

Policy and Resources Committee

29 June 2016

Is the final decision on the recommendations in this report to be made at this meeting?

No

Medium Term Financial Strategy 2017/18 Efficiency Plan

Final Decision-Maker	Council
Lead Director or Head of Service	Director of Finance & Business Improvement
Lead Officer and Report Author	Head of Finance & Resources
Classification	Non-exempt
Wards affected	All wards

This report makes the following recommendations to this committee:

1. That, for planning purposes, a council tax increase of £4.95 is agreed for the development of the Medium Term Financial Strategy;
2. That the strategic revenue projection given at Appendix C (ii) is agreed for planning purposes and is used to identify growth and savings for efficiency planning;
3. That the Committee agree the approach outlined for the development of the efficiency plan and recommend that all members attend the Financial Briefing on 4 July 2016.

This report relates to the following corporate priorities:

The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.

Timetable

Meeting:	Date:
Policy & Resources Committee	29 June 2016
Policy & Resources Committee	26 July 2016
Council	21 September 2016
All service committees	In November 2016
Policy & Resources Committee	14 December 2016
All Service Committees	In January 2017
Policy & Resources Committee	15 February 2017
Council	1 March 2017

Medium Term Financial Strategy 2017/18 Efficiency Plan

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

Purpose

- 1.1 This report allows the committee to consider the medium term financial strategy (MTFS) for 2017/18 onwards along with the production and publication of an Efficiency Plan in order for the Council to accept the four year local government finance settlement announced in February 2016.
- 1.2 The report will also inform the committee of developments and emerging issues that will affect the revenue budget for the five year period of the MTFS.
- 1.3 The ultimate objective of the MTFS is to set a balanced budget and agree a level of council tax for 2017/18 at the Council meeting on 1 March 2017. This report takes the first step towards achieving that objective.

Executive Summary

- 1.4 The report seeks the committee's views on a draft set of assumptions that will be used to set the MTFS for planning purposes. The draft assumptions for the MTFS are considered in the context of the strategic plan as currently published and may later be reviewed in light of any amendments to the strategic plan for 2017/18.
- 1.5 The draft assumptions confirmed by this meeting will be used to complete an efficiency plan. The plan is a strategic budget document and must be approved by Council and published on the Council's website by 14 October 2016 if the Council wishes to accept the four year local government finance settlement.
- 1.6 On 4 July 2016 there is a briefing session for all Members to set out the budget constraints for the coming five years, the savings required and the need for an efficiency plan. This session will set the scene and enable Members to engage in the development of proposals for submission to this Committee in July 2016.
- 1.7 Each factor influencing the revenue budget is considered in the following paragraphs:

Factor	Paragraph
Resources:	
Revenue Support Grant	4.3
Retained Business Rates	4.6
Business Rates Growth	4.10
Council Tax	4.21
Fees & Charges	4.31

Pressures:	
Employee Costs	4.37
Contracts	4.40
Pension Backfunding	4.43
Housing Benefit Administration	4.46
Additional Responsibilities	4.49

- 1.8 From this analysis the report provides three options for the development of a strategic level revenue budget for planning purposes. The three options do not identify all choices but do enable the committee to consider the potential adverse and favourable limits of the factors and compare these to a third option that is the officer recommendation.

