

Finance and Contracts Committee

14 February 2019

Medium Term Financial Strategy 2019-20 to 2022-23 and Detailed Budget and Council Tax 2019-20

Report by the Director, Corporate and Commercial

Call-in deadline: N/A

Purpose

To set out the proposed budget for 2019/20 to 2022/23 and the detailed information required to enable this Committee to make recommendations to Budget Council on 26 February 2019.

Recommendations of the Portfolio Holder for Finance

To resolve that -

1. The comments of the Strategic Housing and Planning Committee, Community Engagement Committee, Children and Adults Care and Education Committee and Environment and Sustainable Transport Committee be noted;
2. The Director, Corporate and Commercial be authorised to make any necessary changes to the GLA precept and the Wimbledon and Putney Common Conservators levy in the Council Tax Calculation in **Annex 3** to the Budget Report Pack prior to submission to Budget Council, once the final decisions have been confirmed by these bodies;
3. Council is **RECOMMENDED** to approve the budget proposals and Council Tax for 2019/20 as set out in the Budget Report Pack report and annexes.
4. Council is **RECOMMENDED** to authorise the relevant officers to take necessary action to deliver the agreed budget and service changes, including increasing relevant fees and charges in line with inflation.
5. Council is **RECOMMENDED**, in accordance with the requirements of the Local Government Act 2003, to note the comments of the Director of Corporate and Commercial in regard to the robustness of estimates and the level of reserves and balances as set out in the section "Comments of the Director of Corporate and Commercial (S151 Officer) " **in paragraphs 25 to 31 of the Budget Report Pack**;
6. Council is **RECOMMENDED** in accordance with sections 32 to 36 of the Local Government Act 1992, to calculate the amounts in **Annex C to this report** (amended Annex 3 to the Budget Report pack) for the financial year 2019/20.
7. Council is **RECOMMENDED** to approve the new Capital Strategy including the detailed capital programme for 2019/20 to 2022/23 as set out in **Annex 11** to the Budget Report and the Treasury Strategy including the Annual Investment Strategy, prudential indicators and the Minimum Revenue Provision (MRP) policy as set out in **Annex 12** to the Budget Report.
8. Council is **RECOMMENDED** to approve the pay policy at **Annex A to this report**

9. Council is **RECOMMENDED** to approve the Schools Budget for 2019-20 in line with paragraph 17 and **Enclosure 1 of Annex B to this report**;
10. Council is **RECOMMENDED** to approve the proposals outlined for the Central School Services Block including the transfer of £27k to the High Needs Block (ref. paras 26-28 of **Annex B to this report**);
11. Council is **RECOMMENDED** to approve the proposals outlined for the Early Years Block, including the increase of the SEN Inclusion Fund to allow for high needs support for early years children (ref. paras. 29 - 35 of **Annex B to this report**);
12. Council is **RECOMMENDED** to approve the proposals outlined for the High Needs Block (ref paras. 36-39 of **Annex B to this report**)
13. Council is **RECOMMENDED** to approve the proposals outlined for the Schools Block (ref. paras 20-25 of **Annex B to this report**) and the Schools Funding Formula outlined in **Enclosure 2 of Annex B to this report** and the Schools Allocations in **Enclosure 3 of Annex B to this report**, including a Minimum Funding Guarantee of -1.5% per pupil (ref. paras 22-23).

Benefits to the Community:

Setting a balanced budget assists in ensuring the Council is financially sustainable and able to deliver services to the community.

Key Points

- A. A separate document, entitled '**Budget Report 2019/20 to 2022/23**' has been published alongside this agenda **and has been dispatched as a separate document to all Members. Members are requested to bring this with them to the meeting.** The references in this report refer to that Budget Report pack *unless otherwise stated in italics*. That document comprises the budget proposals for all service areas.
- B. Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their budget and level of Council Tax. The Budget Report Pack therefore includes the advice of the Director of Corporate and Commercial (Section 151 Officer) as set out in **paragraphs 25 to 31 of the Budget Report pack.**
- C. This Committee is asked to consider both the budget proposals relating to electoral services, legal affairs, performance, regulatory services, finance, human resources and pensions, contracts and commissioning, revenue and benefits, asset management, cemeteries and crematoria and registration services, being the services within its remit and the overall draft budget and to make the appropriate recommendation to the Council.
- D. Any information made available subsequent to this document going to print, including recommendations from the other Strategic Committees, will be tabled as late information. This will also include feedback from the consultation meeting with business ratepayers, scheduled for 7 February 2019.
- E. In relation to the services within the remit of this Committee, Members are asked to refer in particular to the following items:
 1. Budgetary growth is shown in **Annex 5** and includes **items 4 and 13** in relation to the crematorium and coroner costs, **item 8** in relation to

Governance and Law, **item 9** in relation to payroll costs, **item 10** for an increased contingency, **item 11** for future growth where the exact requirements are unknown, **item 22** in relation to the revenue costs of financing the capital programme

