

REPORT ON THE REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 - 2022/23 AND THE CAPITAL STRATEGY 2019/20 - 2023/24

Report of County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

Recommendations:

It is recommended that Cabinet:

- 1) Have full regard to the responsibilities placed upon the Council in the exercise of its Public Sector Equality Duty under s149 of the Equality Act 2010 (as set out in the 'Budget 2019/20 Impact Assessment' circulated previously for the purposes of this meeting, and specific impact assessments undertaken as part of the budget's preparation) in considering the proposals and their impact, before making a decision;
- 2) Have regard to the views of the Council's Scrutiny Committees, the Devon Education Forum, the Business Community, the Voluntary Sector, and the Trades Unions and other consultees on the budget (set out elsewhere on the agenda);
- 3) Note the Final Settlement Funding of £101.542 millions;
- 4) Approve the budgets (pages 39 to 89) within the targets set;
- 5) Recommend to Council the Net budget of £509.988 millions as set out in Key Table 1 on page 8;
- 6) Recommend to Council that a 1% Adult Social Care Precept is set as set out in Key Table 2 page 9;
- 7) Recommend to Council that the Council Tax requirement be set at £401,663,454.61 as set out in Key Table 2 page 9;
- 8) Recommend to Council the precepts required from each District Council and the levels of County Council Tax for each of the eight property valuation bands consequent upon the budget as amended by adjustments in collection in the current year, as set out in Key Table 2 on page 9;
- 9) Note the Medium Term Financial Strategy 2019/20 - 2022/23 as set out on pages 91 to 104;
- 10) Note the risk assessments set out on pages 123 to 136 and in particular, the risks associated with containing costs and maintaining service provision against a background of significant budget reductions;
- 11) Take account of the risks outlined on pages 123 to 136 in determining the final service budgets, levels of reserves and Council Tax figure to be recommended to the Council;

- 12) Note the County Fund Balance and Earmarked Reserves 2019/20 as set out on pages 105 to 108;
- 13) Recommend to the Council the Capital Strategy and Programme Overview 2019/20 - 2023/24 set out on pages 19 to 37;
- 14) Recommend to the Council the Capital Programme for 2019/20 of £110.9 million and its financing as shown in Summary Table A on page 20;
- 15) Approve, for planning purposes, the indicative Capital Programmes for 2020/21, 2021/22, 2022/23 and 2023/24 shown in summary Table A on page 20. These levels will be reviewed in the light of the overall level of revenue and capital resources available to the Council for each year
- 16) Recommend to the Council that it adopts the Treasury Management Strategy 2019/20 - 2021/22 as set out on pages 109 to 122;
- 17) Recommend to the Council the Prudential Indicators for 2019/20 to 2023/2024 contained pages 109 to 122;
- 18) Recommend to the Council the amendment to the Minimum Revenue Provision Strategy for 2018/19 as set out on pages 109 to 122;
- 19) Recommend to the Council the Minimum Revenue Provision Strategy for 2019/20 as set out on pages 109 to 122;
- 20) Delegate to the County Treasurer the authority to effect movements between the separately agreed limits for borrowing and other long-term liabilities;
- 21) Approve that changes to existing charges be agreed by the appropriate Cabinet Member in consultation with the Treasurer; and
- 22) Approve the introduction of the new charge in Highways, as set out on page 137.

Introduction

This report covers the Revenue Budget for 2019/20, Medium Term Financial Strategy to 2022/23 and Capital Strategy 2019/20 to 2023/24. This includes an assessment of the adequacy of reserves, a range of prudential indicators concerning the financial implications of the capital programme and an assessment that identifies risks associated with the budget strategy, together with how these risks will be managed. This year, for the first time, there is a requirement to prepare a Capital Strategy in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017 and this is also included.

The budget book contains details of the County Council's revenue and capital budgets together with associated financial and operational information.

The Council's financial plans are drawn up with reference to:

- the County Council's major policies and objectives;
- the County Council's performance framework;
- demographic changes occurring within the county; and
- consultation with local residents, businesses and other stakeholders.

2019/20 is the final year of the Government's four-year Local Government financial settlement and although our core funding has been reduced by £13.5 millions, to £101.5 millions this is in line with expectations. This reduction has been offset to some extent by additional grants for Winter Pressures of £3.6 millions and Social Care Support of £6.1 millions.

There is great uncertainty about the level of future funding from Government after 2019/20. In addition to the Government's new Comprehensive Spending Review

expected later in 2019 (CSR 2019), the planned Business Rates funding reset and the uncertainty of 'Brexit', the Government is consulting on significant reforms to local government funding.

There is currently no information available on the impact these changes will have on the level of funding Local Government can expect after 2019/20.

The Budget Book attached to this report contains:

- Revenue Budget Overview;
- Statement on the Robustness of the Budget Estimates, the Adequacy of Reserves and Affordability of the Capital Strategy;
- Capital Strategy and Programme Overview 2019/20 - 2023/24;
- Service Budgets;
- Medium Term Financial Strategy 2019/20 - 2022/23;
- County Fund Balance and Earmarked Reserves 2019/20;
- Treasury Management Strategy 2019/20 - 2021/22 and Prudential Indicators 2019/20 - 2023/24;
- Risk Analysis of Volatile Budgets;
- Fees & Charges; and
- Abbreviations.

Members are asked to consider each part of this consolidated budget report.

Equality Impact and Needs Assessments

Equality Impact and Needs Assessments have been completed and were considered when the budget was set. These are available at

<https://new.devon.gov.uk/impact/budget-2019-2020/>

More Information

Contact details are provided throughout the budget book, for any general budget issues please contact Angie Sinclair, Deputy County Treasurer on 01392 380711.

angie.sinclair@devon.gov.uk

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers

Contact for Enquiries: Mary Davis

Tel No: (01392) 383310

Room 199

Background Paper

Date 11th February 2019 File Ref Nil

Detailed Budget Working Papers

Cabinet Member: Councillor Stuart Barker