2. INTRODUCTION AND BACKGROUND

- 2.1 The MTFs is actually two documents that make up a five year rolling strategy, which is reviewed and updated annually as an important element of the development of the budget. Ultimately it is approved by Council.
- 2.2 One document sets out the revenue spending plans of the council and availability of revenue resources. The other sets out the capital programme by considering its sustainability, affordability and prudence. Both state the criteria by which decisions in relation to the development of the annual budget are to be made.
- 2.3 The required efficiency plan will follow closely the revenue MTFs to make its production simpler. The work that has been commenced with officers and that will be proposed to the Council will meet the requirements set by the Secretary of State for Local Government.
- 2.4 The capital programme will be considered in a separate report on the agenda for this committee's meeting in July 2016. This report reviews the revenue MTFs and considers options for the development of a five year strategic revenue projection and the efficiency plan.
- 2.5 The strategic revenue projection is a model used to concisely predict the effect of major local and national factors on the future revenue budget by identifying high level issues that will have an influence on the budget planning process and the objective of achieving a balanced revenue budget.
- 2.6 As part of the finance settlement for 2016/17 the Government made an offer of a fixed, four year local government finance settlement. This is subject to formal acceptance by each local authority. As part of accepting the offer the local authority must produce and publish on their website an efficiency plan that will outline how it will achieve its objectives within the available resources set out in the settlement. The risk in relation to accepting the settlement is that the Council could not then expect a better position should the economy improve; the opportunity is that the Council will be certain of minimum future resources and be more effectively able to plan for the period to 2018/19.

- 2.7 This year is the third year of the Kent Business Rates Pool. The success of the pool in 2014/15 meant that membership of the pool grew in 2015/16. The original pool membership was two authorities, this council pooling with Kent County Council. The pool has since grown to include Kent and Medway Fire and Rescue and nine of the eleven remaining districts. The two districts not currently in the pool are Sevenoaks District Council and Dover District Council. Current and past results of the pooling arrangement are dealt with later in this report.
- 2.8 At this time the government has recommitted to the New Homes Bonus programme but is considering responses to a consultation that was carried out earlier in 2016. The Council currently applies all of the New Homes Bonus receipts to its capital programme. The current level of funding for the capital programme is already based upon a cautious prediction of future receipts to reflect the potential risks of the outcome of the consultation. This issue will be further considered in the capital report which will be presented to the Committee at its July 2016 meeting.
- 2.9 Attached as **APPENDIX A** to this report is the summary revenue budget for 2016/17 which was agreed by Council on 2 March 2016. The Appendix shows the summary budget by priority as this demonstrates a clear link between the strategic plan and the resources available to deliver the council's priorities. Detailed in the table below is the summary information set out by service committee.

Committee	Net Budget 2016/17 £,000
Policy & Resources	5,944
Communities, Housing & Environment	8,700
Heritage, Culture & Leisure	431
Strategic Planning, Sustainability & Transport	-1,056
Use of Balances & Reserves	5,409
	19,428

Table 1: 2016/17 budget analysed by service committee

It should be noted that Strategic Planning, Sustainability & Transportation Committee generates sufficient locally derived income to fund the services delegated to it by the Council and makes a contribution towards the cost of other services. In addition the use of balances and reserves reflects, in the main, the expected call on reserves to finance the capital programme.

- 2.10 The revenue outturn for 2015/16 remains in draft at this time but will be reported to the meeting of this Committee in July 2016. The major financial risk for the Council remains the temporary accommodation budget which is expected to report an adverse variance at outturn of approximately £0.5m. Other significant adverse variances are expected to include: the Crematorium due to maintenance work to the cremators; and the Market due to changes in ownership affecting the level of service charge and requiring a backdated payment.
- 2.11 Further provision was made in the 2016/17 budget for temporary accommodation costs and the service has for the last three years undergone enhanced monitoring. Further acquisitions and service reviews

are planned by the Communities Housing and Environment Committee this year.

2.12 Attached at **APPENDIX B**, for information, is the current medium term financial strategy for revenue as agreed by Council on 2 March 2016.

2.13 The detail given in this report and the timetable of meetings set out on the cover to this report will all contribute to the creation of a revised MTFS for 2017/18 onwards that will include the production of an efficiency plan.

3. AVAILABLE OPTIONS

3.1 A number of factors that influence the annual budget and the MTFS are not yet known. Consideration could be given to waiting for the information before taking decisions on the issues raised in this report. A significant unknown factor at this time is the future level of central government funding. While the government has offered a four year finance settlement to local government this covers only revenue support grant. There has been no guarantee in relation to baseline Business Rates funding or New Homes Bonus. In addition this Council has not yet made a decision to accept the four year finance settlement.

