West Suffolk Council

Budget and Council Tax Setting: 2020/2021 and Medium Term Financial Strategy 2020-2024

Report No:	**CAB/WS/20/025**	
Report to and dates:	**Cabinet**	11 February 2020
	Council	25 February 2020
Cabinet Member:	Councillor Sarah Broughton Portfolio Holder for Resources and Performance **Tel:** 07929 305787 **Email**: sarah.broughton@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) **Tel:** 01638 719245 **Email:** rachael.mann@westsuffolk.gov.uk	
Decisions Plan:	The decisions made as a result of this report will usually be published within 48 Hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. This item is included on the Decisions Plan.	
Wards impacted:	All wards	

Recommendation: **It is recommended that, subject to the approval of Council:-**

1. **The revenue and capital budget for 2020-2024, including the capital budget flexibility set out in paragraph 5.7, attached at Attachment A and as detailed in Attachment D (Appendices 1-5), Attachment E (Appendices 1-3) and Attachment F, be approved;**

2. **Approve the additional business rate reliefs set out in paragraphs 2.8-2.10, in support of our business community in particular our town centres and high streets, in West Suffolk;**

3. **Having taken into account the conclusions of the Assistant Director's (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other information contained in this report, to establish the level of council tax for 2020/21. (Note: the level of council tax beyond 2020/21 will be set in accordance with the annual budget process for the relevant financial year.);**

4. **The Assistant Director (Resources and Performance), in consultation with the Portfolio Holder for Resources and Performance, be authorised to transfer any surplus from the 2019/2020 revenue budget to the Invest to Save Reserve as detailed in paragraph 7.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the medium term financial planning period;**

5. **Approval is given to the Flexible Use of Capital Receipts Strategy as set out in Attachment G.**

1. Key issues and reasons for recommendations

1.1 West Suffolk Council (and its predecessor councils Forest Heath and St Edmundsbury) has a good track record of not only delivering high quality services that our communities demand and value but has a strong vision and programme to deliver, through our West Suffolk Strategic Framework 2020-24, to bring greater prosperity for our communities and businesses. This follows the £5m in annual savings made from shared services, transformation and the creation of the new single council to put the Council on a stronger financial footing. A common-sense budget means the Council can continue delivering high quality services, invest in leisure, skills and jobs as well as the health, environment and prosperity of our people and area, while at the same time reduce the impact of national challenges to local government funding.

1.2 In the history of local government there have been few times that have seen such a transformation in the funding of local services as the decade just passed. The changes are numerous and continuous, and there is little doubt that the 2020s will bring even more changes.

1.3 Changes include reductions in grant funding from the Government, including the planned removal of the revenue support grant, more business rates being retained locally (and the uncertainty around how much and how that is going to work), plus the introduction, subsequent reduction, and now recently proposed phased removal of the New Homes Bonus scheme. Alongside those reductions is the lowest bank base rates for years, so the Council's income from interest is significantly reduced. Put simply these reductions have meant the council has moved over the last decade from having around 70% of its finance coming from government (30% locally generated) to now around 70% being generated locally through income generation, investment, taxation, fees and charges.

1.4 This year the council will see £4.7m less in funding from the government than in 2014/15 to deliver the same or increased services and initiatives. At a time of growing costs and demand from a growing population. For example, there is an increased demand for some services, such as support and advice relating to housing options and homelessness as well as supporting the health and social care agenda.

1.5 Despite this, through prudent budgeting and investment as well as transformation West Suffolk Council is in a good financial position. However, while this means a balanced budget can be set for 2020/21 there are gaps to be met in later years – currently forecast at £0.70m in 2021/22 growing to £1.39m in 2023/24. Government has made it clear that budgets have to be balanced by councils through investment, income generation and local taxation.

