



## CABINET

Notice of a Meeting, to be held in the Council Chamber - Ashford Borough Council on Thursday, 28th November, 2019 at 7.00 pm.

---

	<b>Page Nos..</b>
9. <b>Draft Budget 2020/21 (enclosed separately)</b>	1 - 18

---

DS  
21 November 2019

Queries concerning this agenda? Please contact Member Services  
Telephone: (01233) 330349 Email: [membersservices@ashford.gov.uk](mailto:membersservices@ashford.gov.uk)  
Agendas, Reports and Minutes are available on: [www.ashford.moderngov.co.uk](http://www.ashford.moderngov.co.uk)

This page is intentionally left blank

# Agenda Item 9



ASHFORD  
BOROUGH COUNCIL

**Agenda Item No:** 9  
**Report To:** Cabinet  
**Date of Meeting:** 28<sup>th</sup> November 2019  
**Report Title:** Draft Budget 2020/21  
**Report Author & Job Title:** Lee Foreman – Senior Accountant  
Jo Stocks – Senior Accountant  
Maria Hadfield – Senior Accountant  
**Portfolio Holder** Cllr. Neil Bell  
**Portfolio Holder for:** Finance & ICT

**Summary:** This paper presents the draft budget for 2020/21 for the General Fund and the Housing Revenue Account.

The draft budget is in line with the MTFP which is presented as a separate item on tonight's agenda, which should be read prior to this report.

The draft budget outlined in this report will form the basis of budget scrutiny and budget consultation processes. Overall there is a balanced budget for 2020/21, although there are a number of risks with this projection that are explored within the report.

The report also includes the Housing Revenue Account draft budget which incorporates the assumptions in the 30 year business plan which was presented to Cabinet in October.

**Key Decision:** YES

**Significantly Affected Wards:**

**Recommendations:** **The Cabinet is recommended to:-**

- I. Approve the draft budget for 2020/21
- II. Approve the draft Housing Revenue Account budget for 2020/21 Section 2 of the report.
- III. Agree that this report will be used as the basis for budget consultation with the public, the business community, parish councils and staff.
- IV. Agree the draft budget as set out in the report should now be submitted to the Overview and Scrutiny Committee's Budget Task Group for formal scrutiny.

<b>Policy Overview:</b>	<p>The council's revenue budget is intended to support the priorities set out within the Business Plan and flows through from the Medium Term Financial Plan (MTFP).</p> <p>The Business Plan is geared to ensure that priorities are delivered and that the council's service activities are managed within the constraints of the forecast cuts in government funding.</p>
<b>Financial Implications:</b>	<p>The council has a requirement to produce a MTFP and a balanced budget. This report is based on a further one year extension to the previous four-year settlement as government have deferred the current spending review until 2021/22. This provides a degree of uncertainty over future funding streams, and initial consultations indicate that further pressure may be placed upon Local Councils.</p> <p>The HRA budget has been prepared using the 30 year business plan and shows that the plans for maintaining investment in housing stock are affordable and within the current resource forecasts.</p>
<b>Equalities Impact Assessment</b>	No not at this stage, however an assessment will be included in the Final Budget report.
<b>Other Material Implications:</b>	Consultation will be undertaken with the Joint Consultative Committee and business community, with findings reported back in March in the Final Budget Report.
<b>Exempt from Publication:</b>	<b>NO</b>
<b>Background Papers:</b>	The Medium Term Financial Plan 2020-25 – Cabinet, 28 November 2019.
<b>Contact:</b>	<a href="mailto:Lee.foreman@ashford.gov.uk">Lee.foreman@ashford.gov.uk</a> – Tel: (01233) 330509

