

**Extract from the - Adur Executive Committee - 4 February 2020**

**A EX/005/19-20      Budget Estimates 2020/21 and setting of the 2020/21  
Council Tax**

**Summary of discussion:**

The Executive had before it a report from the Director for Digital and Resources, attached to these minutes as item 5.

The report was the final budget report of the year, the culmination of the annual budgeting exercise, and asked members to consider:

- the final revenue estimates for 2020/21 including any adjustments arising from settlement;
- an updated outline 5-year forecast; and
- the provisional level of Council Tax for 2020/21, prior to its submission to the Council for approval on the 20 February 2020. This would be subject to any proposals to change the draft revenue budget following the consideration of the budget by the Executive.

The report outlined the medium term financial challenge through to 2024/25, and set out performance in the key strategic areas of commercialisation, digital transformation and strategic property investment. The current budget strategy was having a significant effect on how the Council would be funded in the future with increasing income generated from commercial income and rents. Following the delay to the fairer funding review, the challenge still remained significant for 2021/22, however the delivery of the budget strategy would ensure that this was met.

The budgets reflected the Councils' ambitions set out in *Platforms for our Places*, and agreed savings proposals contributing to the financial sustainability of the Council. The report also updated members about the impact of the draft 2020/21 settlement.

The major points raised within the report include:

- A full update on the impact of settlement. The Council should prepare itself for a continuation of the reduction in Government resources for 2021/22 and beyond (see section 4.2) ;
- Highlighted the proposed funding for initiatives to support the Councils' ambitions set out in *Platforms for our Places - Going Further*;
- Detailed the proposals to invest in services outlined in Appendix 2;
- The Executive would need to consider whether to increase Council Tax by 2.0% or by a lower amount (paragraph 5.11).

The budget was analysed by the Executive Member portfolios. In addition, the draft estimates for 2020/21 had been prepared, in accordance with the requirements of the Service Reporting Code of Practice for Local Authorities (except in relation to pension costs adjustments that did not impact either on the Budget Requirement or the Council Tax Requirement).

The Council had just received notification from the Police and Crime Commissioner (PCC) of their precept. The PCC was proposing to put up a band D by £10 which was equivalent to a 5.2% increase.

The draft Local Government Settlement allowed Councils to increase core Council Tax by up to 2% which was in addition to the 2% Council Tax increase permitted specifically to support adult social care services. Therefore a maximum Council Tax increase of 4% for Councils with social care responsibilities was allowed.

The precept for West Sussex County Council had not yet been finalised and would not be confirmed until 14 February 2020. The formal detailed resolution setting the overall Council Tax for next year would be presented to the Council Meeting on 20 February 2020.

The Director for Digital and Resources introduced the report thanking all Officers who had contributed to the proposals. It was noted that both Councils had been successful in meeting financial challenges over recent years, developing strategies to reshape how they were funded. There remained challenges ahead with continuing pressures anticipated in 2021/22 and the Council awaited the 4 year Local Government Funding Settlement later in the year.

The Head of Financial Services explained that the draft settlement had been received and it confirmed that the assumptions that were made in the Autumn. Principally that the fairer funding review and the reform of business rates would be delayed by a year until 2021. The implications for the Council was a continuation of no revenue support grant. However, the Council would be retaining 100% share of its growth in business rates. It had previously been assumed that this would be phased out as part of the reset of the business rates system. Homelessness grant would also continue in its current form for another year. Settlement did confirm that New Homes Bonus would be phased out in its current form, as previously assumed. However, the

Council would get one more year of additional New Homes Bonus which, it was proposed, would be set aside for future projects to deliver the Council's aspirations as set out in Platforms.

It was noted that the Council was in a strong position to set a balanced budget and that there were resources in hand to invest in priority services that needed commitments.

Members were asked to consider the growth proposals outlined in appendix 2 and depending on their decision, what level of Council Tax to set for the forthcoming financial year. This needed to be set in the context of the relatively small proportion that the Council actually billed and the small impact an increase would have upon residents.

Looking ahead the deferral of the fairer funding review, moved the financial challenge to 2021/22. Officers did not know how much funding would be allocated to local government as a whole. The chancellor was due to present the budget on 11 March 2020 and a comprehensive spending review was expected in the summer.

A Member sought clarification as to whether the current level of reserves was sufficient. Officers made reference to the table at the top of page 66 of the agenda pack. If the current forecast underspend materialised, the Council would have an opportunity to increase the working balance to a higher level when the outturn was considered in July 2020. The Council was also taking some proactive steps to increase financial resilience going forward by placing money into reserves to manage commercial risks and more general risks. The Council should expect to see the reserve position improve over the next 5 years from the current level of £2.1m to £3.4m. That was already built into the Council's financial planning and was a precautionary measure to protect the Council's interests in the longer term.

A Member highlighted that a number of the growth items were in relation to the Council's Climate Change Emergency agenda. It was also noted that in the last 10 years, Council Tax had been increased by 11.8%, an average of 1.2% per year. Over the same period, inflation (CPI) had been 24.49%.

It was proposed and seconded that the Adur District Council share of Council Tax be increased by 1.98% which would increase the annual cost of a band D to £305.37.

**Decision:**

The Executive:-

- (a) approved the proposals to invest in services outlined in Appendix 2;
- (b) **recommended to Council, the draft budgets for 2020/21 at Appendix 5 as submitted in Executive Member Portfolio**

**order, and the transfer to Reserves leading to a net budget requirement of £8,612,350; and**

- (c) recommended a Band D of £305.37.43 per annum, an increase of 1.98%, for Adur District Council's requirements in 2020/21 as set out in paragraph 5.11;**
- (d) recommended to Council that special expenses of £22.23 per Band D equivalent to be charged in all areas of the District except Lancing.**
- (e) approved the Council Tax base of 21,380.4 for 2020/21 as set out in paragraph 12.3.**