1.6 Currently council tax makes up approximately one fifth of the authority's budget (exclusive of Housing Benefit) and therefore only goes a fifth of the way to actually paying for services. Council tax goes on the base budget, which means it has a cumulative effect and a greater impact in future years. It is recognised that any increase provides an extra burden on tax

payers but does mean the protection of vital services which would possibly have to be considered for reductions. West Suffolk Council is around 11% of a local council tax payer's bill with the rest made up by the County Council, Police and Crime Commissioner as well as Parish or Town Council. Councillors are asked and expected by Government to look at local taxation levels to meet the authority's financial needs to support its communities and help future proof from financial uncertainty.

1.7 Council Tax increases have been capped at 2% (previous two years have been 3%) or £5, whichever is higher. Council tax continues to be a vital and resilient (as a statutory charge) income stream for local authorities and one that national policy encourages and expects local authorities to grow in support of the delivery of their local services.

1.8 National policy also encourages councils to grow their local, and therefore the UK, economy by supporting business, investment and housing to bring in local income, including consideration of new income streams. Bridging the gap between income and demand remains the single biggest challenge facing local government across the country.

1.9 The financial challenges and national funding policies means that Councils can no longer rely on Government grants but must look at more innovative ways to finance the current services and create financial capacity to invest and meet the needs of our communities and businesses. West Suffolk Council recognise and does take a proactive investment role, not only to meet the challenges brought by funding for councils, but also importantly to manage growth and ensure prosperity for our communities. We must, therefore, maintain and where appropriate grow the local income we receive now but also deliver our investment projects, enable the building of homes and increase our business base so that we deliver new income streams to replace those lost. This will enable us to continue delivering the services and wider community support which people value and make West Suffolk an attractive place to live, work and invest.

1.10 As we move into 2020/21 our medium-term financial plans see further reliance on delivery of our strategic projects. As we continue to shape those projects, focusing in and around our growth agenda, we also see the ongoing development of our investment approach materialising supported by our recently adopted West Suffolk property asset strategy including property acquisitions, disposals, maximising the value of our existing stock.

1.11 Some of the projects will need considerable investment, both in money - including creating new funds where needed through borrowing (supported by robust business cases) – and resources and time, but that investment will build a more financially resilient and self-sufficient council, with less reliance on uncertain national or other funding streams. That focus on income-generating projects, which may span several years before they deliver a return, means we no longer look simply to balance a budget for one year.

1.12 Importantly these economic growth projects will bring wider long-term benefits to our areas than purely being a financially robust council, such as

jobs, better health outcomes and investment in working with communities and place based initiatives.

1.13 Its important that we balance growth in existing and new income streams with controlling our cost base and delivering an efficient council. We have transformed what we do and will continue to do so – examples being the sharing of services and the most recent creation a new single West Suffolk council, achieving and protecting annual savings in excess of £5 million a year. Our Families and Communities work is making real changes in people's lives, delivering locally alongside our elected members.

1.14 West Suffolk continues to work across our partners not only to reduce costs but drive improvements, examples being the completed and planned investments in improved leisure facilities, whilst reducing our annual management cost through our partnership with Abbeycroft Leisure. Another example is through our commitment to the national and local One Public Estate programme and principles - delivered through our local projects at the Mildenhall Hub, West Suffolk Operational Hub and the emerging Western Way Development.

2. Provisional Local Government Finance Settlement

2.1 On 20 December 2019 the newly formed government issued their provisional local government finance settlement for 2020/21. This settlement was effectively an extension to the four year settlement that covered the period 2016/17 – 2019/20, an expected roll forward of allocations received in the current year (2019/20). The provisional settlement sets out (as expected) the further delay in both the fairer funding review and the reform of business rates which is now due to take place in time for the 2021/22 budget process. While we have included existing business rates retention allocations in our medium-term budget assumptions, this delay creates a greater level of uncertainty over the Council's medium-term financial plans, this is the same for all local authorities. It is also worth noting the Council does not set Business Rates, these are set though the Valuation Office. Nor does the Council retain all the business rates collected, only a proportion through the current business rates retention scheme.

