

**Public
Key Decision – No**

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Draft 2020/21 Revenue Budget and Medium Term Financial Strategy (2021/22 to 2024/25); including the Capital Programme.

Meeting/Date: Overview and Scrutiny Panel (Performance and Growth) – 8th January 2020

Executive Portfolio: Executive Councillor for Strategic Resources

Report by: Finance Manager

Wards affected: All

Executive Summary:

Revenue Budget

In order for the Council to:

- set the Council Tax for the area, the Council is required to set an annual Budget for the forthcoming year,
- ensure effective future financial planning, the Council approves a Medium Term Financial Strategy (MTFS) for the subsequent 4 years.

Consequently, this report sets out the Draft Budget for 2020/21, including details of the draft service budgets, and the revised MTFS for the period 2021/22 to 2024/25 for Cabinet approval.

At this point in the Budget setting process, the draft Net Service Expenditure for 2020/21 is £17.6m (the detailed Draft Budget 2020/21 and MTFS is shown in **Appendix 1**).

When comparing the Draft 2020/21 Net Service Expenditure Budget to the 2019/20 Forecast Outturn and the Original Budget, there has been a net increase of £878k (5.2%) and net increase of £504k (2.9%) respectively. The draft figures include:

- growth (£2.21m).
- savings and additional income (£1.4m),
- the impact of all other budget adjustments (£60k; inflation and employee related expenditure).

Government Funding

On 23 December 2019 the Secretary of State for Housing, Communities and Local Government announced the provisional finance settlement for 2020/21. The settlement confirmed Revenue Support Grant (RSG) of zero. New Homes Bonus (NHB) has increased by £174k compared to 2019/20. Further prudent adjustments have been made reducing funding income by £82k to allow for the effects of the fair Funding Review (from 2021/22 onwards) and potential negative Revenue Support Grant (from 2021/22 onwards). These adjustments have been informed by the expertise of the consultants Pixel (specialist in local government finance).

Any NHB received for the term of the MTFS is planned to be allocated to the Commercial Investments Strategy Earmarked Reserve.

Council Tax

The Council Tax base (i.e. the number of Council Tax Band D properties) is 62,854 for 2020/21 with a detailed breakdown by parish shown in Appendix 2, for the period of the MTFS this has been increased by 1.76% per annum.

The 2020/21 draft Budget and MTFS includes a 2.6% increase in Council Tax and this would make the 2020/21 Band D Council Tax £145.86 (an increase of £3.70) which over the life of the MTFS would raise £3.92m.

Reserves

The Council's policy with regard to the General Fund Reserve is to maintain this at a minimum level of 15% of net revenue expenditure of the authority. There are therefore minor adjustments to the General Fund over the MTFS to maintain this level. Any excess budget (or reserve contribution required) after the General Fund adjustment is taken to, or made from, the Budget Surplus Earmarked Reserve. Where surpluses can be invested, these are then transferred to the CIS Earmarked Reserve.

Capital Programme

There is a capital requirement of £16.6m in 2020/21, £14.4m funded from borrowing and the balance from external sources (grants and contributions) and internal contributions (capital receipts, capital reserve and earmarked reserves). The Minimum Revenue Provision (MRP) has been calculated at £2.5m. The revenue implications of the capital proposals are built into the corresponding revenue budgets.

Comments of the Overview and Scrutiny Panel (Performance and Customers will be detailed in Section 10 of this report.

Recommendation(s):

It is recommended that the Cabinet approves:

- Overall Draft Budget 2020/21 and MTFS 2021/22 to 2024/25 (**Appendix 1**)

- Savings and growth proposals (4.1 to 4.6 **Appendices 3 and 4**),
- Draft Capital Programme 2020/21 to 2024/25 (9.1 to 9.2), and
- Planned increase in Council Tax of 2.6% for 2020/21 and for the duration of the MTFS (7.1 to 7.3, **Table 6**).

1. PURPOSE OF THE REPORT

1.1 To provide Cabinet with the detail of the Draft Budget preparations to date for consideration. The report sets out:

- the draft 2020/21 Revenue Budget and Medium Term Financial Strategy (MTFS) for the period 2021/22 to 2024/25,
- how the Budget has moved in comparison to the 2019/20 Original Budget and the 2019/20 Forecast Outturn,
- draft Capital Programme 2020/21 to 2024/25, and the
- impact on reserves.

