

## **POLICY & RESOURCES COMMITTEE**

**16 DECEMBER 2015**

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

**No**

## **MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS - REVENUE**

<b>Final Decision-Maker</b>	Council
<b>Lead Head of Service</b>	Head Of Finance & Resources
<b>Lead Officer and Report Author</b>	Head Of Finance & Resources
<b>Classification</b>	Public Report
<b>Wards affected</b>	All

### **This report makes the following recommendations to this Committee:**

It is recommended that the Committee:

1. Agrees to continue to plan on the basis of the revised SRP set out at Appendix A including the revised resource and expenditure budgets as detailed in the report;
2. Agrees the allocation of funding to assist the loss of council tax income by Parish Councils as set out in Appendix B;
3. Agrees the savings and efficiencies of this Committee as set out in Appendix C; and
4. Accepts the proposed savings and efficiencies from all service committees as set out in Appendix D.

### **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. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan.

### **Timetable**

<b>Meeting</b>	<b>Date</b>
Policy & Resources Committee	16 December 2015
Service Committees	Various dates: January 2016
Policy & Resources Committee	17 February 2016
Council	2 March 2016

# **MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS - REVENUE**

## **1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 This report is produced annually and will update Policy & Resources Committee on the budget strategy and normally follows the publication of the provisional finance settlement figures. The Autumn Statement was given by the Chancellor of the Exchequer on 25 November 2015 and the provisional finance settlement, although imminent, had not been received at the time of writing this report.
  - 1.2 Despite the missing details of the provisional finance settlement it is essential that Policy & Resources Committee considers the latest information at this time in order to remain on target for a balanced budget to be presented to Council in March 2016. A decision on the recommendations in this report also enables the Committee to confirm acceptance of the proposals of the other service committees in relation to the budget strategy in January 2016 allowing time for final consideration.
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## **2. INTRODUCTION AND BACKGROUND**

- 2.1 On 29th July 2015 the Committee considered the initial budget strategy for 2016/17 onwards. At that time a strategic revenue projection (July SRP) was agreed, including a provisional level of Council Tax as a planning and consultation tool. The July SRP included increases for inflation based on information provided by key officers and future indices from sources such as the office of budget responsibility.
- 2.2 The July SRP gave an estimate of resources of £33.6m and predicted expenditure, including new budget pressures, of £35.2m. This meant a need to find savings in 2016/17 of £1.6m and £3.7m over the five year period of the medium term financial strategy. At that time a number of risks were considered by the Committee:
  - a) The future consequence of the newly elected government's plans for removing the deficit during the period of the current parliament;
  - b) A review of the retained business rates system during the second half of the period covered by the MTFs and any impact from possible changes to the membership of the Kent business rates pool;
  - c) Potential council tax levels and the tax base;
  - d) The level of other income being achieved from current services;
  - e) The deliverability of the proposed commercial activity linked to the Council's commercialisation strategy;
  - f) The cost of the changes to single tier pensions due to commence on 1st April 2016. HM Revenue and Customs has not yet announced the necessary detail to make an accurate measurement of the consequences;

- g) A series of local pressures the most significant of which continues to be temporary accommodation costs for homeless persons. Other pressures include the Museum and staffing costs.
- 2.3 Since the Committee considered this issue there have been a number of changes to the factors set out in the July SRP. And these are set out in detail later in this report.

### **Review of Current Performance**

- 2.4 The current year's financial performance is reported to the Corporate Leadership Team and to this Committee on a quarterly basis. The first two quarterly reports show a developing neutral position with an expected outturn of less than £0.1m under spend at 31st March 2016.
- 2.5 The main budget messages are the continued increase in the net cost of temporary accommodation, increased cost of employees in the planning service along with the continued increase in income from both waste & recycling and the planning service.
- 2.6 The increase in temporary accommodation costs began in 2010 and has been steadily rising. The Council has used a number of initiatives to resolve the pressure including self-provision of accommodation, restructuring the service to refocus work and providing additional revenue resources. Despite the initiatives used to date the pressure continues to grow. Monitoring shows that the cost per person per day in temporary accommodation has reduced and continues to do so but the demand is rising and the continued growth in cost is the net effect of this.
- 2.7 The volume of planning applications being handled by the Council is increasing in number and in size of applications. This is providing additional income from planning fees. As this increase is occurring throughout the country to a greater or lesser extent, recruitment and retention of planning staff is becoming more difficult and enhancements to salary are now being paid. Combined with increased staffing numbers, this is utilising the majority of the increased planning fee income.
- 2.8 Effective budgetary control means that the majority of services are operating within budget and this will support the additional cost of temporary accommodation in 2015/16. Additionally income from recycling of green waste continues to grow and this ensures the predicted outturn will balance to the budget. This compares positively to previous years where significant underspends have occurred.

