

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
12 February 2019

**Subject:** REVENUE BUDGET 2019/20

**All Wards**  
**Portfolio Holder for Finance and Economic Development: Councillor P R Wilkinson**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 The purpose of the report is to present at a strategic level the revenue budget proposals for the next financial year 2019/20.
- 1.2 The summary estimates in this report are shown at Annex A and present the 2017/18 Actual; 2018/19 Original budget; 2018/19 latest Approved and 2019/20 Estimate budget. Commentary on the budget proposal is also contained in Annex A. Theme budgets are shown at Annex B.

### **2.0 BUDGET 2019/20:**

- 2.1 The original estimate for 2019/20 shows a net budget of £9,085,870. This is £989,700 higher than the budget set in 2018/19 which was £8,096,170.
- 2.2 The increase in the budget mainly relates to an increase in salaries and members allowance across the organisation. This is two-fold where the 'national employer' offer across all local authorities has suggested increasing salaries by 2% and also ensures those on lower wages receive the national living wage. Secondly, due to pressures that have arisen in Departments during 2018/19 new employees have been appointed to support the delivery of services across the district, the projects detailed in the Council plan as well as the review of plans to generate other sources of income for the future sustainability of the financial strategy.
- 2.3 Considering the financial climate in which the Council is currently operating, with cost pressures facing local government and a tighter funding position from a reduction of Government grants, this budget position is affordable.
- 2.4 The increase in budget that has been made is necessary for the Council to continue to provide efficient and effective services for the community. Financial austerity has seen the grant funding from the Settlement Funding Assessment decrease for Hambleton District Council by 36% since 2015/16 and yet the Council has been able to maintain the budget around the same level as it was then due to the income it has generated from the loan to the local housing association and the charging for green waste services. In January 2019 Cabinet has recommended to Council that in principal a Commercial Investment Portfolio budget of £40m be approved which is expected to generate future income to continue to sustain the delivery of services.

### **3.0 FINANCIAL STRATEGY:**

- 3.1 The revenue budget estimate for 2019/20 is within the financial constraints of the Financial Strategy included previously on this Cabinet agenda.

3.2 The ten year Financial Strategy makes a number of assumptions around the falling level of grant support to be received by the Council, the 75% business rate retention scheme (currently under consultation from the Ministry of Housing Communities and Local Government), the level of Council Tax to be collected and the amount of income that needs to be generated. These assumptions and the revenue budget result in a balanced position for 2019/20.

#### 4.0 **RISK ASSESSMENT:**

4.1 The key financial risks and associated implications for the Revenue Budget 2019/20 are detailed below, a score of high, medium or low has been given to the likelihood of each risk occurring and the impact of risk on the Financial Strategy should it occur:-

<b>Risk</b>	<b>Implication</b>	<b>Probability</b>	<b>Impact</b>	<b>Total</b>	<b>Preventative action</b>
The four year funding settlement reduced to zero after 2019/20 is not replaced by alternative funding sources.	Loss of funding	3	5	15	Continually search for other income generating options
The New Homes bonus Grant scheme is not replaced to provide funding to District Councils further to the Chancellors announcement in the Autumn 2018 that the scheme was not building as many homes as the Government had anticipated	Loss of funding	3	5	15	Continually search for other income generating options
Under the 75% Business Rate Retention scheme failure to meet the target for business rate collection set by Government represents a cost to the Council. Also, under this scheme the Government has transferred the risk of business rate no payment to the Council.	Loss of income	3	5	15	Monitor business growth and reduction through collection rates. Act as an enabler with partners on economic development initiatives
Reduce funding is received from the 75% Business rate Retention scheme Pilot than estimated	Loss of income	3	4	12	Continue to monitor business rate activity and act as an enabler with partners on economic development initiatives to encourage businesses into the district.
The continued forecast low Bank Base Rate of 0.5% for 2019/20 impacts on the Council's ability to generate investment income from balances.	Loss of income	5	3	15	Look for other investment opportunities
The Council is unable to generate income on an ongoing basis	Loss of Income	3	5	15	The Council is proactive in looking at new alternative income streams

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Third Party Housing Association does not draw upon the loan offered by the Council according to the profile which completes on 31 March 2019.	Loss of Income	4	3	12	This would result in a timing difference in interest received and the budget would be supported by reserves in the shorter term and then replaced at a later date by further investment made to other parties or by other income opportunities

**5.0 FINANCIAL IMPLICATIONS:**

5.1 The financial implications are dealt with in the body of the report.

**6.0 LEGAL IMPLICATIONS:**

6.1 It is a legal requirement under the Local Government Finance Act 1992 to set a balanced budget and monitor the financial position throughout the year.

**7.0 EQUALITY/DIVERSITY ISSUES:**

7.1 There are no specific equality implications to this report.

**8.0 RECOMMENDATIONS:**

8.1 It is recommended that Cabinet approves and recommends to Council the revenue budget for 2019/20 at £9,085,870.

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**Background papers:** Budget Setting papers 2019/20  
Financial Strategy 2019/20

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