2. PREPARATION OF THE DRAFT BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25

2.1 The draft 2020/21 budget and MTFS have been set on the following basis:

- growth (£2.3m),
- savings and additional income (£1.4m).
- the impact of all other budget adjustments (savings of £44k; inflation and employee related and other service growth of £176k),
- the Financial Settlement that was agreed by government in December 2019; reflecting new grant income streams for New Homes Bonus and Business Rates, and
- the Draft Capital Programme 2020/21 to 2024/25.

2.2 The detailed analysis of the draft 2020/21 Budget and MTFS (2021/22 to 2024/25) is attached at **Appendix 1**.

3. REFLECTIONS ON THE 2019/20 FORECAST OUTTURN

3.1 As at August 2019, the forecast outturn was an under spend of £321k. The main reasons for this underspend are shown in **Table 1** below:

Table 1	2019/20 Forecast	
Service	Net Variance £'000	Comments/Management Actions
Chief Operating Officer	(206)	<ul style="list-style-type: none"> • Staff savings due to delay in recruitment • Additional costs in relation to Hamerton Zoo Inquiry • Additional Planning application fees
Assistant Director Transformation	(0)	
Assistant Director Corporate Services	(371)	<ul style="list-style-type: none"> • Reduction in MRP costs in 19/20 due to slippage of capital programme in 18/19 • Staff savings not achieved due to delay in service restructure • Additional Income from Commercial Investments
Head of Leisure & Health	(17)	
Head of Operations	294	<ul style="list-style-type: none"> • Additional Water Standpipe costs not budgeted for • Reduction in expected efficiency savings on litter bin reductions • Reduction in income from rental of 3rd floor at Patherfiner House
Head of 3C's ICT Shared Service	0	
Corporate Leadership Team	29	
Programmes Delivery Manager	0	
Housing Manager	(23)	<ul style="list-style-type: none"> • Staff savings due to delay in recruitment
Planning Manager	(29)	<ul style="list-style-type: none"> • Staff savings due to delay in recruitment
Total	(321)	

4. REVENUE: SERVICE SAVINGS, INCOME AND GROWTH

4.1 Over the Autumn of 2019/20 Portfolio Holders were challenged to establish savings and income proposals in respect of their budgets as well as budgetary growth proposals. The conclusions of these, as well as the changes from the 2020/21 budget that was part of the 2019/20 MTFS, are shown in **Table 2** below, with further commentary in paragraphs 4.2 to 4.6.

Table 2 Service savings, income and growth					
Service	Adjusted 2019/20 MTFS Totals for 2020/21	New Growth/ Savings Bids	Inflation & Employee Related Growth/ Savings	Other Service Growth/ Savings	2020/21 Budget
	£000	£000	£000	£000	£000
Chief Operating Officer	4,712	75	(284)	(144)	4,359
Assistant Director Transformation	135	179	67	28	408
Assistant Director Corporate Services	4,884	(308)	206	0	4,782
Head of Leisure & Health	(506)	279	(318)	330	(215)
Head of Operations	3,623	634	162	10	4,429
Head of 3C's ICT Shared Service	2,104	18	77	(60)	2,139
Corporate Leadership Team	629	0	8	32	669
Programmes Delivery Manager	66	0	4	0	70
Housing Manager	158	0	19	0	177
Planning Manager	892	(47)	16	(19)	842
Total	16,697	830	(44)	176	17,660

Savings and Additional Income

4.2 Following the audit of the 2018/19 accounts, the Council again received an unqualified "Value for Money" opinion; this reflects the Council's continuous efforts to manage its ongoing service pressures and their impact over the medium term.

4.3 Initial budget suggestions for 2020/21 were considered by the Policy Development Group in late October 2019. Further work was then undertaken on the proposals ahead of a Member's away day in November. Following this work, the draft budget and MTFS as detailed in this report were compiled which included savings and unavoidable growth proposals as detailed in paragraph 2.1. As with previous years, finding the required savings to balance the budget proved very challenging. The proposals also reflected the August forecast outturn position for 2019/20.

