

NOT FOR PUBLICATION

Appendices C and D to this report are considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council.

Report to: **Executive**

Date: **13th December 2018**

Title: **Budget Proposals for 2019/20 onwards update report**

Portfolio Area: **Cllr R Tucker – Annual Budget**

Wards Affected: **All**

Relevant Scrutiny Committee: **Joint Development Management Committee and Overview and Scrutiny Panel**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

It is recommended that the Executive:

- i) Notes the forecast budget gap for 2019/20 of £0.391 million and the position for future years
- ii) Notes the current options identified and timescales for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability
- iii) Notes that a further budget update report will be presented to the meeting on 24th January of the Joint Overview and Scrutiny Panel and the Development Management Committee for their views. This will include details of the Draft Finance Settlement being announced on 6th December 2018.

1. Executive summary

- 1.1 The Council approved its Medium Term Financial Strategy (MTFS) for 2019/20 to 2023/24 at Council on 27th September 2018. This is based on a financial forecast over a rolling five year timeframe to 2023/24. The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. Between 2009/10 and 2019/20, the Council's Core Government funding has reduced by £4 million.
- 1.2 South Hams has continued to work in partnership with West Devon Borough Council which has allowed South Hams District Council to achieve annual savings of £3.9 million and more importantly protect all statutory front line services.
- 1.3 Between both Councils the annual shared services savings being achieved are over £6 million. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending.
- 1.4 ***South Hams District Council is currently forecasting a £0.391m budget gap in 2019/20.*** The MTFS (September 18) assumes that negative RSG will be reduced to zero in 2019/20 - which improves the Council's budget position by £0.4m for 2019/20. It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.
- 1.5 In 2020/21 the Council is facing a further budget gap of £0.784m (on top of the £0.391m in 2019/20). Therefore the budget gap over the next two years is in the region of £1.18 million.
- 1.6 It is important to note that the Medium Term Financial Strategy set out the budget strategy for the Council for the next five years, with annual reviews and updates when items are further known or are announced by the Government (e.g. the Provisional Finance Settlement will be announced by the Government on 6th December 2018).
- 1.7 The Medium Term Financial Strategy approved at Council in September 2018 was the starting point for developing a meaningful five year strategy that has set out the strategic intention for all of the different strands of funding available to the Council. The Council is now able to rely on this to inform future decisions.

1.8 The Medium Term Financial Strategy for 2019/20 to 2023/24 was approved by Council on 27th September 2018. Below is a copy of the relevant Council Minute 31.

It was then **RESOLVED:**

1. That the forecast budget gap for 2019/20 of £0.638 million and the position for future years be noted;
2. That the current options identified and timescales for closing the budget gap in 2019/20 and future years to achieve long-term financial sustainability be noted;
3. That the Council set the strategic intention to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax Referendum, to enable continued delivery of services. (NB. the actual Council Tax for any given year will be decided by the Council in the preceding February);
4. That an application be submitted for Pilot status for 2019/20, with agreement being given to a 40% District / 34% Devon County Council / 1% Fire split for the 75% scheme. In the event of the Bid not being successful, it was agreed that the Council should remain part of the Devon Business Rates Pool for 2019/20;
5. That Central Government and Devon MPs be actively lobbied to support a 2019/20 Devon Pilot bid;
6. That the Government, Devon MPs and other sector bodies (such as the District Councils Network and the Rural Services Network) be actively lobbied and engaged with for a realistic business rates baseline to be set for the Council for 2020 onwards;
7. That the Council respond to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continue to lobby for Rural Services Delivery Grant allocations that adequately reflect the cost of rural service provision;
8. That, for modelling purposes, £500,000 of New Homes Bonus funding be used to fund the revenue base budget, with this being reduced to £400,000 by 2020/21 and £250,000 by 2021/22;
9. That the annual level of contributions to Earmarked Reserves (£722,300 as per Appendix E of the presented agenda report) and the adequacy of the existing level of Unearmarked Reserves (£1.8 million) and Earmarked Reserves (£8.3 million) be reviewed by Members as part of the Budget setting process. (This will assess the adequacy of Reserves levels, in light of future plans and pressures);

