

County Council – 15 February 2019

Agenda Item 5 – Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Revenue Budget 2019/20, Capital Strategy 2019/20 to 2023/24 and Treasury Management Strategy Statement 2019/20

Revision from the Cabinet Member for Finance and Resources

Revenue Budget 2019/20

At the time of writing the County Council report, further information was still expected from the West Sussex borough and district councils on their forecast business rate take for 2019/20. This information only becomes available at the beginning of February. This has now been received and, in all instances, differs from the forecast within the budget information on the agenda papers. The changes are summarised below:

Item	£m
Positive movement in the assumed Business Rates Retention Scheme payment. This affects recommendation 5(b)	0.481
Positive movement in Business Rates Collection Fund. This affects recommendation 5(b) and 5(h). These figures were 'to be confirmed' in the budget report	0.068
Sub Total: Extra Funding	0.549
Less: Contribution to Budget Management Reserve	0.549
Net Change	0

As made clear in the budget report, to avoid late changes in the budget arising from late swings or information on funding, the overall increase of £0.549m is taken to the Budget Management Reserve. It does, however, produce a change in the net budget which becomes £575.469m (per recommendations 2 and 5(a)).

As a result of these amendments recommendations 2, 5(a), 5(b) and 5(h) need to be revised. Replacement recommendations to those set out on pages 70 to 72 of Item 5 in the Council booklet **are attached** with the changes marked in red, bold, italic text. **Note:** There is no impact on the precept sum and therefore on the proposed council tax charge.

A replacement Appendix 1 of Annex 1 (page 3 of Annex 1 which is printed separately), providing a Summary of Revenue Budget and Precept 2019/20, **is also attached.**

February 2019

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Medium Term Financial Strategy (MTFS) 2019/20 to 2022/23, Revenue Budget 2019/20, Capital Strategy 2019/20 to 2023/24 and Treasury Management Strategy Statement 2019/20

Revised recommendations to take account of late information

(as printed on pages 70 to 72 of the Council booklet – additions shown in red, bold, italic text, deletions struck through)

Recommended

That, taking account of the priorities contained in the approved West Sussex Plan, Medium Term Financial Strategy, the Local Government Finance Settlement and the results of internal and external consultation, the following items be approved:

- (1) An increase in council tax in 2019/20 comprising:
 - **2.00%** for **Adults' Social Care**, plus
 - **2.99%** to support **other General Fund services**
 - making a total increase of **4.99%**
- (2) Net revenue expenditure in 2019/20 of **£575.469m** ~~£574.920m~~ (as set out in paragraph 5.1 and Appendix 1).
- (3) (a) Capital Strategy, setting out capital expenditure and proposed method of financing for the core programme and the income generating initiatives (which will be subject to their own business cases) for the period 2019/20 to 2023/24, as set out in Annex 2(a).
 - (b) Treasury Management Strategy Statement 2019/20, as set out in Annex 2(b).
 - (c) Prudential Indicators, as set out in Annex 2(c).
- (4) The Director of Finance, Performance and Procurement's assessment of the robustness of estimates and adequacy of reserves (paragraph 6.1).
- (5) The following amounts be approved for the financial year 2019/20 in accordance with Section 42A of the Local Government Finance Act 1992:
 - (a) That the budget requirement to meet net expenditure of the County Council for the financial year 2019/20 is **£575.469m** ~~£574.920m~~, and the council tax requirement for 2019/20 is **£459.941m**.
 - (b) That the following sums be payable for the year into the County Council's revenue fund:

Business Rates Retention Scheme – County Council	£85.226m* £84.745m
Business Rates Retention Scheme – 75% Business Rates Pilot	£19.141m

New Homes Bonus Grant	£3.933m
Social Care Support Grant	£5.243m
Net surplus from District and Borough Collection Funds	£1.985m* £1.917m

- (c) The council tax base for the year 2019/20 is the aggregate amount calculated by the billing authorities to which the County Council issues precepts totalling 332,430.70 Band D equivalents.
- (d) The amount of council tax being the budget requirement at 5(a) above, less the amounts receivable in 5(b) above, all divided by the council tax base at 5(c) above, shall be **£1,383.57** to the nearest penny for Band D.
- (e) The amount of council tax payable for dwellings listed in a particular valuation band, calculated in accordance with the proportion set out in Section 5(1) of the Act, shall be as follows:

Valuation Band	Amount	Valuation Band	Amount
A	£922.38	E	£1,691.03
B	£1,076.11	F	£1,998.49
C	£1,229.84	G	£2,305.95
D	£1,383.57	H	£2,767.14