2.2 This roll forward settlement (as a one off) includes a further revenue support grant and rural services delivery grant allocation commensurate with that received in 2019/20 (previously assumed to be removed). An additional years Housing Support Grant was also allocated. The tables provided to members at both the November PASC and at para 5.3 now include those one-off allocations.

2.3 The provisional settlement also confirmed the council tax referendum principles of an average band D for a district council to be able to increase up to 2% or £5, whichever is the maximum for 2020/21. Any amount above these principles would be subject to a public referendum process. In calculating the funding available for councils to use and therefore the services they can deliver Government assumes that authorities will put up council tax by the maximum amount.

New Homes Bonus

2.4 The big change included in the provisional local government settlement was around the future of new homes bonus, a funding allocation that's future has been uncertain for a number of years. The government's provisional settlement sets out a final round of allocations of new homes bonus for 2020/21 (over and above the growth baseline of 0.4%). However, it will only attract a one year allocation instead of the previous four year allocation in 2020/21. There will be no further allocations beyond 2020/21, with legacy payments (from 2018-20) only then being paid in future years - effectively phasing out the grant over the next 3 years.

2.5 The government have announced that they will consult on the future of housing incentives in the spring, including the potential of moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes needed, and which is aligned with other measures around planning performance. It is uncertain how this will be funded alongside the fairer funding review, reform of business rates and the demands from the whole system (see 2.7 below).

2.6 West Suffolk has been prudent over the years in allocating the new homes bonus direct to a strategic priority and MTFS reserve which has been utilised towards strategic projects and financial initiatives. However, there are a couple of areas within the council's budgets that continue to be funded from this reserve such as locality budgets and proportion of the community chest fund, that would now need to be put into the base budget and as a result will create a budget pressure in future years (likely to be beyond this current MTFS period).

2.7 The provisional settlement continues to reaffirm central governments thoughts and approach to local government funding. In that local authorities need to balance their books in future from efficiencies in the way that they work and through locally generated income streams and taxation – continuing that move to more locally self-sufficient funding model. This combined with the need to address the system wide challenges such as social care and children service provides further uncertainty to the level of funding available. Members will need to take this into consideration when considering the role that locally generated income streams play in delivering a sustainable budget for West Suffolk in the longer term.

Further business rates relief

2.8 The Government have announced, in a written ministerial statement, additional business rates measures that will apply from 1 April 2020. These measures will increase the current retail discount and extend that discount to cinemas and music venues; extend the duration of the local newspapers office space discount; and introduce an additional discount for public houses as follows:-

a) Currently retail premises receive a discount of one-third. In 2020/21 this will be increased to 50 percent for eligible retail premises that occupy a property with a Rateable Value less than £51,000. Eligible

retail premises have been extended to include cinemas and music venues

b) Offices occupied by local newspapers will receive a discount of £1,500 for 5 years from 1 April 2020 until 31 March 2025
c) Public Houses with a rateable value less than £100,000 will receive a £1,000 discount in 2020/21. This will be in addition to the retail discount detailed above and will apply after the retail discount.

2.9 The Government have issued guidelines on the operation of these reliefs and State Aid rules will apply in the usual way, link included below: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861151/BRIL_1_-_2020_-_Multiplier.pdf Local Authorities are expected to use their discretionary relief powers (section 47 of the Local Government Act 1988, as amended) to grant these reliefs in line with the relevant eligibility criteria set out in the guidelines. However, the full cost of granting this relief will be compensated through a section 31 grant from Government.

2.10 Members are asked to support these additional rate reliefs to facilitate delivery of our ambition to support our town centres and high streets in West Suffolk.