10. That the Council takes specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. It is also recommended that the Council has early dialogue with Devon County Council and the actuaries with regards to the Council having an input into the actuarial assumptions used for the 2019 Actuarial Valuation. (Options will be taken back to the Council's Audit Committee in January 2019 to consider);
 11. That an Upper Limit on External Borrowing (for all Council services) be set as part of the Medium Term Financial Strategy of £75 million (as set out at Exempt Appendix G of the presented agenda report); and
 12. That the Council continues with the Local Government Terms and Conditions of Employment Green Book for at least 2019/20. That officers review all options for reducing staff costs by varying terms from the Green Book from 2020/21, with an initial report back by the end of 2018/19.
- 1.9 Since the Medium Term Financial Strategy was approved in September 2018, the following action has been taken:-
- A Members' Budget Workshop was held on 11th October and further budget reductions have been identified which are supported from the results of the Members' Budget Survey (attached in Appendix C). These are highlighted in grey in Appendix A. The modelling in this report also includes the projected savings from the report considered by the Executive on 22th November on public conveniences (Note - this report has been called into a meeting of the Overview and Scrutiny Panel). This latest budget update report shows the budget gap for 2019/20 has reduced from £638,348 (position at September 18) to **£391,473** (position in December 18 in this report).
 - An application for Business Rates Pilot status for 2019/20 has been made and the Devon MPs have been actively lobbied to support the bid. The bid has received the support of both South Hams MPs.
 - The Council responded to the recent technical consultation on negative Revenue Support Grant, New Homes Bonus and the Business Rates baseline.
 - The Council is taking specialist pensions advice
 - The Council has set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million and this will be reflected within the Capital Strategy and Treasury Management Strategy for 2019-20 onwards (to be considered by Council in January 2019).

2 THE FOUR YEAR SETTLEMENT FUNDING OFFER

- 2.1 During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. The Council applied and was accepted for the four year agreement. From 2018/19 onwards, the Council has received no Government funding (Revenue Support Grant) and the Council will need to be self-sufficient.
- 2.2 Although the four year settlement offered no Revenue Support Grant, it did guarantee the Council its allocations of Rural Services Delivery Grant over the four year period, which equated to £0.33m in 2019/20.
- 2.3 District Councils such as South Hams have also suffered a large reduction in their New Homes Bonus funding (£0.5 million in 17/18) due to the number of years payments are being reduced, from six years to five years in 17/18 and to four years from 18/19 onwards. The funding being released is to contribute towards adult social care costs, a function carried out by Unitary and County Councils.
- 2.4 Between 2009/10 and 2019/20 the Council's Core Government funding will have reduced by £4 million annually.

