

POLICY AND RESOURCES COMMITTEE

28 June 2017

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

No

Medium Term Financial Strategy – Update

Final Decision-Maker	Council
Lead Head of Service	Director of Finance and Business Improvement
Lead Officer and Report Author	Director of Finance and Business Improvement
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Committee notes the issues and risks associated with delivering the budget for 2017/18 and updating the Medium Term Financial Strategy.
2. That the Committee agrees the approach outlined to development of an updated Medium Term Financial Strategy for 2018/19 – 2022/23 and a budget for 2018/19.
3. That the Committee notes the assumptions described in this report for planning purposes and to establish the remit for detailed budget development.

This report relates to the following corporate priorities:

- Keeping Maidstone Borough an attractive place for all
- Securing a successful economy for Maidstone Borough

The Medium Term Financial Strategy and the budget set out in financial terms how the Council will deliver its strategic priorities.

Timetable

Meeting	Date
Policy and Resources Committee	28 June 2017
Policy and Resources Committee	25 July 2017
Council	20 September 2017
Policy and Resources Committee	13 December 2017
All Service Committees	January 2018
Policy and Resources Committee	14 February 2018
Council	28 February 2018

Medium Term Financial Strategy - Update

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the background to be considered in updating the Medium Term Financial Strategy (MTFS) and rolling it forward to cover the five year period 2018/19 to 2022/23. It describes the issues and risks involved, starting with the Council's current financial position. It sets out the steps involved in developing an updated MTFS and includes a timetable for its consideration by Members.
 - 1.2 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2018/19 at the Council meeting on 28 February 2018. This report is the first step towards achieving that objective.
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2. INTRODUCTION AND BACKGROUND

National Context

- 2.1 The current process of updating the Medium Term Financial Strategy takes place at a time of great uncertainty in the local government funding environment. 2017/18 is year 2 of the four year funding settlement for local government announced by Greg Clarke MP, the then Secretary of State for Communities and Local Government, in 2016. At the time of the announcement, it was intended that the four year settlement would provide certainty for the remaining period of the government's five year term. From 2020, there would be a new local government funding regime, incorporating 100% business rates retention. Local government therefore faced uncertainty from 2020, but could plan with a reasonable measure of confidence for the short term.
- 2.2 The early General Election has now created greater uncertainty in the short term. The new government may not consider itself bound to adhere to the pre-announced settlement figures for years 3 and 4 of the Funding Settlement. Furthermore, the introduction of 100% Business Rates Retention may be affected. The original plans for introducing this depended on enabling legislation, the Local Government Finance Bill, which failed to complete its passage through parliament in the final session before the General Election.

- 2.3 The introduction of 100% Business Rates Retention was also due to be linked to a wide-ranging set of changes in the way local government is financed, including devolution of further responsibilities and a new mechanism for equalising funding between authorities with different levels of business rates income. Initial discussions in the local government sector have made clear the complexity of the changes that would be required in the funding regime. It is possible that the new government will take the opportunity to reconsider 100% Business Rates Retention and local government funding arrangements generally.
- 2.4 Note that the four year funding settlement gives no Revenue Support Grant (RSG) to Maidstone Borough Council with effect from 2017/18. However, this does not represent the minimum potential level of funding in the Funding Settlement: the four year funding settlement plans to claw back £1.6 million from the Council in the form of negative RSG in year 4, ie 2019/20. A worst case scenario could see the new government bringing forward such a clawback to 2018/19.
- 2.5 The factors described above mean that the Medium Term Financial Strategy must allow sufficient flexibility to deal with potential changes in the local government funding regime.
- 2.6 More generally, there is considerable uncertainty about the economic impact of Brexit. If this is unfavourable, local authority finances would inevitably be affected, because of the impact on central government finances, because of our dependence on the local economy for income generation, and because of the service pressures likely to arise, such as increased homelessness.
- 2.7 Because of this uncertainty, it is proposed that a number of different scenarios are considered when developing the Medium Term Financial Strategy.