4.4 A summary of the savings and additional income proposals is shown in **Table 3** below:

Table 3 Service	Savings and	Additional Income
	£000 (*)	Comments
Chief Operating Officer	6	
Assistant Director of Transformation	0	
Assistant Director of Corporate Services	1,339	Additional Commercial Investment Income
Head of Leisure & Health	35	Grant Income
Head of Operations	5	
Head of 3C's ICT Share Services	0	
Corporate Leadership Team	0	
Programme Delivery Manager	0	
Housing Manager	0	
Planning Manager	47	Additional Community Levy Infrastructure
Total	1,432	

* Detailed analysis of savings proposals is shown in **Appendix 3**.

Growth

- 4.5 As noted under 'Savings' above, the pressure on services continues at pace with some specific issues coming to the fore, with pressures being reflected in the period covered by the MTFs. This has meant that there has been growth for 2020/21 (totalling £2.3m), of which some extends over the MTFs period; this is summarised in **Table 4** below with more detailed commentary in paragraph 4.6.

Table 4: Service Growth Proposals

Service	Growth			Comments
	Employee Related/Other Service Growth £000	Service Growth Bids £000 (*)	Total £000	
Chief Operating Officer	-428	81	-347	Reduction in Housing Benefit Subsidy; Reduction in Salaries due to Senior Leadership restructure
Assistant Director of Transformation	95	179	274	One off transformation growth bids
Assistant Director of Corporate Services	206	1,031	1,237	Inflationary costs on salaries; One off costs for feasibility studies and potential redevelopments
Head of Leisure & Health	-12	314	302	Realignment of previous savings included in MTFS
Head of Operations	172	639	811	Inflationary costs on salaries; Realignment of previous savings included in MTFS
Head of 3C's ICT Share Services	17	18	35	
Corporate Leadership Team	40	0	40	Inflationary costs on salaries
Programme Delivery Manager	4	0	4	Inflationary costs on salaries
Housing Manager	19	0	19	Inflationary costs on salaries
Planning Manager	-3	0	-3	Change in starting grade

Total	110	2,262	2,372	
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* The detailed analysis of Other Growth is shown at **Appendix 4**.

4.6 The “Unavoidable Growth” is made-up of:

- Inflation:
 - Employee Inflation of 1% is included over the entire budget period; across the current establishment this reflects an increase of £234k for 2020/21 (including national insurance and pension).
 - Business Rates Inflation of 2% has been included; this is reflective of the current proposals included in the Chancellor’s budget.
- Employee Related Growth

The Chancellor has indicated that the proposed increased the ‘national minimum wage’ from £8.21 to £9.00 per hour, which is still to be confirmed. This has a minimal effect on cost.

5. REVENUE: COMMERCIAL INVESTMENT STRATEGY

5.1 The Commercial Investment Strategy (CIS) continues to be a main income stream for the Council. For 2019/20 the net income from additional CIS investment is forecasted to be £2.4m.

5.2 This is below what the CIS income was anticipated to achieve, the main reasons for the reduction in income have been due to a lack of ‘quality’ commercial property coming onto the market. Over the past year, the Council has reviewed 52 propositions; of these no formal bids were submitted.

5.3 The Council has a robust process of acquisition; as well as considering initial yield and ongoing income, the Council undertakes considerable due diligence to ensure that the proposition being reviewed represents fair value of money and will award the Council a fair return over the medium term. Again, as part of the audit of the 2018/19 accounts, the external auditor undertook a governance review of the Councils approach to the acquisition of commercial assets.

5.4 Considerable government and private sector commentary in respect of local government’s activity in the commercial property investment market, specifically over whether councils should be investing outside of their boundaries, led to a consultation being carried out by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG). As a result of the consultation the following new/updated guidance has been issued:

- i. CIPFA Prudential Code 2018
- ii. CIPFA Treasury Management Code 2018

iii. Statutory Guidance on Local Government Investments (3rd Edition) (Issued by MHCLG)

Whilst the above documents have attempted to clarify the position on out of area purchases, the result has not been entirely conclusive with the position probably requiring testing in the courts in the future. However, the Council sought its own independent counsel advice which confirmed it can continue to purchase commercial assets outside of its boundary.