## **Report Title: Draft Budget 2020/21**

### **Introduction and Background**

1. This report sets the scene for Cabinet to consider the draft budget for 2020/21 and is based broadly in line with the assumption outlined within the MTFP (medium term financial plan) which is also presented on tonight's agenda. The MTFP report provides important background and contextual information which has been considered in building the 2020/21 budget as presented within this report.
2. The Council agreed the corporate plan covering the period 2015-20 and this budget, in alignment with the MTFP reflects the priorities identified within that plan.
3. The 2020/21 budget is built on a one year funding agreement with government spending reviews now expected to be announced from 2021/22. This will create uncertainty around funding going beyond 2020/21 as highlighted in the MTFP report.
4. The detailed budget for 2020/21 has now been drafted and is broadly in line with the targets established within the MTFP. The budget is based upon a £5.00 (3.1%) increase in Council Tax for Band D properties which will continue to see the Council maintaining its position as the lowest in Kent.
5. Section 2 of this report is in line with the HRA business plan that was reported to members in October.
6. The forecast for the Council's capital reserves (Section 3 - Capital Resources) is included and shows that these resources remain under pressure and as a consequence borrowing will need to be used to fund the majority of capital investments which carries a higher revenue budget cost.
7. This report seeks Cabinet's approval to the draft budget that will then form the basis of the budget scrutiny and consultation processes with the final budget due to be reported to the February Cabinet for approval and recommendation to Full Council.

### **Structure of the report**

8. For ease of consideration this report is split into sections;
  - i. Draft budget 2020/21
  - ii. Housing Revenue Account
  - iii. Capital resource forecast and capital programme implications
  - iv. Next steps

## Section 1 - Draft Budget 2020/2021

9. The Service's draft budgets have been built in line with the parameters set out within the MTFP. This included making adjustments to the MTFP to reflect emerging pressures which would have been identified through budget monitoring process, discussions at Management Team and with Heads of Service.
10. Individual service budgets are then built by services budget managers in conjunction with the Accountancy Team who monitor the overall position against the MTFP. Where services budgets materially differ from the MTFP assumptions, then these movements are reviewed and challenged accordingly.
11. There are a number of corporate projects and service proposals which are yet to be approved and are therefore not reflected in the draft revenue budget. Approved projects that fall under capital will be included in the capital budget which will be presented to members for scrutiny.
12. Funding is available for Corporate Projects from revenue reserves which has developed a £3.5m fund from New Homes Bonus receipts. Upcoming projects are reviewed through the Project Initiation Documents (PID) process and funds can be allocated as appropriate in accordance with corporate priorities.
13. The draft budget presented below includes a £5.00 (3.1%) increase in council tax, with the borough Council's element of the charge now being £167.50 (2019/20 was £162.50) for a band D property.
14. The draft budget is summarised below.

**Table 2: Draft General Fund Budget 2020/21**

Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Detail	Budget 2020/21 £
<b>17,672,063</b>	<b>15,725,930</b>	<b>16,904,287</b>	<b>Service Expenditure</b>	<b>17,153,030</b>
(3,053,880)	(2,492,440)	(2,978,651)	Capital Charges & Net Interest	(2,587,480)
254,703	259,130	259,130	Levies	270,500
144,586	1,739,120	1,489,120	Contribution to/(from) Balances	981,000
(4,850,114)	(4,721,050)	(4,721,050)	Retained Business Rates	(4,991,320)
(2,501,000)	(2,954,410)	(2,954,410)	New Homes Bonus	(2,901,000)
(7,225,359)	(7,556,280)	(7,556,280)	Council Tax	(7,924,730)
<b>441,000</b>	<b>0</b>	<b>442,146</b>		<b>0</b>

15. The details of service expenditure are attached at **Appendix A**. Subject to Cabinet's approval this budget will then be scrutinised and form the basis of the budget consultation process that will be completed in time for a final draft budget to be presented to Cabinet in February and then Council in March.
16. The Council's Medium Term Financial Plan is predicated on the aim to become entrepreneurial and enterprising to raise revenues, however the need for continued economy and efficiency is ever present to ensure value for money for services. Accordingly, included within the budget is a £130,000 efficiency target with an aim to reduce costs annually for the period of the plan. This will continue to be achieved through a combination of service

reviews and thematic reviews on council expenditure, to challenge the way services are delivered and procured and achieve savings.

*Risks*

17. The risks to the 2020/21 draft budget are shown at **Appendix B** and represent the risks to the budget at the time of writing this report. These risks will be reviewed throughout the budget setting cycle and be presented to the Overview and Scrutiny Budget Task Group.
18. These risks will be amended as risks are identified and will form the basis of the Chief Financial Officers report over the robustness of the budget which will be included in the final Budget report for February Cabinet.

