Executive **14 February 2019**

Report of the Deputy Chief Executive/Director of Customer and Corporate Services
Portfolio of the Executive Leader (incorporating Finance & Performance)

Financial Strategy 2019/20 to 2023/24

Summary

1. This report presents the financial strategy 2019/20 to 2023/24, including detailed revenue budget proposals for 2019/20, and asks Members to recommend to Council approval of the proposals. Following on from consultation with residents and business groups, the financial strategy delivers a balanced budget for 2019/20 with savings proposals totalling £4.3m, equivalent to 3.5% of the net budget. There are separate reports on the agenda covering the capital budget and the treasury management strategy.

2. Key issues included in the proposals are as follows;

   - A proposed basic council tax increase of 1.75 % in 2019/20.
   - In addition an increase of 1.5% in line with the government's social care precept, equating to additional income of £1.4m, which provides support for social care
   - Revenue savings of £4.3m in 2019/20
   - A reduction in the SFA (settlement funding assessment) from central government of £4.1m
   - Ensuring a financially prudent budget by addressing known budget pressures, including likely pay awards and inflationary pressures
   - Investment in key priority front line services
   - In total, £3.9m additional recurring growth relating to adult social care, including pay and pension costs

- £1.8m to cover increased pay and pension costs across all areas of the Council
- £800k growth in Children's Services and £150k one off growth for additional social care workers
- £340k growth in Waste and Street Cleansing and £185k one off growth to cover pressures in waste services and create capacity to invest in transformation
- £602k to cover unavoidable contractual price increases mainly in waste services and children's services
- £300k to ensure that the library service has sufficient budget to continue with the existing service provision
- £822k funded from New Homes Bonus and business rates to set up a Service Risk Reserve, to provide one off funding to facilitate the effective management of major budget pressures, or the management of critical performance concerns
- £1.5m funded from business rates to allocate into the venture fund, to deal with future cashflow or revenue implications regarding major planned developments
- One off investment of £420k to fund the continued development of the Local Plan
- Use of £450k funding from the transport reserve to fund ongoing expenditure, in line with the decision made in the 2018/19 budget
- A net revenue budget of £123.372m, which will be funded by:
    - i. Council tax income of £90.066m
    - ii. Retained business rates of £32.806m
    - iii. One off income of £500k
- Alongside these proposals, elsewhere on the agenda the Capital Strategy Report details significant capital investment in transport, highways, schools, libraries and housing, which together with the revenue budget proposals ensure continued investment in key frontline service delivery, and supports the councils key priorities.

Recommendations

3. Members are asked to approve the average rent decrease of 1.0% to be applied to all ‘social housing rents’ for 2019/20, as required by legislation. This is shown in table 16 and described in paragraph 168.

4. Members are asked to approve the average rent increase of 3.4% to be applied to all rents which fall outside the definition on ‘social housing rents’ for 2019/20, with the exception of a 2.7% increase on the Gypsy, Roma and Traveller Community site rents as described in paragraphs 170 and 172.

   Reason: to ensure the ongoing financial stability of the HRA and allow work on improving the quality of the council’s affordable housing to continue.

5. Members are asked to consider the appropriate levels of council tax that they wish to see levied by the City of York Council for 2019/20. In doing so they should pay due regard to factors such as;

   - Expenditure pressures facing the council as set out in the report
   - Impacts of savings proposals set out in annex 2
   - Medium term financial factors facing the council as outlined in the report
   - Projected levels of reserves as set out in the report
   - Statutory advice from the Deputy Chief Executive/Director of Customer and Corporate Services

6. In light of the considerations outlined in the paragraph above, Members are asked to recommend to Council approval of the budget proposals as outlined in this report. In particular;

   - The net revenue expenditure requirement of £123.372m
   - A council tax requirement of £90.066m
   - The revenue growth proposals as outlined in the body of the report
   - The 2019/20 revenue savings proposals as outlined in annex 2
   - The fees and charges proposals as outlined in annex 3

- The Housing Revenue Account (HRA) budget set out in annex 4, the HRA savings proposals set out in annex 5 and the 30 year HRA Business Plan set out in annex 6
- The dedicated schools grant proposals outlined from paragraph 173
- The use of £100k of funds previously set aside in a Public Health Grant Reserve, to fund one off investment in substance misuse, as outlined in paragraph 77
- The use of £930k New Homes Bonus funding to fund one off investment and £51k New Homes Bonus to fund recurring expenditure, as outlined in paragraph 83
- the use of the remaining £522k New Homes Bonus funding and £300k funding from the business rates pool to create a Service Risk Reserve for future use, as outlined in paragraph 84
- the use of £1.5m funding from the LCR and NWY business rates pools to allocate into the venture fund, to deal with future cashflow or revenue implications regarding major planned developments including Castle Gateway, and Castle Museum, as referred to in the Capital Strategy report, and to be subject to future reports to the Executive

Reason: To ensure a legally balanced budget is set

7. The effect of approving the income and expenditure proposals included in the recommendations would result in a 3.25% increase in the City of York element of the council tax, 1.5% of which would relate to the social care precept. It is intended that the total council tax increase including the parish, police and fire authority precepts, will be agreed at the full Council meeting on 28 February 2019.

Background

National Context and Funding Issues

8. York has the 9th lowest band D council tax, the 4th lowest spend per head of population and the 4th lowest government funding per head of any unitary council in England. Annex 9 includes the relevant background data from all unitary authorities for 2018/19.

9. All aspects of the public sector are continuing to face challenging times. In recent years the council has had to deal with large reductions in funding, combined with a range of significant pressures.

10. The settlement funding assessment (SFA), comprises revenue support grant (RSG) and a business rates baseline. Further details of the settlement figures and medium term outlook are provided later in the report.

11. In relation to council tax, the proposals in this report are predicated on a basic council tax increase in 2019/20 of 1.75 %, plus an additional increase of 1.5% in line with the government's social care precept. Further information on council tax and the social care precept is included later in the report.

Local issues and challenges

12. Locally demand for council services continues to increase, with an ageing population and increased complex needs in respect of elderly care. There are also significant challenges in the health sector, including challenging financial positions for health partners which are in turn a significant financial risk to the council as described below. In addition, rising inflation is driving costs up, and there is continued pressure on many of the council's income budgets.

13. Adult Social Care services are facing significant challenges to make care and support sustainable for the future. A growing, ageing population with increasingly complex conditions are putting pressure on services. For example; demographics show that there are 2,800 older people in York with dementia; this is set to grow by 25% to around 3,500 in the next 10 years. Across York 14,000 older people live alone, this is set to grow to 16,000 by 2027 and there are an estimated 2,500 people over 65 providing 20 hours or more unpaid care each week. By 2025, it is estimated that that this level of care provided by older people will increase by 16%. These are just some of the challenges that the social care market faces in York.

14. The increased use of the Better Care Fund (BCF) to encourage the integration between health and adult social care, represents a significant risk to the council. The total BCF pooled budget for use across the health and social care sector in York is £17.5m in 2019/20, of which £8.6m is allocated to adult social care services. Clearly any future

reduction in either the overall BCF or the proportion allocated to social care would have a material affect on the council's finances.

15. In addition, this needs considering in the wider context of the health and social care economy in York as both the health commissioner (Vale of York Clinical Commissioning Group) and main provider (York Teaching Hospital NHS Foundation Trust) are currently carrying significant deficits. With the CCG projecting a £62m deficit by the end of 2018/19 and the hospital already reporting an in year deficit for 2018/19 of £9m. Their challenging plans to address these deficits may well impact on the future level of funding available for social care services. Whilst there is significant investment in social care for next year, there is a significant risk of further pressures in this area, and pressure on the ability of the service to meet challenging national targets. Members should consider carefully the level of council tax in the context of these significant pressures on social care.

16. Whilst devolution of business rates presents opportunities for the council, there are also associated risks with business rates appeals. The major capital programme the Council is embarking upon brings with it some significant risks. It is important that proper provision is made for such risks in the context of consideration of the levels of revenue reserves and contingencies. This is considered within the S151 statutory statement, and the section on reserves.

17. In particular this budget sets aside further business rates income to the Venture Fund, to provide funding for major capital projects where there are likely to be short/medium term cash flow issues. In doing so the Council is recognising the importance of these projects for the long term prosperity of the City, but ensuring their financial impacts in early years can be managed. In shaping the budget these issues have been carefully considered to ensure we set a budget that is both prudent and protects vulnerable people. Ensuring that there is the capacity to invest in council priorities has been a critical part of the budget deliberations.

Council Priorities

18. The Council Plan for 2015/2019 is based on our statutory responsibilities and the priorities of our administration. The plan is built around three key priorities:

- **a prosperous city for all** - where local businesses can thrive and residents have good quality jobs, housing and opportunities

- **a focus on frontline services** - to ensure all residents, particularly the least advantaged, can access reliable services and community facilities
- **a council that listens to residents** - to ensure it delivers the services they want and works in partnership with local communities.

19. The plan was formally approved by Council on 8 October 2015 following consultation with residents, businesses and staff.

20. A ‘Vision For The City in 2030’ was approved at Executive in July 2016. The key elements of the vision describes how the city will be in terms of the place, its people and the council, with sustainable growth providing the means to ensure all residents can fulfil their potential. This was summarised as “The Council will secure the future of York as a prosperous, progressive, and sustainable city, giving the highest priority to the wellbeing of its residents, whilst protecting the fabric and culture of this world-famous historic city”

21. The budget reflects the Council priorities with significant revenue and capital investment in a number of critical areas, or protection to existing spending, as set out in both capital and revenue reports. Specific examples of revenue investment include;

    - Adult social care –revenue investment in 2019/20 of £3.9m for specific increases in costs of care/other contracts, pay and pension costs and demographic growth

    - Children’s services – key statutory budgets are protected. Additional funding of £800k is included to support pressures, £140k to support inflationary increases and £150k one off funding for additional social workers.