3.2 Additional detail on Business Rates and New Homes Bonus are not expected until the Chancellor of the Exchequer's autumn statement. In recent years the autumn statement has been announced early in December.

3.3 For each element of the strategic revenue projection there are a number of options. Each element and its options are dealt with separately in section 4 of this report: 'Preferred Option and Reasons for Recommendation'. The result of the analysis gives the committee a range of possible outcomes from which a strategic revenue projection that reflects the committee's risk appetite can be agreed.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

4.1 **APPENDIX C** to this report sets out three strategic revenue projections. These projections use the following levels of assumption:

- a) **Adverse:** Lowest predictable level of resources and highest budget pressures.
- b) **Recommended:** Officer expected level of resources and budget pressures.
- c) **Favourable:** Highest predictable level of resources and lowest budget pressures.

4.2 The elements of the strategic revenue projection are set out below and the options that create the three levels of assumption are set out for each.

STRATEGIC REVENUE PROJECTION AND REVENUE MTFS

Revenue support grant

- 4.3 On the 10 February 2016 the Department for Communities and Local Government notified the council of the final figure for revenue support grant in 2016/17. At that time the government proposed a four year settlement that the Council may choose to accept.
- 4.4 The revenue support grant for 2016/17 is £0.87m and the offer for the following three years 2017/18 to 2019/20 is zero. In addition the Government intend to reduce the business rates available to the Council by £1.589m in the financial year 2019/20. No changes to baseline and tariff charges will be made to allow for this reduction and it can therefore be seen as outside of the current business rates system and more in line with the creation of negative revenue support grant.
- 4.5 The strategic revenue projection for 2017/18 onwards has been developed on the basis of all three models using the same set of figures from the four year settlement. The years following the settlement assume a standard inflationary impact on the Government's adjustment figure mentioned in paragraph 4.4 above.

Retained business rates

- 4.6 The Government intends to introduce changes to business rates retention by 2020/21, following on from the end of the proposed four year settlement. Consultation will commence later this year and the Government is working with the local government sector through a series of working groups that will influence the final consultation.
- 4.7 The proposals are expected to include 100% local retention of business rates along with a series of additional responsibilities and a realignment of the shares of business rates received by each tier of local government.
- 4.8 The committee will be aware from previous reports and presentations that, as with the current 50% localisation, the proposal for 100% localisation will mean substantially less than that amount being made available to this Council with the vast majority of the resource being redistributed elsewhere within local government.
- 4.9 In order to develop the strategic revenue projection for 2020/21 and 2021/22 the assumption is that the impact of 100% retention and the adjusted redistribution by tier will mean no change in the Council's baseline business rates. This assumption has been used in all three models.
- 4.10 The impact of additional responsibilities has been modelled as part of growth pressures on the budget and will be discussed later in this report.

Business rates growth and the Kent Business Rates Pool

- 4.11 Under the system of local business rates retention the Council can enter into a pooling arrangement with other local authorities. This is beneficial

where one or more of the local authorities receive a top-up from the government's redistribution mechanism. This is the case for both Kent County Council and Kent and Medway Fire and Rescue.

- 4.12 As a member of the pool the council has the ability to retain more of the income from growth in business rates than it otherwise would because it is sheltered by the top-up received by Kent County Council. Under the specific agreement reached for 2014/15 the additional benefit is shared with Kent County Council. The shares and their value for the two years the scheme has been in operation are set out below:

SHARE BY PURPOSE		2014/15 £	2015/16 £	Estimate 2016/17 £
Maidstone Borough Council	30%	144,119	30,941	214,000
Kent County Council	30%	144,119	30,941	214,000
Growth Fund	30%	144,119	30,941	214,000
Contingency	10%	48,040	10,314	73,000
	100%	480,397	103,137	715,000