3. Council Tax for 2020/21

3.1 As part of the creation of a single West Suffolk Council (alongside others), the Ministry of Housing, Communities and Local Government laid down specific referendum principles for the setting of council tax for those areas that underwent local government reorganisation on 1 April 2019 and where harmonisation of council tax was not deliverable within the first year of the newly formed authorities.

3.2 The specific West Suffolk referendum principles set out a requirement on the new single council to harmonise council tax across the predecessor areas within 7 years, not specifically at year 7. It is for the new West Suffolk Council to determine the level of council tax across its area on an annual basis as part of the budget setting process, including the scale and speed to which harmonisation is to take place (in any given year – but ensuing that harmonisation has/can take place within the required 7 years).

3.3 West Suffolk Council is still subject to the national referendum principles, however the 2% or £5 (whichever is higher) is flexible in any given year between the predecessor areas element or the average Band D rate across both predecessor areas (i.e. the average across all of West Suffolk). The average Band D rate across West Suffolk in 2019/20 was £172.22, allowing for an increase of £4.97 to £177.19 (allowing for the increase to be divisible by 9 - to accommodate the council tax bandings within our ICT system) in 2020/21 within these referendum principles.

3.4 The budget for Council Tax for 2020/21 and future years is based on the option to harmonise the two predecessor areas (St Edmundsbury and Forest Heath) using the average Band D rate across both predecessor areas, harmonising the council tax bills by 2022/23 whilst maximising our

Council Tax receipts to protect services and to support our investment plans. For 2020/21 this represents an average band D monthly increase of 97p and 14p for the predecessor areas of Forest Heath and St Edmundsbury respectively. Noting that just over 70% of our residents are in bands A to C so will actually see a lower increase.

4. Setting the budget – 2020/21 and across the medium term to 2023/24

4.1 On 19 February 2019 the Shadow Council approved a budget for 2019/20 and medium term financial plan for West Suffolk Council to 2023. This medium term financial plan was balanced for the first two years and then showed a budget gap of £2.7m in 2021/22 and £3.9m in £2022/23 (including unallocated savings).

4.2 At its meeting on 26 September 2019 the Performance and Audit Scrutiny Committee (PASC) agreed the principles and approach for delivering a balanced budget in 2020/21 and a medium term financial plan for the years up to 2023/24.

4.3 Those principles are:

- The 2020/21 budget and medium term financial plans will continue to follow the West Suffolk Council Strategic Framework (three priorities) and Medium Term Financial Strategy (six themes).
- The budget and MTFS will reflect any new initiatives developed as part of the revised Strategic Framework.
- The budget and MTFS will include the forecast impact of initiatives that address our financial challenges and seize opportunities to reduce the existing budget gaps.
- The process will continue to communicate the overall West Suffolk financial challenges and opportunities through the medium term financial strategy to Leadership Team, staff, cabinet and all councillors.

4.4 The agreed approach, delivering against these principles, included a round of Budget Challenge workshops across all service areas to review the Councils key budget assumptions (taking into account the 2018/19 year end performance and current 2019/20 data), service demands, planned housing growth, sensitivities and risks.

4.5 These workshops took place during August-December alongside a detailed 'line by line' review of each services cost base to ensure that budgets are only set for planned and understood expenditure. The outcome of these reviews including those relating to budget assumption changes, the outcomes of corporate expenditure reviews and reviews of corporate income assumptions.

4.6 Alongside these workshops were a number of cross council expenditure reviews as well as a review of all major income streams. The income reviews took into account ongoing trends, impact of pricing, benchmarking information, market conditions and intelligence and an assessment of potential new and existing growth areas.

4.7 The outcome of these workshops and reviews have been reported to and supported by the Performance and Audit Scrutiny Committee at its November and January meetings and are contained within Attachment A to this report.

4.8 Attachment A is the revenue budget summary, which provides an overview of the proposed income and expenditure for 2020 to 2024. The total proposed revenue expenditure in 2020/21 is £56.1 million (excluding Housing Benefits).

