
EXTRACT OF THE MINUTES OF THE CABINET MEETING HELD ON 5 FEBRUARY 2019 AT KENNET ROOM - COUNTY HALL, BYTHESEA ROAD, TROWBRIDGE, BA14 8JN.

18 Wiltshire Council's Financial Plan Update 2019/20

The Leader introduced the Financial Plan, stating that the process undertaken to consult on the Plan was open and transparent. She confirmed that the report had been discussed in detail with the public, the Financial Planning Task Group and the Overview and Scrutiny Management Committee, prior to its consideration by the Cabinet and ultimately Council at the end of February 2019.

Cllr Philip Whitehead presented the report which provided an update on the 2019/20 budget and medium term financial strategy, and set out the budget setting proposals, giving details that feed into the budget setting reports.

In presenting the report, Cllr Whitehead indicated that the Council's strategic aims and priorities drove the medium term financial planning process, with changes in resource allocation determined in accordance with policies and priorities of the Council's 2017-2027 business plan. A key focus being to ensure a strong sustainable financial base during the current challenging times. The key changes in the Plan reflect the revised forecast for the increasing demand for care for the vulnerable, and the delay in Government determining a new fairer funding settlement.

Cllr Whitehead explained that (i) the Council is moving toward a five-year view of the budget and confirmed that the budget was fairly stable with an increase of £10m each year; (ii) the growth and challenges to the Council spending; (iii) funding sources for the budget; (iv) the level of savings required for 2019/20; and (v) budget assumptions for future years. Cllr Whitehead reported that he was confident that the Council was currently in a good position to set a strong Financial Plan for the years ahead and thanked officers for their assistance in putting the proposals together.

Councillor Graham Wright, Chair of the Overview and Scrutiny Management Committee, explained that the process for consulting on the Financial plan for 2019/20 was a significant improvement over the process employed in previous years. He welcomed the early engagement with Scrutiny and thanked officers for their input. He confirmed that the Overview and Scrutiny Management Committee undertook a robust and detailed consideration of the proposals.

Cllr Thorn, Chair of the Financial Planning Task Group, in echoing the comments of Cllr Wright, commented on improvements to the process, the early availability of information and discussions held. He also thanked officers for their contributions towards the process. In response to questions from Cllr Thorn about creative ways of engaging backbench members in the process, Cllr Whitehead agreed that this was being considered for the next and future budget setting processes. Cllr Whitehead also reminded members that backbenchers were encouraged to suggest budget saving proposals at any time during the year and didn't have to confine their contribution to just the budget setting process.

Resolved: To recommend that Council

- 1. To endorse the update of the Financial Plan for 2019/20;**
- 2. Approve the growth and savings proposals summarised in the report to provide a net revenue budget for 2019/20 of £332.378 million.**
- 3. To set the Council's total net expenditure budget for 2019/20 at £332.378 million;**
- 4. To set a Council Tax increase of 2.99%;**
- 5. To agree delegated changes in fees and charges as set out in Section 41;**
- 6. To set a 1% reduction for social dwelling rents;**
- 7. To set the Housing Revenue Account (HRA) Budget for 2019/20 as set out at Appendix D of this report; and**
- 8. That all service charges related to the HRA be increased to recover costs, capped at increase of £5 for those not on housing benefits and garage rents increased by 3%.**
- 9. To endorse the Medium Term Financial Strategy and receive regular updates on delivery against strategy to Cabinet.**

Reason for Decision:

To enable the Council to:

- 1. Set its revenue and housing revenue accounts budgets and levels of reserves and Council Tax for the financial year 2019/20;*
- 2. Provide the Council with a strong financial plan for sustainable delivery of services in 2019/20; and*

3. *Provide the Council with a Medium Term Financial strategy to drive long term financial sustainability and delivery of the business plan.*

20 **Treasury Management Strategy**

Cllr Philip Whitehead presented the report, which recommended that Council approve the Prudential and Treasury Indicators, together with the Treasury Management Strategy for 2019/20.