Table 5: Shares of the Kent Business Rates pool since commencement

- 4.13 Both authorities received 30% of the gain for personal use within their MTFS. The third 30% is held in a fund for business growth and use of the fund is by mutual agreement. The final 10% is held against losses arising from the risks of entering the pool. The major risk is the fact that government support is not available to members of a pool and should business rates reduce for one member of the pool they would be able to call initially on the contingency before obtaining direct support from other members.
- 4.14 The 30% retained by this council and the 30% in the growth fund have been allocated, by agreement, to the delivery of the economic development strategy.
- 4.15 The committee should note that the figure for 2015/16 was less than estimated. This is due to one of the high risk factors of locally retained business rates. The Council saw a higher than expected level of appeals for which a provision was required in 2015/16. This situation was the result of legislative change and is not expected to recur in 2016/17 or later years.
- 4.16 The Council ensures that the income from growth is held in reserve and committed in the year following its receipt. This means that the resources are not yet committed and the Economic Development team have an opportunity to modify their plans for using the resources.
- 4.17 The potential risks to growth in future years are set out in the paragraphs below:
- 4.18 Business Rates growth assumptions are set in the current strategic revenue projection at £1.2m or 2% of baseline business rates collected based on the initial estimate for 2015/16. It is not proposed to amend the estimate at this time as the figure is only indicative and does not impact on the Council's ongoing resource requirements. However a number of potential matters could occur that may affect the estimate. These are set out below:

- a. Government reviews: The government is planning two actions:
- A revaluation of business rates, the results of which could have an effect on the level of appeals for which the council must make provision and pay for if successful.
 - A review of the business rates system which will lead to changes in the levels of retained income as set out above.
- b. Appeals: The process of appeals is outside of the control and influence of the council. However all appeals approved by the government's valuation office will result in a need to make a backdated refund to businesses. The significance of the recent increase in appeals has impacted upon the growth achieved from the 2015/16 pool for this authority as it was necessary to provide for a significant increase in potential refunds.
- c. Greater risk of financial loss: The pool includes 10 district councils who individually collect business rates. Each one is individually at risk of loss.
- i. If the council sees significant business rates loss during the year there is a risk that it could not be financially supported by the pool this risk is the same as the council took in 2014/15.
 - ii. If another authority saw significant business rates loss during the year the pool agreement will not allow the council to be worse off than if it were outside of the pool. The maximum risk to the council is therefore the growth retained because the council is a member of the pool. (i.e. the resources set out in the table 5 at 4.11)

4.19 While there is a risk of loss of this income the Council has in the past assumed that this level of funding will be taken to reserves and utilised the following year. This working practice will continue so that committed resources are no greater than the earmarked reserve held.

4.20 In 2015/16 one local authority in the pool saw a reduction in their rateable value and the rates they collected. The reduction was large enough for the authority to fall below the safety net value set by central government. This has triggered support from the pool to provide the assistance that would have been received from the government if the pool had not existed. The necessary payment was less than the value held for the year in the 10% contingency and fully affordable within the principles agreed by the pool members.

4.21 All three models of the strategic revenue projection are based upon the same level of retained growth as this has no direct impact on the MTFS. This is due to the inbuilt delay in making spending decisions as explained in paragraph 4.15 above. There is therefore a low level of risk to the MTFS.

Council Tax Levels

4.22 Total Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on

valuation ranges, adjusted by all discounts and exemptions. The tax base for 2015/16 was set at 58525.4.

Tax Base:

- 4.23 A current review of the tax base as at 6 June 2016 shows that there has already been a 0.5% increase since the tax base for 2016/17 was originally set in October 2015.
- 4.24 The level at which planning assumptions have been set is 1% and the actual movement to date suggests this remains a viable assumption for future years. However this represents an increase in the number of dwellings within the borough of just over 600, which is below the long term assumptions made in the draft Local Plan. Alternative options could include consideration of higher levels of growth in the tax base. This requires confidence in the fact that new housing developments in the borough would be built where planning permissions exist.
- 4.25 Elsewhere on this agenda the committee will consider a report on the consultation options for a revised local council tax support scheme. The impact of this scheme is reflected in changes to the tax base from discounts and adjustments
- 4.26 The impact of any revisions finally agreed may provide additional council tax resources but no assumption has been made in any of the three strategic revenue projections at this time. An assumption has been made in the development of the efficiency plan that up to £75,000 of additional council tax could be the result of any agreed changes.
- 4.27 The results of the consultation will be formulated into a new scheme by this committee and recommended to Council in December 2016. At that time any impact will be incorporated into the MTFS.