### **Revenue Resources**

- 2.9 Given at **Appendix A** to this report is a revised strategic revenue projection (revised SRP) that takes into account all of the changes set out in the following sections of this report.

### **The Autumn Statement & the Provisional Finance Settlement**

2.10 The Chancellor of the Exchequer made the autumn statement to parliament on 25 November 2015. Each year, following that statement, the Department for Communities and Local Government (DCLG) provides each authority with a provisional finance settlement specific to that local authority for the following year, at the time of writing this report the settlement information for 2016/17 has not been received but is expected by 16 December 2015.

2.11 Some of the factors announced in the Chancellor's statement were announced immediately following the general election earlier this year or at the Conservative party conference. The autumn statement amended some of the expected announcements and a summary of the issues, where these affect local government, is set out below.

- a) A number of housing related announcements including:
  - 400,000 new homes of which 200,000 will be starter homes of which 135,000 will be affordable under the governments help to buy scheme. Of note is the fact that all of these homes, affordable or market price, will be for sale and not for rent.
  - Proposals to extend the right to buy to registered providers and possibly other public sector owned property
  - Maintaining levels of funding for homelessness while providing £40m additional funding for work on domestic violence issues;
  - Government will make £10m available to Councils help homeless people.
- b) A number of announcements related to the finance settlement:
  - A complete removal of revenue support grant by 2020;
  - Local government to keep all revenue from business rates by the end of the Parliament.
  - A rebalancing of the finance system towards social care. Directing resources at those authorities with a responsibility for this function.
- c) A number of announcements linked to the full localisation of business rates:
  - A consultation on the proposal will come forward
  - The announcement mentions new burdens generally and one specific example relating to the administrative costs of housing benefits for pensioners. For the administration of Housing Benefits the Council currently receives a specific grant which is currently expected to reduce as Universal Credit is introduced. This announcement implies it will be completely eradicated.
  - Council's will have the ability to reduce the business rate multiplier. Only in certain circumstances will elected mayors have the ability to increase it.
- d) A number of extensions to the controls over council tax levels:
  - A new social care "precept" in council tax of up to 2% to allow relevant councils to raise £2bn for social care;
  - Arrangements for police forces that have maintained low levels of council tax to charge above the normal 2% referendum limit.
- e) An additional announcement relating to specific support for Police forces with growth of £900m which will be targeted to specific national issues

- f) Local government spending, in cash terms, to be same in 2020 as 2015;
- g) 26 new enterprise zones to be created;
- h) Funding for flood defence to be protected in real terms;
- i) £250m support for motorways in Kent to relieve pressure caused by Operation Stack;
- j) Publication of guidance on salary controls; and
- k) A consultation on changes to the New Homes Bonus which will most likely propose a reduction from a 6 year grant to a 4 year grant.

2.12 The statement contained no detail at a service or local level and at this time it is expected that the additional support or maintained level of funding to some public services will mean a disproportionate impact on the funding provided to most district council services.

2.13 Until the details of the provisional finance settlement are published by the DCLG it will be difficult to identify the exact impact on this council.

2.14 It is expected that the provisional finance settlement for 2016/17 will be published on the day of the meeting of Policy & Resources Committee and it is officers' intention to give a verbal update to this report at the meeting.

### **Parish Funding from the Finance Settlement**

2.15 The settlement figures, once published, will include the central funding towards local council tax support (LCTS) that replaced council tax benefit on 1 April 2013. At its meeting on 12 December 2012 the Council gave initial approval to the current scheme in operation in the borough and has reconsidered the scheme annually and is expected to have considered the 2016/17 scheme on 9 December 2015.