The report included information about:

- Prudential and Treasury Indicators for the next three years
- Debt management decisions required for 2019/2020 that do not feature within the Prudential or Treasury Indicators (paragraphs 71 to 76)
- Minimum Revenue Provision Policy 2019/2020
- Annual Investment Strategy for 2019/2020, with the following changes from 2018/2019:
 - The ability to lend to selected property funds (CCLA)
 - Increasing the monetary limits on certain counterparties
 - Adjusting the high credit quality criteria

In response to a comment from the Leader about the balance of risks to economic growth in the UK, Cllr Whitehead encouraged all Councillors to read the treasury management reports as they contained excellent insights into the UK finances.

Resolved: To recommend that Council

- 1. Adopts the Minimum Revenue Provision Policy (paragraph 32 – 34)**
- 2. Adopts the Prudential and Treasury Indicators (paragraphs 24 – 31, 40 – 49 and Appendix A)**
- 3. Adopts the Annual Investment Strategy (paragraph 77 onwards), including the ratification of the adjustment of the minimum requirement for high credit quality, the limits for certain counterparties and the ability to invest in the CCLA property fund**
- 4. Delegates to the Director of Finance and Procurement the authority to vary the amount of borrowing and other long-term liabilities within the Treasury Indicators for the Authorised Limit and the Operational Boundary**
- 5. Authorises the Director of Finance and Procurement to agree the restructuring of existing long-term loans where savings are achievable or to enhance the long-term portfolio**

6. **Agrees that short term cash surpluses and deficits continue to be managed through temporary loans and deposits**
7. **Agrees that any surplus cash balances not required to cover borrowing are placed in authorised money-market funds, particularly where this is more cost effective than short term deposits and delegate to the Interim Director of Finance and Procurement the authority to select such funds**

Reason for Decision:

To enable the Council to agree a Treasury Management Strategy for 2019/2020 and set Prudential Indicators that comply with statutory guidance and reflect best practice.

21 **Local Government Act 2003 Section 25**

Cllr Philip Whitehead presented a report required by the Local Government Act 2003: Section 25, when a Local Authority agrees its annual budget and Council Tax precept.

Cllr Whitehead referred to a question asked by Cllr Hill at a recent meeting of the Overview and Scrutiny Management Committee about how all aspects of the budget were checked and tested. The Interim Director of Finance confirmed that each line of the budget was robustly challenged at an early stage, along with the Council tax requirement calculations and the adequacy of the proposed financial reserves.

Resolved: To note the report as part of the budget setting process.

Reason for Decision:

To enable the Council to:

1. *Report on the robustness of the estimates made for the purposes of the Council Tax requirement calculations*
2. *The adequacy of the proposed financial reserves*
3. *The Council is required to have due regard to this report when making decisions on the budget.*

22 **Capital Strategy**

Cllr Philip Whitehead presented the report on the Capital Strategy for 2019/20; the Capital Programme for 2019/20 - 2023/24; and associated non-financial investment indicators.

Cllr Whitehead in presenting the report explained that the purpose of the Capital Strategy is to set out the priorities and framework within which Wiltshire Council determines its resourcing priorities for capital investment, decides the level of borrowing, the affordability of the borrowing and sets the level of the risk appetite.

In response to a question from Cllr Thorn, Chair of the Financial Planning Task Group about the reduction in Capital investment from 2020/21 onwards and positive challenge for schemes within the Capital programme, Cllr Whitehead explained that the expectation for a proportion of the Capital spend during 2018/19 was not achieved and therefore, a number of schemes had been realigned to the Capital programme for 2019/20. The Interim Director of Finance confirmed that following discussions with officers, she was confident that the schemes detailed in the programme were now achievable during 2019/20. The Leader commented on the Capital programme and indicated that numerous factors affect the smooth running of the programme. It was recognised that the process was now more realistic, with risks, challenges and timings of schemes being considered at an earlier stage.

In response to a further question from Cllr Thorn about the Commercial – Local Development Company scheme detailed in the Capital programme, Cllr Clewer confirmed that a report would be presented on this scheme at the next Cabinet meeting on 26th March 2019.

Resolved: To recommend that Council

- 1. Adopts the Capital Strategy 2019/2020**
- 2. Approves the Capital Programme 2019/2020-2023/2024**
- 3. Adopts the non-financial investment indicators (paragraph 46)**

Reason for Decision:

To enable the Council to agree a Capital Strategy for 2019/2020, approve the Capital Programme 2019/2020-2023/2024 and set non-financial investment indicators that comply with statutory guidance and reflect best practice.