Increase in charge:

- 4.28 The level of council tax increase for 2017/18 is a decision that will be made at Council on 1 March 2017 based on a recommendation made by this committee. At this time a decision on the increase in council tax is solely for planning purposes and to enable the necessary public consultation on the Council's budget and MTFS.
- 4.29 The current MTFS states that:

'The Council must consider the need to set a balanced budget that enables it to provide the services required by its customers. The significant risks facing the future financial stability of the Council have been considered along with the strategic revenue projection's assessment of the future reductions in resource levels.'

- 4.30 In considering this issue the committee should recognise the need to set a level of council tax commensurate with the level of service provision and to avoid the use of short term decisions that risks the council's medium term liquidity and financial resilience. The actual increase is an issue for a future

meeting. At this time the committee should agree a figure that can be used as a planning assumption.

- 4.31 For many years the council's ability to increase the level of council tax has been limited firstly by a cap and more recently by the need to hold a referendum for increases over a government set limit. The government limit set last year was the greater of 2% or £5.00. The Council approved an increase of £4.95 (2.1%).
- 4.32 For planning purposes it is recommended that in all options the council tax be increased by £4.95 per annum from an increase in the charge, reverting to 2% in 2020/21 when this becomes a greater figure than £5.00. The three strategic revenue projections use values of 0.5%; 1% and 1.5% per annum from tax base growth.

Local income from fees and charges

- 4.33 The council has a policy that guides officers and councillors to set the appropriate level of fees and charges based on demand, affordability and external factors. The policy is not influenced directly by the MTFS with the exception that charges should be maximised within the limits of the policy.
- 4.34 In developing the strategic revenue projection for 2016/17 the committee requested that a broad assumption of a 1% increase in future fees and charges be included in the strategic revenue projection.
- 4.35 The council has approved a commercialisation strategy which has set a target for net income gained from new and enhanced activities of £1m over the five year period from 2015/16 to 2019/20.
- 4.36 The delivery of each proposal will be the responsibility of an individual service committee. For this reason the £1m target has not been reflected in the strategic revenue projection until individual committees have considered the level of income achievable.
- 4.37 The three strategic revenue projections do show a base assumption of growth in fees and charges of 0%; 1% and 1.5%. This is in addition to new income for commercial projects and reflects only the increase that would be seen from inflation increases in current charges.

Budget Pressures

Employee costs

- 4.38 The employee cost increases approved as part of the MTFS for 2016/17 included a 1% increase in pay. This was not distributed evenly across all grades. In addition a further 0.5% was awarded for incremental increases and 0.2% to enable the Council to comply with the government's living wage requirements.
- 4.39 In addition a policy review of the pay scale occurred in 2016/17 and this remains part funded with growth of £153,000 that must be funded in 2017/18.

- 4.40 All three versions of the strategic revenue projection assume a 1.7% increase in employee costs to allow for a continuation of this agreement.

Contractual commitments

- 4.41 The council has a number of contracts such as waste collection and building maintenance. These contracts all have specific arrangements for annual uplifts linked to relevant indices such as the consumer price index.
- 4.42 Additional costs arising from these contractual increases are factored into the strategic revenue projection on an annual basis. The indices used as estimates reflect either the actual index for the previous increase or an index based on the guidance of the service manager concerned.
- 4.43 As these increases are based on past experience and professional expertise they are used in all three models of the strategic revenue projection.