2.16 The government funding for the scheme, as set up back in 2013/14, represented 90% of the government's predicted expenditure on council tax benefit. This was based on actual costs for the year 2012/13. By 2014/15 the funding for LCTS was no longer identified separately in the settlement figures. Due to the significance of the reductions in revenue support grant this level of funding is no longer available through the resources provided through the finance settlement.

2.17 Part of the LCTS funding that the Council initially received, related to the benefit paid to claimants in parished areas. This is because the local scheme affects parish preceptors and major preceptors in the same way as it affects the Council's income from council tax. As in prior years, the effect is considered in the report setting the Tax Base for 2016/17 that is elsewhere on this agenda. The government has stated that it expects appropriate consideration of the funding of parish councils to be made by district councils when planning for overall funding levels. However it has not legislated for the payment of this funding on to parishes.

2.18 In previous years the Council has chosen to pass on the funding to parish councils. Resources distributed to date are set out in table 1 below. The reduction in the level of resource has been linked to the overall reduction in the level of the funding received by the Council through the finance

settlement each year and can therefore only be estimated at this time. On that basis the indicative reduction for 2016/17 would be 14.26% of the 2015/16 distribution. The percentage reduction is based on the reduction in the finance settlement year on year

Year	Resources £	Reduction %
2013/14	110,631	
2014/15	96,802	12.50
2015/16	82,024	15.27
2016/17 (Proposal)	70,327	14.26

*Table 1: LCTS resources distributed to Parish Councils*

- 2.19 Individual parish council funding is distributed on the basis of predicted demand for the local council tax support in each parish as considered in the calculation of the Tax Base reported for approval elsewhere on this agenda. The proposed distribution is given at **Appendix B**.
- 2.20 Parishes are required to notify the council of their precept requirement before the end of January and therefore require information about their tax base and LCTS funding in December.

### **Council Tax**

- 2.21 The Council's 2015/16 council tax charge is £235.71 per annum for a band D property.
- 2.22 At the meeting on 29 July 2015 this Committee agreed the July SRP for planning purposes and it included an assumed 2.5% increase in council tax income. This represented a 1.99% increase in the council tax charge and a 0.5% increase in the tax base arising from new property.
- 2.23 The tax base for 2015/16 is 56,974.3. The Tax Base submitted for approval elsewhere on this agenda proposes a tax base of 58,525.4 for 2016/17. This represents a 2.7% increase and occurs due to the combined effect of identified dwellings that will come onto the register in the period from now to 31st March 2017, a decrease in empty property partly from fraud reduction activities and the continued reduction in working age claimants of Council Tax Support discount, as employment levels rise.
- 2.24 A council tax increase of 1.99% will produce a band D charge of £240.39. This represents an increase of £4.68 per annum or 39 pence per month. This level of charge made on the tax base detailed above would generate council tax receipts of £14.1m (£14,068,920) for the council.
- 2.25 At this time it is usual to report on options for a Council Tax increase. A final decision is not necessary until the meeting of this Committee on 17 February 2016 when the Committee will recommend the budget to Council. It is however beneficial for members of the committee to have the opportunity to consider all options while considering the other changes set out in the revised SRP.

2.26 It is currently expected that the maximum increase available to this Council, if it does not wish to hold a referendum on the matter, will be 2%. The increase of 1.99% used for planning purposes allows for any potential rounding errors in the figures. A series of example options for a council tax increase and the reduction from the 1.99% increase used for planning purposes is detailed in the table below:

<b>Example Increase Levels</b>	<b>Increase £.p</b>	<b>Resource provided £</b>	<b>Resource reduction from SRP figures £</b>
A 1.99% increased (used in the revised SRP)	4.68	273,900	0
Increase of 1.5%	3.51	205,420	68,480
Increase of 1%	2.34	136,950	136,950
Increase of 0.5%	1.17	68,470	205,430
Increase of 0%	0	0	273,900

Table 2: Options for Council Tax increases and resources provided / reduced

2.27 The right hand column of table 2 above shows the additional amount of savings and efficiencies that would be require, above those set out in the revised SRP at Appendix A.