5.5 In light of the current market conditions and lack of good quality properties, the Treasury and Capital Management Group considers that CIS investment strategy has been achieved in underpinning the financing of service provision. However, it has chosen to redefine its investment activity; to:

- concentrate its CIS acquisition activity within the Councils boundary going forward – but this is not to say that if the Council became aware of quality propositions outside of its boundary that it would not follow-up such propositions (providing they remain affordable and within regulation).
- pursue housing development. To provide a mix tenure housing development portfolio through a range of partnerships.

6. CORPORATE AND GOVERNMENT FUNDING OPTIONS

6.1 This section of the report provides details on the funding and options from the Council's proposed Budget for 2020/21 and the MTFs 2021/22 to 2024/25.

Council Tax Base

6.2 The approved Council Tax base for 2020/21 is 62,854, an increase of 1.76% from the 2019/20 base with a detailed breakdown by town and parish councils shown in **Appendix 2**. For future years the Council Tax base has been increased by estimated growth of 1.76%, this reflects:

- allowing for future new build planning projections included within the current Planning Trajectory produced by the Planning Service, and
- advice from the Local Taxation Team.

Council Tax Increase

6.3 In announcing the Government's Spending Review for this financial year (2019/20) the Secretary of State for Housing, Communities and Local Government reduced the Council Tax threshold from 3% to 2% before a referendum is required (still to be confirmed). For the 2020/21 budget and MTFs, a Council Tax increase of 2.6% has been included. This level of increase has been included after taking into account the:

- a) requirements of the MTFs,
- b) requirement of the Council to set a balanced Budget over the medium term,
- c) Council's objective of setting a financially sustainable Budget over the medium term and,
- d) Reflecting the majority groups manifesto commitment council tax has been set based on the following key employment indicators.

- Average Wage growth (July 2018 to July 2019)
 - Huntingdonshire – -0.3%
 - Cambridgeshire – +3.5%
 - National – +2.7%
- Pensions are subject to the governments triple lock policy whereby the increase is by the greater of the following; thus resulting in a minimum increase of 2.6%:
 - earnings - the average percentage growth in wages (in Great Britain)
 - prices - the percentage growth in prices in the UK as measured by the Consumer Prices Index (CPI)

6.4 A 2.6% increase on Council Tax in 2020/21 would increase it to £145.86 per Band D equivalent property, an increase of £3.70 per year per household and resulting in an additional income of £232k for the Council. Over the MTFs period, this generates a further £3.9m when compared to a nil increase in Council Tax over a similar period; which would need to be found from additional savings and/or increases in fees and charges.

6.5 The current referendum rules are that District Councils are allowed to increase Council Tax by 2% or £5, whichever is greater, before a referendum is triggered. If the Council chose to increase its Council Tax by £5, this would be an increase of 3.52% and gives a Band D equivalent of £147.16 for 2020/21; over the MTFs period this would generate £4.9m, an additional £1.0m over the £3.9m that would be generated from an increase of 2.6% (6.4).

Government Grant

6.6 On the 23rd December the Provisional Local Government Financial Settlement was issued by the Secretary of State for Housing, Communities and Local Government. The outcome of this settlement has been built into the funding section of the budget and MTFs. The main messages from the settlement for HDC were as follows:

Revenue Support Grant (RSG)

- The Council will receive zero Revenue Support Grant (RSG) for 2020/21 as was expected.

- However, from 2021/22 onwards the RSG potentially goes in to a negative position. Together, with the impact of the fair funding review the MTFs shows a pressure to accommodate this impact up to £408k by year 5.

New Homes Bonus (NHB)

- NHB is paid over a 4 year cycle. However, compared to 2019/20 there has been a small increase of £174k in the level of grant due. The Government’s intention is to phase out the grant over the 4 year period with the first reduction occurring in 2021/22. It is expected that the grant will be reduced to zero by 2023/24.

Business Rates (NDR)

- Business rates – the Council’s Business Rates comes from its share of actual bills raised and not government grant. The Government calculates its assumed level of Business Rates income and then has inflated this by 2%. The MTFs includes internally calculated Business Rates figures as at the end of November, this is considered to be more accurate approach to NDR estimating. Future ‘annual’ NDR growth is modelled based on inflation of 2%; this reflects the RPI growth that will be applied to the business rates multiplier.
- From 2021/22 the system of Business Rates Retention will be reformed following the Fair Funding Review (FFR). Initially the Government was going to allow local government to retain 100% NDR, but it is now thought that the FFR will be based on 75% retention and a number of grants such Section 31 Grants may be rolled up. This Draft Budget keeps the NDR number in the MTFs as the same approach as last year. As the rates retention process is developed, further reports to Cabinet will address this issue.