3 ASSUMPTIONS FOR FINANCIAL MODELLING PURPOSES

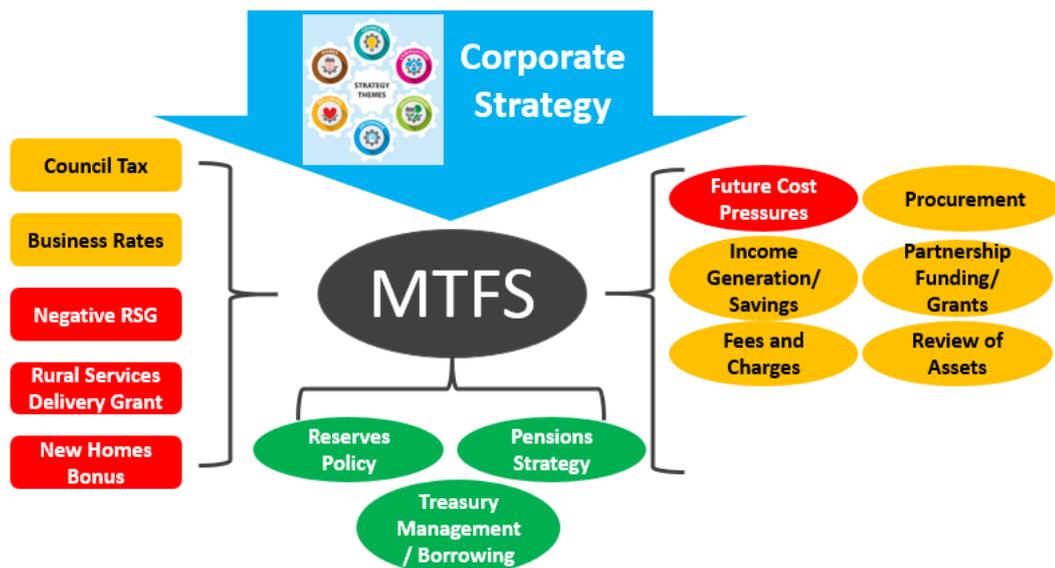
- 3.1 The National Employers made a final pay offer covering 1 April 2018 to 31 March 2020. The majority of employees (those on salaries starting at £19,430 p.a.) have received an uplift of 2% on 1/4/18 and a further 2% on 1/4/19, with those on lower salaries receiving higher increases. The cost of this was £255,000 in 2018/19 and a further £280,000 in 2019/20. This has been reflected in Appendix A. The Medium Term Financial Strategy is not an expression of Council Policy on pay awards, but a means of ensuring an appropriate provision is made as part of the overall financial planning of the Council.
- 3.2 The report assumes inflation will run at 2.5% over the five year period. The Consumer Prices Index (CPI) was 2.2% in October 2018.
- 3.3 The predicted interest rate forecast from our treasury management advisors, Link Services, is that interest rates will remain at 0.75% up to June 2019. By December 2020 the bank base rate is predicted to increase to 1.5%.
- 3.4 An increase in council tax of the higher of £5 or 2.99% for the next five years has been modelled for council tax purposes. This would equate to a Band D council tax for South Hams of £165.42 in 2019/20 as shown in Appendix B and equates to a council tax increase of 3.12%.
- 3.5 It has been assumed that the number of properties within the District will increase by 450 per annum from 2019/20 to 2023/24 – this is an increase of approximately 1.2%.

4. THE COMPONENTS MAKING UP A MEDIUM TERM FINANCIAL STRATEGY (MTFS)

4.1 The Diagram below in 4.1 sets out all of the component parts which constitute the make-up of a Medium Term Financial Strategy. Appendix C of the Medium Term Financial Strategy report to Council on 27th September went through each of these components in detail and made recommendations where appropriate. The recommendations are summarised in 1.8 of this report.

Items in Green denote those elements where the Council has a large degree of control over the setting of policies and strategies. Items in Amber denote those components of the MTFS where the Council has a degree of control. Red items signal components where the Council has hardly any control over funding allocations which are decided by the Government and future cost pressures which can largely be outside of the Council's control or influence.

Net Budget £8.9 million 2018/2019



Council Tax

4.2 Council on 27th September 2018 (Council Minute 31) has set the strategic intention to raise council tax by the maximum allowed in any given year, without triggering a council tax referendum, to enable continued delivery of services. The actual council tax for any given year will be decided by Council in the preceding February. This would equate to a Band D council tax for South Hams of £165.42 in 2019/20 as shown in Appendix B and equates to a council tax increase of 3.12%.

Business Rates

- 4.3 The income from Business Rates which South Hams District Council retained in 2017-18 was the funding baseline of £1,800,829. The Council was not part of the Devon Pool in 2017-18 due to the risk of business rates appeals, but South Hams is part of the Business Rates Pilot in 2018-19.

Business Rates Pilot for 2019-20

- 4.4 Modelling which has been carried out on the application for 19/20 Pilot status shows that South Hams could gain approximately £250,000 of the £10 million projected 19/20 Devon Pilot gain. This is approximately half of the 18/19 predicted SHDC gain of £575,000. This additional funding of £250,000 would be a one-off amount for 2019/20 only. Devon Councils have submitted a bid to Central Government and the Devon MPs have been actively lobbied. The bid has received the support of both South Hams MPs.

