

In 2020/21 it is forecast that for the General Fund total financing costs will be £11.7m, and that these will rise to £13m a year by the end of the plan period. To put this in context, this is equivalent to 12% of gross expenditure. In many cases, increased financing costs are being matched by rental or other income, but this level of borrowing does increase the risk that, if income falls, the Council could be faced with reducing expenditure on services in order to meet its borrowing costs. In order to assist the Council in managing any such risk, there is a commercial income smoothing reserve, to allow any in year commercial rent shortfalls to be covered without affecting the overall budget.

7. Charges Reviews

a) *Car Parking charges*

Each year the Council considers the arrangements for the management and operation of the Council's off street car parks as part of the budgetary process. This fulfils the legal requirements of the Council and ensures that car park policies reflect the needs of the wider community, in the context of current transportation and traffic management strategies. The report elsewhere on this agenda is the first stage in the review process.

b) Other charges

Appendix 7 to this report schedules proposals from the review of other charges. The proposals take into account levels of subsidy and where it would be appropriate for users of services to bear a greater proportion of the cost rather than council taxpayers.

A number of charges are based on cost recovery – in other words, the charge is calculated to recover the cost to the Council of delivering that service. These are highlighted in amber in the Appendix. In order to give officers flexibility to respond to cost changes in year, it is proposed that for cost recovery charges only, officers are able to increase or reduce charges by up to five percent.

8. Consultation

The revised Best Value statutory guidance requires that service users, businesses and the community and voluntary sector are consulted on changes to services. Any adverse impact will be identified through the equality impact assessment process and, where needed, specific consultation is undertaken.

The general consultation via the council website will start on 25 November and will run until 2 January.

9. Risk Assessment

There are risks associated with the budget projections which need to be taken into account. If the risks materialise the council will need to change its budget plans or in some cases take corrective action in the new financial year.

A number of risks have been highlighted in this report and a detailed risk assessment is attached at Appendix 1. This will continue to be reviewed and updated until the budget is set in February 2020.

The Council holds a minimum General Fund reserve in order to provide a contingency against unforeseen events and this would be used to allow the Council time to address the consequences of an unexpected adverse event.

10. Relevant Council Policy/Strategies/Budgetary Documents

The Corporate Plan - the Corporate Plan is currently being reviewed. Any implications for the budget will be reported to Councillors in 2020 and amendments proposed accordingly.

11. Consultation planned or undertaken

The report has set out the consultation undertaken and planned. The Policy and Resources Committee will need to consider the responses when making decisions in February 2020 and can do so up until it makes its budget and council tax recommendations to Council.

12. Options available with reasons for suitability

The Council is required to set a balanced budget for 2020/21. The proposed approach set out in this report has the following key elements:

- a council tax increase of 2.34% (£4.95 a year for a band D property);
- a preference for efficiency savings and income generation rather than service reductions;
- a contribution from the Budget Stabilisation reserve; and
- some increases in fees and charges.

When considering its options for council tax levels for next year, the Council has three options:

- freeze council tax;
- increase council tax up to £5 or two percent whichever is the higher (subject to confirmation in the Finance Settlement); or
- increase council tax by more than two percent or £5, which would require a local referendum.

The financial consequences of freezing council tax when compared with a £5 increase would be that the Council would need to find additional ongoing savings/increases in income of £250,000 in 2020/21.

The financial consequence of setting a council tax increase above £5 would be that the Council would have to bear the cost of a local referendum on the increase, which is unlikely to be successful. As a result, an increase up to £5 is the preferred option.

When considering the proposals for savings and fees and charges increases, the Committee could decide to make a higher level of savings with lower increases in charges, or a lower level of savings with a corresponding higher increase in charges.

As the budget for future years already assumes further savings of around £5m in 2020/21 and beyond, further efficiency savings over and above the level already shown for next year are not thought to be achievable. The car parking charges report sets out the options available when considering those charges.

Alternatively a higher contribution could be taken from reserves, but this would be a one-off solution only and would increase the already challenging level of savings required in later years.

13. Implications

(a) Financial Implications – these are set out in the report.

(b) Legal Implications – all expenditure and income must be covered by legal powers.

(c) Staffing/resource – these are set out in the report and schedules. One implication of the expected funding reduction is that there will need to be a managed reduction in posts over time.

(d) Equalities – the aim of this report is to seek approval to consult on budget proposals. The report to this Committee in February will set out the impact of proposed budget changes along with the consultation results.

(e) Environmental - including carbon emissions and biodiversity – the aim of this report is to seek approval to consult on budget proposals. The report to this Committee in February will set out the impact of proposed budget changes along with the consultation results.

14. Conclusions

The context for the forthcoming budget is a further reduction in government funding, and some uncertainty about the allocation of NHB. The outlook beyond 2020/21 is very uncertain but further reductions in centrally allocated resources should be expected.

The Council has a successful track record in achieving a balanced budget whilst maintaining service levels, however in the medium term this will be very challenging to maintain.

The projections result in Council Tax levels that are considered to be reasonable and which in future years are assumed to be below any Council Tax referendum levels.

The Summary Financial Plan at Appendix 2 shows that £200,000 of savings are still required for 2020/21, if planned savings can be delivered. Further savings of around £3m are required up to 2023/24, which will be very challenging to achieve.

The risks associated with the proposals have been set out in the report for consideration. The Committee will be updated in February on any significant changes in any of the key risk factors. If there were to be unforeseen changes during the next financial year which could not be dealt with by in-year budget changes the Council has sufficient balances to address these in the short term, in order to allow time to prepare a longer term solution.

The consultation period will be used to obtain views on the options for achieving a balanced budget.

Finally, a great deal of work has gone into producing the projections and proposals and the authors of the report thank those involved.

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