## Section 2 Housing Revenue Account

### *HRA Business Plan*

19. The HRA Business Plan (approved October 2019 Cabinet) was built using many of the same assumptions included in this budget.
20. It is proposed that the HRA business plan should be scrutinised alongside the general fund draft budget as part of the budget scrutiny process.

### *Draft HRA Budget 2020/21*

21. The HRA Budget has been built to enable the council to maintain Decent Homes Standards, service the debt incurred, as a result of the HRA subsidy reform.
22. Due to the removal of the HRA debt cap it has been possible to revise the timing of a number of projects and bring them forward, this will increase the borrowing taken on in 2020/21 and future years as well as the cost of financing this additional debt.
23. Rent income has been forecast to increase at CPI +1%, as per the Government formula.

**Table 3 – Draft Housing Revenue Account Budget 2020/21**

REVENUE BUDGET				
Housing Revenue Account				
ACTUAL	BUDGET	PROJECTED	DETAIL	ESTIMATE
2018/19	2019/20	2019/20		2020/21
£	£	£		£
512,240	5,769,750	6,032,400	Supervision & Management	6,218,800
(25,345,062)	(24,843,280)	(24,834,280)	Income	(25,369,020)
16,515,011	16,030,460	15,955,650	Other	15,936,550
4,142,261	3,478,370	3,758,800	Repairs & Maintenance	3,758,000
<b>(4,175,551)</b>	<b>435,300</b>	<b>912,570</b>	<b>SERVICE EXPENDITURE</b>	<b>544,330</b>

24. These figures are in line with the position forecast within the HRA business plan, with a deficit anticipated. There are a number of HRA projects currently underway and this in year deficit is financed from reserves for the purpose of financing capital projects.
25. Members are asked to approve the draft HRA budget for 2020/21 for scrutiny purposes.

## Section 3 - Capital Resources

26. The Council prepares a capital programme annually based on the Corporate Priorities and approves capital projects throughout the year. Financing of these projects are included in the Project Initiation Documents, however final financing will be approved at the end of the year.
27. Due to the nature of some reserves it is best to utilise these first and retain flexibility for the Council, for example, capital receipts can only be used on capital purposes therefore it is better to use these reserves first and keep revenue reserves, which can be used for any purpose.
28. The Housing Revenue Account has two kinds of capital receipts, general capital receipts that can be used for any capital purpose, and one-for-one receipts that can only be used for the provision of new affordable housing. To ensure the Council has enough flexibility in its capital financing and complies with the one-for-one commitment to government, these latter receipts will always be used first before capital receipts and revenue reserves.

### *Capital Resources Forecast*

29. Capital investment is currently made from the following funding streams:
  - a. Internal resources such as capital receipts and revenue reserves.
  - b. Prudential (external) borrowing. The Medium Term Financial Plan provides specific support to borrow for General Fund corporate projects that have been highlighted in the corporate plan. There is also specific borrowing for capital works on Council assets support by the planned maintenance schedule for capital works.
  - c. Third party grants and contributions from government, other authorities and other grant bodies.
  - d. Section 106 developer contributions – as at 31 March 2019 contributions amounting to £6.2m (capital & revenue) were held in reserves.
30. The table below shows the forecast based on current assumptions including that supported by revenue resources to support spending of a capital nature.

**Table 4 – Capital resource forecast (General Fund)**

<b>Resources available</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>Resources brought forward:</b>				
Capital receipts	0	0	0	0
Repairs and renewals reserve	740	590	440	340
Borrowing limit unapplied	500	500	500	500
	1,240	1,090	940	840
<b>Potential resources</b>				
Estimate of capital receipts	250	250	250	250
Estimate of reserve contributions to the repairs & renewal reserve	250	250	250	250
Approved borrowing limit supported by the revenue budget	500	500	500	500
	1,000	1,000	1,000	1,000
<b>Current planned outlay financed by:</b>				
Use of capital receipts	250	250	250	250
Use of the repairs & renewal reserve	400	400	350	350
Use of prudential borrowing (principally for the asset maintenance programme)	500	500	500	500
	1,150	1,150	1,100	1,100
<b>Uncommitted resources carried forward</b>	<b>1,090</b>	<b>940</b>	<b>840</b>	<b>740</b>