2. Budget reductions are shown in **Annex 6** of the report. These include **items 2, 3, 13 and 36**, in relation to Healthy & Safe Communities, **items 5, 40 and 41** in relation to HR, **items 6 and 15** in relation to the finance service, **items 7 to 10, 16, 23 to 28, 42** in relation to support and operations (including revenues and benefits), **items 21, 22, 56 and 57** in relation to Governance and Law, **item 18** in relation to senior management arrangements and **items 50, 54 and 55** in relations to contracts and commercial.
 3. The Capital Strategy is set out in **Annex 11** with the detailed programme provided in **Enclosure 1** including **items 15 to 19** which relate to assets and the General Fund Property programme.
- F. The information in the Budget Report Pack is to enable the Committee to consider how the budget proposals contribute to delivering an overall balanced budget for the whole Council, and take a considered view of all relevant factors before Full Council determines the final budget and Council Tax for 2019/20 on 26 February 2019. In relation to the Committee's wider responsibilities for the Council's Medium Term Financial Strategy, the proposals should be considered as a whole and alongside the comments of other Strategic Committees.
- G. In relation to the wider remit of this committee in respect of the medium term financial strategy, Members are asked to refer in particular to:
1. **Annex 1** to this report sets out a summary of Budget risks.
 2. Growth recommended for approval within the budget is set out in **Annex 5**.
 3. **Annex 6** to the report provides a summary of the budget reductions (savings) for 2019/20 to 2022/23. The proposed savings total £12.1m in 2019/20.
 4. **Annex 7** sets out a summary of proposed budget by service/function.
 5. The Capital Strategy is set out in **Annex 11**.
 6. The Treasury Management Strategy is included at **Annex 12**.
- H. The pay policy statement for 2021/20 is attached *to this report* at **Annex A** for consideration and recommendation to Council
- I. The schools budget report to Children's and Adult's Care and Education Committee is included at **Annex B to this report** for recommendation to Council.

Final Local Government Finance Settlement

1. The final local government finance settlement for 2019/20 was published on 29 January 2019. There were no changes in the final settlement compared to the provisional figures included in the budget report pack.

Wimbledon and Putney Commons Conservators Levy

2. The 2019/20 levy for the Wimbledon and Putney Commons Conservators has been set at £46,859.91, which works out to an average band D amount of £29.90 for that area. The table below shows the total proposed Council Tax, inclusive of the GLA amounts and detailed amounts for each band.

Council Tax Band	Council Tax RBK	Council tax GLA	Council Tax - most areas of the Borough	WPCC area precept	Council Tax - WPCC area
	£	£	£	£	£
A	1,033.63	213.67	1,247.30	19.93	1,267.23
B	1,205.90	249.29	1,455.19	23.25	1,478.44
C	1,378.17	284.90	1,663.07	26.58	1,689.65
D	1,550.44	320.51	1,870.95	29.90	1,900.85
E	1,894.98	391.73	2,286.71	36.55	2,323.26
F	2,239.52	462.96	2,702.48	43.19	2,745.67
G	2,584.07	534.18	3,118.25	49.83	3,168.08
H	3,100.88	641.02	3,741.90	59.80	3,801.70

Comments from other Strategic Committees

3. The Strategic Housing and Planning Committee met on 29 January 2019. The decision notice of that meeting can be found on the Council's website. The Committee agreed the rents and service charges in the Housing Revenue Account, as set out in Annex 10 to the budget report pack. They also recommended the HRA budget for approval along with the General Fund revenue and capital budgets within their remit.
4. The recommendations of the other strategic committees will be tabled as late information for Finance and Contracts Committee as they are not available at the time of writing.

Consultations

5. No specific consultation has been carried out in relation to the budget as a whole but any necessary consultation will be carried out as part of the detailed implementation plan for specific proposals. Proposals subject to consultation prior to implementation are marked as such in the budget report pack.

Timescale

6. After consideration by this Committee, the Budget will be considered for approval by Council on 26 February 2019.

Resource Implications

7. All resource implications are contained within the Budget Report pack.

Legal Implications

8. The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount of council tax must be sufficient to meet the

Council's legal and financial commitment, ensure the proper discharge of its statutory duties and lead to a balanced budget.

9. The Localism Act 2011 provides for a council tax referendum to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State. The Local Government Finance Settlement published in December 2018, announced that a referendum must be held if council tax for general spend is to be increased by 5% or more. Council tax for general spending requires a referendum if it rises by 3% or more alongside a maximum 2% social care precept. The setting of the social care precept must not exceed a rise of 6% over 3 years from 2017/18.
10. Under section 65 Local Government Finance Act 1992 there is a duty to consult with representatives of non- domestic ratepayers about the Council's expenditure plans.
11. In considering the budget for 2019/20, Members must consider the Public Sector Equality Duty under s149 Equality Act 2010. The Council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Members must consider how the decision will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.
12. Some of the proposed savings will be subject to separate decision making processes (either by Officer, Strategic Committee or Council). Some of the proposed savings require a consultation process to be undertaken and the product of consultation (together with the equality analysis) must be conscientiously taken into account in finalising any decisions. The Budget Report makes it clear that if, as a result of the consultation process there are changes to proposed savings alternative arrangements will need to be made to deliver reductions in spend.

Risk Assessment

13. A financial risk assessment is contained within the Budget Report pack

Equalities Impact Assessment

14. An equalities impact assessment has been undertaken and is disclosed within the budget report pack.

Health Implications

15. There are no direct health implications arising from this report. Any health implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

Road Network Implications

16. There are no direct road network implications arising from this report. Any road network implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

Environmental & Air Quality Implications

17. There are no direct environmental or air quality implications arising from this report. Any environmental implications of specific proposals will be considered as part of the detailed implementation plan of those proposals.

Background papers - None other than those referred to in this report

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List of Annexes *to this report*:

Annex A - Pay Policy

Annex B - Schools Budget Report

Annex C - Amended Annex 3 to Budget Report pack - Statutory Council Tax Calculation