Backfunded pensions

- 4.44 The financial year 2017/18 is the first year of a new triennial valuation of the pension fund. At the last triennial valuation the Council agreed that the additional backfunding contribution required by the valuation would be funded by an annual increase of £50,000 in the base budget. The remainder of the increase was taken from balances.
- 4.45 This decision meant that by the time of this new valuation a base budget of £1.475m would exist against a current charge of £1.558m. Given the expected future improvement in the economy by 2017/18 this sum was considered to be sufficient as a baseline for the next triennial review.
- 4.46 The Council will not be advised of the revaluation figures until November 2016. At this time an assumption of stability is made for the officer recommended strategic revenue projection with growth between zero and £75,000 per annum for the other two projections.

Housing Benefit Administration Grant

- 4.47 This council was amongst the first in Kent to introduce the first stage of the universal credit roll out. This system replaces many welfare benefits with a single system and effects the way in which housing benefit will be awarded in the future. The first stage has little effect upon the council's benefits claimants as it affects only single persons in specific circumstances.
- 4.48 Longer term there will be an impact and the government has already commenced reductions in the level of administration grant. These reductions will continue over the next few years as fraud investigation is centralised under the department for works and pensions and the number of claimants that fall within the universal credit system increases.
- 4.49 The three models all make varying assumptions regarding reductions in administration grant. The adverse model assumes immediate loss of £200,000. The recommended model assumes the gradual loss of the same

£200,000 over the next two years and the favourable model assumes no loss for 2017/18 then a £200,000 reduction in 2018/19.

Additional Responsibilities

4.50 In paragraph 4.9 of this report retained business rates is discussed. It was suggested that the revised system of 100% retention is expected to be implemented by 2020/21. As part of the changes the Government intends to propose additional responsibilities for local government. These proposals have not yet reached the consultation stage so little detail on their intention is available.

4.51 To ensure that an indicative figure is included in the Council's MTFS it is proposed to increase growth pressures in the final years of this strategy. Based on current knowledge this figure could be in excess of £1.5m but the three strategic revenue projections assume £1.2m; £1.3m and £1.5m.

Summary of strategic revenue projections

4.52 The three strategic revenue projections given at Appendix C are predictive because the medium term impact on local government of the Government's fiscal plans are not yet fully clear. They are developed on the basis of the best currently available information but will require modification as the details become more accurate.

4.53 The three strategic revenue projections provide the committee with information relating to the potential budget pressure for each year. This allows the required level of saving and efficiency to be calculated. This is shown in the detail in Appendix C and tabled for the three options below:

Year	Adverse £,000	Recommended £,000	Favourable £,000
2017/18	1,437	1,307	1,152
2018/19	117	48	-12
2019/20	1,699	1,525	1,362
2020/21	1,659	1,282	1,013
2021/22	197	15	-159
Total	5,109	4,177	3,356

Table 6: Savings and efficiency requirements from strategic revenue projections

4.54 Savings of between £3.4 and £5.1m are required during the period of the MTFS if one of the three models is selected. The immediate savings target to deliver a balanced budget for 2017/18 is between £1.2m and £1.4m.

EFFICIENCY PLAN DEVELOPMENT

4.55 In order to achieve the level of savings required by the recommended strategic revenue projection the Committee must develop a strategy. The strategy would need to cover significant levels of savings and efficiency from all areas of the budget and work on such a strategy has commenced with officers.

4.56 The final strategy will assist with the production of the efficiency plan required by central government in order for the Council to accept the four year local government finance settlement if it decides that it wishes to do so.

4.57 On 10 March 2016 the Secretary of State for Communities and Local Government wrote to all local authorities setting the deadline date for acceptance as 5pm on 14 October 2016. In his letter he stated:

"...I want this offer, and the production of the efficiency plan, to be as simple and straightforward as possible, and reassure you that this is not about creating additional bureaucracy."

He also suggested that he would not provide detailed guidance on content:

"I do not intend to provide further guidance on what efficiency plans should contain – they should be locally owned and locally driven. But it is important that they show how this greater certainty can bring about opportunities for further savings. They should cover the full four year period and be open and transparent about the benefits this will bring to both your council and your community. You should collaborate with your local neighbours and public sector partners and link into devolution deals where appropriate."