### **Capital Investment**

31. Elwick Place officially opened in December 2018. The scheme has attracted an interesting mix of independent business, which brings to the town centre exciting opportunities. Macknade's occupying Unit 1, will offer a high end delicatessen, an evening bar and flexible event space. The Council has also invested in a Changing Places toilet within the unit, removing the barriers some disabled people face when accessing entertainment facilities.
32. In February 2019 Cabinet approved a budget of £1,300,000 for demolition of the former Mecca building. A report was then presented to Cabinet in March 2019 for the redevelopment of the Mecca building and the Vicarage Lane car park, the budget was increased to £21,500,000. Due diligence work is currently underway and has incurred various site surveys. An application has been received by Historic England to list the building and this is being considered. If successful the strategy for the planning application will be adjusted accordingly.
33. Transformation of the former Goods Yard at Dover Place, now known as the Coachworks, will be completed by the end of November 2019. The project consist of three elements, work space bringing freelancers, entrepreneurs and small businesses into the heart of the Commercial Quarter. The Yard, opened at the end of August 2019, converted the outside space into a social and cultural meeting place. The final stage is the Hothouse which will be a tropical paradise offering street food, drinks and various events.

## **Section 4 - Next Steps**

34. Once approved by Cabinet it is proposed to submit the draft budget for formal scrutiny by the Overview and Scrutiny Committee and its Budget Scrutiny Task Group. This will include an examination of the base budget, assumptions on inflation, growth items and budget reduction proposals. The scrutiny process will continue throughout December and January with conclusions reported to the Cabinet in February.
35. The final budget report will be presented to Cabinet and then onto Council in March which will include any additional proposals for the budget, and recommend to Cabinet the measures necessary to bridge any budget gap arising.

### **Implications and Risk Assessment**

36. Risk assessments are being completed by Services and will form part of the Scrutiny process and reported back to Council with any recommendations from the Budget Scrutiny Task Group.

### **Equalities Impact Assessment**

37. The assessment will be completed alongside the final budget reported to Cabinet in February and Council in March.

### **Consultation Planned or Undertaken**

38. This report will form the basis of consultation with the business community, the public and parish councils. A summary document will be produced and sent to key stakeholders and posted on the website for comment.
39. The results from this consultation will help inform the final budget and will be reported back to the February Cabinet.

### **Conclusion**

40. Members are asked to consider the contextual information against which the MTFP and draft budget have been developed.
41. To approve the draft budget for 2020/21 for the purpose of public consultation, consultation with the parish council/ls, and for the basis of budget scrutiny by the Overview and Scrutiny Committee.

### **Portfolio Holder's Views**

42. To be given at the meeting

### **Contact and Email**

43. Lee Foreman – 01233 330509 – leeforeman@ashford.gov.uk

<b>DRAFT REVENUE BUDGET</b>				
<b>DIRECTORATE SUMMARY</b>				
<b>Actuals</b>	<b>Budget</b>	<b>Projected</b>	<b>Directorate</b>	<b>Budget</b>
<b>2018/19</b>	<b>2019/20</b>	<b>Outturn</b>		<b>2020/21</b>
<b>£</b>	<b>£</b>	<b>2019/20</b>		<b>£</b>
<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
1,187,358	1,328,560	1,357,820	Chief Executive	1,376,140
4,091,035	2,526,660	3,003,624	Director of Finance & Economy	3,091,630
2,037,359	1,200,130	1,773,302	Director of Law & Governance	1,926,610
10,356,310	10,670,580	10,769,541	Director of Place & Space	10,758,650
<b>17,672,062</b>	<b>15,725,930</b>	<b>16,904,287</b>	<b>Service Expenditure</b>	<b>17,153,030</b>
(2,654,591)	(494,190)	(1,230,401)	Non service specific	(1,335,980)
<b>15,017,471</b>	<b>15,231,740</b>	<b>15,673,886</b>	<b>ABC Budget Requirement</b>	<b>15,817,050</b>
(14,576,472)	(15,231,740)	(15,231,740)	Financing	(15,817,050)
<b>440,998</b>	<b>0</b>	<b>442,146</b>		<b>0</b>

