



Report of : Executive Member for Finance, Performance and Community Safety		
Meeting of	Date	Ward(s)
Executive	7 February 2019	
Delete as appropriate	Exempt	Non-exempt

SUBJECT: BUDGET 2019-20 – COVERING REPORT

1. SYNOPSIS

- 1.1 This report sets out those matters upon which the Executive is being asked to make recommendations to Council in respect of the 2019-20 budget and level of council tax. All other recommendations contained in the substantive report 'Budget Proposals 2019-20 and Medium Term Financial Strategy 2019-22' are matters for the Executive to decide itself.

2. RECOMMENDATIONS

The General Fund Budget 2019-20 and MTFs (Section 3 of the Main Report)

- 2.1 To agree the 2019-20 net Council cash limits as set out in **Table 1 (Paragraph 3.7)** and the MTFs at **Appendix A**, which include the 2019-22 revenue savings at **Appendix B**, and the 2019-20 revenue growth proposal at **paragraph 3.6**.
- 2.2 To agree that the Council should strongly oppose Government proposals in the 'Review of Local Authorities' Relative Needs and Resources Consultation' to remove deprivation indicators from the baseline grant formula, which would significantly disadvantage high-need boroughs such as Islington, and to agree the other key elements of the Council's response as set out in **paragraphs 3.9-3.10**.
- 2.3 To note the fees and charges policy and agree the 2019-20 fees and charges. (**Paragraphs 3.12-3.13** and **Appendices C1-C3**)
- 2.4 To agree the estimated use of the Council's earmarked budget reserves (including the creation of a new Transformation Reserve), the Council's policy on the level of General Fund balances, with an increase in General Fund balances of £2m in 2019-20, and an increase in the ongoing contingency budget of £3m in 2019-20. (**Paragraphs 3.14-3.17** and **Table 2**)

The HRA Budget and MTFS (Section 4 of the Main Report)

- 2.5 To agree the balanced HRA 2019-20 budget, including savings and growth proposals, within the HRA MTFS at **Tables 4-5** and **Appendix D1**.
- 2.6 To note the 2019-20 HRA rents, fees and charges, agreed by Executive on 17 January 2019. (**Tables 6-9** and **Appendix D2**)

The Capital Programme 2019-22 (Section 5 of the Main Report)

- 2.7 To agree the 2019-20 capital programme and note the provisional programme for 2020-22. (**Paragraph 5.1, Table 10** and **Appendix E1**)
- 2.8 To agree the Capital Strategy 2019-22, which includes affordability prudential indicators and the minimum revenue provision (MRP) policy. (**Paragraph 5.2** and **Appendix E1**)
- 2.9 To agree the Treasury Management and Investment Strategy 2019-20 (including external debt and treasury management Prudential Indicators), as considered by Audit Committee on 31 January 2019. (**Paragraph 5.2** and **Appendix E2**)
- 2.10 To agree the Strategy for Other Investments (including Commercial Investments) 2019-20. (**Paragraph 5.3** and **Appendix E3**)

Council Tax and Retained Business Rates (Section 6 of the Main Report)

- 2.11 To agree the calculations required for the determination of the 2019-20 council tax requirement and the level of council tax as detailed in **Section 6** and summarised below.
 - 1) The 2019-20 council tax requirement of £92,993,961.91. (**Paragraph 6.2**)
 - 2) The relevant basic amount of Islington Band D council tax of £1,169.38, a 2.99% increase compared to 2018-19, and to determine that this is not 'excessive'. (**Paragraphs 6.3** and **6.4**)
 - 3) The basic amount of Islington Band D council tax for dwellings to which no special item relates (i.e. outside of the Lloyd Square Garden Committee area) of £1,169.16 and total Band D council tax (including the GLA precept) of £1,489.67. (**Paragraphs 6.5** and **6.9**)
 - 4) The amount of 2019-20 council tax (excluding the GLA precept) for each valuation band over each of the Council's areas. (**Paragraph 6.7**)
 - 5) The total amount of 2019-20 council tax (including the GLA precept) for each valuation band over each of the Council's areas. (**Paragraph 6.9**)
- 2.12 To agree to the following in relation to the Council's proposed participation in the London Business Rates Pilot Pool: (**Paragraphs 6.11** to **6.15**)

