

Written statement of a budget and policy framework decision

Title	Setting the 2019/20 budget and updating the medium term financial strategy and treasury management strategy
Decision maker	Cabinet * for recommendation to: Council * Information about cabinet, including the names and contact details of the cabinet members, can be found here: http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251
Date of decision	31 January 2019
Report exemption class	Open
A notice was served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	<p>To agree the draft 2019/20 budget and associated medium term financial strategy and treasury management strategy for recommendation to Council on 15 February.</p> <p>The proposed budget reflects current and expected service delivery requirements and the provisional local government settlement announced on 13 December. To deliver a balanced budget there is a need to deliver savings of £3.9m in 2019/20 and to increase council tax by 4.9% (inclusive of 2% adult social care precept). The draft medium term financial strategy (MTFS), attached at appendix 1, has been extended to 2021/22 based on current assumptions on future funding and service requirements.</p> <p>The treasury management strategy, attached at appendix 4, includes the proposed borrowing and investment strategy, the council's expected minimum revenue provision and the associated prudential indicators which demonstrate that the council's proposed capital investment budget is affordable, prudent and sustainable.</p>
Decision	That: (a) the additional funding announced in the provisional settlement of £1.5m (£1.0m Rural Services Delivery Grant and £0.5m business rate levy account surplus) is added as a

	<p>budget line for expenditure in 2019/20 as indicated in the table at paragraph 24, to support rural service delivery across the county;</p> <p>(b) the following be recommended to Council;</p> <p>a. the council tax base of 68,826.03 Band D equivalents</p> <p>b. an increase in core council tax in 2019/20 of 2.9%</p> <p>c. an additional precept in respect of adult social care costs of 2% applied to council tax in 2019/20 resulting in a total council tax increase of 4.9%; increasing the band D charge from £1,443.95 to £1,514.70 for Herefordshire Council in 2019/20;</p> <p>d. the balanced 2019/20 revenue budget proposal totalling £151.0m, subject to any amendments approved at the meeting, specifically:</p> <p>e. the net spending limits for each directorate as at appendix 3</p> <p>f. delegates to the section 151 officer the power to make necessary changes to the budget arising from any variations in central government funding allocations via general reserves;</p> <p>g. the medium term financial strategy (MTFS) 2019/2022 at appendix 1 be approved; and</p> <p>h. the treasury management strategy at appendix 4 be approved, this includes ratifying including the top five UK building societies as approved investment counterparties.</p> <p>(c) To establish a financial resilience reserve (as shown in paragraph 31), previously titled the minimum revenue provision reserve; and</p> <p>(d) Approve responses to scrutiny committee’s recommendations as provided in paragraph 63.</p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p>http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50027939</p>
Options considered	<ol style="list-style-type: none"> 1. It is open to Cabinet to recommend alternative spending proposals or strategies; however, given the legal requirement to set a balanced budget, should additional expenditure be proposed compensatory savings proposals must also be identified. If it is proposed to spend less, the impact on service delivery of the proposed reduction should be considered. 2. Cabinet can propose a council tax increase above the referendum principle levels. This is not recommended as doing so would require the increase to be subject to a local referendum, incurring additional costs to the council.
Declarations of interest (see below)	
Call-in expiry date	<p>Budget and policy framework item</p> <p>Under part 4, section 3 of the constitution, this decision is not subject to the usual call-in procedure as it is a budget and policy framework item and therefore must be decided at a meeting of the full Council.</p>

Councillor:

Date 31 January 2019

(Councillor P Rone) Chair of the meeting

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

and

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.