2.28 Elsewhere on this agenda the Committee will consider a report on the collection fund adjustment. This is the balance of council tax left in, or overdrawn from, the account at the end of last year after all preceptors and the council have received the amount requested. The recommendation of that report is to distribute approximately £1.0m across the major preceptors and this council. The share calculated for this council is £168,706 and this has been added to the resources available to the Council in the revised SRP set out at Appendix A.

### **Income from Other Sources**

2.29 The estimated income generated from other source is £14.2m for 2015/16. This represents gross income and does not account for the cost of the services that generate this income. This income is a contribution to overall costs. From a small number of services the council generates a surplus from the activities. This surplus is used to support other service provision except in cases where legislation limits the use of any surplus created.

2.30 This income is divided between:

<b>Income Type</b>	<b>2015/16 Estimate £</b>
Grants & Contributions	233,340
Charges to other organisations (incl. Partnerships)	4,224,150
Interest on Investments	270,000
Rents (Commercial & Residential)	1,490,850
Fees & Charges	7,996,010
<b>Total</b>	<b>14,214,350</b>

Table 3: Income from Services 2015/16

- 2.31 The Commercialisation Strategy was approved by Cabinet in August 2014. This strategy proposes a target level of net increase in income of £1m over the five year period from 2015/16 to 2019/20. The SRP attached assumes no increase in income from this source and the proposals for commercial activity are included in the details relating to revenue savings and efficiency later in the report. As and when necessary the relevant service committee will consider business cases for future work and the overall funding for any acquisition or other capital costs will be considered by this committee when setting and monitoring the future capital programme.
- 2.32 The service committees have yet to consider proposals for setting their fees and charges. The intended recommendations increase income budgets by £123,000 in 2016/17. Those increases have been treated as savings and efficiencies and, as such, are not included in the revised SRP attached at Appendix A.

### Summary of Resources

- 2.33 Combining the resources available to this council from the revenue support grant, business rates income, council tax income, the collection fund adjustment and income from other sources gives estimated resources for the period of the revised SRP of £34.12m for 2016/17 as tabled below. The Cabinet should note that the level of resources available from revenue support grant estimated for the years 2016/17 and beyond assume the consequence of the Chancellors announcement regarding the ending of Revenue Support Grant. Although a projection is given, no actual detail is available on the rate at which the resources available to this council will reduce but the Chancellor of the Exchequer has given a clear indication that the government intends to remove revenue support grant as the changes to business rates are introduced over the period of the current MTFs.

	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>
Revenue Support Grant	1.46	0.92	0.42	0	0
Business Rates	3.02	3.08	3.14	3.20	3.27
Business Rates Growth	1.19	1.20	1.21	1.22	1.23
Collection Fund Adj.	0.17	0	0	0	0
Council Tax	14.07	14.46	14.86	15.27	15.69
Other Income	14.21	14.21	14.21	14.21	14.21
<b>Available Resources</b>	<b>34.12</b>	<b>33.87</b>	<b>33.84</b>	<b>33.90</b>	<b>34.40</b>

*Table 4: Summary of Resources*

### Review of Strategic Projection

- 2.34 When this Committee agreed the July SRP, service committees along with officers were set the task of continuing to review the budget pressures and identify savings and efficiencies to balance the budget.
- 2.35 Since that time there has been a series of meetings managed by the Head of Finance and Resources in order discuss proposals that offer potential savings and efficiencies with Committee members and these are considered later in this report.

2.36 In addition a number of additional pressures have been identified and included in the revised SRP the proposals reflect the needs of a number of services. An explanation of each additional pressure included in the revised SRP but not in the July SRP is given below:

- a) **Homelessness Prevention £81,000:** Levels of homelessness are increasing and the Council has diverted the majority of its relevant housing resources to assessment and support for those who are presenting themselves to the Council as homeless. One part of effective housing support is to work at an earlier stage with those people who have the potential to become homeless. Homelessness can often be prevented by actions such as: immediate financial support; working with landlords; or providing financial advice. In such cases the cost is significantly less than the avoided cost of using temporary accommodation, calculated at around £800 per person. Preventing 100 cases from requiring temporary accommodation equates to around £80,000 in avoided costs. The revised SRP includes the introduction of additional permanent staff to recommence the Council's work on homeless prevention at a total cost of £81,000.
- b) **Homelessness Temporary Accommodation £150,000:** The pressure on the temporary accommodation budget has continued to increase despite efforts to control it in recent years. The Council measures the average cost per night of a stay in temporary accommodation and this cost is reducing because of actions taken by officers however demand for the service is still increasing. The Council has previously acquired two properties that are now managed by a third party to reduce dependence on bed and breakfast stays. It also added £160,000 to the net budget for this service. Despite this the 2015/16 outturn is predicted to be in excess of £300,000 over budget. Given the proposal above it can be assumed that a successful homeless prevention service will reduce the cost of temporary accommodation by more than the £81,000 funding proposed above. Given the continued success of the work on reducing the cost per day of temporary accommodation and additional work on homeless prevention a balance of the £300,000 over spend remains and requires funding through the MTFs. This balance is estimated to be £150,000.
- c) **New Shared Planning Support Service £56,000:** Following the tri-borough agreement on the revised planning support service there is a need for this Council to increase its contribution to the new two-partner shared service. The original agreement, which has been brought forward to the new arrangement, required the service to move toward a transactional basis for charging. This Committee agreed at the tri-borough meeting to make a £56,000 additional contribution, funded from planning application fee income. The decision included a requirement for the service to continue to make savings in future from the introduction of efficiencies which will eventually cover this additional cost.
- d) **MK Legal Services £87,000:** Mid Kent Legal Services provides support to all three MKIP authorities through a charging system based on transaction levels. The demand for the service by this Council has increased disproportionate to the demand of the other

two partner authorities. Due to the time management system used by the service an accurate estimate of the increased workload is possible. It has been estimated that £127,000 must be provided but can be partially offset by charges to developers for s106 agreement work. The net increase in resources required by this authority is £87,000.

- e) **Staffing Changes £40,000:** The current post of Mid Kent Services Director was created for a trial period using resources made available by the three Mid Kent Improvement Partnership (MKIP) authorities. The trial period is over and consideration is being given by the three authorities to make the role permanent. The role is supported in principle by the MKIP Board who also supports this Council being the employer. From a MBC perspective the MKS Director role has been successful. The Policy & Resources Committee considered a report at its July 2015 meeting concerning senior management arrangements and this referenced the MKS Director role. This Council's maximum share of the cost of the post would be £40,000.
- f) **Maidstone Museum £125,000:** As the Committee will be aware the Museum has undergone a zero based budgeting exercise. The result of this work has identified a baseline need for an additional £60,000 to cover current service provision after the cessation of a number of loss making activities. In addition the Museum provides educational services to schools through a grant aided programme and this funding will come to an end in 2015/16. A further £65,000 is proposed to continue the funding for the educational service and to provide a new post of business development officer at the Museum. The Committee should note that the arrangement under which the Council shares the Museum Manager with Tunbridge Wells Borough Council comes to an end this year and resources have already been identified to employ a full time Museum manager once the arrangement ends.
- g) **Pay Policy Assessment up to £400,000:** The pay policy statement will be considered by the Employment Committee and presented to Council in March 2016. This is a position statement but is likely to identify a gap between the value of the top point on some pay grades in comparison with the policies objective to match this pay point to the median salary for the public sector in the south east as assessed by the Hay Group. Affordability of any change may be a significant issue for the MTFS and a provisional sum is used in the revised SRP that will provide up to £400,000 over a three year period to resolve the issue identified. This three year provision starts with a £100,000 contribution in 2016/17

## **Review of Savings Proposals**

2.37 The need for savings and efficiencies, as identified by this Committee in July 2015, was an overall saving of £3.7m over the forthcoming five years. This included a need for savings of £1.6m in 2016/17. Considering all of the changes set out in the revised SRP and detailed in this report, there is now a need to identify £4.5m over the period of the MTFS including £1.8m for 2016/17.