Collection Fund Surplus/Deficit

6.7 The Collection Fund is the statutory account through which Council Tax income and the payments to preceptors of their respective shares are accounted for. Any surplus or deficit on the Collection Fund at year end is distributed to the preceptors, as per legislation. The Council is required to make an estimate of the projected surplus or deficit of the Collection Fund at year end in order for the preceptors to bring their share of the surplus or deficit into the budget setting process as shown in **Table 5**.

Table 5: Collection Fund Estimated Deficit 2019/20

	(Surplus) / Deficit £000	HDC Share £000
Council Tax	6,737	907

6.8 The deficit for 2019/20 is as a result of estimating a surplus for 2018/19 position. The actual position for 2018/19 was a deficit of £2.2m, as reported in the Financial Statements. Therefore, the above deficit includes the reprofiling of the surplus cash balances paid out to the preceptors during 19/20. The effect on the reserves for 19/20 and 20/21 after reprofiling is net nil.

7. **DRAFT BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2024/25**

7.1 This section brings together all the service budget conclusions, CIS and Corporate & Government Funding proposals into the 'consolidated' Draft Budget 2020/21 and MTFS 2021/22 to 2024/25. This is shown in **Table 6 and 7** respectively below.

7.2 It is proposed that the MTFS assumption of a 2.6% Council Tax increase is applied for 2020/21 and that the policy to increase the Council Tax by 2.6% over the period of the MTFS is continued.

7.3 Some comments are made in paragraph 8.1 below in respect of the implications of next year's budget and the MTFS on Reserves. However, there are some conclusions that can be directly born out from the 2020/21 budget and MTFS shown in **Table 6** principally:

- In 2020/21, the Council produces a surplus budget of £1.0m, £2.2m being a direct contribution to the CIS Earmarked Reserve and £1.2m being a contribution from the General Fund (this is an increased contribution of £0.250m over that estimated last year).
- Last year, the total draw down from the General Fund between 2021/22 and 2023/24 was estimated to be £3.97m; this budget round the total draw down is estimated to be £886k – a decrease of £3.1m.
- For the approved 2019/20 MTFS, the estimated budget gap at the end of the MTFS period (2023/24) was £1.4m. For 2020/21 MTFS, the gap for 2023/24 is £434k; a decrease of £1.0m.
- The budget gap at end of the 'new' MTFS period (2024/25) is estimated at £0.342m.
- The approach in previous years to managing the budget gap has been via the Plan-on-a-Page, more detail on this will be provided in the Final Budget report that will come before members in February.

Table 6	Council Services Net Expenditure Budget (2019/20) and MTFS						
	2019/20		2020/21	Medium Term Financial Strategy			
	Budget	Forecast (August)	Budget	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000
Chief Operating Officer	4,194	3,989	4,359	4,568	4,751	4,869	4,999
Assistant Director Transformation	0	0	408	335	313	513	484
Assistant Director Corporate Resources	5,042	4,671	4,782	5,250	5,378	5,571	5,370
Head of Leisure & Health	(20)	(37)	(215)	(371)	(394)	(328)	(250)
Head of Operations	3,852	4,146	4,429	4,413	4,408	4,547	4,741
Head of 3C's ICT Shared Service	2,145	2,145	2,139	2,144	2,169	2,234	2,300
Corporate Leadership Team	815	844	669	682	695	708	722
Programmes Delivery Manager	0	0	70	71	72	74	75
Housing Manager	220	198	177	180	183	186	189
Planning Manager	908	879	842	860	828	846	896
Net Expenditure	17,156	16,835	17,660	18,132	18,403	19,220	19,526

