

# CABINET

## Budget and Policy Framework Update 2018 to 2022 – General Fund Revenue Budget and Capital Programme 13 February 2018

### Report of Chief Officer (Resources)

<b>PURPOSE OF REPORT</b> To inform Cabinet of the latest budget and council tax position.			
<b>Key Decision</b>	<input checked="checked" type="checkbox"/>	<b>Non-Key Decision</b>	<input type="checkbox"/>
<b>Referral from Officer</b>	<input type="checkbox"/>		
<b>Date of notice of forthcoming key decision</b>	15 January 2018		
<b>This report is public.</b>			

#### RECOMMENDATIONS:

To be included in the supplementary report.

#### 1 INTRODUCTION

- 1.1 Cabinet's initial proposals regarding the Budget and Policy Framework were considered at Budget and Performance Panel on 23 January and were due to be considered at Council on 31 January.
- 1.2 At the time of writing this report, the Council meeting had not yet been held. Furthermore, other key deadlines had not yet passed and important notifications had not yet been received.
- 1.3 This report therefore simply highlights the information that Cabinet will be requested to consider at its February meeting, and the actions and decisions that will be sought from Cabinet. A supplementary update report will be published on or before 09 February (the same timescales as last year).

#### 2 GENERAL FUND REVENUE BUDGET SUMMARY AND FINANCIAL STRATEGY

- 2.1 Various updates and presentational changes are expected to be made to the base budget figures and savings and growth proposals, to reflect latest best estimates, timing considerations, and any late grant notifications.
- 2.2 These will be pulled together so that Cabinet can finalise its full budget proposals and make recommendations to Budget Council.

- 2.3 The Medium Term Financial Strategy (MTFS) will also need to be updated to reflect Cabinet's budget proposals and other key information. As was the case last year, delegated authority will be sought for the Finance Portfolio Holder to agree any updates in order that the full MTFS can be presented to Budget Council. It is intended that the key changes will reflect the strategic planning and budget work undertaken of late, including the updates to budget strategy previously approved by Cabinet.

### **3 FINAL LOCAL GOVERNMENT SETTLEMENT**

- 3.1 It is not yet known when the final Settlement for 2018/19 will be announced. Any changes will be reported for inclusion in Cabinet's final budget proposals.

### **4 COUNCIL TAX**

- 4.1 As part of the Settlement, it is expected that Government will confirm referendum thresholds for 2018/19 and expectations for future years. Assuming that no changes are made and Council reached a decision on this matter at its January meeting, then no further council tax decisions will be required from Cabinet.

### **5 BUSINESS RATES**

- 5.1 As previously reported, legislation now requires that separate estimates of any surpluses or deficits on the Collection Fund must be made each year for council tax (15 January) and business rates (31 January).
- 5.2 In respect of council tax, the review of the Collection Fund's financial position has now been completed. In line with previous monitoring expectations, the Fund is broadly in balance and therefore there is no surplus or deficit to be declared.
- 5.3 For business rates, the calculation of any surplus or deficit remains very complicated and subject to huge year on year fluctuations, predominantly because of the impact of rating appeals and revaluation. Information will be reported in due course.

### **6 PROVISIONS, RESERVES AND BALANCES**

- 6.1 Under current legislation the Section 151 Officer is required to give explicit advice to Council on the level of reserves and balances it should hold. The supporting review is underway, although it also needs to draw on the resolutions of the January Council meeting, the Settlement and Business Rates expectations. Once completed, the results of the review will be reported into Cabinet.

### **7 GENERAL FUND CAPITAL INVESTMENT**

- 7.1 There are some further changes expected in terms of slippage on schemes between the current year and next year, and confirmation of external funding such as that for Disabled Facilities Grants (DFG). Once these points have been addressed and Cabinet's final budget proposals are known, the updated Capital Programme will be presented, with a summary of movements and associated headline figures.

## 8 DETAILS OF CONSULTATION

- 8.1 As referred to earlier, Cabinet is requested to consider any feedback arising from Budget and Performance Panel and Council. Details of this and any relevant Officer advice will be collated and presented in due course.

## 9 OPTIONS AND OPTIONS ANALYSIS (INCLUDING RISK ASSESSMENT)

- 9.1 At this meeting Cabinet will be requested to finalise its revenue budget and capital programme proposals for referral on to Budget Council, using the latest information available. The following sections outline key requirements.

### **Revenue Budget**

Cabinet may adjust its revenue budget proposals, as long as the overall budget for 2018/19 balances and fits with the council tax level approved by Council. The Chief Officer (Resources), as s151 Officer, continues to advise that wherever possible, emphasis should be on reducing future years' forecast net budget deficits (either through increasing income, or reducing expenditure).

### **Capital Programme**

Cabinet may adjust its capital investment and financing proposals to reflect spending commitments and priorities but overall its proposals for 2017/18 and 2018/19 must balance. Whilst there is no legal requirement to have a programme balanced over the period to 2021/22, it is considered good practice to do so – or at least have clear plans in place to manage the financing position over that time.

In deciding its final proposals, Cabinet is asked to take into account the relevant basic principles of the Prudential Code, which are:

- *that the capital investment plans of local authorities are affordable, prudent, and sustainable (taking account of stewardship and proportionality); and*
- *that local strategic planning, asset management planning and proper options appraisal are supported.*

## 10 OFFICER PREFERRED OPTION AND COMMENTS

- 10.1 None given the nature of this report.

### **RELATIONSHIP TO POLICY FRAMEWORK**

As covered in the report. The budget should represent, in financial terms, what the Council is seeking to achieve through its Policy Framework.

### **CONCLUSION OF IMPACT ASSESSMENT**

(including Diversity, Human Rights, Community Safety, Sustainability etc)

None directly arising in terms of the corporate nature of this report – any implications would be as a result of specific decisions on budget proposals affecting service delivery, etc.

**LEGAL IMPLICATIONS**

There are no legal implications, given the nature of this report.

**FINANCIAL IMPLICATIONS**

As set out in the report.

**OTHER RESOURCE IMPLICATIONS**

None directly arising, given the nature of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has produced this report and her formal advice will be included in the further update report to follow.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None.

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