

**County Council meeting – 7 February 2017**

**ITEM 05 – REVENUE AND CAPITAL BUDGET 2017/18 TO 2019/20 AND TREASURY MANAGEMENT STRATEGY**

**REVISED RECOMMENDATIONS – TO REPLACE THE RECOMMENDATIONS PRINTED IN THE COUNTY COUNCIL AGENDA (GREEN BOOK), PAGES 19 – 21**

[Note: these revised recommendations include the amendments made at Cabinet on 31 January and these changes are in bold italics and/or crossed through]

<b>RECOMMENDATIONS</b>
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Cabinet's recommendations to the Full County Council on 7 February 2017:

**Cabinet recommends Full County Council notes the following important features of the revenue and capital budget**

1. The Director of Finance has produced two statutory conclusions as follows (Annex 1).
  - a. For the proposed budget: that the council's budget is balanced and sustainable over the long term, although still requiring significant service transformation and efficiencies.
  - b. For the substitute budget: that the budget can only be balanced and become sustainable through the identification of substantial and permanent further service reductions for implementation in 2017/18 and subsequent years.
2. The requirement for the council to approve a substitute budget, with a council tax rise of 4.99% that will be implemented if the proposed budget is not supported in a referendum (paragraphs 95 to 99).
3. The findings of the Financial Resilience Review completed in November 2016 (paragraphs 14 and 15).

**Proposed budget: Cabinet recommends that Full County Council approves**

4. The council tax requirement for 2017/18 is set at £719,418,644.72 (Annex 3). *Please note this figure is still to be determined, due to still awaiting figures from some Boroughs and Districts and is expected on Monday 6 February.*
5. Increase the level of the general council tax by 1.99% and an additional 10% (35p per day) as a result mainly of social care pressures, making a total general council tax increase of 11.99% (paragraphs 92 to 94).
6. Increase council tax by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services (paragraph 93).
7. Set the County Council precept for band D council tax at £1,458.45 which represents a 14.99% up-lift.
8. The council tax for each category of dwelling to be as in Annex 3.

9. That the payment for each billing authority, including any balances on the collection fund, will be as set out in Annex 3.
10. Agree to maintain the council tax rate set above after the Final Local Government Financial Settlement.
11. Delegate powers to the Leader and the Director of Finance to finalise budget proposals and recommendations to Full County Council updated to take into account new information ~~in the Final Local Government Financial Settlement.~~
12. Require the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions (paragraph 92).
13. Approve the County Council's £1,696m gross revenue expenditure budget for 2017/18 for the proposed budget (Table 15).
14. Note that the existing revenue costs of funding past capital spending decisions is £30m for 2017/18.
15. Agree up to a total of £408m funding for capital schemes that funds essential schemes over the next three year period (schools and non-schools), including ring-fenced grants and a borrowing requirement of £94m over the three years (paragraphs 101 to 122)
16. Note that the detailed programme of schemes will be agreed at the March 2017 Cabinet as part of the Medium Term Financial Plan.
17. Require a robust business case to be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
  - all revenue 'invest to save' proposals, and
  - capital schemes (paragraph 109).

**Substitute budget: Cabinet recommends that Full County approves**

18. Increase the level of the general council tax by 1.99% (paragraphs 95 to 99).
19. Increase council tax by a further 3% for the adult social care precept, which will provide £18m to support the growth in demand for services (paragraph 96).
20. Set the County Council precept for band D council tax at £1,331.55 which represents a 4.99% up-lift.
21. Approve the County Council's £1,666m gross revenue expenditure budget for 2017/18 for the substitute budget (Table 17).
22. Require the Chief Executive and the Director of Finance to continue their work to ensure delivery of planned efficiencies and service reductions (paragraph 92).
- ~~23. Agree that there will be a requirement for a transparent Member-led process, in conjunction with officers, to find and implement an additional £30m of cuts to achieve a balanced budget in 2017/18 and move towards a sustainable budget (noting that this will require cuts greater than £30m to reflect that only a part year benefit will be achievable).~~

24. Agree to support only capital schemes which are funded without requiring borrowing, unless a sustainable basis for funding borrowing costs is identified and a compelling business case developed that demonstrates best value in progressing a particular scheme (paragraph 110).
25. Note that the detailed programme of schemes will be agreed ahead of implementation of the substitute budget (if necessary).
26. Require a robust business case to be prepared (and taken to the Investment Panel for review) before committing expenditure for the use of:
  - all revenue 'invest to save' proposals, and
  - capital schemes (paragraph 109).

**Treasury management and borrowing: Cabinet recommends to Full County Council that they:**

27. Approve, with immediate effect, the Treasury Management Strategy for 2017/18 (Annex 2), which includes:
  - the investment strategy for short term cash balances;
  - the borrowing strategy for funding the capital programme;
  - the treasury management policy (Appendix 8);
  - the prudential indicators (Appendix 9);
  - the schedule of delegation (Appendix 11);
  - the minimum revenue provision policy (Appendix 12).

**That the following decisions have been approved by Cabinet:**

28. That services will develop detailed budgets and savings ahead of approval by Cabinet on 28 March 2017 when the final Medium Term Financial Plan (MTFP) 2017-20 will be presented.
29. That the draft MTFP for the financial years 2017-20 be approved, which includes:
  - the Total Schools Budget of £545.2m (paragraphs 66 to 71 in the Cabinet report);
  - overall cash limits for individual services for the proposed budget and the substitute budget.

**REPLACES RECOMMENDATION 23:**

30. (A) Agree to establish a Sustainability Review Board comprising three cross party Members, the Strategic Director for Adult Social Care and Public Health, the Deputy Chief Executive and the Director of Finance.  
  
(B) Require this board to bring back an initial report to the Cabinet meeting on 28 March 2017 on progress towards identifying £30m permanent service reductions and up to a further £22m one-off reductions required to achieve a balanced budget in 2017/18.

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