	Council Funding Statement Budget (2020/21) and MTFS						
	2019/20		2020/21	Medium Term Financial Strategy			
	Budget	Forecast (November)	Budget	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000
Net Expenditure	17,156	16,835	17,660	18,132	18,403	19,220	19,526
Contribution to/(from) Earmarked Reserves:	0						
- Commercial Investment Strategy	2,038	2,038	2,212	881	427	0	0
General Reserves	1,247	1,567	(1,228)	(331)	(121)	(434)	(342)
Budget Requirement	20,441	20,440	18,644	18,682	18,709	18,786	19,182
Non-Domestic Rates	(5,958)	(5,958)	(6,674)	(6,811)	(6,949)	(7,090)	(7,106)
Non-Domestic Rates (Growth Pilot)	(949)	(949)	0	0	0	0	0
S31 Grant	(1,729)	(1,729)	(1,579)	(1,579)	(1,579)	(1,579)	(1,579)
Revenue Support Grant (RSG)	0	0	0	0	0	0	0
Fair Funding Review Adjustment	0	0	82	163	245	326	408
New Homes Bonus	(2,038)	(2,038)	(2,212)	(881)	(427)	0	0
Collection Fund (Surplus) / Deficit	(989)	(989)	907	0	0	0	0
Council Tax Requirement	8,778	8,777	9,168	9,574	9,999	10,443	10,905
- Base (*)	61,749	61,749	62,854	63,978	65,123	66,287	67,471
- Per Band D	142.16	142.16	145.86	149.65	153.54	157.54	161.63
- Increase £			£ 3.70	£ 3.79	£ 3.89	£ 3.99	£ 4.10
- Increase %			2.60%	2.60%	2.60%	2.60%	2.60%

8. RESERVES

8.1 **Table 7** below shows the estimated impact on the Councils General Fund and key Earmarked Reserves over the life of the MTFS. The primary conclusions are:

i. General Fund

The Council maintains a General Fund of 15% of Net Expenditure over the MTFS period (this is subject to review, with a report coming to Cabinet in February).

ii. Budget Surplus Reserve

At the end of 2024/25 members will see that the Reserve maintains a 'credit' balance only after contributions from the Commercial Investment reserve, this demonstrates that the Council has a 'balanced budget' over the MTFS period.

iii. Commercial Investment Reserve

Between 2020/21 and 2022/23, members will see that there is an annual contribution to the Reserve of £3.5m; this is the same amount as the New Homes Bonus shown in **Table 6**. This clearly demonstrates that the Council is not relying on central government resourcing to finance the delivery of Council services.

Further, in 2020/21 members will see that the Reserve has a contribution of £2.2m; this is a direct allocation from an element of New Homes Bonus for that year. As noted in (ii) the Commercial investment Reserve makes a contribution to the budget surplus reserve from 2023/24 onwards.

Table 7	Reserves and MTFS						
	2019/20		2020/21 Budget £000	Medium Term Financial Strategy			
	Budget £000	Forecast £000		2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
GENERAL FUND (Unallocated) RESERVE							
b/f	2,686	2,555	2,525	2,649	2,720	2,760	2,883
Contribution to Reserve	0	0	0	0	0	0	0
Contribution from Reserve	1,247	1,567	(1,228)	(331)	(121)	(434)	(342)
Contribution from(to) Budget Surplus	(1,360)	(1,597)	1,352	402	161	557	388
c/f	2,573	2,525	2,649	2,720	2,760	2,883	2,929
Net Expenditure	17,156	16,835	17,660	18,132	18,403	19,220	19,526
Minimum Level of Reserves (15%)	2,592	2,525	2,649	2,720	2,760	2,883	2,929

BUDGET SURPLUS RESERVE							
b/f	3,449	3,465	3,031	1,621	1,161	942	327
Contribution to Reserve	0	0	0	0	0	0	0
Contribution from Reserve	0	0	0	0	0	0	0
Contribution from (to) General Fund	1,360	1,597	(1,352)	(402)	(161)	(557)	(388)
Contribution from (to) CIS Reserve	(266)	(1,266)	0	0	0	0	120
Contribution from (to) Earmarked Reserves	(723)	(765)	(58)	(58)	(58)	(58)	(58)
c/f	3,820	3,031	1,621	1,161	942	327	1

COMMERCIAL INVESTMENT RESERVE							
b/f	4,733	3,106	3,536	5,710	6,591	7,018	7,018
Contribution to Reserve (former NHB)	2,038	2,038	2,212	881	427	0	0
Contribution from Reserve	(2,716)	(2,874)	(38)	0	0	0	0
Contribution from (to) General Fund	0	0	0	0	0	0	0
Contribution from (to) Budget Surplus Reserve	266	1,266	0	0	0	0	(120)
c/f	4,321	3,536	5,710	6,591	7,018	7,018	6,898