DRAFT REVENUE BUDGET				
SERVICE SUMMARY				
Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Service	Budget 2020/21 £
1,187,358	1,328,560	1,357,820	Corporate Policy, Economic Development & Communications	1,376,140
1,568,231	1,352,760	1,323,659	Legal & Democratic Services	1,385,940
1,965,304	2,120,500	2,133,914	Planning	1,970,960
3,898,906	3,852,960	3,697,310	Finance & IT	4,080,830
58,616	140,070	81,820	HR & Customer Services	169,900
1,046,401	964,100	1,246,710	Housing General Fund Services	936,050
410,512	(292,700)	367,823	Community Safety and Wellbeing	370,770
4,870,688	5,254,840	5,225,297	Environmental & Land Management	5,468,120
(854,272)	(2,290,400)	(1,940,396)	Corporate Property & Projects	(1,925,250)
3,520,317	3,295,240	3,410,330	Culture	3,319,570
<b>17,672,062</b>	<b>15,725,930</b>	<b>16,904,287</b>	<b>Service Expenditure</b>	<b>17,153,030</b>
(3,053,880)	(2,492,440)	(2,978,651)	Capital Charges & Net Interest	(2,587,480)
254,703	259,130	259,130	Levies	270,500
144,586	1,739,120	1,489,120	Contribution to Balances	981,000
<b>15,017,472</b>	<b>15,231,740</b>	<b>15,673,886</b>	<b>ABC Budget Requirement</b>	<b>15,817,050</b>
			<b>Income</b>	
	0	0	Government Grant	0
(4,850,114)	(4,721,050)	(4,721,050)	Retained Business Rates	(4,991,320)
(2,501,000)	(2,954,410)	(2,954,410)	New Homes Bonus	(2,901,000)
(7,225,359)	(7,556,280)	(7,556,280)	Council Tax	(7,924,730)
<b>441,000</b>	<b>0</b>	<b>442,146</b>		<b>0</b>

General Fund Draft Budget 2020/21				
Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Department	Budget 2020/21 £
			<b>Corporate Policy, Economic Development &amp; Communications</b>	
28,963	(140)	1,420	Chilmington	46,770
255,947	256,290	287,770	Policy and Performance	270,900
486,448	639,330	638,150	Economic Development	618,470
416,000	433,080	430,480	Communications & Marketing	440,000
<b>1,187,358</b>	<b>1,328,560</b>	<b>1,357,820</b>		<b>1,376,140</b>
			<b>Legal &amp; Democratic Services</b>	
877,588	825,050	837,150	Democratic Representation	845,880
488,591	472,960	472,709	Electoral Services	473,540
136,255	(4,500)	(49,500)	Legal	10
65,797	59,250	63,300	Mayor	66,510
<b>1,568,231</b>	<b>1,352,760</b>	<b>1,323,659</b>		<b>1,385,940</b>
			<b>Planning</b>	
87,044	115,940	123,136	Building Control	64,130
1,204,613	1,136,210	1,362,242	Development Control	912,790
(12,104)	(26,860)	(26,369)	Land Charges	(5,810)
(5,112)	253,960	55,562	Planning Administration	10
690,864	641,250	619,343	Strategic Planning	999,840
<b>1,965,304</b>	<b>2,120,500</b>	<b>2,133,914</b>		<b>1,970,960</b>
			<b>Finance &amp; IT</b>	
54,701	72,560	37,330	Accountancy	76,880
10,274	(50)	(50)	Audit Partnership	(10)
915,463	834,800	671,940	Benefits Administration	787,590
309,806	541,440	541,440	Council Tax Collection	474,620
(344)	(240)	(240)	Debtors/Debt Recovery	40
63,004	47,120	59,320	Exchequer	62,120
(256,304)	(256,000)	(256,000)	Housing Benefits Payments	(175,000)
(67,609)	(38,850)	(27,850)	NNDR Collection	(40,750)
1,595,410	1,661,320	1,661,320	Non-Distributed Costs	1,943,930
26,019	12,780	(41,270)	ICT	8,120
(3,559)	20	20	Telephony	220
1,101,571	790,660	859,950	Strategic Corporate Costs	746,010
150,475	187,400	191,400	Corporate Management	197,060
<b>3,898,907</b>	<b>3,852,960</b>	<b>3,697,310</b>		<b>4,080,830</b>
			<b>HR &amp; Customer Services</b>	
65,316	155,030	92,490	Human Resources	169,920
(6,700)	(14,960)	(10,670)	Visitor & Call Centre	(20)
<b>58,616</b>	<b>140,070</b>	<b>81,820</b>		<b>169,900</b>

