

SIGNED OFF BY	Interim Head of Finance and Assets
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TO	Overview & Scrutiny Executive
DATE	Thursday 11 July Thursday, 18 July 2019
EXECUTIVE MEMBER	Councillor Tony Schofield

KEY DECISION REQUIRED	Y
WARDS AFFECTED	(All Wards);

SUBJECT	Medium Term Financial Plan Update
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RECOMMENDATIONS
<p>Recommendations for Overview & Scrutiny</p> <p>(i) That the report be noted.</p> <p>(ii) That the Committee provide feedback to the Executive on the following:</p> <ul style="list-style-type: none"> • The scale of commercial investment opportunities to be pursued; • The type of investments that the commercial strategy should focus on; • The extent of borrowing to purchase income-generating assets; • Whether commercial investment should be through joint-ventures with partners; • Whether commercial investments should focus on assets within the Reigate and Banstead borough; and • The relative importance of commercial and People/Place objectives when considering a new investment opportunity. <p>(iii) That the Committee provide feedback to Executive on potential options for addressing the forecast revenue budget challenge in 2020/21 onwards.</p>

(iv) That the Committee provide feedback to Executive on the draft Reserves policy and the Draft Fees & Charges Policy.

Recommendations for Executive:

- (i) That the Medium Term Financial Plan be adopted as the framework for the budget elements of service and financial planning for 2020/21 onwards.**
- (ii) That the Draft Reserves Policy be noted for review and development as part of the service and financial planning process with the final version presented for approval with the November budget report.**
- (iii) That the Draft Fees & Charges Policy be noted for review and development as part of the service and financial planning process with the final version presented for approval with the November budget report.**

REASONS FOR RECOMMENDATIONS

The Council is required to set a budget by 11 March each year. This report and the associated documents will support this obligation for 2020/21.

EXECUTIVE SUMMARY

The purpose of this report is to set out the background and context for the budget elements of service and financial planning for 2020/21 onwards. It provides an early opportunity for the Overview & Scrutiny Committee and the Executive to consider the factors that will be taken into account when preparing draft budget estimates that are scheduled to be reported in November.

The report will be considered at the meeting of the Overview & Scrutiny Committee on 11 July 2019 and their feedback and questions will be reported to the 18 July meeting of the Executive.

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. The Local Government Act 1992 places a requirement on Councils to set the following year's Council Tax by 11 March each year. The Local Government Act 1972, as part of proper financial management, requires a Council to set the associated annual budget requirement. This report is part of that process.
2. Section 65 of the Local Government Finance Act 1992 requires the Council to consult representatives of those subject to non-domestic rates in the Borough about its proposals for expenditure for each financial year

BACKGROUND

3. The Council has a well-established service and financial planning process that details the approach and timescales for development of budget proposals for the following

financial year.

4. The process is subject to regular review to ensure that it continues to meet requirements.
5. The attached Medium Term Financial Plan (MTFP) document has been prepared in response to Members' requests for sight of key budget information earlier in the budget-setting process. Previously a short version of the MTFP was appended to the November draft budget report.

KEY INFORMATION

MTFP Details

6. The MTFP provides an update on the Council's budget position. It follows on from the Budget Report 2019/20 to Executive in January and the Council Tax recommendations to Full Council in February.
7. It covers the following:
 - Objectives and priorities for the 2019/20 budget;
 - Context to budget-setting, including updates on the national economic forecast, local government funding, Corporate Plan priorities and specific factors to be taken into account when developing budget proposals for 2020/21;
 - Key budget information, including the 2018/19 budget outturn position, current year budgets and forecast new budget pressures and saving opportunities;
 - Updates on the capital programme and treasury management;
 - Information about the service and financial process and budget-setting timetables;
 - A summary of budget risks and sensitivities and how they will be managed.
8. It includes draft Reserves and Fees & Charges policies for development during the service & financial planning process. The final versions will be presented for approval by Executive with the November budget report.
9. A reason for presenting the MTFP at this stage in the service and financial planning cycle is to give Members of the Overview & Scrutiny Committee an early opportunity to have an input to the budget-setting process.
10. Scrutiny Members are therefore asked to provide feedback on options for addressing the forecast budget challenge in 2020/21 onwards; including their views on the Council's emerging commercial strategy:
 - The scale of commercial investment opportunities to be pursued;
 - The type of investments that the commercial strategy should focus on;
 - The extent of borrowing to purchase income-generating assets;
 - Whether commercial investment should be through joint-ventures with

partners;

- Whether commercial investments should be focussed on assets within the Reigate and Banstead borough; and
- The relative importance of commercial and People/Place objectives when considering a new investment opportunity.

This feedback will be taken into consideration when preparing the next version of the Capital Investment Strategy that is scheduled to be reported to Executive in September.

OPTIONS

11. The Executive can accept, amend or reject any or all of the MTFP information and request that other factors are taken into account when preparing 2020/21 budgets..

LEGAL IMPLICATIONS

12. It is a legal requirement that the Council set a balanced budget which it can deliver.

FINANCIAL IMPLICATIONS

13. These are addressed throughout the report and Annex

EQUALITIES IMPLICATIONS

14. This report provides background and context for the budget elements of service and financial planning activities of the Council. There are no equalities issues arising directly from the MTFP or accompanying policy documents. Where individual changes, projects or policies are developed, equalities impact assessments will be carried out by the responsible officer(s).

COMMUNICATION IMPLICATIONS

15. There are no communications implications arising directly from this report. The budget proposals will be communicated with key stakeholders and local communities as they are developed.

HUMAN RESOURCES IMPLICATIONS (if applicable)

16. There are no human resources implications arising directly from this report. Council employees and their representatives will be consulted on budget proposals that have staffing implications.

RISK MANAGEMENT CONSIDERATIONS

17. These are addressed throughout the report and in Annex 1.

OTHER IMPLICATIONS

18. None

CONSULTATION

19. As part of the budget setting process, budget proposals will be circulated to the business community via the monthly Business e-bulletin (which has in excess of

1,500 recipients).

20. Savings and growth proposals will be considered by the Budget Scrutiny Panel of the Overview & Scrutiny Committee in November 2019. The conclusions and recommendations of the Panel and the Committee are reported to the Executive.

POLICY FRAMEWORK

21. Approval of the annual Revenue Budget, determination of the Council Tax and approval of the Capital Programme are functions of the full Council under the Council's constitution (Article 4.12).
22. The budget reflects the priorities in the Council's Corporate Plan and puts in place resources to deliver these priorities.
23. The recommendations in this report are a key decision because they form part of the annual service and financial planning process that lead to recommendation of the annual budget and council tax to full Council.

BACKGROUND PAPERS

- *Budget 2019/20 & Capital Programme 2019 to 2024*, Report to Executive, 24 January 2019
- *Treasury Management Strategy 2019/20*, Report to Executive, 18 March 2019
- *Outline Capital Investment Strategy*, Report to Executive, 18 March 2019