9. CAPITAL PROGRAMME

9.1 The detailed draft Capital Programme for the period 2020/21 to 2024/25 is included in **Appendix 5** and summarised in **Table 8** below, along with the sources of finance. The revenue implications of the individual capital proposals are built into the individual revenue budgets and the impact of the proposed programme on the Minimum Revenue Position (MRP) is £2.5m This does not include the MRP for the Commercial Investment

Strategy (CIS) as this is dealt with separately under the CIS / MRP policy.

Table 8	Capital Programme Summary					
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Gross Expenditure						
Chief Operation Officer	2,306	2,250	2,250	2,200	2,150	2,100
Assistant Director of Transformation	0	94	15	15	0	0
Assistant Director of Resources	2,524	10,449	9,329	13,531	8,721	1,918
Head of Leisure & Health	1,489	306	296	285	300	0
Head of Operations	1,324	3,450	1,861	1,382	1,754	1,038
3C ICT	50	62	0	130	130	0
		0	0	0	0	0
	7,693	16,611	13,751	17,543	13,055	5,056
Sources of Finance						
Grants and Contributions	(1,475)	(1,393)	(1,301)	(1,301)	(1,301)	(1,301)
Use of Capital Reserves	0	0	0	0	0	0
Capital Receipts	(1,204)	(820)	(770)	(7,520)	(9,220)	(2,420)
Use of Earmarked Reserves	0	0	0	0	0	0
	(2,679)	(2,213)	(2,071)	(8,821)	(10,521)	(3,721)
Net to be funded by borrowing (Internal)	5,014	14,398	11,680	8,722	2,534	1,335

9.2 All capital proposals have been subject to internal officer scrutiny via the Finance and Procurement Governance Board and have followed the capital project methodology introduced last year.

10. COMMENTS OF OVERVIEW & SCRUTINY

10.1 The comments of the relevant Overview and Scrutiny Panel will be included in this section prior to its consideration by the Cabinet.

11. KEY IMPACTS / RISKS

11.1 The setting of the budget and the Council Tax will directly impact on how Council services are to be delivered to both the residents and businesses of Huntingdonshire. Consequently, the delivery of the 2020/21 Budget, when approved, will be proactively managed via the Council's budgetary monitoring processes throughout the year. In addition to the budget itself, it is essential that the Council maintains adequate reserves to ensure that it has an effective safety net to meet unforeseen risks.

12. TIMETABLE FOR IMPLEMENTATION

12.1 The 2020/21 Budget forms an integral part of service planning process for 2020/21 and therefore actions and timescales required to ensure savings are achieved and service spending is in line with the approved budget will be contained within the final service plans.

13. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

13.1 The Budget is the financial interpretation of the Council's strategic and operational priorities that are included within the entire Corporate Plan. However, the budget process itself meets the following specific aims and objectives of the Corporate Plan:

- Becoming a more efficient and effective Council.

13.2 This will assist the Council to:

- Become more efficient in the way we deliver services providing value for money services.

14. CONSULTATION

14.1 A consultation process is currently underway.

15. LEGAL IMPLICATIONS

15.1 There are no direct legal implications arising from this report.

16. RESOURCE IMPLICATIONS

16.1 The resource implications have been shown within the main body of this report.

17. OTHER IMPLICATIONS

17.1 All implications are contained within the body of the report.

18. REASONS FOR THE RECOMMENDED DECISIONS

18.1 To enable Cabinet to comment on the Draft Budget 2020/21 and the MTFS:

- the impact of Budget changes on service budgets.
- Draft Capital Programme 2020/21 to 2024/25.
- Increasing the Council Tax over the life of the MTFS

19. LIST OF APPENDICES INCLUDED

Appendix 1: Draft Budget 2020/21 and Medium term financial Strategy 2021/22 to 2024/25

Appendix 2: Council Tax Base 2020/21

Appendix 3: Savings proposals

Appendix 4: Service Growth proposals


Appendix 5: Capital Programme 2020/21

BACKGROUND PAPERS

Working papers in Resources; Accountancy Services

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