Delivering our sustainable future – beyond 2020/21

4.9 With demands increasing and uncertainty in local government funding beyond April 2021, it critical that we continue to drive change and stay ahead of the financial curve to enable us to protect valuable local services and to continue to have the financial capacity to continue to invest in our communities. The growth in new and existing income streams will play a key role in our medium term sustainable and self-sufficient future, however our biggest focus must be on the continual review and transformation in the way we delivery our services.

4.10 The role that digital will play in our future state, alongside the role of our partners (public, private and voluntary) including the relationships across the tiers of local government within West Suffolk, will be critical in ensuring a system approach for our residents and businesses that is valued and sustainable. This transformational plan which will including a series of service delivery reviews will take shape during the first quarter of 2020/21 to ensure delivery of the outcomes both financial and improved services, can start taking shape to contribute towards our financial challenges in 2021/22.

5. Capital Programme 2020-2024

5.1 The capital expenditure of the Council through its investment approach has an impact on the revenue budget and is part of the overall preparation of the revenue proposals for the coming year. Its overall capital expenditure is not just about creating a return income but also has greater benefits such as much needed new leisure, health and education facilities; providing infrastructure for businesses, our high streets and rural areas; protecting jobs, helping prevent homelessness and improving access to services.

5.2 It is estimated that £66.1m will be spent on investment through our capital schemes during 2020/21 which are to be funded by a combination of grants and contributions (£3.3m), earmarked revenue reserves (£6.4m), our usable capital receipts reserve (£7.3m) and external borrowing (£49.2m).

5.3 Looking ahead, the total value of the capital programme over the next four years is approximately £197.4m. Attachment D, Appendix 2 shows the planned capital expenditure in financial year 2020/21 and future years, together with information on the funding of that expenditure (that is, grants and contributions, use of earmarked revenue reserves, useable

capital receipts reserve and external borrowing) and is summarised in Table 2 below.

Table 2: Planned capital expenditure over four years to 2023/24

	2020/21 millions	2021/22 millions	2022/23 millions	2023/24 millions	Total millions
Gross capital expenditure	**£66.1**	**£64.0**	**£57.6**	**£9.7**	**£197.4**
Funded by: Grants and contributions	£3.3	£0.9	£0.9	£0.9	£6.0
Earmarked revenue reserves	£6.4	£0.8	£1.7	£1.4	£10.1
Capital receipts reserve	£7.3	£1.0	£0.0	£0.0	£8.3
External borrowing	£49.2	£61.3	£55.0	£7.4	£172.9
Total	**£66.1**	**£64.0**	**£57.6**	**£9.7**	**£197.4**

5.4 Subject to the year end outturn position, any carry forwards from the 2019/20 budget will be added to the 2020/21 capital programme budget at the year end.

17-18 Cornhill development

5.5 The 17-18 Cornhill development received planning permission on 6 November 2019. Subsequently, the technical design (RIBA Stage 4) was completed in December 2019 and is currently out for pricing. These tender returns are currently being reviewed with the aim to agree a final contract sum in March 2020.

5.6 The affordable housing contribution is being delivered through a commuted sum, which is different to the assumptions made in the original business case. This means a higher capital budget is required in order to accommodate the commuted sum payment although this is partially offset by an increased sales revenue.

5.7 It is proposed that members agree to a flexibility within the 17-18 Cornhill capital budget (as was the approach for the Mildenhall Hub capital budget) to allow for any amendment that may be required as a result of the procurement outcome, the commuted sum and any additional funding from the business rate retention pilot (set out above), so long as the net revenue position remains breakeven – in line with the original business case.

Disposal of surplus assets

5.8 Part of the funding arrangements for the capital programme has been the disposal of surplus assets. The Council has plans to review its programme

of asset disposals as part of the development of its Asset Management Strategy. Table 3 below is a summary estimate of the likely level of income from asset disposals over the period 2020/21 to 2023/24.