Negative Revenue Support Grant

- 4.5 The negative RSG currently included within the Council's funding allocation for 2019/20 amounts to £399,900. If the Government eliminates this, as an outcome of the consultation process, the Council's budget position is bettered by £400K for 2019/20 (this betterment has already been assumed in the modelling in Appendices A and B). The Council is hopeful the Government will reverse it, as this is the Government's preferred option in the consultation.
- 4.6 The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20 and this reduced funding pressure has been built into the latest modelling set out in this report. If the position changes, the budget report will be updated to reflect this. It is assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.
- 4.7 The Council has responded to the technical consultation in support of the Government eliminating Negative Revenue Support Grant and continues to lobby for Rural Services Delivery Grant allocations which adequately reflect the cost of rural service provision.

New Homes Bonus

- 4.8 The Government released a consultation in July which stated their intention to increase the 0.4% baseline. They have also stated that 2019-20 represents the final year of NHB funding and from 2020 onwards they will explore how to incentivise housing growth most effectively and will consult on this issue. The financial modelling has included using £500,000 of New Homes Bonus funding for 2019-20 to fund the revenue base budget and then to reduce this to £400,000 by 2020-21 and £250,000 by 2021-22 for modelling purposes.

Pensions Strategy (Actuarial Valuation)

- 4.9 The Council has taken specialist pension advice on the options for the Council's Pension position (informing the actuarial valuation), with the aim of reducing the current deficit contributions, increasing affordability, whilst best managing the pension deficit. Options will be taken back to the Council's Audit Committee in January 19 to consider.

Treasury Management and Borrowing Strategy

- 4.10 The Council has taken external treasury management advice on the Council's overall borrowing levels and debt levels. The Council set an Upper Limit on External Borrowing (for all Council services) as part of the Medium Term Financial Strategy of £75 million. On 17th January, the Council will consider its Capital Strategy and Treasury Management Strategy which will contain the new requirements issued by MHCLG in February 2018 of the new guidance. Members received training on the new requirements in November 2018.

Procurement

- 4.11 The Council is currently procuring its waste collection, recycling and cleansing services through a competitive dialogue process. The latest report was to Council on 26th July. Council Minute 25/18 refers. The procurement process has now continued to 'Final Solutions' stage. A further final report has been presented to the Council meeting of 6th December 2018. Members will decide at this stage whether or not to award a contract. *Any financial implications of this are not yet included within the modelling in Appendices A and B.*

Exempt Appendix D shows the impact of including the waste procurement within the modelling.

Partnership Funding/Grants

- 4.12 The Community Task & Finish Group has proposed funding reductions of £32,300 to Partnerships (South Devon CVS – £22,600 and the South Devon AONB - £9,700 Projects funding). This was considered by the Overview and Scrutiny Panel on 6th September 2018 and the Executive on 13th September. This was also included within the Members' Budget Workshop and the Members' Budget Survey.
- 4.13 South Devon CVS – A proposal was put forward at the Budget Workshop to reduce the CVS Partnership funding from £22,600 currently to £10,000 in 2019/20 and £5,000 in 2020/21 onwards and to remain at the £5,000 level for subsequent years. The results of the Members' Survey were close between Members supporting this proposal and Members supporting the original recommendation of the Community Task and Finish Group. There was also support for a different funding structure for the CVS, so on balance the option proposed at the Budget Workshop has been modelled in this Budget update report. Views will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19.

Partnership Funding/Grants (continued)

- 4.14 South Devon AONB – Again the results of the Members’ Survey were close between Members supporting a different projects funding structure and Members supporting the original recommendation of the Community Task and Finish Group. The majority of respondents in the Budget Survey supported reducing the project funding in its entirety (£9,700). (Note - The Council will continue to provide core funding of £20,700 in 2019/20). Views on the project funding will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19.
- 4.15 Drug and Alcohol Task and Finish Group – An additional cost pressure for this was not supported by Members in the Budget Survey. Views will be further sought from the Joint Overview and Scrutiny Panel and DM Committee in January 19
- 4.16 **Investment in the CCLA** - The Members’ Survey showed support for investing in the CCLA Property Fund. Members have asked for further information e.g. on the Diversified Income Fund also. An options paper will be provided in January as set out in 7.1.