- 2.38 Each of the other three service committees have received a report detailing proposals that members and officers have brought forward as savings and efficiencies that are achievable from their respective service budgets. In addition officers and members of this Committee have received a briefing on options that can be brought forward from this Committee's services. The options for this Committee are set out in more detail in **Appendix C** for consideration and approval at this meeting.
- 2.39 **Appendix D** then sets out the combined details submitted by the other service committees and includes the list recommended for approval by this Committee.
- 2.40 In summary the resources available, expected expenditure levels and savings and efficiencies available are set out in the table below for each year of the MTFS:

	<b>2016/17</b> <b>£m</b>	<b>2017/18</b> <b>£m</b>	<b>2018/19</b> <b>£m</b>	<b>2019/20</b> <b>£m</b>	<b>2020/21</b> <b>£m</b>
Resources (App A)	-34.12	-33.87	-33.84	-33.90	-34.49
Expenditure (App A)	35.87	35.06	34.75	34.47	34.45
Savings (App D)	-1.75	-0.46	-0.42	-0.04	0
<b>Saving still required</b>	<b>0.00</b>	<b>0.73</b>	<b>0.49</b>	<b>0.53</b>	<b>- 0.04</b>

*Table 5: Summary strategic revenue projection & Savings still required.*

- 2.41 The savings requirement set out above assumes approval to the proposed fees and charges still to be considered by each service committee. In considering the level of increase proposed the service committees will be made aware of the impact of a change in the proposed charges on the MTFS.

### **New Homes Bonus**

- 2.42 Along with the finance settlement, it is expected that the government will also announce the allocation of New Homes Bonus for the forthcoming year. This is the seventh year of the programme and the Council should receive an amount equivalent to last five years' payments plus the new sum specifically for housing growth during the period October 2014 to October 2015. In 2016/17 payment of the first year's sum will no longer be made.
- 2.43 The Chancellor has now confirmed a review of and a consultation on the programme. It remains appropriate to assume that the Council should remain prepared for a change in resources received from this programme.
- 2.44 In previous years Cabinet has considered the future use of NHB and agreed that resources should be set aside to support the Capital Programme. It is assumed that this Committee will confirm that decision and the level of future funding is therefore considered in the Capital Budget Strategy report elsewhere on this agenda.

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## **3. AVAILABLE OPTIONS**

- 3.1 The Committee could chose not to make any decision at this time. The final decision needs to be taken in February 2016 in time to recommend a balanced budget and level of council tax to Council for its budget setting meeting on 2 March 2016. At this time information relating to the finance settlement is unavailable and service committees have not given formal consideration to the level of fees and charges they wish to set for 2016/17.
  - 3.2 Accepting that some information is as yet incomplete it is still appropriate to make formal decisions relating to the requests of service committees and the information to provide to parish councils. It is also good practice to remain abreast of developing information and to ensure the plan remains consistent with known information. For these reason a decision at this time is appropriate.
  - 3.3 The Committee could chose not to agree the proposals as set out in this report and agree revised proposals instead. Each factor considered in the report could be varied individually. At this time the report proposes an effective option to reach a balanced budget with a council tax increase that is within the referendum limit. Varying any individual proposal should be done with care to ensure alternatives are proposed that continue to balance the budget for 2016/17.
  - 3.4 The Committee could chose to agree the revised SRP as set out in Appendix A and detailed in this report as its current MTFS plan. This is the recommended option.
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#### **4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS**

- 4.1 It is recommended that the Committee agree to continue to plan on the basis of the revised SRP set out at Appendix A including the revised resource and expenditure budgets as detailed in the report. These proposals have been submitted by members and officers based on assessed need and will enable a balanced budget to be set for 2016/17, subject to the details of the finance settlement and the approval of the level of increase in fees and charges that has been taken into account in developing the savings and efficiencies.
- 4.2 It is also recommended that the Committee approve the allocation of funding to assist the loss of council tax income by Parish Councils due to the levels of local council tax support discount in each parish, as set out in Appendix B. This will enable better financial planning by Parish Councils in time for the statutory deadline of 31 January 2016 for providing the Council with their precept.
- 4.3 It is recommended that the Committee agrees the savings and efficiencies considered by members of this Committee at the briefing held on 9 October 2015 and set out in detail in Appendix C. The members of this Committee who attended the briefing session have considered and debated these issues and the proposals brought forward are required to set a balanced budget on current information.