Table 3: Estimated income from asset disposals 2020-24

	2020/21 millions	2021/22 millions	2022/23 millions	2023/24 millions
Council share of Right to Buy receipts	£1.3	£1.3	£1.3	£1.3
Barley Homes Loan Repayments to be made available again through agreed loan facility	£1.7	£1.7	£2.4	£3.6
Other asset disposals	£0.7	£3.7	£0.0	£0.0
Total	**£3.6**	**£6.7**	**£3.7**	**£4.9**

5.9 The above capital programme and asset disposals programme will, in the short to medium term, move the Council's usable capital receipts reserves from £4.1m to £14.6m. This assumes that all borrowing included within current and future business cases will be drawn down.

5.10 The calculation of interest income used in the medium-term plans is based on the use of existing and anticipated capital expenditure and receipts, and external borrowing where the business cases assuming funding would come from borrowing. Changes in the level and timing of these cash flows have a direct impact on investment returns and revenue funding requirements. However, the capital financing and interest equalisation reserve does allow for some change in the budgeted levels of income from interest to be accommodated. The Prudential Code for Capital Finance and matters relating to the affordability of the Capital Programme are addressed in Attachment D, Appendix 4. The revenue cost of the capital programme is achievable across the medium term provided the savings and income streams indicated in the MTFS are implemented.

6. Minimum Revenue Provision (MRP)

6.1 The Treasury Management and Annual Investment Strategy included elsewhere on this agenda (Report No: CAB/WS/20/022) and the Prudential Indicators (Attachment D Appendix 4), provide a framework within which borrowing limits for the Council are established and will confirm our MRP policy for 2020/21.

7. General Fund Balance

7.1 The revenue budget, Attachment A, based on current budget projections, shows a balanced budget position for 2020/21. However, many of the

assumptions supporting the budget projections for 2020/21 (and future years) are subject to significant uncertainty. This includes assumptions regarding:

(a) sustainability of income stream estimates (including commercial property rental, car parking, trade waste and planning income);
(b) impact of Business Rates Retention scheme and Suffolk pooling arrangements; and
(c) pay inflation and employer's pension liabilities.

7.2 The Council holds General Fund balances as a contingency to cover the cost of unexpected expenditure during the year. As outlined in Attachment C, "Adequacy of Reserves and Robustness of Budget Estimates", the Council's General Fund Balance is set at a minimum of £5m.

7.3 The recommended level of general fund balance has been established by taking into account the following:

(a) allowance for a working balance to cushion the impact of any unexpected events or emergencies;
(b) the new risks placed at a local level under the new business rates retention scheme, such as appeals;
(c) the addition of greater income targets and project returns linked to being more commercial and the selling of councils' services; and
(d) other risks detailed in the Scenario Planning and Sensitivity Analysis provided at Attachment D, Appendix 5.

7.4 The 2019-2020 Performance Reports (Quarter 3) to the Performance and Audit Scrutiny Committee on 30 January 2020 (Report PAS/WS/20/001) included a balanced estimate of the year end budget position. It is proposed to transfer any final year-end surplus in its entirety to the Council's Invest to Save reserve in order to fund future efficiencies and initiatives, which will help to mitigate any further risks or budget pressures going forward. It is proposed that any year-end deficit is supported by a transfer from the Council general fund reserve.

8. Earmarked reserves

8.1 At the beginning of the 2020/21 financial year the Council will have an estimated £34.2m in earmarked reserves. The current level of earmarked reserves and contributions during 2020/21 has been reviewed and where appropriate annual contributions have been adjusted. Attachment D, Appendix 3, provides details of the proposed contributions to, and projected expenditure from, earmarked reserves during 2020/21 up to 2023/24. At the end of 2023/24 these reserve balances are estimated to fall to £32.3 million, in support of financing a number of key investment projects.