Commercial Property and Review of Assets

- 4.17 On 14th June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council has prepared business cases on the Commercial Development opportunities and a summary report is on this Executive agenda. *None of the income generated from these schemes has yet been built into the financial modelling in Appendices A and B.*
- 4.18 The Council’s Asset Base is £75 million at 31 March 2018. The Council will continually review and challenge its asset base in order to deliver the optimum value for money from the Council’s Assets.
- 4.19 **Income Generation/Savings and Fees and Charges**
The Council’s Extended Leadership Team have been directed by the Executive to present further budget options to Members for income generation/savings/reduced expenditure, taking into consideration the Council’s corporate strategy and the latest budget position.

5 BUDGET PRESSURES, SAVINGS AND INCOME GENERATION

- 5.1 Financial modelling has been undertaken for the next five years to predict the Council’s financial situation for the short and medium term.

- 5.2 **Appendix A** to the Medium Term Financial Position sets out the Budget Pressures forecast for the next five years and the additional savings and income forecast. **These figures in Appendix A show the changes to the existing base budget.**

(As set out in Appendix A)	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £
Cost Pressures	1,042,500	860,000	385,000	335,000	335,000
(Reduction)/ Increase in contribution to Earmarked Reserves	(458,916)	40,000	137,000	166,000	100,000
Savings and additional income	(403,875)	(366,953)	(142,287)	(98,100)	(12,100)

6. OVERALL POSITION – BUDGET GAP

- 6.1 Appendices A and B illustrates the overall financial forecast for the forthcoming five years. The Council's Net Budget is £8.9 million in 2018/19. A Summary forecast is shown below of the potential budget situation if all of the budget pressures and the savings and income generation in Appendix A were approved. It also shows the situation if Council Tax is increased by the higher of 2.99% or £5 (Appendix B).
- 6.2 The following table illustrates the predicted budget gap from 2019/20 onwards for the Council as shown in Appendices A and B:

Cumulative Budget Gap	2019/20 £	2020/21 £	2021/22 £	2022/23 £	2023/24 £	Total Aggregated Budget Gap £
Modelling in Appendix B (assumes no –ve RSG in 2019/20 and no Pilot)	391,473	1,175,846	1,329,332	1,395,476	1,470,488	5,762,615

- 6.3 In the modelling in Appendix B, the total budget gap is £391,473 in 2019/20 and this is predicted to rise to £1,175,846 in 2020/21 (the £1,175,846 assumes the budget gap in 19/20 of £391,473 has not been closed). The aggregated Budget Gap is £5.8 million over the five years.

7 FINANCIAL SUSTAINABILITY AND TIMESCALES

7.1 The Council is progressing various options for closing the budget gap in 2019/20 and future years, to achieve long term financial sustainability. The table below sets out a timescale for those options and the various strands that the Council is exploring.

Option	Possible Budget Impact	Timescale
<p>Pensions Strategy The Council is obtaining specialist pensions advice on its Pensions position and progress on this will be reported to the Audit Committee. The Council will look at options to reduce its revenue contribution for pensions, to aid affordability.</p>	Up to £200,000	Report to the Audit Committee in January 2019.
<p>Waste Procurement The Council is currently in a waste procurement process through competitive dialogue. The procurement process is now in 'Final Solutions' stage, with a decision being made by Council on 6th December 2018. Any financial implications of this are not yet included in the Modelling in Appendices A and B. <i>Exempt Appendix D shows the impact on the modelling position of including this.</i></p>	Set out in Exempt Appendix D	Report to the Council meeting 6 th December 2018
<p>Council Tax Reduction Scheme The grant to Town and Parish Councils has been reduced by 9.85% over the four year period of the finance settlement. Members have an option over whether to withdraw funding in 2020/21.</p>	£74,000 for 2020/21 Onwards	Executive/Council February 2019.