- 4.4 It is recommended that the Committee accepts the proposed savings and efficiencies from all service committees as set out in Appendix D. These savings and efficiencies have been considered and approved by each service committee and represent an ability to set a balanced budget for 2016/17.
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## **5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK**

- 5.1 The service committees have considered the Policy and Resources Committee decision in July 2015 and the July SRP. Each committee has responded to this Committee's request for details of proposed savings and any further budget pressures and their responses have been incorporated into the detail of this report. Together with the proposals set out in Appendix C detailing this committee's savings and efficiencies the proposals submitted will enable this Committee to recommend a balanced budget to Council, subject to the provisional finance settlement once known.
- 5.2 The service committees will consider the revised SRP at their meetings in January 2016 along with the proposed fees and charges in full detail. Any necessary additional savings and efficiencies required as a consequence of either the provision finance settlement or changes to the fees and charges proposed will require the service committees to identify additional savings in time for consideration by this Committee in February 2016 and Council in March 2016.
- 5.3 The Council is currently consulting on financial issues and the budget as part of the Residents Survey. It is intended that the results of that survey work will be reported to this Committee's meeting in January 2016
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## **6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION**

- 6.1 The decisions arising from this report will be passed back to each service committee who will receive a report detailed their budget by service along with the growth and savings relevant to their services. This will be for information unless further amendments are required in relation to the outstanding issues set out in this report.
- 6.2 The final decision by this Committee will be at its meeting in February where it will be necessary to agree a balanced budget and a level of council tax to recommend to Council at its budget setting meeting on 2 March 2016.
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## **7. CROSS-CUTTING ISSUES AND IMPLICATIONS**

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Impact on Corporate Priorities</b>	The medium term financial strategy and the budget are a re-statement in financial terms	Head of Finance &

	of the priorities set out in the strategic plan. It reflects the Council's decisions on the allocation of resources to all objectives of the strategic plan.	Resources
<b>Risk Management</b>	<p>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 Policy &amp; Resources Committee, all service committees, the Audit Governance &amp; Standards Committee and Council.</p> <p>Specific budget savings proposals are identified in the exempt appendix to this report.</p>	Head of Finance & Resources
<b>Financial</b>	<p>The MTFS impacts upon all activities of the Council. The future availability of resources to address specific issues is planned through this process.</p> <p>It is important that the committee is aware of the potential consequences of the remaining predictions for fees and charges income and for the finance settlement. This is not the first year when information like the finance settlement has been provided or amended early in the new year. Variances have occurred in the past but the January schedule of Committee meetings will ensure that any necessary amendments are made before this Committee considers the final estimates in February</p>	Head of Finance & Resources
<b>Staffing</b>	<p>The process of developing the budget strategy identifies the level of resources available for staffing over the medium term.</p> <p>The report considers funding to</p>	Head of Finance & Resources

	ensure that the Council has resources to fund appropriate salaries at all grades.	
<b>Legal</b>	The Council has a statutory obligation to set a balanced budget and development of the savings proposals assists this obligation.  Should the Council wish to consider an increase above the currently proposed 1.99% it is likely that it would be required to hold a referendum.	Head of Finance & Resources
<b>Equality Impact Needs Assessment</b>	The objective of the MTFS is to match available resources to the priorities set out in the Strategic Plan.	Head of Finance & Resources
<b>Environmental/Sustainable Development</b>	None identified	Head of Finance & Resources
<b>Community Safety</b>	None identified	Head of Finance & Resources
<b>Human Rights Act</b>	None identified	Head of Finance & Resources
<b>Procurement</b>	None identified	Head of Finance & Resources
<b>Asset Management</b>	Resources for management and maintenance of the Council's assets are included within the proposed budget.	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: Revised Strategic Revenue Projection 2016/17 to 2020/21
- Appendix B: Proposed Distribution of Parish Council LCSD funding for 2016/17
- Appendix C: MTFS Savings Proposals 2016/17 Onwards – Policy & Resources
- Appendix D: MTFS Savings Proposals 2016/17 Onwards – All service committees

## 9. BACKGROUND PAPERS

None