    - Waste and Street Cleansing - additional investment for City Centre cleansing, for cleansing outside of the city centre, environmental ‘Pride in York’ schemes and the provision of free recycling boxes.

    - Libraries – additional investment to ensure that there will be no reduction in in the total number of staffed libraries across the city

22. Additional capital investment totalling £186m in relation to Transport, Housing, Economy, Environment, Schools and Libraries are outlined in the capital report.

Medium Term Financial Strategy

23. Anticipating that the council would be self funded from council tax and business rates in the medium term, it was recognised that a successful economy is critical to the council's financial future, with strong and growing business rates and the ability to attract better paid employment to the City.

24. Inevitably, savings will still need to be found in the medium term to deal with further reductions in funding and growth pressures. This is covered in more detail later in the report.

25. The medium term strategy will need to focus on delivering efficiencies across all areas and a need to drive forward some corporate savings programmes. Ensuring that there is the capacity to invest in key priority areas has been a critical part of previous budget decisions and will need to continue in the future.

26. This strategic approach ensures that any cross cutting implications are taken into consideration and savings in one particular area do not impact on other budgets in an unintended way.

27. This is covered in further detail later in the report.

Consultation

28. The council has been working with residents and businesses to identify the services that matter most to them and to understand their priorities for spending the council budgets.

29. The budget consultation launched on 3 October 2018 and closed on 23 November 2018 for paper surveys and closed at midnight on 30 November 2018 for online surveys.

30. This year the key component was an online 'budget slider' in order for residents to 'balance the budget' and understand the difficulties of completing this process in relation to different, competing service delivery areas. The consultation replicated a number of question sets from previous years on council tax and the social care precept, to allow us to track feedback.

31. The consultation was promoted to residents through various existing channels via the Business Intelligence team, published on the council's consultation page, and promoted via the communications teams. Paper

copies of the survey were available at council buildings and 3rd party premises across the city.

32. The online survey was promoted;

  - Within the business community via existing business network links and distribution groups such as Make It York, BID, York Chamber of Commerce, York Federation of Small Businesses and asking them to pass on to their members.

  - To equalities groups via the equalities network.

  - Our City was distributed to all households in the City (approx 89,000) in October, with delivery taking place over a two week period. The question set shown in Our City was the same as the online budget consultation, but with a reduced number of equalities questions. As with the distributed paper copies of the budget consultation, responses were sent back via Freepost to West Offices.

33. There was a drop-in session at West Offices with the Leader and Deputy Leader present along with some officer support.

34. The level of response to the online ‘Budget Slider’ and ‘Our City’ publication consultation processes, despite the variety of communication and awareness raising methods, has resulted in fewer responses than anticipated. This year there were 366 responses, fewer than in previous years.

35. This does not mean that other valuable insight cannot be gained from the process. Visits to the online ‘Budget Slider’ were tracked during the consultation, and showed that there were 2,782 unique visits to the web page, of which,

- 49% of people who visited the homepage went into the budget slider.

- However only 7% of people who visited the homepage went on to complete the slider.

36. This suggest that either; people found the budget setting process difficult and therefore did not finish and submit their feedback, the process may have been too lengthy, or that people did not understand how to use the functionality. As the product is a relatively common method of capturing feedback on budgets across the country, and the time people spent on the survey was less than 3 minutes, it suggests the most likely reason for

the low response rate is that people found it hard to make choices between the competing priorities for funding included in the consultation.

37. The key messages from the consultation were;

- The largest category (29%) of respondents were in favour of a 2.0% increase in the basic council tax (excluding social care precept)

- The largest category (48%) of respondents were in favour of the maximum 1.5% increase in the social care precept

- Asked about car parking charges, the largest category (43%) of respondents thought that the charges should remain the same

- Asked about fees and charges in general, the largest category (59%) of respondents thought that the charges should remain the same

- Respondents were asked if they agreed with various areas for capital investment. The area most agreed was a priority was renewable energy to reduce council and city energy bills (26%), followed by build more social housing (25%) and maintenance and development of highways and infrastructure assets (25%). Maintenance and historic assets and facilities (16%) and maintenance and development of IT systems to support front line services (9%) were the least favoured capital investment schemes.

- The consultation asked if certain services should have their funding stay the same or have funding reduced or increased. From the online respondents, the service that most believe should have increased funding is Public Health (27%), and the service that most people believe should have their funding decreased is Communities and Equalities (63%).

38. These consultation results have been used to inform the budget, as evidenced below;

- Respondents did not favour the maximum basic council tax increase, which is 3% before a referendum. The basic council tax increase is set at 1.75%. In previous years the council has favoured increased efficiency rather than increases in council tax. The council has delivered savings of more than £100m over last 10 years and there are a further £4.4m of savings set out in this report. Over the last 2 years, increases in council tax have been

3% (2016/17), 3.7% (2017/18) and 1.99% (2018/19). These increases were 0.99% (2016/17), 1.29% (2017/18) and 1% (2018/19) below the maximum limit allowable without a referendum.

- The council have prioritised capital investment in highways, housing and energy efficiency as detailed in the Capital Strategy report elsewhere on this agenda.

- Waste and Recycling services have not had any funding reductions since 2016/17 and adult social care services for vulnerable people continue to be protected.

- Respark permits and car parking charges have been frozen

39. All views and data gathered during the consultation will in due course be published on the York's open data platform www.yorkopendata.org

40. The council has a statutory duty to consult businesses on the council's expenditure plans. The consultation was publicised through York business networks and forums including Make It York, The Business Improvement District, York Chamber of Commerce and the York Federation of Small Businesses. The council will use these forums to announce the publication of this report on 31 January and will report any further feedback received by businesses to the Executive.

Principles that have shaped the budget process

41. As outlined above, due to the reduction in government funding, it is critical that the council continues to support economic growth, recognising the significant financial benefits in the form of retained business rates, and creation of jobs. Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is essential. The Capital Strategy sets out significant capital investment, and details regarding some of the major capital schemes that will impact on the economy of the city.

42. At a time of significant reductions in grants and rising demand it is absolutely essential to set a prudent, stable and achievable budget. Many councils across the country are now experiencing very severe financial challenges. Whilst the challenges for this council are significant, through sound financial planning, and in year management, the council retains strong financial health, and continues to be able to make

significant strategic investments. In response to a shift in demand led expenditure pressures and reductions in grant funding, the council is taking steps to enable itself, residents and communities to work together as equal partners to meet their future needs and priorities.

43. In terms of investment, the council spends a significant amount of its budget on protecting vulnerable people through its social care services. In 2018/19, the net cost of adult social care was £51.7m, 42% of the council's net budget.

44. The scale of the budget reductions required will inevitably affect all services and all residents to some extent. In considering what savings can be made we have taken long term approaches to the development of future services. This approach will help to protect the needs of the most vulnerable people in York.

45. The budget process adopted a risk based approach, and in particular prioritised statutory services to vulnerable adults and children, and key frontline services. Whilst all areas were asked in 2015 to consider the long term implications of up to a 30% reduction in their net spend over a 4 year period, assessment of options, risks, and links with priorities took place in formulating the final proposals.

46. Alongside the revenue budget, set out in the separate Capital Strategy report are proposals for further major investment in a variety of schemes. These continue the council's approach to prioritise investment in the economy, housing, transport, and to invest to save including energy efficiency. In addition, the council is continuing to make a significant investment in ICT, recognising that the need for high quality technology will be crucial to delivering services in the most effective manner in the future, particularly in relation to adult and children's services and customer services.

Budget analysis

47. The budget setting process has taken into account the following issues, (which are considered in more detail in following paragraphs);

   i. Consideration of the 2018/19 position.

   ii. Consideration of unavoidable cost increases, priority areas, how to create the capacity in priority areas and creating the capacity to allow for service improvement and innovation.

iii. Consideration of reductions in grant funding.

iv. Ensuring that the budget is robust and prudent and is based upon the strategic financial advice of the Deputy Chief Executive/Director of Customer and Corporate Services as s151 officer.

v. Ensuring there is a strong link between the capital and revenue budgets and that the delivery of priorities fully considers the two budgets hand in hand.

2018/19 position

48. As part of the budget approved in February 2018, considerable investment was made in priority services to ensure sufficient resources to deliver statutory and priority services. The most notable example was additional funding for adult social care contracts, with the inclusion of £2.1m growth. At a time of significant financial challenges, this was a major investment to ensure the council were able to provide a better funding deal for care providers and to cover a general increase in adult contracts, including the new national living wage.

49. As outlined earlier in the report, and in a separate report elsewhere on this agenda, the latest finance and performance report identifies a range of budget pressures with the expectation that these will be contained within the overall approved budget by the end of the financial year.

50. However some areas identified as pressures in 2018/19 will require additional funding going forward and these include £964k to cover the closure of Older Person's Homes, £340k relating to waste and street cleansing and £800k in Children's services. These are covered further in the next section of the report. In addition the Council will need to take some concerted actions to ensure cost pressures are minimised, with cost avoidance strategies to be implemented. Provision is included within the budget for this.

Unavoidable cost increases, priority areas and creating capacity

51. There is continued pressure on budgets from an increase in costs in elderly care due to an increase in demand and more complex needs. The cost of adult social care is forecast to increase as existing customers with high needs transition from children's services.

