

## Recommendations from the Executive – 7 November 2019

### Minute reference

61

### **SERVICE AND FINANCIAL PLANNING 2020/21 – INCLUDING COUNCIL TAX POLICY CHANGE**

Councillor T. Schofield, Deputy Leader and Executive Member for Finance, introduced a report setting out service and financial planning proposals for 2020/21 and changes in relation to council tax policy.

As set out in the report, the Deputy Leader and Executive Member for Finance highlighted that proposals for 2020/21 had been based on a full and robust assessment. It was noted that this work had been carried out by Executive Members, supported by the Management Team and a Budget Advisory Working Group.

Councillor Schofield highlighted that the proposals set out in the report would allow for a continuation of high quality services. It was recognised that this would result in an increased budget requirement for 2020/21 but that this would be partly offset by savings and the generation of additional income.

In response to questions about presenting a balanced budget to Full Council in February 2020, it was explained that a net increase in service budgets, of £2.2 million, would be addressed through a review of central budgets that was in progress, combined with a proposed council tax increase and drawing on reserves if necessary.

A number of issues were considered in relation to revenue reserves and the fact the Council no longer received revenue support grant from Government and was therefore developing new income streams to replace Government funding. The Executive went on to consider proposals for the Capital Programme, including £9.9 million of investment for new capital schemes and the continuation of existing rolling maintenance programmes. The work that was already underway to develop proposals relating to the Housing Delivery Strategy and Environmental Strategy was also highlighted.

In terms of council tax proposals, Councillor Schofield explained that it was always a difficult decision to increase Council Tax. It was noted that the proposals would see the Reigate and Banstead element of a Band D charge increase by 9 pence per week (based on a £5 increase). Councillor Schofield outlined that for less than £4.50 each a week,

residents would benefit from waste and recycling collections, clean streets and award winning open spaces. The Council would also continue to provide leisure and community centres, health and wellbeing services, housing, community development and business support services. In addition, residents would benefit from various regeneration and place improvement activities across the borough, and from statutory services provided, such as planning, environmental health and licensing.

Councillor Schofield went on to outline proposals to introduce a 100% council tax discount for care leavers up to the age of 25. It was noted that this would contribute to a county-wide initiative, promoted by Surrey County Council. The Executive was informed that the local Council Tax Reduction scheme would remain unchanged, other than reflecting changes in allowances and premiums in line with Government benefits.

During the discussion, both the Leader and Deputy Leader and Executive Member for Finance responded to questions on service and financial proposals, including proposals to adopt the new council tax policy. It was also highlighted that the Chair of the Overview and Scrutiny Committee had invited all non-executive Members to attend the Budget Scrutiny Review Panel meeting on Thursday 21 November 2019.

**RECOMMENDED that:**

**(i) A new Council Tax Policy, outlined in the Executive's report, to apply a 100% discount to care leavers up to the age of 25 be adopted.**

**(ii) The updated thresholds to the Local Council Tax Reduction Scheme, outlined in the Executive's report to reflect changes in allowances and premiums in line with Government benefits, be adopted.**

**RESOLVED that:**

(i) The national and local service context, outlined in Annex 1 to the report, be noted.

(ii) The service proposals, set out in the report presented, which responded to national and local service context to deliver corporate priorities, be endorsed.

(iii) The draft business plans for 2020/21 to 2024/25 be approved, and that Heads of Service be authorised to finalise the plans for their service areas, in consultation with the relevant Portfolio Holders.

(iv) The following be approved for consultation under the Council's budget and policy framework:

- Medium Term Financial Plan Summary (Annex 2);
- Revenue Budget Savings and Additional Income proposals totalling £1.618 million (Annex 3);
- Revenue Budget Growth proposals totalling £3.742 million (Annex 3);
- Capital Investment Strategy Summary (Annex 4);
- Capital Programme Growth proposals of £9.910 million (Annex 5).

(v) The Fees and Charges Policy, set out at Annex 6, be approved.

(vi) The Reserves Policy, set out at Annex 7.2, be approved.

(vii) The Medium Term Financial Plan forecast for 2021/22 onwards and the proposed action to address the forecast revenue budget gap be noted.

**Reason for decisions:** To ensure the Council continued to plan and manage its resources well, deliver high standards of service and to meet the aims and objectives of the Council's emerging Five Year Plan (2020-2025) and ensure the Council Tax Policy supported delivery of these objectives.

**Alternative options:** In terms of Service and Financial Planning, the following alternative options were available: To only approve some of the proposed budget and financial planning changes set out within the report, for consultation under the terms of the Constitution; or To reject the proposed budget and financial planning changes set out within the report, and request that further work be undertaken to develop new proposals for consultation under the terms of the Constitution. In terms of the Council Care Leavers Discount, the alternative option, set out in the report, was to reject the proposed discount.

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62

**HALF YEARLY TREASURY MANAGEMENT REPORT  
FOR 2019/20**

Councillor T. Schofield, Deputy Leader and Executive Member for Finance, explained that the purpose of the report was to provide an update on the performance of the Council's treasury management activities. The Executive was informed that this formed part of the formal reporting requirements of the CIPFA Code of Practice on Treasury Management.

Councillor Schofield informed the Executive that the treasury management performance, up to Period 6, showed that overall the projected outturn was better than budget. This was primarily due to the long term borrowing facility not being utilised to date.

The following points were noted:

- Short-term borrowing of £12 million was undertaken in February and March 2019, for cash flow purposes, and was fully repaid in May and June 2019.
- There had been no further borrowing for the period 1 April to 30 September 2019.
- It was anticipated that borrowing of up to £41.5 million would be undertaken during the second half of 2019/20 in order to fund delivery of the Council's Capital Programme.
- Borrowing limits remained unchanged from when the Treasury Management Strategy was adopted by Full Council in April 2019.
- Annex 1 to the report provided an update on economic conditions and expected movements in interest rates. This information had been provided by the Council's advisors, Link Treasury Services.

In response to questions, it was explained Capital Programme delivery timing and expenditure plans had been updated for the period October 2019 to March 2020. As a result, the borrowing and investment forecasts had been refreshed. It was also highlighted that the treasury forecasts set out in the report reflected the £25 million that had been delegated to the Commercial Ventures Executive Sub-Committee for commercial investments and £100,000 for delivery of the Merstham Recreation Ground project in 2019/20.

It was noted that the Overview and Scrutiny Committee had considered the Half Yearly Treasury Management Report for 2019/20 on 17 October 2019. The Leader of the Council thanked the Committee for its questions and highlighted a number of observations that had been circulated to the

Executive by the Chair of the Overview and Scrutiny Committee ahead of the meeting. This included feedback and questions on a variety of matters relating to: public sector borrowing, treasury investments and the unexpected rise in Public Works Loan Board interest rates. The input from the Committee was welcomed and it was noted that these observations had been fully captured in the minutes from the meeting.

**RECOMMENDED that the Treasury Management Performance for the year to date (2019/20) and the updated prudential indicators be noted.**

**Reason for decision:** To comply with the requirements of the regulatory framework for treasury management and to meet the Council's reporting requirements.

**Alternative options:** To accept the report but ask Officers to provide more detail on some specific issues contained in the report.