			<b>Housing General Fund Services</b>	
111,491	155,270	155,270	Private Sector Housing	141,560
61,496	81,980	81,980	Housing Strategy and Enabling	95,710
706,388	746,240	1,012,970	Housing Options	693,870
130,710	(10,070)	(9,770)	Facilities Management	0
14,231	(230)	0	Refugee Project	(370)
22,084	(9,090)	6,260	Gypsy Site - Chilmington	5,280
<b>1,046,401</b>	<b>964,100</b>	<b>1,246,710</b>		<b>936,050</b>
			<b>Community Safety and Wellbeing</b>	
516,252	574,860	630,465	Community Safety,AMC,Licencing	677,640
663,243	558,310	586,938	Environmental Health	607,810
(768,983)	(1,425,870)	(849,580)	Parking & Engineering	(914,680)
<b>410,512</b>	<b>(292,700)</b>	<b>367,823</b>		<b>370,770</b>
			<b>Environmental &amp; Land Management</b>	
245,810	340,880	343,500	Street Scene	328,500
3,063,404	3,280,420	3,252,130	Refuse,Recycling,Street Clean	3,421,280
1,561,474	1,633,540	1,629,667	Grounds Maintenance	1,718,340
<b>4,870,688</b>	<b>5,254,840</b>	<b>5,225,297</b>		<b>5,468,120</b>
			<b>Corporate Property &amp; Projects</b>	
56,842	19,660	6,111	Project Delivery Team	1,230
0	0	0	Town Centre Development	0
(911,114)	(2,310,060)	(1,946,507)	Corporate Property	(1,926,480)
<b>(854,272)</b>	<b>(2,290,400)</b>	<b>(1,940,396)</b>		<b>(1,925,250)</b>
			<b>Culture</b>	
291,225	389,310	380,860	Cultural Services Management	315,420
1,780,021	1,398,380	1,516,450	Leisure Centres	1,490,220
262,442	270,620	277,520	Open Spaces and Conservation	290,270
346,728	446,760	446,760	Single Grants Gateway	446,760
237,903	242,680	237,710	Tourism & Heritage	216,490
601,998	547,490	551,030	Cultural Projects	560,410
<b>3,520,317</b>	<b>3,295,240</b>	<b>3,410,330</b>		<b>3,319,570</b>
<b>17,672,063</b>	<b>15,725,930</b>	<b>16,904,287</b>	<b>NET EXPENDITURE ON SERVICES</b>	<b>17,153,030</b>

## 2020/21 Draft Budget Report

**The following table represents risks to the 2020/21 draft budget at both a service and economic level. These risks will be monitored throughout the Budget setting cycle and be updates accordingly before being presented to Cabinet in February as part of the final budget setting report.**

Budget Component	Financial standing and management
<p>1. Pressure on the 2019/20 Budget and impact going forward.</p>	<p><b>Homelessness</b> – This is a pressure for the Council in 2019/20 despite increased prevention and decreasing numbers.</p> <p>The positive progress being made to reduce the numbers seeking homelessness intervention, and plans for new temporary accommodation provision coming forward for next year, will mitigate future pressures on the existing budget.</p> <p><b>Corporate Property</b> – Due to uncertain economic conditions, income from corporate property has been under pressure during 2019/20.</p> <p>Pressure is also being identified in the Repairs and Maintenance requirements following an increase in necessary works.</p> <p>For 2020/21 Corporate Property incomes have been reviewed to ensure they reflect current market conditions and have been adjusted accordingly to reflect anticipated income for 2020/21.</p> <p>In relation to repairs and renewals, to help support and increase in maintenance and contribute to building a reserve fund, an additional £250,000 has been allocated to this area for 2020/21. Therefore for 2020/21, a £500,000 contribution to the repairs and maintenance reserves and £500,000 borrowing (capital budget) has been allowed for.</p> <p><b>Parking Income</b></p> <p>The 2019/20 parking income has been under pressure due to surplus capacity in town centre car parks. 2020/21 budgets have been built on current capacity levels to limit pressure on next years budget.</p>
<p>2. Commercialisation</p>	<p>2019/20 is the first full year in which large commercial projects such as Elwick, and the Carlton Road industrial units have been complete.</p> <p>Following the first year of operation income projections have been revised for 2020/21, and built into the budget accordingly.</p> <p>For any unforeseen events, the Council has created in recent years an Economic Resilience Reserve that could be used to support the budget.</p>
<p>3. Transformation and digitalisation</p>	<p>Digitalisation continues to be a key priority for the organisation to ensure systems work effectively and efficiently to deliver excellent services for our external stakeholders. The digitalisation programme is targeting systems to ensure efficiencies through digitalisation can be maximised to create staffing capacity to manage business growth within existing resources.</p>