52. A detailed analysis of these pressures has been conducted and additional resources have been allocated for areas where it was considered essential to invest. In addition we have identified areas where there is a need for additional investment to deliver council priorities, to ensure budgets are prudent and to protect vulnerable people.

53. The following bullet points set out the areas where additional investment is being made;

- Pay and Pension costs - **£1,800k** is included for pay and pension costs in 2019/20. An assumption of 2% is made for a pay award. Capacity is also created to provide funding for the Living Wage.

- Contractual price increases **£1,941k** - to cover an increase in adult social care contracts

- Contractual price increases **£602k** - to cover unavoidable contractual price increases mainly in waste services and children's services

- Adult Social Care **£600k** – Growth is required to cover the cost of adults as they transition from Children's Services within 2019/20

- Waste and Street Cleansing Pressures **£340k** – Executive agreed additional investment for City Centre cleansing, cleansing outside of the city centre, environmental 'Pride in York' schemes and the provision of free recycling boxes. This was funded as a one off using the 2017/18 underspend and it is now proposed to fund on a recurring basis. It is also proposed to halve the price of bulky waste collections from £44 to £22 at an estimated cost of £57k.

- Children's services **£800k** – Growth is required to cover the cost of social work staffing (£240k); foster care allowances (£130k); clinical psychology (£90k); care leavers support (£25k) and LAC placement costs (£315k).

- External Home Closures **£964k** – Growth is required to cover the additional on-going costs of securing new provision for council funded customers in a number of private older persons' homes that closed during 2018.

- Mental Health Champions Programme **£50k** – to continue funding this programme in schools which is currently co-ordinated by the School Well Being Service and was previously funded by Public Health

- Library services **£300k** – To enable the Council to award a 15 year library and archives operator contract which delivers on the vision agreed by the Executive in 2018. The vision sets out how the Council meets it's statutory duties whilst delivering on the commitment by Full Council in October 2017 that there will be no reduction in the total number of staffed libraries across the city.

54. There is no growth this year in respect of the impact of the capital programme. The overall growth in the capital programme proposed, combined with low interest rates, repayment of loans and the updated capital programme position, means that no growth is required and a reduction of £835k is proposed as a corporate saving due to some loans dropping out. It should be noted, as set out later, that from 20/21 there will be significant impacts on the revenue budget from the capital programme however, and future financial strategies will need to make provision for this cost increase.

55. As set out earlier, there remain potential pressures and risks within adult social care. The budget provides for a significant investment within Adult Care, however it is recognised there remain a number of risks in this areas. There is also a need to consider investment in working with partners in the health sector further in the future, and therefore later in the report additional funding for a Service Risk reserve to invest in cost mitigation strategies.

<u>One off Investment</u>

56. In addition to the ongoing expenditure pressures set out above one off growth totalling £1,030k is included.

    - Cyber Security Enhancements **£75k** – whilst the Council fully complies with Government standards, and has significantly invested in security measures, and latest technologies, the scale of the challenge cannot be under estimated given the extensive information, and web based applications the Council operates. This additional one off funding would allow for further work to be done complimenting existing measures, focused on our digital platforms.

    - Waste Services Resilience/ Transformation **£185k**- additional funding to allow the services to deal with some critical pressures in next 12 months, ensure service resilience, and create some capacity to invest in transformation.

- Local Plan **£420k** - Work on the Local Plan will be ongoing in 2019/20 and therefore additional budget of £70k is required to support delivery. It was agreed in a previous year's budget to defer a £200k saving until completion of the Local Plan and a £70k saving due in 2019/20 has also been deferred.

- Children's Services **£150k** – for two additional interim social workers for a 6 month period. Like many other local authority areas, the service is seeing a sustained increase in work load demand and complexity that shows little sign of relenting. The team are managing a number of complex cases before the court. Additionally further one off investment is required to address some of the recommendations from the recent Ofsted report.

- MyCityCentre Community Consultation **£100k** –to invest in a 'My City Centre' consultation be held with key stakeholders (including residents, businesses, cycle/pedestrian groups and groups that represent people who have special access requirements) on the wider issues of accessibility, safety and traffic management in the city centre as recommended by Executive in September 2018 as part of the report on City Centre Access report

- Substance Misuse **£100k** – targeted at provision for alcohol treatment, to enable the new NHS 10 year plan to come into effect. This will be funded from the Public Health Grant reserve.

57. The one off growth items above are funded from £930k New Homes Bonus grant provided by central government and £100k from the Public Health Grant reserve.

Expenditure Pressures Summary

58. The expenditure pressures described above are set out in the following table;

Expenditure Pressures	**2019/20 £'000**
Recurring Investment	
- Pay and Pension Costs	1,800
- Adult Social Care Prices Contingency	1,941
- Prices Contingency	602

- Adult Social Care Demographic Growth	600
- Waste and Street Cleansing	340
- Children's Services	800
- External Home Closure	964
- Mental Health Champions	50
- Library Services	300
One off Investment	
- Cyber Security Enhancements	75
- Waste Resilience/ Transformation	185
- Local Plan	420
- Children's Services	150
- MyCityCentre Consultation	100
- Substance Misuse	100
Total Expenditure Increases	**8,427**

Table 1 – Summary of expenditure pressures

Grant Funding Changes

59. The total RSG grant due to the Council was forgone in 2018/19 due to the inclusion of the council in the 100% business rates pilot. The 2018/19 RSG funding was equivalent to £4,576k. The RSG due to the Council in 19/20 is £529k. However, since the Council are once again included in a new business rates pilot in 2019/20, the RSG due in 2019/20 is also forgone. The £4,576k reduction in shown below in the first line of Table 2.

60. The second line of Table 2 shows the net change in specific grants. Public Health Grant will reduce by £211k and the Housing Benefit Admin Grant will reduce by £225k.

61. The council will receive a grant of £1,982k in 2019/20 to fund Adult Social Care pressures. This will be used to fund growth in adult social care and is covered in further detail later in the report. There is a possibility that the adult social care grant may not continue in 2020/21.

62. The council received a transitional grant of £407k and Adult Social Care grant of £457k in 2018/19 which was non ring fenced one off grant. These will cease in 2019/20 but since these grants were not used to fund recurring budgets they are not taken account of in these figures.

63. In total, specific grants are estimated to increase by £1,546k in 2019/20.

Funding Changes	2019/20 £'000
- Reduction in RSG (excluding effect of business rates pilot)	4,576
- Net change in specific grants	-1,546
Net Funding Changes	**3,030**

Table 2 – Grant Funding changes

Council Tax Funding Changes

64. Table 3 shows the net changes to council tax funding.

65. The first line in Table 3 shows the 3.25% increase in council tax which will generate additional income of £2.791m on the existing taxbase.

66. A further £1.377m council tax is generated due to an increase in taxbase as shown in the second line of Table 3. The taxbase is calculated by the Deputy Chief Executive/ Director of Customer and Corporate Services each year and represents the total number of Band D equivalent properties in the city. In 2019/20, this has grown by approximately 912 properties due to a number of factors including new homes and changing patterns in the number and types of discounts taxpayers are able to receive or apply for.

67. The third line is the collection fund surplus of £1.626m from 2017/18 which was used in the 2018/19 budget and falls out this year.

68. The fourth line is the collection fund surplus from 2018/19 of £500k. The council tax collection fund surplus for the full year 2018/19 is estimated on 15 January 2019, based on current year actual figures. The surplus is a result of an increase in taxbase, compared to estimates made last year. The collection fund surplus is only available as one off funding.

69. In summary the Table 3 shows an estimated £3.042m additional income from council tax in 2019/20.

Council tax	2019/20 £'000
- Increase in charge	-2,791
- Increase in taxbase	-1,377
- Collection Fund Surplus 2017/18	1,626
- Collection Fund Surplus 2018/19	-500
Net council tax changes	**-3,042**

Table 3 – Council Tax Funding changes

Business Rates Income

70. Table 4 shows a total of £3.029m additional income from business rates.

71. This consists of business rates growth, additional business rates funding from central government in replacement of 2019/20 RSG and central government's redistribution of the surplus on the 2017/18 levy account.

72. There may be further one off benefits from the 75% pilot which have not been assumed within the budget figures, and will be the subject of further consideration during 2019/20 as the amounts become more certain. This is covered in further detail later in the report.

Business rates income	2019/20 £'000
- Business Rates growth	-3,029
Change in income	**-3,029**

Table 4 –Change in Business Rates Income

Savings Proposals

73. Directorates have identified £2.745m to contribute towards the 2019/20 savings target in addition to corporate savings of £725k by maximising the use of council assets and £835k in treasury management. These proposals, outlined in annex 2, include increases in income, reductions in administration costs and removal of vacant posts.

74. The savings proposals included in annex 2 provide the details of the 2019/20 impact totalling £4.305m. The first column includes savings totalling £1.1m which were agreed by Council in February 2018 and new proposals totalling £3.2m are included in the second column.

75. Table 5 summarises the 2019/20 savings to be delivered by each directorate and corporate services.

Savings	2019/20 £'000
- Health, Housing, Adult Social Care - Economy and Place - Customer and Corporate Services - Corporate	-1,568 -187 -990 -1,560
Total Savings Changes	**-4,305**

Table 5 –2019/20 Savings Proposals

Use Of Reserves

76. As at 31st March 2019 a balance of £178k is forecast to be held in the Public Health Grant reserve.

77. It is proposed that £100k of the balance is used to fund one off investment in substance misuse.

Use of Reserves	2018/19 £'000
- Public Health Grant Reserve	-100
Change in income	**-100**

Table 6 –Use of Reserves

78. As agreed in the 2018/19 budget, it should be noted that the use of the transport reserve to fund ongoing expenditure in 2019/20 will continue at £450k.