Option	Possible Budget Impact	Timescale
<p>Investment in the CCLA The Members' Survey showed support for investing in the CCLA Property Fund. Members have asked for further information e.g. on the Diversified Income Fund also. An options paper will be provided.</p>	<p>Saving of £60,000 included within the modelling</p>	<p>Further information to be provided as part of the budget update report to the 24th January meeting of the Joint Overview and Scrutiny Panel and the Development Management Committee</p>
<p>Asset Review/ Corporate Property Strategy On 14 June 2018, the Executive considered a report on Council Owned Asset Investment and Development opportunities. The Council is preparing business cases on the opportunities in the report and there is a separate report on this Executive agenda for 'Commercial Development Opportunities'.</p> <p>A report on the funding for the initial years of the development projects will be presented to Council on Thursday 17th January 2019.</p>	<p>To be quantified</p>	<p>17th January 2019</p>
<p>Funding Options</p>		
<p>Negative Revenue Support Grant The Council is hopeful the Government will reverse negative RSG in 2019/20, as this is the Government's preferred option in the consultation. The Medium Term Financial Strategy assumes that negative RSG will be reduced to zero in 2019/20. It is also assumed that negative RSG remains in some form (e.g. as part of the business rates baseline reset) from 2020/21 onwards.</p>	<p>The Medium Term Financial Strategy assumes that negative RSG will be reduced to Nil in 19/20</p>	<p>Anticipated to be known on 6th December 2018 when the Draft Local Government Finance Settlement is published.</p>

Option	Possible Budget Impact	Timescale
<p>Business Rates Pilot status for 2019/20</p> <p>If the Devon Business Rates Pilot were to be successful for 2019/20, this could give further one-off extra business rates income in 19/20. Based on a 75% growth retention scheme, this could yield up to £250,000.</p>	<p>£250,000 in 2019/20 (one-year only)</p>	<p>6th December 2018 when the Draft Local Government Finance Settlement is published.</p>
<p>New Homes Bonus allocations for 2019/20</p> <p>The NHB allocation for 2019/20 is anticipated to be around £880,000, of which £500,000 is currently projected to be used to fund the Revenue Base Budget. The Council could chose to use a higher amount to fund the Revenue Base Budget but this would leave little funding available for the Capital Programme.</p>	<p>Up to £380,000</p>	<p>NHB allocations will be announced around 6th December 2018. Decisions around its use will be made as part of the Budget Process. It is highly likely the baseline will be increased from 0.4% to 0.6%.</p>
<p>Contributions to Earmarked Reserves</p> <p>The Council could decide not to contribute some of the amounts per annum into Earmarked Reserves. This will be considered in more detail as part of the budget process.</p> <p>Contributions to Earmarked Reserves are shown in Appendix F.</p>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process (further information to be provided to the Joint O & S and DM Panel meeting on 24th January)</p>
<p>Use of Reserves as a temporary measure</p> <p>The Council has £1.85 million in Unearmarked Reserves. The Council could temporarily utilise Reserves to balance an element of the 2019/20 budget, whilst longer term solutions are being implemented. This would be a very short term solution though.</p>	<p>To be assessed</p>	<p>To be decided as part of the Budget Process</p>

- 7.2 The diagram below shows the Government timetable of key dates. The key dates will be in May 2019 when more details will be known about the Funding Reform and Spending Review 2019. In November 2019, the baseline funding for business rates and the impact of transitional arrangements will be known.