Budget Component	Financial standing and management
4. Assumptions about increases in service income.	<p>The budget proposes that service income are is increased by an average of 3.0%, for legislative reasons or demand some charges will be lower of higher than this.</p> <p>The proposed fees and charges are presented in detail as part of the budget report. Any amendments to the proposals may involve a slight risk to the budget.</p>
5. Housing Revenue Account	<p>The HRA debt cap has now been removed and the ability to build affordable housing without the restrictions of the debt cap. The business plan is currently being reviewed to reflect new opportunities and work on new sites will be coming forward in 2020/21.</p> <p>Regular updating of the HRA business plan and financial monitoring will occur during 2020/21.</p>
6. Estimates of the level and timing of capital receipts.	<p>Capital receipts are now low in the General Fund, the budgets and financing of the capital plan reflects this.</p> <p>The Housing Revenue Account capital receipts have increased over the last couple of years due to the invigorated 'Right to Buy' policy.</p> <p>The majority of RTB receipts need to be held to fund affordable housing (funds 30% of the total cost) within the Borough, and this Council took the opportunity to retain these receipts for this purpose, these receipts are called 1-4-1 capital receipts.</p> <p>The receipts and capital plans are being closely monitored and ensure these receipts are used to avoid repayment which would attract interest of 4% above base.</p>
7. Major Capital Projects	<p>The Council agreed the Corporate Plan at the October 2015 although a new corporate plan is currently being developed.</p> <p>This plan will carefully consider the delivery of the project and the funding overall and will be monitored by the Strategic Delivery Board.</p> <p>Following the 1% rate rise in borrowing costs by the PWLB, project viability will be reviewed in light of the new costs of borrowing. Other borrowing options will also be considered.</p>
8. Business Rates	<p>Risks to the council's business rates yield is a major risk to the budget as the revaluation of rates and the level of appeals against new valuations are likely to affect the overall level of rateable value within the borough.</p> <p>The level of income from business rates is affected by the overall performance of the economy, with a slowing economy business rates are monitored regularly and any downturn in income will be flagged in the budget monitoring.</p>

Budget Component	Financial standing and management
9. Welfare Reform	<p>The reforms have very few direct impacts on the council however they have the potential of affecting the level of demand for council services and have an impact on the council's ability to collect taxes and rents due.</p>
10. Inflation, Interest Rate and Pay Award	<p>Inflation is a factor that needs to be managed carefully within any financial planning regime. The council benefitted from the low levels of inflation over the last few years. Inflation is currently below the target of 2% set by the bank of England and is expected to fall further until recovering back to target between 2020 and 2022.</p> <p>Interest rates have been forecast in line with the Arlingclose (Treasury Management Advisors) forecasts. As a net borrower the Council is exposed to interest rate risk on its borrowing portfolio, especially in line with its strategy. Interest forecast look flat over the period of the MTFP with risk to the downside which could be advantageous to the Council.</p> <p>Pay – the current budget assumes a 1.7% pay award although this is still to be formally agreed. The budget also makes a 0.7% allowance for increments which are due for new employees.</p>
11. Brexit	<p>This area gives rise to a number of separate risks, such as the Economy, Transport, Labour, and the transition period. A recent update was provided before Cabinet on the 10 October 2019.</p>

This page is intentionally left blank