New Homes Bonus (NHB) Grant

79. The New Homes Bonus was introduced to provide an incentive for local authorities to encourage housing growth in their areas.

80. In the settlement announced in February 2017 a number of changes were announced to NHB from 2017/18, which include;

- A top slice of the overall funding pot to fund adult social care

- A reduction of legacy payments to 4 years from 2018/19

- A change to the funding criteria whereby authorities will only receive funding for growth above the national baseline set at 0.4%. When an authority has overall growth in excess of the baseline, it only gets rewarded for the above-baseline growth, not its entire growth. The government were considering increasing this national baseline but it has remained at the same level in 2019/20.

- Future payment may also be linked to delivery of a Local Plan. This represents a risk to the council, if the Local Plan is not finalised payment of the grant may be deferred or reduced.

81. As a result future New Homes Bonus will begin to decline. Taking account of estimated levels of grant in future years, and approved commitments, we will consider phasing out any ongoing revenue funding from New Homes Bonus. This currently totals around £2.2m and therefore over the coming years this may need to be gradually phased out. In 2018/19 an initial allocation of £400k was made and future allocations will be considered further in future budgets.

82. The total funding available in 2019/20 is £3.6m. As mentioned above, £2.2m of NHB funding is already allocated to fund recurring expenditure as determined by previous Council decisions. These are set out in Table 7 below.

83. The budget proposals include one off investment of £930k and recurring expenditure of £51k which will be funded from NHB.

84. The remaining balance of £522k NHB funding will be transferred to a Service risk reserve primarily for Adults Services, for future use. As mentioned elsewhere in the report, a further £300k will be transferred to the service risk reserve from the business rates pool, taking this sum to £822k. This is covered in further detail later in the report.

New Homes Bonus	**£'000**
- Available 2019/20	-3,689
- Remaining balance from 2018/19	-22
- Total available 2019/20	**-3,711**
- Previous Council Decisions	

February 2016 Budget - recurring	1,349
July 2015 Budget Amendments - recurring	1,259
- 18/19 Allocation to phase out NHB funding	-400
- Allocated in this budget (recurring)	51
- Allocated in this budget (one off)	930
NHB remaining – Transfer to risk reserve	**-522**

Table 7 – New Homes Bonus Funding

Net Budget Composition

85. Taking into account funding changes summarised in Tables 2, 3 and 4, Table 8 below summarises the funding available from council tax and business rates for 2019/20.

	2019/20 £'000
Council Tax	90,066
Collection Fund Surplus	500
Business Rates	32,806
Total Net Budget	**123,372**

Table 8 – Net budget composition for 2019/20

Summary of Budget Changes

86. The following table shows the budget position after taking account of the expenditure and funding changes outlined.

Summary	**2019/20 £'000**
Total expenditure pressures (Table 1)	8,427
Total net funding changes (Table 2)	3,030
Total changes in council tax (Table 3)	-3,042
Total changes in Business Rates income (Table 4)	-3,029

Total savings and income generation (Table 5)	-4,305
Use of Reserves (Table 6)	-100
New Homes Bonus funding (Table 7)	-981
Budget gap	**0**

Table 9 – Budget position summary

Fees and charges

87. Detailed proposals for any changes to fees and charges are attached at annex 3. The proposals have taken account of such factors as current consumer price indices, possible impact on customer numbers, knowledge of business and current market conditions and benchmarking exercises. Any increased income from this review of charges is included within the overall list of savings attached at annex. The majority of increases are approximately in line with inflation with the exception of fees which are set by central government.

88. One of the major areas of income generated is from car parking fees and charges. There will be no increase on car parking charges and it is proposed that the price of the first car Respark permits will be frozen.

89. Licensing fees have increased to cover restructuring the team to increase capacity and enforcement. This is to ensure that the costs of licensing activity is funded by the user of the service. The Taxi Licensing account is forecast to break even in the year with income and expenditure of c£310k. Animal Health fees have increased to reflect the changes to the licensing regime which require changes to the issuing of licences, inspections and ratings. Fees are based on an assessment of time take taken to allow full cost recovery.

90. The cost of bulky waste collection is proposed to reduce by 50% from £44 to £22 to encourage additional use of the service by residents. The additional cost to the council and lost income from the proposal has been included as growth within the budget.

Council Tax and the Collection Fund

91. The council tax referendum limit remains at 3% (excluding social care precept) for 2019/20. The threshold is not guaranteed to continue

beyond 2019/20. If a Council wishes to set a higher council tax it must hold a referendum. It must also provide 'substitute calculations' which need to be presented to setting out what the alternative budget would be. This means that that if any proposal is made for a council tax above the referendum limit it must be accompanied by 'substitute calculations' within the referendum limit, to be used in the event that the referendum would reject the increase. If a referendum is held after the beginning of the relevant financial year, the higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. In the event that a referendum rejects the increase, the billing authority would be able to issue new bills, offer refunds at the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.

92. The costs of a referendum are not easy to estimate, and depend to an extent on whether it can be done as part of another election. If there is no other election, provision should be made for £210k. If the referendum could be combined with another election this would reduce the cost by approximately 50%. Local elections are taking place in York in May 2019. In addition there are the costs of rebilling which is estimated at £50k.

93. Local authorities with responsibilities for adult social care have been given the flexibility to charge a further social care precept in addition to the 3% referendum threshold. The Council can charge up to a maximum of 1.5% on social care precept.

94. As referred to earlier in this report, the recommendation made in these papers is that from April 2019 the CYC element of the council tax will increase by 3.25%, 1.5% of the increase relating to the social care precept.

95. A 1.5% social care precept increase generates additional income of approximately £1.395m for the council which will be used to fund adult social care increased costs, pay, pension and other pressures. A range of investments are being made that contribute to improvement in social care as detailed in Table 10 below. The overall net increase in social care budget, including savings, actually equates to 3.1% Council tax increase.

	2019/20
	£'000
Social Care Grant	1,982
Social Care Precept	1,395
Total Additional Social Care Income	**3,377**
Invested in:	
Pay And Pension	361
Price Inflation	1,941
Demographic Pressures	600
Older Person's Homes Closure	964
Total Invested	**3,866**

Table 10 – Adult Social Care investment

96. The existing components of the current (2018/19) band D council tax for a CYC resident are shown in Table 11 below. It should be noted that these figures exclude parish precepts which are an additional charge in some areas.

	£
City of York Council	1,288.38
North Yorkshire Police Authority	232.82
North Yorkshire Fire Authority	69.20
TOTAL	**1,590.40**

Table 11 - Make Up of 2018/19 Council Tax

97. The collection fund is the ring-fenced account where all council tax is credited. This account can either be in surplus or deficit at the year end, depending on whether the authority has managed to collect more or less than it originally anticipated and the growth in property numbers. This year, the CYC element of the council tax surplus is estimated to be £500k and this is included in the budget assumptions.

Precepts

98. In addition to the council tax to be charged by the City of York, the overall charge must include the precepts from the North Yorkshire Police, Fire Authority and parish councils. Due to the timing of this report these precepts are not yet available but will be included in the report which is considered by full Council on 28 February.

99. Table 12 demonstrates both the cash and percentage increase in 2018/19 for these which resulted in a total band D council tax for a York property of £1,590.40.

	2017/18	2018/19		
	Charge (£)	Increase (£)	Increase (%)	Council Tax (£)
CYC	1,244.93	43.45	3.49%	1,288.38
Police	221.32	11.50	5.20%	232.82
Fire	67.19	2.01	2.99%	69.20
Total	1,533.44	56.96	3.37%	1,590.40

Table 12 – 2018/19 Council Tax Figures for City of York Area

100. There are 31 parish councils within the City of York Council area. It should be noted that the council will provide each parish with a support grant to ensure that they do not experience any loss on their equivalent funding as a result of changes due to the localisation of council tax support.

Business Rates (National Non Domestic rates - NNDR)

101. The council is projecting retained business rates income in 2019/20 of £32.806m.

102. The small business non-domestic multiplier will increase from 48.0p to 49.3p (a 2.29% increase, in line with the September 2018 CPI). The provisional non-domestic multiplier will increase from 49.3p to 50.4p (this is the multiplier used to calculate bills for large businesses with Rateable Value greater than £15,000).

Business Rates Pooling

103. Receipts of business rates in each individual local authority area may or may not match the amount the government believes the authority needs to spend, so, at the outset of the scheme in April 2013, amounts were equalised through a system of ‘tariffs’ and ‘top-ups’, according to need. Authorities that collect more than the government believes they need to spend pay over a ‘tariff’ to government and those that collect less receive a ‘top-up’ to make up the difference.

104. Tariff authorities that are successful in growing their rates are also liable for ‘levies’ which scale back the rewards of growth – by as much as 50% in some cases. The current scheme allows groups of authorities to join together to form business rates pools. Pooling allows groups of ‘tariff’ and ‘top-up’ authorities to gain financial advantage by enabling levy payments to be paid to the pool rather than central government. City of York Council is a member of the Leeds City Region (LCR) Business Rates Pool, effective during 2018/19.

LCR 100% retention pilot for 2018/19

105. In 2018/19 the Leeds City Region (LCR) business rates pool, made a successful application for inclusion in the expansion of the pilot programme for 100% business rates retention for 2018/19.

106. The council benefited from one off gains from the pilot. As the Pilot was only for 1 year, these gains were not assumed as ongoing. The value of these gains is anticipated to be in the region of £2m direct to CYC.

107. Members agreed to allocate £1m of this one off funding to the Venture fund in 2019/20 to finance early years deficits on the revenue costs of borrowing in relation to York Central.