8. CAPITAL PROGRAMME 2019/20 AND PRUDENTIAL BORROWING

- 8.1 The Capital Programme is set by the Council annually and may be funded by sale proceeds from the disposal of assets (capital receipts), external grants and contributions, directly from revenue or from borrowing. Capital Bids have been requested from Project Managers and a proposed Capital Programme for 2019/20 onwards will be set out in the Capital Strategy report to Council on 17th January 2019.
- 8.2 **Commercial Property Acquisition Strategy** – The Council has agreed a commercial property acquisition strategy of up to £60 million (capped at £30 million before 30 April 2019). No purchases have yet been made but there is a report on this December Executive agenda regarding proposed projects. Purchases made within the strategy will be capital expenditure. A report on the funding for the initial years of the development projects will be presented to Council on Thursday 17th January 2019.
- 8.3 **Prudential Borrowing** - The Council will consider the use of prudential borrowing to support capital investment to deliver services and will ensure that the full costs of borrowing are taken into account when investment decisions are made.

8.4 An overall Borrowing Limit (£75 million) has been approved as part of the Medium Term Financial Strategy, with £60 million being for the Commercial Property Strategy and £15 million for other borrowing requirements.

9. Sensitivity Analysis and Risk Analysis

9.1 The Council carries out sensitivity analysis and risk analysis of its Budget Proposals and this was shown in Appendix F to the Medium Term Financial Strategy.

10. Earmarked and Unearmarked Reserves

10.1 The current levels of Reserves are £1.85 million Unearmarked Reserves and Earmarked Reserves are predicted to be around £10 million at the end of 2018/19. The Council's Net Budget is £8.98 million for 2018/19. Therefore Unearmarked Reserves equate to 20.6% of the Council's Net Budget. A full list of Reserves is shown in Appendix E.

10.2 **Budget Monitoring** - The latest Quarter 2 Budget Monitoring report shows the actual net revenue expenditure is forecast to be over budget by £66,000 when compared against the total budget set for 2018/19 (0.7% of the total Budget £8.983 million).

11 NEXT STEPS

11.1 This Medium Term Financial Strategy is the starting point for developing a meaningful five year strategy that sets out the strategic intention for all of the different strands of funding available to the Council. This was approved at Council in September 2018. The Council is now able to rely on this to inform future decisions.

11.2 Section 7 sets out the potential timescales against each of the areas identified. In particular, the Council keenly awaits the announcement of the Draft Local Government Finance Settlement on 6th December.

11.3 A further budget update report will be presented to the meeting on 24th January of the Joint Overview and Scrutiny Panel and the Development Management Committee for their views. This will include details of the Draft Finance Settlement being announced on 6th December 2018. This will inform the Final Budget Proposals report to the Executive on 7th February. The final Budget for 2019-20 will be set by Council on 21st February.

11.4 Fees and Charges will be reviewed in January also. This will include a review of the Outdoor Events Policy.

12. IMPLICATIONS

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The preparation of the Budget annually is evidence that the Council has considered and taken into account all relevant information and proper advice when determining its financial arrangements in accordance with statutory requirements, and in particular, that it will set a lawful budget.</p> <p>Appendices C and D to this report are considered exempt under paragraph 3 of schedule 12A of the Local Government Act 1972 in that it concerns the financial or business affairs of the Council. The public interest has been assessed and it is considered that, the public interest is better served by non-disclosure to the press and public.</p>
Financial	Y	<p>In the modelling in Appendix B, the total budget gap is £391,473 in 2019/20 and this is predicted to rise to £1,175,846 in 2020/21 (the £1,175,846 assumes the budget gap in 19/20 of £391,473 has not been closed). The aggregated Budget Gap is £5.8 million over the five years.</p> <p>Further modelling which includes the impact of the waste procurement in 4.11 is shown in Exempt Appendix D.</p>
Risk	Y	Each of the budget options taken forward by Members will consider the risks of the option.
Comprehensive Impact Assessment Implications		
Equality and Diversity		Comprehensive Impact Assessments are completed for the budget proposals.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.

Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Budget pressures and savings

Appendix B – Modelling of the MTFs Budget Position

Exempt Appendix C – Members’ Budget Survey Results

Exempt Appendix D – Budget Gap position (including the waste procurement)

Appendix E –Schedule of Reserves (Unearmarked and Earmarked)

Appendix F – Contributions to Reserves

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A