- 2.12.1 To approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34(7) (1) of Schedule 7B Local Government Finance Act 1988.
- 2.12.2 To participate in the London Business Rates Pilot Pool with effect from 1 April 2019 to 31 March 2020.
- 2.12.3 To delegate the authority's administrative functions as a billing authority pursuant to the Non-Domestic Rating (Rates Retention) Regulations 2013 to the City of London Corporation acting as the Lead Authority.
- 2.12.4 To authorise the Lead Authority to sub-contract certain ancillary administrative functions regarding the financial transactions (payment of tariffs and top-ups) within the Pool to the GLA as it considers expedient.
- 2.12.5 To delegate authority to the Section 151 Officer, in consultation with the Executive Member for Finance, Performance and Community Safety, to agree the operational details of the pooling arrangements with the participating authorities.
- 2.12.6 To authorise the Section 151 Officer to make any amendments to the Memorandum of Understanding, attached at **Appendix F** to the report, as may be required by the Secretary of State, and to enter into the final Memorandum of Understanding on behalf of the authority.
- 2.12.7 To authorise the Leader of the Council to represent the authority in relation to consultations regarding the London Business Rates Pilot Pool as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding.
- 2.12.8 To delegate to the Section 151 Officer, in consultation with the Executive Member for Finance, Performance and Community Safety, the authority to consider such consultative reports as the Lead Authority may circulate and to respond on behalf of the authority with regard to any recommendations and, in particular, proposals for projects to be approved for funding from the Strategic Investment Pot.
- 2.12.9 To delegate to the Lead Authority the functions of assessment, due consultation and approval of projects eligible for funding from the Pool's Strategic Investment Pot following consultation with the participating authorities (provided that at least two thirds of such participating London Boroughs are (including the City of London Corporation) in favour of the relevant recommendation as well as the Mayor of London, and that no entire sub-region is in disagreement with the decision) on such terms and conditions as shall ensure value for money and compliance with the law.

Matters to Consider in Setting the Budget (Section 7 of the Main Report)

- 2.13 To note the Section 151 Officer's and the Monitoring Officer's comments in their determination of the revenue and capital budgets for 2019-20 and the basis for the level of council tax, including the Section 151 Officer's report in relation to his responsibilities under Section 25 (2) of the Local Government Act 2003.
- 2.14 To note the Resident Impact Assessment (RIA) on the 2019-22 budget proposals. **(Appendix G)**

- 2.15 To note the Annual Pay Policy Statement for 2019-20, for onward agreement by Council. (Appendix H)

3. INTRODUCTION

- 3.1 This report sets out those matters upon which the Executive is being asked to make recommendations to Council.
- 3.2 It should be noted that some decisions are within the remit of the Executive whilst others are subject to approval by full Council. Decisions in relation to individual service areas (including the setting of rent) are matters which are Executive functions and in respect of which decisions may only be made by the Executive. Decisions on these areas of the budget were made at the meeting of the Executive on 17 January 2019. These are now incorporated in the overall Council budget to be agreed on 28 February 2019.
- 3.3 By contrast, decisions on the overall level of the budget, the calculation of estimates for the purposes of the council tax, the approval of the HRA and the approval of the capital programme are all recommendations by the Executive for onward transmission to and approval by full Council, as are the Treasury Management Strategy and prudential indicators. It is important that, in considering these recommendations, Members have fully read all reports before them and have taken account of the outcome of any consultation exercises as well as the financial and legal implications of such decisions.

4. PROCESS

- 4.1 The report on the budget for 2019-20, considered at the meeting of the Executive on 17 January 2019, was presented to a meeting of the Policy and Performance Scrutiny Committee on 24 January 2019 when Non-Executive Members were given the opportunity to scrutinise the proposals and to make suggestions in respect of them. The Executive will now consider the representations made in the report from the Policy and Performance Scrutiny Committee.
- 4.2 The final GLA precept will be announced on 25 February 2019. It is not anticipated that there will be any change to the GLA precept assumed within the main budget report. If there is a change in the final GLA precept to that assumed, then Executive (after 7 February 2019) will need to recommend a revised overall level of council tax for Council to agree on 28 February 2019.
- 4.3 In light of the fact that all the matters being considered by the Executive have already been subject to scrutiny by the Policy and Performance Scrutiny Committee in accordance with the Budget and Policy Framework Procedure Rules, call-in does not apply to the decisions which may be made on the reports referred to herein.

Final Report Clearance

Signed by

Executive Member for Finance, Performance and
Community Safety

Date

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