108. It is proposed that the remaining £1m one off funding from the LCR pool is allocated to the Venture Fund and this is covered in more detail later in the report.

North and West Yorkshire (NWY) 75% retention pilot for 2019/20

109. Further devolution of Business rates income is still expected to be introduced nationally in 2020/21, although at 75% retention. This is covered in further detail later in the report.

110. In September 2018 the Government announced a decision to proceed with the expansion of the pilot programme, offering 75% business rates retention for 2019/20. As before, these pilots will run for one year only.

111. An application together with the current members of the Leeds City Region (LCR) business rates pool and North Yorkshire authorities was submitted and has been successful. The new pool is known as the North and West Yorkshire (NWY) pool.

112. This opportunity builds on many years of successful regional collaboration, providing members and partners with the opportunity to further develop existing relationships and processes to help in the move towards powers, resources and decision-making being undertaken at the optimum level to deliver a growing, inclusive economy.

113. The inclusion in the 75% business rates pilot in 2019/20 means that the council will again forego Revenue Support Grant (RSG) in 2019/20. The council will retain 74% of business rates but the 'tariff' and baselines are recalculated so that after taking into account the loss of RSG the effect on each individual authority is cost neutral as a starting point (excluding retained growth).

114. The benefit for the council is that between the council and the pool we may retain 74% of growth and no levies on growth are payable.

115. In addition, the pool would also receive growth. The pool would allocate 50% of the monies back to the individual authorities based on population and amounts paid in. The other 50% will remain in the pool, which would be distributed on the same principles which are currently in place for the LCR pool.

116. The governance agreement for the pool sets out how the pool proposes to share and use additional business rates income, how member authorities will work together to manage risk and the provisions for dealing with residual benefits or liabilities.

117. The benefits of the 75% retention, along with national changes to business rates in future years, will see two main impacts as set out below.

118. Firstly, an increase in the amount of growth in business rates retained by the Council, which is expected to continue for future years. This is included in the £3.029m business rates growth for 2019/20.

119. Secondly, the council will benefit from one off gains from the pilot in relation to the 75% retention of business rate growth. As the Pilot is only for 1 year, these gains cannot be assumed as ongoing. The value of these gains is anticipated to be in the region of £800k direct to CYC. It is proposed that the £500k from the NWY pool is allocated to the Venture Fund and £300k is allocated to the Service Risk reserve , as covered elsewhere in this report.

120. Additional business rates growth resulting from the pilot scheme could be utilised to further support risks and potential future investment needs

relating to York Central and social care. A further report will be brought to Members during 2019/20 once more detailed figures are available for this funding.

Reserves and Contingency

General Reserves and Contingency

121. Table 13 shows the position on the general fund reserve which, it is anticipated, will be £7.442m by the end of 2018/19. The projected reserves at the end of 2018/19 are based on the assumption that Members agree no usage of reserves in 2019/20 as part of the final recommendations to Council. It should be noted that the figures below also assume that there will be no requirement to fund an overspend against the 2018/19 budget.

	2018/19 Projected Out-turn £'000	**2019/20 Budget £'000**
General Reserve at start of year	7,442	7,442
In Year use of reserves	0	0
General Reserve at end of year	7,442	7,442
Prudent minimum reserves	6,400	6,400
Headroom (+)/Shortfall (-) in Reserves	1,042	1,042

Table 13 – Projected General Reserves

122. In line with best practice, the council has undertaken a review of risks and known commitments in order to determine its minimum general reserve level. In considering this, it has been determined by the Deputy Chief Executive/ Director of Customer and Corporate Services that a level of £6.4m remains an appropriate figure. However in light of the risks facing the council, it is considered that headroom should remain above the minimum level. This is covered in further detail within the S151 statutory statement at the end of the report.

123. In addition to general fund reserves, the budget includes a £500k general contingency. In recent years this has always been required. In addition, it was agreed in last years budget to set up a further contingency of £800k to provide additional resource to fund pressures in adult social care.

124. As mentioned earlier in the report, due to significant risks associated with major capital projects, reduction in New Homes Bonus and health budgets it is appropriate to provide an adequate contingency on an ongoing basis. This is critical in terms of the setting of a prudent budget.

Service Risk Reserve

125. As mentioned earlier in the report, £522k funding will be provided from New Homes Bonus and £300k funding from business rates to set up a Service Risk Reserve. This will provide one off funding to facilitate the effective management of major budget pressures, or the management of critical performance concerns. For example it could provide one off investment for specific service activity that mitigates rising cost pressures (cost avoidance), or funding for partnership working.

126. The use of this funding for this purpose is critical in seeking to manage and mitigate future cost pressures and will be a key factor in the councils financial strategy, seeking to control future costs in particular within adults, including joint work with health partners. For 2019/20 it is anticipated that Adult Services will need to make calls on this funding. All allocations from the fund will be approved by Executive.

Venture Fund

127. The balance on the venture fund reserve is anticipated to be £5.2m at the end of 2018/19.

128. In March 2016 Members agreed that the Venture Fund be used to fund £1.0m of the Community Stadium capital expenditure which will be repaid from later year's leisure revenue budget savings and it is expected that this advance will be provided in 2019/20. In addition, up to £300k was allocated for dealing with any early year shortfall in the revenue budget, which may be required in 2022/23.

129. In relation to the York Central Enterprise Zone, in November 2018 Members agreed to allocate £1m to the Venture fund in 2019/20 from the 2018/19 LCR business rates pilot and for up to £3m of the Venture Fund to be used to finance early years deficits on the revenue costs of borrowing. This may not occur until 2023/24.

130. In July 2018 Members agreed to allocate up to £200k to manage early year deficits on the Burnholme operations. This may not occur until 2023/24.

131. As noted above there is £1m 2017/18 funding remaining in the LCR pool and an anticipated £500k funding available from NWY pool in 2019/20. It is recommended that we allocate the total £1.5m into the venture fund, to deal with future cashflow or revenue implications regarding major planned developments including Castle Gateway, and Castle Museum which are referred to in the Capital Strategy report.

132. After taking into account the above commitments, the forecast balance on the venture fund is included below in Table 14.

	Forecast Year end Venture Fund Balance
	£'000
2018/19	5,229
2019/20	4,414
2020/21	4,739
2021/22	4,921
2022/23	4,809
2023/24	1,846

Table 14 –Venture Fund Balance

133. The reduction in balance in 2023/24 relates to York Central, as described above.

Medium term planning

Medium Term Economic Outlook

134. The next spending review will take place in 2019, which is expected to set out spending plans for 4 years (although this is not certain) from 2020/21 to 2023/24. The Autumn budget did not set out any further details about how funding will be allocated in the 2019 Spending Review, although it did say that the NHS was a priority. Instead the budget provided an 'indicative path for public pending to 2023/24' which is 'open to revision next year'.

135. There is some optimism that in the future some parts of local government could receive better settlements than in recent years, with it being recognised that adult services and children's services are in a critical position nationally.

136. However, significant risks remain and it should be noted that any worsening in future Office of Budget Responsibility (OBR) forecasts may necessitate a decrease in funding or impact on the outcomes of the funding formula review, which is covered in further detail below.

Revenue Support Grant (RSG)

137. Since 2016/17 the government finance settlement has changed from an annual settlement to a multi-year settlement, including principles for maximum council tax increases over the same period. The current spending review period ends in 2019/20.

138. The council's inclusion in the 75% business rates pilot in 2019/20 means that the council will forego the remaining Revenue Support Grant (RSG) in 2019/20 of £529k.

Business Rates and Funding Reform

139. As highlighted in previous Financial Strategy reports, the government intended to phase out Revenue Support Grant (RSG) by 2020/21, to be replaced by a system which allows local government to retain a greater percentage of business rates.

140. The government has signalled it's commitment to this principle through the extension of the 75% business rates pilots in 2019/20 and by increasing local authorities' retention of business rates from 50% to 75% from 2020/21.

141. The Government issued two consultation papers alongside the provisional settlement in December 2018.

142. The first consultation paper is on the Governments plans to reform the business rates system and to create a 'simplified' system. The second paper sets out the latest proposals on the Fair Funding Review (FFR).

143. Within the business rates consultation paper there are some indications as to how a future system might be designed. The Government have

indicated that they are minded to have a full business rates baseline reset in 2020/21. This could have significant implications for a high growth authority such as York, as any growth built up since 2013/14 is likely to be taken and redistributed to authorities with higher ‘needs’, according to the formula.

144. The new system is likely to reward growth more generously with 75% and a very limited levy, which would only become effective if there was ‘extraordinary’ growth. This approach would be a benefit to a high growth authority such as York.

145. The pooling incentive might be lessened as a result to the changes in the levy, but it is expected that the Government would still want to incentivise pooling. This may be achieved by increasing the retention rates above 75%.

146. In an attempt to simplify the system there is an alternative proposal for a system of rate retention which is not necessarily less complex but could create a more predictable and less volatile system. This option forms part of the consultation.

147. As previously announced, after the next revaluation (in 2022/23), revaluations will take place every 3 years. This should help to reduce volatility in the system. In the future it is expected that regular baseline resets will overlap with the revaluations.

148. Although there was some consideration given to nationalising appeals, there is not now expected to be any significant change in the way that appeals are handled. The risk of appeals will remain with local government.

149. The second consultation relates to the Fair Funding Review (FFR) which focuses on the cost drivers for individual authorities. The paper tends towards a flatter distribution of ‘needs’. It is expected that this would be implemented as part of the 2020/21 local government finance settlement. As part of the funding reform, additional responsibilities will transfer to local government, potentially the administration of housing benefits for pensioners and funding of public health.

