

## 6. DRAFT CORPORATE PLAN AND BUDGET FOR 2018/19

REPORT OF: HEAD OF CORPORATE RESOURCES  
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Wards Affected: All  
Key Decision: Yes  
Report to: Cabinet  
19<sup>th</sup> February 2018

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### Purpose of Report

1. To seek Cabinet's consideration of the draft Corporate Plan and Budget for 2018/19, taking account of the views expressed by the Scrutiny Committee for Leader, Resources and Economic Growth at its meeting on 30<sup>th</sup> January 2018. **Cabinet is asked to consider this report in conjunction with Appendix A**, which is the relevant extract from the Scrutiny minutes.
2. This report also provides Cabinet with some updated information in relation to particular items contained within the Plan where circumstances have changed since its publication. A verbal report of any late changes will also be given.

### Summary

3. The provisional settlement announced for us on 19<sup>th</sup> December 2017 was in line with expectations given that we had signed up for the four-year deal in 2016. Revenue Support Grant fell to nothing and other sundry lesser grants continued much as flagged. The New Homes Bonus scheme continues broadly as previously and without the undesirable features that the sector had feared would be imposed.
4. As a result of this, the draft service and financial plans for 2018/19 considered by the Scrutiny Committee will not require any changes. This enables the Council to approve a balanced budget.
5. Since the papers were prepared there is a change to the Business Rates Reserve transfer but nothing that results in service changes.

### Recommendations

6. **Cabinet is requested to recommend the proposals for 2018/19 as set out in the report to the Scrutiny Committee and as amended by this report, to Council, specifically:**
  - (i) **The overall direction and service levels promoted within the draft Corporate Plan;**
  - (ii) **The proposed increase in Council Tax;**
  - (iii) **The proposed placements in the Specific Reserves;**
  - (iv) **The proposed Capital Programme; and**
  - (v) **The service commentaries and supporting summary budget tables for each business unit.**

### Background

7. The proposals set out in the draft Corporate Plan and Budget have been made using the same tried and tested approach as in previous years and are the result of a process of budget and service review which has covered all the Council's services.

8. The draft proposals were published for a period of consultation with all Members on 15<sup>th</sup> December 2017. The consultation period included a workshop for all Members on the 16<sup>th</sup> January 2018 and a meeting of the Scrutiny Committee for Leader, Resources and Economic Growth on 30<sup>th</sup> January 2018 where the proposals were discussed in detail. This report takes account of the comments made by the Committee where the proposals presented were supported unanimously.

### **Consideration of the Corporate Plan and Budget 2018/19 by the Scrutiny Committee for Leader, Resources and Economic Growth**

9. The Scrutiny Committee were asked to consider three aspects of the Corporate Plan and Budget, as follows;
  - Invests in key projects over the longer term by allocating resources to the Council's priorities;
  - Protects key frontline services;
  - Continues to protect the Council's reserves position and fund the proposed capital programme
10. The draft minutes at Appendix A, demonstrate the full and helpful discussion at the Scrutiny Committee with Members asking a wide range of detailed questions. These did not result in any changes to the proposals but were very helpful to officers and Portfolio Holders.

### **Changes to the draft Corporate Plan and Budget to be considered**

11. As mentioned above, the draft Plan was prepared before the Provisional Settlement was announced, but since we had agreed to the four year deal this did not result in any changes. It's also worth noting that since our Revenue Support Grant was to be reduced to zero under this four year plan, the risk of there being changes was not significant.
12. Since then, the only change to the Medium Term Financial Plan (included at Appendix B) has been a recalculation of the position on retained Business Rates and a minor correction to the calculation of council tax in 2019/20. Neither of these items affects the 2018/19 position but are explained below for completeness.

#### Business Rates Retention

13. Members of Cabinet will recall that this scheme localises 50% of the business rates collected such that the authority can retain rate growth over a set baseline. Whilst this was welcomed on its introduction by the sector, one aspect has caused controversy from the start – and that is the treatment of appeals against rateable values. Appeals were also localised and the effect is to depress the rates income in the year in which the appeals are forecast to fall.
14. However, all forecasts are subject to error and business rates are significant because an appeal if successful can result in a refund going back some years – in fact beyond the start of the scheme itself. This creates a financial pressure in the year that it is decided, and authorities are therefore being prudent in providing for a certain level of appeals. However, if that level is not reached, the provision can be released, which shows itself as increased income in any one year.
15. We have just finalised the forecast for 2018/19 and have been able to recalculate the appeals provision at a significantly lower number. The effect of this is to increase the income by £695k in the year, due to the estimated surplus for the Collection Fund at 31/3/18.

16. To deal with these fluctuations, both in our favour in terms of extra income, and to our disadvantage when appeal levels would disrupt year to year budget plans, we started a Business Rates Equalisation Reserve when the scheme started. This allows us to deal with the ebb and flow of the scheme without affecting spending plans.
17. Given the release of the provision described above we are now able to add an additional £654,000 to the reserve for 2018/19 after allowing for another minor adjustment but this does not affect spending and service plans in that year.

#### Council Tax calculation

18. The parameters for the upper limit of council tax increases are set at the higher of either £5 or 3% for district councils. Members with a keen eye may have noticed that the calculation for the year after next, i.e. 2019/20 shows an increase of £5.13. Clearly this breaches the parameters and has been corrected in the version before Members today.

#### Other minor changes

19. There are no other variations to report. We are working towards bringing forward more Capital Schemes around the district although these will be reported early in the new financial year.

### **Capital Programme**

20. The Capital Programme was supported as presented.

### **Financial Implications**

21. There are no financial implications other than those identified in this report.

### **Risk Management Implications**

22. In the preparation of the draft corporate plan and budget, risks will have been assessed and those that can be mitigated will have a plan attached. It is not therefore considered that these proposals bring forward any significant risk.

### **Equality and Customer Service Implications**

23. There are no such implications within this report.

### **Other Material Implications**

24. There are no other material implications other than those already set out in this report.

### **Background Papers**

None