9. Strategic Priorities and MTFS Reserve

9.1 This reserve acts as a one-off fund to provide the financial capacity, either through direct investment (revenue and/or capital) or through servicing

external borrowing, for the Council to drive forward the delivery of a sustainable Medium Term Financial Strategy (MTFS) and the West Suffolk Strategic Plan priorities. This reserve is forecast to move from £7.7m at the beginning of 2020/21 down to £2.9m by the end of 2023/24.

9.2 Table 4 shows the total New Homes Bonus (NHB) grant payments made to the predecessor councils since the scheme began in 2011/12, including the expected West Suffolk Council receipt in 2020/21. These NHB allocations have all been put into this Strategic Priorities and MTFS reserve.

Table 4: New Homes Bonus – Grant Receipts

Year	Forest Heath millions	St Edmundsbury millions	West Suffolk millions
2011/12	£0.562	£0.268	£0.830
2012/13	£1.436	£0.559	£1.995
2013/14	£1.679	£0.757	£2.436
2014/15	£2.166	£0.886	£3.052
2015/16	£2.437	£1.219	£3.656
2016/17	£2.644	£1.754	£4.398
2017/18	£1.278	£1.553	£2.831
2018/19	£0.718	£1.272	£1.990
2019/20	N/A	N/A	£1.848
2020/21	N/A	N/A	£1.811

9.3 The 2020/21 budget and MTFS includes a number of draws on this reserve as previously approved or under consideration through the democratic process. Attachment E summarises the proposed draws on this reserve as part of the 2020/21 budget and the medium term budgets. The proposed future of the New Homes Bonus scheme is set out in section 2 above.

10. Adequacy of reserves

10.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Assistant Director (Resources and Performance)) to report to Council, as part of the tax setting report, her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the council tax at its meeting on 25 February 2020. The full statement is set out in Attachment C.

10.2 In summary, the Section 151 Officer's overall assessment is that the estimates are robust (taking into account known risks and mitigating strategies) and reserves are adequate for the 2020/21 budget plans.

11. Legal Implications

11.1 The Local Government Act 2003 imposed duties on local authorities in relation to financial management which covers the following areas:

a) A power for the Secretary of State to determine a minimum reserve level for local authorities by regulations. The Government has indicated that their preference is to keep this power in reserve.

b) Section 25 of the Act places a requirement on the S151 Officer to report on the adequacy of reserves and robustness of budget estimates as part of the authority's annual budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 19 February 2019. This is included as Attachment C of the report.

c) Sections 28 and 29 of the Act place a statutory duty on local authorities to monitor their budgets and take such action as considered necessary in the case of overspends and shortfalls of income.

11.2 Section 30 of the Act relates to the provisions preventing local authorities entering into agreements following a Section 114 Report which a S151 Officer must produce when it appears that expenditure of the authority in a financial year is likely to exceed the resources available to meet the expenditure. No such report has been produced for West Suffolk this year.

12. Appendices

Attachment A – Revenue Budget Summary
Attachment B – Summary of Major Budget Changes
Attachment C – Report by the Assistant Director (Resources and Performance)
Attachment D – Medium Term Financial Strategy (MTFS) 2020-2024
Attachment D Appendix 1 – 5 Year Revenue Budget (MTFS)
Attachment D Appendix 2 – Capital Programme
Attachment D Appendix 3 – Earmarked Revenue Reserves
Attachment D Appendix 4 – Prudential Code for Capital Finance
Attachment D Appendix 5 – Scenario Planning and Sensitivity Analysis
Attachment E Appendix 1 – Strategic Priorities and Medium Term Financial Strategy (MTFS) Reserve
Attachment E Appendix 2 – Investing in Our Growth Agenda Reserve
Attachment E Appendix 3 – Business Rates Retention Pilot: Place-Based Reserve
Attachment F – Capital Strategy
Attachment G – Flexible Use of Capital Receipts Strategy

13. Background Papers

None.