Social Care Funding

150. Social care funding received an extra £650m in 2019/20, to ensure that social care pressures do not create additional demand on the NHS. This

may be used to fund social care services for older people, people with disabilities and children.

151. The Social Care Green Paper was originally due to be published in Summer 2017, but is now expected to be published at the ‘earliest opportunity in 2019’. This is expected to consider with the longer-term challenges in adult social care, and its purpose will be to build a sustainable, long-term, reliable system. As set out elsewhere in this report there are ongoing pressures within social care funding, linked to the financial challenges within the NHS.

Medium Term Strategy and Approach to Savings

152. Recognising some of the risks set out in preceding paragraphs, in particular the state of the UK economy, and the distribution of local government funding, the table below, Table 15, sets out the headline figures for the Council’s medium term financial forecast.

	2020/21	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£’000	**£’000**	**£’000**	**£’000**	**£’000**
GROWTH					
Pay and Price inflation	2,465	2,465	2,465	2,465	2,465
Social Care inflation and demographic	2,500	2,500	2,500	2,500	2,500
Capital Programme	1,500	1,500	1,500	1,500	1,500
Other	1,100	1,100	1,100	900	500
Total growth	7,565	7,565	7,565	7,365	6,965
RESOURCES					
Loss of RSG/one off	(979)				
Council Tax at 3%	3,080	3,080	3,080	3,080	3,080
Business Rates Growth	800	800	800	800	800
Total resources	**2,901**	**3,880**	**3,880**	**3,880**	**3,880**
FUNDING GAP	**4,664**	**3,685**	**3,685**	**3,485**	**3,085**

Table 15 – Medium Term Forecast to 2024/25

153. These figures are based on the current funding formula continuing in a similar manner as currently. Clearly there are a number of factors that

could change these figures, but they provide the broad basis on which the Council will need to consider decisions over coming years.

154. Whilst settlements for local government are expected to be better than in the past, there are two very major pressures facing the Council. These relate to adult social care, and the impact of the capital programme.

155. The impact of the capital programme will have an affect on the revenue budget in terms of cost of borrowing. The current capital programme has additional borrowing needs (excluding borrowing supported by savings/enterprise zone receipts) of approximately £60m, and increasing the programme by an additional £186m (as set out in the capital strategy report) would require circa £100m increase in borrowing over the next 5 years. Whilst this is spread over a number of years, the broad requirement in future years is for an increase in the treasury budget of around £1.5m every year.

156. The current pressures on the social care budget are expected to continue in the medium term and are reflected in the figures in Table 15.

157. To achieve the savings, and ensure budget pressures are contained, it is essential that the Council further develops the delivery of digital services, its use of assets, ensures efficient cost control, develops new sources of income, secures grant funding and reviews the method of delivery of a number of service areas.

158. Under the 75% business rate retention scheme the council becomes self funded from council tax and business rates and this will continue to be the case in the future. Therefore, it is critical that the council continues to support Economic growth, recognising the significant financial benefits in the form of retained business rates, and creation of jobs. An assumption of £800k business rates growth is included in the forecast.

159. Based on the current assumptions above, based on a 3% increase in future years Council tax, there remains a funding gap of between £3m and £4.7m each year, over the next 5 years. The Council will need to consider the relevant balance of savings, variation in council tax, and potential changes in funding and income from business rates. Every 1% of saving within Directorates (including increased charges) generates around £1.2m.

160. Specific details of future year’s savings proposals will be covered in future budget reports. Looking beyond 2020 is difficult given a wide range of uncertainties, including central government funding, business

rates, and pressures within social care. The scale of savings is to a large extent dictated by the overall level of council tax increase that will be set.

Housing Revenue Account (HRA) Budget

161. Local Authorities are required, by legislation, to keep a HRA. The Local Government and Housing Act 1989 stated that items of income and expenditure only relating to council housing must be contained within the account. Authorities have a duty to ensure that the HRA balances, to keep the budget under review and to take all reasonable steps to avoid a deficit.

162. In January 2019 Executive approved an investment in new Housing on CYC owned sites totalling £153.9m. The plans will deliver more than 600 new homes including over 250 council and low cost home ownership homes across 8 sites around the city. With such a significant financial investment it is necessary to update the 30 year financial forecast for the HRA to show that it is affordable and sustainable.

163. The key financial impact of the housing delivery programme is the cost of the land transactions. In order to transfer land from the General Fund to the HRA it is necessary to appropriate the land at market value. This is done by increasing the level of HRA debt and reducing general fund debt by the corresponding value. The estimated land value of the appropriations in the programme is £31.7m which adds a maximum additional debt cost of c£1m per annum to the HRA. There will however be additional income from rents and shared ownership from the new housing provided.

164. The other key change to the business plan forecasts is removing the requirement to sell high value properties as that legislation has been withdrawn. This has added income into the plan over the period as council stock assumptions are higher.

165. Annex 6 updates the 30 year financial forecast for the HRA. The headlines are :

- Maximum debt will increase from £140m to £171m
- The whole HRA debt can be repaid by the end of the plan
- The minimum HRA year end balance can be maintained at over £20m

166. The plan is financially robust as it can fully repay the HRA debt whilst continuing to deliver in year surpluses (prior to debt repayment) in every year of the plan.

Rent Changes 2019/20

167. Since April 2002, the rent increase has been calculated with the key aim of converging rents across all social housing providers whether local authority landlord or other registered provider. This involved a phased change in rents, known as rent restructuring, based on a formula for rent setting created by central government. This government formula rent took account of various factors including the number of bedrooms a property has, property valuation, average earnings and the date at which all rents were expected to converge.

168. Central government policy has now changed and rent restructuring has been brought to an end. The subsequent policy of increasing rents by the Consumer Prices Index (CPI) + 1% that was applied for the 2015/16 increase was due to apply for ten years but in July 2015 further changes to social rents were announced in the Welfare Reform and Work Bill 2015. All social housing rents were required to be reduced by 1% for four years from 2016/17. Government made a further announcement in October 2017 confirming that social rents can be increased by CPI + 1% with effect from 2020/21. The modelling assumes future CPI at 2%.

169. The expected effect on rent levels over the next 3 years is shown in table 13 below.

Year	Estimated Average Rent Per week	Estimated Average Decrease(-)/Increase per week
2019/20	£77.51	(£0.77)
2020/21	£79.83	£2.32
2021/22	£82.23	£2.40

Table 16 – HRA Rent changes

170. All rents that do not fall within the definition of “social housing rents” for the purposes of the Welfare Reform and Work Bill 2015 will have the previous policy applied of increasing by CPI + 1% which will be an increase of 3.4%. This will include garages and cookers, as well as any specialist supported housing that is exempt from the rent reduction legislation.

171. The Mobile Homes Act 1983 allows the council to increase rents by RPI. However, where the RPI is higher than CPI +1%, CPI +1% is used in line with the other rent increases which are exempt from the 1% reduction.

172. The current RPI is lower than CPI+1%, as such a rate of 2.7% (December 2018 rate) will be used to increase the Gypsy, Roma and Traveller Community site rents in 2019/20.

Dedicated Schools Grant (DSG) and the Schools Budget

173. The DSG is ring-fenced for funding the provision of education or childcare for 3 to 16 year olds in all settings. As such it covers funding delegated to individual LA maintained schools, academies and PVI providers through the LMS & Early Years funding formulae, plus funding for other pupil provision which is retained centrally by the LA to support such things as Special Educational Needs and some central education services.

174. 2018/19 saw some significant changes to DSG allocations for LAs. The DfE introduced new national funding formulae to allocate the DSG for schools, high needs and the central school services block from April 2018.

175. Previously the DSG was divided into three blocks; schools, high needs and early years. From 2018/19 the DfE introduced a fourth block, the central school services block, which funds LAs for the statutory duties they hold for all maintained schools and academies, which were previously funded through the schools block.

176. The funding LAs receive in each block is now determined by a specific national funding formula (NFF). As part of the 2018/19 funding announcement the DfE also published their proposals for the DSG for the 2019/20 financial year.

177. The total DSG allocation for 2019/20 is estimated at £132.094m, an increase of £4.233m (3.3%) from 2018/19 and broken down as follows:

DSG Funding Block	2018/19 £m	2019/20 £m	Increase £m	Increase %
Schools Block	94.134	98.164	4.030	4.3%
Early Years Block	10.992	10.991	(0.001)	-
High Needs Block	19.082	19.277	0.195	1.0%
Central School Services Block	3.653	3.663	0.010	0.3%
Total DSG	**127.861**	**132.094**	**4.233**	**3.3%**

Table 17 – DSG Allocation

Schools Block

178. The vast majority of the Schools Block DSG (£97.507m) is used to fund the local funding formula for mainstream schools (maintained and academies). Following a detailed consultation with all schools and the Schools Forum prior to setting the 2018/19 budget, the LA agreed to introduce the DfE's new national funding formula (NFF) at school level from April 2018. As the DfE announced a two year funding settlement for the DSG, the consultation and LA agreement was for these new arrangements to continue for 2019/20.

179. The remaining £0.657m of the Schools Block DSG is allocated to the growth fund. The growth fund can only be used to support increases in pre-16 pupil numbers to meet basic need, additional classes needed to meet the infant class size legislation or meet the costs of pupils in new schools commissioned to meet basic need. The growth fund may not be used to support schools in financial difficulty or general growth due to popularity; which is managed through lagged funding.