- (f) That the district councils be requested to make payments totalling £459.941m to West Sussex County Council of sums due under precepts calculated in proportion to their council tax Band D equivalents as follows:
- | | |
|-----------------------------|----------------|
| Adur District Council | £29,324,766.15 |
| Arun District Council | £84,786,553.17 |
| Chichester District Council | £73,799,070.37 |
| Crawley Borough Council | £48,724,216.19 |
| Horsham District Council | £86,040,067.59 |
| Mid Sussex District Council | £83,993,075.78 |
| Worthing Borough Council | £53,273,394.35 |
- (g) That the district councils be required to make payments of precept by equal instalments of the above sums due on or before:
- | | | |
|----------------|-----------------|------------------|
| 5 April 2019 | 7 May 2019 | 5 June 2019 |
| 5 July 2019 | 5 August 2019 | 5 September 2019 |
| 7 October 2019 | 5 November 2019 | 5 December 2019 |
| 6 January 2020 | 5 February 2020 | 5 March 2020 |
- (h) Additionally, it is noted that payments be made by the district and borough councils (or to them) in respect of the estimated surplus/(deficit) on their collection funds on 31 March 2019:

	Council Tax	Business Rates*
Adur District Council	(179,583.56)	(160,217.80) (140,629.24)
Arun District Council	243,000.00	(102,984.90) (103,000.00)
Chichester District Council	(165,877.00)	5,963.20 5,988.00
Crawley Borough Council	278,109.43	20,485.00 20,485.00
Horsham District Council	1,562,000.00	(3,420.20) (44,000.00)
Mid Sussex District Council	592,900.00	111,557.00 0.00
Worthing Borough Council	(51,768.65)	(165,585.60) (100,912.80)

- * Note that these figures (council tax base, council tax and business rates collection funds) may not represent the final figures from the district and borough councils and may change. To avoid late changes to the budget, **the above** all subsequent changes of funding (**in 5(b) and 5(h)**) (positive or adverse) will be applied to the Budget Management Reserve.

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APPENDIX 1

SUMMARY OF REVENUE BUDGET AND PRECEPT 2019/20

Total Net Expenditure 2018/19 ¹		SERVICE	Total Net Expenditure 2019/20	
Amount	Amount per Council Taxpayer (Band D equivalent)		Amount	Amount per Council Taxpayer (Band D equivalent)
£000	£		£000	£
194,773	594.17	Adults and Health	206,368	620.78
95,843	292.37	Children and Young People	100,187	301.38
44,423	135.52	Corporate Relations	44,503	133.87
13,717	41.84	Education and Skills	19,780	59.50
63,350	193.25	Environment	61,954	186.37
15,604	47.60	Finance and Resources	12,798	38.50
34,902	106.47	Highways and Infrastructure	32,926	99.04
3,893	11.88	Leader (including Economy)	4,026	12.11
37,273	113.70	Safer, Stronger Communities	38,428	115.60
503,778	1,536.80	SERVICE TOTALS	520,970	1,567.15
27,400	83.59	Capital Financing Costs	27,700	83.33
2,332	7.11	Revenue Contribution to Capital Outlay - County Council	1,032	3.10
0	0.00	Revenue Contribution to Capital Outlay - Business Rates Pilot ²	1,000	3.01
-1,903	-5.80	Investment Income	-2,503	-7.53
3,610	11.01	General Contingency	3,400	10.23
0	0.00	Care Leavers Council Tax Support	25	0.07
-1,274	-3.89	Transfers to/from (-) Earmarked Reserves - County Council	5,704	17.16
0	0.00	Transfers to/from (-) Earmarked Reserves - Business Rates Pilot ²	18,141	54.57
30,165	92.02	NON-SERVICE TOTALS	54,499	163.94
533,943	1,628.82	NET EXPENDITURE	575,469	1,731.09
-82,145	-250.59	Business Rates Retention Scheme - County	-85,226	-256.37
0	0.00	Business Rates - Gains from 75% Pilot ²	-19,141	-57.58
-12,122	-36.98	Revenue Support Grant	0	0.00
-4,102	-12.51	New Homes Bonus Grant	-3,933	-11.83
0	0.00	Social Care Support Grant	-5,243	-15.77
-3,557	-10.85	Council Tax Collection Fund Surplus (-) / Deficit	-2,279	-6.86
-36	-0.11	Business Rates Collection Fund Surplus (-)/Deficit	294	0.89
431,981	1,317.78	PRECEPT	459,941	1,383.57
	4.95%	Increase in Council Tax Band D on Previous Year		4.99%
327,809.60		Council Tax Band D Equivalents	332,430.70	

¹ The 2018/19 comparators have been restated from the 2018/19 Budget Book to reflect the change in political structure which came into force during 2018/19

² Increased business rates in relation to a joint bid with Districts and Boroughs to be a pilot area for 75% business rates retention in 2019/20. The gain will be invested jointly by the County Council and Districts/Boroughs on project work with economic benefit, but is reflected in the County's budget as the lead authority

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