4.58 Overarching proposals for how such an efficiency plan could be achieved are being developed. While this has been discussed with senior officers of the Council it has not been reported to this committee since the initial report on the original offer by the Government was reported in February 2016.

4.59 When announcing the final settlement in February 2016 the Government provided a two year transitional grant to local authorities to enable them to prepare for the significant efficiencies required by the four year settlement. The Committee agreed at its meeting in February to set this grant aside for resource activity that would generate the necessary efficiencies. This grant is approximately £0.4m over the two years 2016/17 and 2017/18.

4.60 It is the intention to commence briefing and debate with all members at the briefing session on 4 July 2016. Every attempt was made to bring this briefing to all members prior to this meeting of Policy & Resources Committee but no suitable date was available.

4.61 Following this briefing it is essential that members engage in the development of the efficiency plan as many of the proposals it will bring forward will become future decisions for the services committees and for Council. In order to ensure that members understand the detail behind all of the proposals that are eventually developed is through engagement.

4.62 Methods of engagement that are available include further briefings, workshops and meetings with Chairmen and Vice-chairmen of the service committees.

4.63 All of the work in relation to the efficiency plan's development must be complete in time for a recommendation to Council on 21 September 2016.

The agreed plan must be published on the Council's website by 14 October 2016.

5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 This report is the commencement stage of the development of the MTFS and the budget for 2017/18. From this report information will be provided to each service committee for consideration and referral back to this committee.
- 5.2 Once a strategic revenue projection and MTFS has been approved in draft, public consultation will commence.
- 5.3 This committee's final opportunity to consider the MTFS and feedback from consultation and other committees' views will be the meeting in February 2016.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 This decision will be discussed with the chairman and vice-chairman of each service committee at their agenda planning meeting in order to prepare for a report on the current situation and proposals for the future.
- 6.2 Briefing sessions will be held with all interested members and officers at a service committee level during August 2015 so that discussions from these briefing sessions can be incorporated into each service committee report in September 2015.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The Medium Term Financial Strategy and the budget are a re-statement in financial terms of the priorities set out in the strategic plan. They reflect the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Head of Finance & Resources
Risk Management	Matching resources to priorities in the context of the significant pressure on the Council's resources is a major strategic risk. The MTFS is improved each year to enhance its resilience and effectiveness. The MTFS is considered by this committee, all service committees, the Audit Governance & Standards Committee and Council.	Head of Finance & Resources

	<p>Specific risks are set out in the relevant sections of the report.</p> <p>Where the Committee is concerned about a specific risk it is possible to modify the strategic revenue projection prior to its approval.</p>	
Financial	The budget strategy and the MTFS impact upon all activities of the Council. The future availability of resources to address specific issues is planned through this process. It is important that the committee gives consideration to the strategic financial consequences of the recommendations in this report.	Head of Finance & Resources
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Head of Finance & Resources
Legal	The Council has a statutory obligation to set a balanced budget and development of the MTFS and the strategic revenue projection in the ways set out in this report supports achievement of a balanced budget.	Head of Finance & Resources
Equality Impact Needs Assessment	<p>The report sets out a policy that will have a positive impact as it will enhance the lives of all members of the community through the provision of resources to core services. In addition it will affect particular groups within the community.</p> <p>It will achieve this through the focus of resources into areas of need as identified in the Council's strategic priorities.</p>	Head of Finance & Resources
Environmental/Sustainable Development	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy	Head of Finance & Resources
Community	The resources to achieve the Council's objectives are allocated through the	Head of Finance &

Safety	development of the Medium term Financial Strategy	Resources
Human Rights Act		
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy	Head of Finance & Resources
Asset Management	Resources available for asset management are contained within the strategic revenue projections set out in this report.	Head of Finance & Resources

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

Appendix A: Summary Revenue Budget 2015/16 & 2016/17 (not yet available)

Appendix B: Medium Term Financial Strategy Statement 2016/17

Appendix C: Strategic Revenue Projection 2017/18 Onwards – Options

9. BACKGROUND PAPERS

None