Early Years Block

180. York's government funding rates for 2019/20 through the Early Years block remain unchanged from the 2017/18 rates at £4.30 per hour for 3 & 4 year olds and £5.20 per hour for 2 year olds. Members of the forum will recall that this followed an 18% increase in funding for York in 2017/18. In light of this, and for a second year, the LA is not proposing any changes to the Early Years Single Funding Formula hourly rates for York providers in 2019/20. However, under the formula the DfE

established in 2017 to support stand alone nursery schools, the amount received has now reduced to £89k (£107k in 2018/19).

EYSFF Funding Rates

	Base Rate £/hour	**Deprivation Rate £/hour**	**Nursery School Lump Sum £**
3 & 4 Year Olds	4.00	0.40	89,272
2 Year Olds	5.20	Nil	Nil

Table 18 – EYSFF Funding Rates

<u>High Needs Block</u>

181. The high needs block DSG increases by £0.195m (1.0%) in 2019/20. As has been previously reported, the high needs budget is already under significant pressure due to rising demand from increased numbers of SEND pupils. For 2018/19 there is a projected net outturn overspend on the high needs budget of £1.3m. Projections for 2019/20 show that, based on current numbers and expected inflationary pay and contract price increases and without any significant mitigating action, the in year overspend could increase to £1.8m.

182. Overspends at this level are clearly unsustainable and further work, as part of the inclusion review that is currently underway, is essential to ensure that high needs expenditure is maintained within the funding available through the high needs block of the DSG.

183. Under the new school funding arrangements for 2018/19 the DfE introduced ring fences around the transfer of resources between blocks. Under these rules the DfE does allow LAs to make a request to their Schools Forum for up to a 0.5% transfer of funding from the Schools Block to the High Needs block. As part of the LA's agreement to move schools onto the NFF for 2018/19 and 2019/20 it was also agreed that no transfer request would be sought in these two years. However, given these pressures it is now thought highly likely that the LA will need to consider such a request in 2020/21.

Central School Services Block

184. This funding block was created in 2018/19 from elements of the previous schools block and the former Education Services Grant (ESG). There is a small increase of £0.010m (0.3%) from 2018/19 which is not sufficient to fund pay and contract inflation increases, so the LA proposes to manage this by making further efficiency savings within the small number of LA central services that are funded by this block. Other than this, as previously agreed in setting the two year strategy last year, the LA proposes no other changes to the budgets funded by the central school services block DSG.

Scrutiny

185. In accordance with constitutional practice Corporate Scrutiny and Management Policy Scrutiny Committee have considered at its meeting on 14 January 2019 what level of budget is appropriate in the coming year to support scrutiny reviews. The Committee take into account existing levels of spend in 2018/19 and the councils overall financial position. In the light of those considerations the Committee has decided to maintain the current funding level of £5k and not request any increase.

One Planet/ Equalities

186. An assessment has been completed on the overall impact of the budget proposals using the Better Decision Making Tool and this is available at annex 7. The impact assessment considers risks associated with savings proposals to ensure any negative impact for a particular group, sector or community is eliminated or counterbalanced.

187. The financial strategy will impact on all residents and has carefully considered the local demand for services whilst also ensuring the budget set is prudent, protects vulnerable people and has capacity to invest. The strategy could have a negative impact on the following communities;
- Age
- Disability
- Gender
- Carers
- Lower income groups

188. This negative impact can be mitigated by investment targeted to these same communities. The key approaches to achieving savings whilst avoiding impacts on communities of identity include;
    - Ensuring that savings are made from back office functions and universal services
    - Protecting statutory services and other key services for vulnerable residents
    - Increasing community involvement in service redesign and delivery
    - Making services self-financing wherever practicable, including external trading
    - Maximising the return from externalised service provision
    - Redesign of existing services and external contracts
    - Placing a focus on prevention and ceasing service provision only where this is least impact
    - Streamlining services to provide focussed support and reduce areas of duplication
    - Supporting carers
    - Integrated working with health
    - Focussing growth where it is expected to have a positive effect on older or disabled people and their carers

189. By reviewing and reshaping services for young people, particularly those in relation to prevention and early intervention, the route into identifying support will be made simpler for customers and the services more tailored to the needs to each community. This will have a positive impact on young people and promote equality of opportunity for those growing up in the city.

190. Funding for carers will continue as the council aims to provide a more comprehensive set of support, reflecting the significant role of carers in allowing people to remain in their own homes and live independently as far as possible.

191. The changes within a new operating model for adult social care seek to reduce people's dependency on social care support through the provision of information and advice and earlier intervention to support, maintain or regain independence for those who are able. These changes are designed improve outcomes for customers, including those with one or more protected characteristic (particularly Age and Disability). For those who require ongoing support, the offer will be made more flexible and tailored to their needs.

Specialist Implications

192. This report has the following implications;

Financial

193. The financial implications are contained within the body of the report.

Human Resources (HR)

194. The council currently employs 2,588 (2091 FTE) non school staff. The budget proposals which are contained within this report highlight the likely reduction of approximately 11.5 FTE posts in 2019/20.

195. As implementation plans to achieve these post reductions are produced the specific staffing implications will be clear and staff consulted on the proposals. The type of change affecting staff in 2019/20 is likely to be a mixture of post reductions and working for redesigned services, some of which may no longer be delivered by the council.

196. The HR implications of change are managed in accordance with established council procedures. As part of this process consultation with trade unions and affected staff will continue to be undertaken and every opportunity will be explored to mitigate compulsory redundancies, such as vacancy controls, flexible working, voluntary redundancy / early retirement and extended redeployment. Where consideration is being given to the transfer of services to another provider TUPE will apply which will protect the terms and conditions of employment of transferring staff.

197. A programme of support for staff who are going through change is in place which will help staff adapt to changes to the way they will need to work or to prepare for a move into a new role.

Legal

198. The council is required to set a council tax for 2019/20 before 11 March 2019. It may not be set before all major precepts (i.e. precepts from the Police and Fire Authorities) have been issued or before 1st March 2019, whichever is the earlier. The decision to set the level of council tax is reserved to Council and cannot be taken by Executive or delegated to officers, although Executive has to recommend a budget to Council. These comments are intended to apply to both the Executive meeting and the subsequent Council meeting.

199. Before determining the level of the tax, the Council must estimate its proposed revenue expenditure, taking into account amounts required by way of contingency, any need to raise reserves and any other amounts which the Council is legally required to transfer between funds. It must also estimate its anticipated income, any relevant transfer between funds and any proposed use of reserves. It must then calculate the difference between the two which is the council tax requirement.

200. The Council's Chief Financial Officer (under s151 Local Government Act 1972) is required to report to the Council on the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves. The Council must have regard to the report when making decisions about the calculations in connection with which it is made. The Chief Financial Officer has a statutory duty under section 114 of the Local Government Finance Act 1988 to issue a written report if he considers that a decision taken by the Council would be unlawful and likely to cause a financial deficiency.

201. In reaching decisions on these matters, Members are bound by the general principles of administrative law. Lawful discretions must not be abused or fettered and all relevant considerations must be taken into account. No irrelevant considerations may be taken into account, and any decision made must be one which only a reasonable authority, properly directing itself, could have reached. Members must also balance the interests of service users against those who contribute to the Council's finances. The resources available to the Council must be deployed to their best advantage. Members must also act prudently. Members must also bear in mind their other statutory duties to have regard to certain matters when making decisions. In particular the "equalities duty" to have 'due regard' to the need to eliminate discrimination and to promote equality when making decisions and the need to consider any crime and disorder implications of the decision. A failure to follow these principles could open the Council to judicial review.

202. Members have a fiduciary duty to the council tax payers and others in the local authority's area. This means that members must behave responsibly in agreeing the budget. Members have no authority to make anything other than a balanced budget.

203. Among the relevant considerations which Members must take into account in reaching their decisions are the views of business ratepayers and the advice of officers. The duty to consult representatives of non-

domestic ratepayers on the Council's expenditure plans is contained in Section 65 of the Local Government Finance Act 1992.

204. In considering the advice of officers, and the weight to be attached to that advice, Members should have regard to the personal duties placed upon the Deputy Chief Executive/Director of Customer and Corporate Services as Chief Financial Officer. Members are obliged under the Code of Conduct to have regard to the advice of the Chief Finance Officer and Monitoring Officer. The Council may take decisions which are at variance with his advice, providing there are reasonable grounds to do so. However, Members may expose themselves to risk if they disregard clearly expressed advice, for example as to the level of provision required for contingencies, bad debts and future liabilities. In addition, if Members wish to re-instate savings recommended by the Deputy Chief Executive/ Director of Customer and Corporate Services in order to balance the budget, they must find equivalent savings elsewhere.

205. The Deputy Chief Executive/Director of Customer and Corporate Services is required by Section 151 of the Local Government Act 1972 and by the Accounts and Audit (England) Regulations 2011 (as amended) to ensure that the council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. He is in addition subject to the requirements set out above.

206. Members must also have regard to, and be aware of, the wider duties placed upon the council by various statutes governing the conduct of its financial affairs. These include the distinction between revenue and capital expenditure and the requirement to set prudential indicators in line with capital investment plans that are prudent, affordable and sustainable.

207. Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of council tax which have been outstanding for two months or more to attend any meeting at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears and will not be voting on the decision for that reason. The Member concerned must not vote but may speak. The application of Section 106 of the 1992 Act is very wide and Members should be aware that the responsibility for ensuring that they act within the law at all times rests solely with the individual Member concerned.

208. If a referendum is held after the beginning of the relevant financial year, the higher rate of council tax will be payable unless and until it is overturned by a 'no' vote in the referendum. It must also provide "substitute calculations" which need to be presented to Council setting out what the alternative budget would be. This means that that if a party proposes a council tax above the referendum limit they must also produce "substitute calculations" within the referendum limit, to be used in the event that the referendum would reject the increase. In the event that a referendum rejects the increase, the billing authority would be able to issue new bills, offer refunds at the end of the year or allow credits against liability the following year, although individual council taxpayers would be entitled to a refund on demand.

Council Priorities

209. This report, alongside the Capital Strategy, sets out a range of investments and savings which reflect the Council's priorities. These are covered in detail in the main body of the report.

Statutory Advice from the Deputy Chief Executive/ Director of Customer and Corporate Services

Introduction

210. The Local Government Act 2003 places responsibilities upon the council's Chief Finance Officer to advise the council on the adequacy of its **reserves** and **the robustness of the budget proposals** including the estimates contained in this document. This section also addresses the **key risks** facing the council in relation to current and future budget provision. The following paragraphs give my views on the budget (both 2019/20 and beyond), reserves and general robustness of the process.

Overall Assessment

211. The proposals in this budget give a balanced budget for 2019/20 and an overview of future years. The council has well established effective financial management, effective monitoring, and has received very favourable external audit reports in respect of its financial management. The council has managed expenditure within its overall budget in recent years, and the overall financial planning process remains sound.

212. Full scrutiny of the budget proposals for 2019/20 has taken place, in terms of their deliverability, and a proper risk assessment of a range of issues has been conducted.

213. There are significant savings contained within the budget proposals, reflecting the scale of the challenge facing the council. There should be no understatement of the scale of this challenge that continues to face the Council, , given the general upward cost profile of adult care and children's services.

214. Specific attention is drawn to the national picture regarding these services, which are recognised as being under increased pressure. Whilst this Council has invested in these services in recent years, the risks remain, and it is essential the Council continues to make adequate budgetary growth provision to deal with the significant cost pressures these services are experiencing, along with transformation/savings programmes to mitigate pressures. The budget proposals properly recognise these pressures, with both ongoing additional investment, ongoing contingency, and establishing a Service Risk reserve to assist in managing major cost pressures.

215. A key risk facing the Council relates to the large number of major complex capital schemes it is currently undertaking, and which are at the early stages of development. Should schemes not progress to full completion there remains a risk that costs currently assumed to be capable of being capitalised must be written off to revenue. There are also within the capital programme, significant increased borrowing levels, which will result in increased revenue costs of debt in coming years. This is highlighted in the medium term plan figures.

216. A further key risk in relation to the Capital programme is that some major capital projects may have short/medium term cash flow impacts. For example York Central, and Castle Gateway will be major schemes, which will result in additional business rates, income or capital receipts, but the profiling of this income may require short term borrowing prior to income being received to cover the costs. This was covered in detail in a recent report to Executive on York Central, and this budget makes further provision to transfer business rates income into the venture fund for these critical major projects. The Venture Fund will be used to support early years cash flow deficits on major strategic capital projects.

217. Another significant risk is the financial position of the Health system within York, which brings with it a number of significant challenges for adult care services in particular.

218. The risks associated with Brexit cannot be quantified with any accuracy at this stage. However, there are clearly potential implications, such as increased inflation, or difficulties securing goods. The budget proposed makes proper provision for contingencies and reserves, and additional funding from the Government of £56.5m is anticipated specifically for Brexit, which provide some assurance that the Council is as well prepared as it can be at this stage.

219. There are also changes in New Homes Bonus Funding as described in the report, which will reduce the amount of NHB the Council receives in future years. Previous budget decisions have funded ongoing expenditure of £2.2m from New Homes Bonus, and moving forward the Council will need to plan for funding this expenditure from its council tax/retained business rates.

220. Clearly, there are risks in the achievement of some of the proposed savings and, in assessing the risk of the savings proposed, I cannot guarantee that every single proposal will be achieved. I do however consider the overall package to be prudent, and I am assured of the robustness of the projected savings, and the extent of rigour in their calculation. A risk assessment related to the individual savings proposals has been conducted, and discussed with senior management. Where savings are not delivered, services are fully aware of the need to find compensating savings.

221. I consider that the overall estimates in the budget are sound and that the proposals to achieve a balanced budget are achievable, albeit demanding. The council has made provision for a number of corporate financial pressures. In addition provision is still included for a contingency sum of £500k and there is specific funding for a Service Risk reserve. The Council also has strong financial health in terms of its overall level of unallocated reserves, anticipated additional one off business rates income for 2019/20, and unallocated Venture Fund provision. These sums, combined with a track record of delivery to budget, provide assurance on the robustness of the Council's overall financial position. This overall package is a realistic approach in dealing with the financial pressures facing the council next year. There is provision made for the estimated 2.0% pay award.

Looking Ahead

222. Looking ahead there remains a range of very significant pressures for the future. The major challenge facing the council in coming years will be to secure further savings and for cost pressures to be managed

effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities. There are potentially significant changes in the system of local government finance in the future, and there remains uncertainty in relation to the impact of Brexit upon local government finances in the longer term.

223. The proposals in this report set out details for 2019/20, but also highlight the issues facing the Council for future years, and the need to continue with a programme of delivering efficiencies and further organisation changes. There has been significant consideration of the medium term planning issues, and I am entirely satisfied with the extent to which the Council is aware of the challenges it faces, and the actions it will need to consider over coming years.

224. The Capital programme contains significant increases in the overall borrowing needs for the Council. Clearly this will impact on future revenue budgets in the form of increased treasury management costs. It is however also important that Members recognise the longer term financial benefits of economic development, and the need to ensure a strong economy that generates business rates, and provides jobs, and in turn deliver financial benefit to the Council.

Reserves

225. In terms of reserves, the proposals seek to keep reserves to an amount of £1,042k above their minimum levels. This recognises that in difficult financial times, and alongside general uncertainty regarding the economy, it is advisable to ensure sufficient reserves are in place.

226. I believe that the council will outturn within budget for 2018/19 and this is reflected in the budget monitoring report presented to Executive at this same Executive meeting.

227. The recommended minimum reserves for 2019/20 are £6.4m. This is considered within the report. I have identified in earlier paragraphs the risks facing the Council. I do not consider that reserves require any increase, but I would caution any reduction at this stage, as there remain risks within the Capital Programme and within Social Care in particular.

228. Whilst there is a degree of mitigation in that the Venture Fund has a significant balance (covered in the financial strategy report), and some other earmarked reserves could be permanently/temporarily used should there be any significant costs to be charged to revenue funds, it is

essential the Council makes proper prudent provision for the risks it faces and has adequate provision in its stated “Unallocated” reserves.

229. The decision on the adequacy of the level of reserves is also linked to the general robustness of the budget process and the council's systems of budgetary control and risk management. These need to ensure that the Council will not be exposed to any unforeseen major financial problem requiring the use of reserves to resolve. In considering the overall budget position, I have taken assurance over the recent track record of the Council to manage expenditure within budget, and the fact that in very recent times financial pressures have been identified early in the financial year and through concerted action across the council the position has been brought in line with budget.

Other Issues

230. The council tax referendum limit is 3% and local authorities with responsibilities for adult social care have been given an additional 3% flexibility on the current council tax referendum threshold to be used entirely for adult social care. York has a maximum of 1.5% remaining.

231. It is for members to determine the level of council tax increase, and to decide whether to set a council tax increase up to the 3% referendum limit or to take advantage of the government offer to set a tax at a higher level to be used for adult social care. Members naturally need to consider the implications of the different options very carefully. In particular they need to note the implications of any proposal to set a council tax above the referendum limit, which is covered within this report.

232. There is the potential for significant changes to the system of local government finance in coming years. Changes have occurred to New Homes Bonus and in the future will occur to Business Rates. The operational details of the devolution of the business rates system still need to be determined by government, and there remain a number of areas that will need to be addressed before the full implications will be known.

233. I am aware that as with all budgets there is the potential for amendments to be proposed/agreed which could change the overall package of proposals. In that respect, I would highlight that I would amend/add to my statement if a decision was proposed that lead to the council’s reserves falling below the minimum level (assuming the current budget comes in line with budget). In addition, any other amendments I would consider

against the scale of the overall budget and depending upon the extent of the amendment I may revise my statement.

Risk Management

234. A summary of risks attached to the budget is contained in annex 8. They will be monitored regularly throughout the year.

Contact Details

Author:	**Chief Officer Responsible for the report:**
Ian Floyd Deputy Chief Executive/Director of Customer and Corporate Services	Ian Floyd Deputy Chief Executive/Director of Customer and Corporate Services
Debbie Mitchell Corporate Finance and Procurement Manager	**Report Approved** √ **Date** 31/1/19
Sarah Kirby Principal Accountant	

Specialist Implications Officer(s)
Legal – Alison Hartley
HR – Trudy Forster

Wards Affected: List wards or tick box to indicate all **All** √

For further information please contact the authors of the report

Background Papers:
Budget Consultation available at www.yorkopendata.org

Annexes:
1 – 2019/20 Budget Summary
2 – 2019/20 Savings Proposals
3 – Fees & Charges
4 – HRA Budget 2019/20
5 – HRA 2019/20 Savings Proposals
6 – HRA Business Plan
7 – Better Decision Making Tool
8 – Risk Analysis
9 - Background Information

Abbreviations used in this report:
ASC – Adult Social Care
BCF – Better Care Fund
CCG- Clinical Commissioning Group
DSG – Dedicated Schools Grant
EYSFF – Early years single funding formula
FTE – Full time equivalent
HRA - Housing Revenue Account
LCR – Leeds City Region
NHB – New Homes Bonus
NWY – North and West Yorkshire
RSG – Revenue Support Grant
SFA – Settlement Funding Assessment