Corporate Objectives and Key Priorities

- 2.8 The Council has recently updated its Strategic Plan for the five years 2015-2020. For the current financial year, three areas for action have been agreed, namely:
- A home for everyone
 - A clean and safe environment
 - Regenerating the town centre.

The Strategic Plan sets out ambitious objectives for the Council. The Medium Term Financial Strategy must reflect these overall corporate objectives and ensure so far as possible that resources are available to make an impact in the areas for action. The Revenue Outturn report, elsewhere on your agenda, proposes that the underspend for 2016/17 be earmarked for spending on these action areas.

Revenue Expenditure – Current Position

- 2.9 A key element in developing the Medium Term Financial Strategy is a consideration of Maidstone’s current financial position. An overall summary of the financial position is set out in the Narrative Report that accompanies the 2016/17 Statement of Accounts and is included as Appendix I.
- 2.10 This section sets out the current revenue spending position, given the final outturn for the 2016/17 financial year and our plans to deliver budget savings in 2017/18. The position is set out in summary below. Note that the final outturn for 2016/17 remains subject to audit.

Table 1: 2016/17 Outturn and 2017/18 Savings and Growth

Committee	Service	2016/17			2017/18	
		Final adjusted budget	Actual outturn for the year	Variance (-Adverse/Favourable)	Budget savings	Budget growth
		£000	£000	£000	£000	£000
CHE	Communities & Housing	3,610	3,758	-148	178	-329
	Environment & Public Realm	5,578	5,473	105	114	0
HCL	Heritage, Culture & Leisure	718	750	-32	130	-146
S P S & T	Planning Services	1,519	1,842	-323	84	-200
	Parking & Transportation	-1,564	-1,883	319	300	0
P & R	Economic Development	517	489	28	126	0
	Property & Investment	301	491	-190	365	0
	Corporate and Shared Services	5,790	5,459	331	522	-200
	Total	16,469	16,380	89	1,819	-875

Details by service area are set out below.

Communities and Housing

- 2.11 Developments in the housing market continue to create very significant budget pressures for the Council. This led to an overspend in 2016/17. This is illustrated by the number of homeless applications, which amounted to nearly 600 in 2016/17 and to 79 alone in the first month of 2017/18. As a result, the cost of providing temporary accommodation led to an overspend for this area in 2016/17.
- 2.12 The Council has responded positively to these pressures through direct investment in property to provide temporary accommodation. Whilst this will reduce the cost of providing temporary accommodation over time, in the short term growth of £235,000 has been included in the budget for

2017/18. Early indications are that the continuing high number of homeless applications, and the length of time taken to bring our own property on stream, mean that it will be challenging to remain within budget even having taken into account the growth of the budget.

- 2.13 The Council is also anticipating the implementation of new homelessness legislation, and is investing in revenue resources for homelessness prevention. Further growth of £94,000 was built into the budget for 2017/18 to allow for additional recruitment to the preventions team, giving total growth of £329,000.

Environment & Public Realm

- 2.14 Within the overall underspend for this area, there was an overspend on staffing costs. It is expected that with better management of staffing budgets and less dependence on overtime and agency staff this overspend will not recur in 2017/18.
- 2.15 The service is planning savings of £114,000 in 2017/18, principally arising from additional income from commercial waste and garden waste collections. In addition to the challenge of delivering these savings, there will be £180,000 additional costs for waste collection in 2017/18 arising from the effect of contract indexation. The service has identified a number of measures which are intended to mitigate this cost and so achieve a balanced outturn.

Heritage, Culture & Leisure

- 2.16 The overall position for this area was a small overspend in 2016/17. There was an overspend on the Mote Park Café, arising from it failing to achieve its income targets, but this was offset by savings elsewhere, principally a better than expected income performance from the Crematorium and some unspent budgets.
- 2.17 Growth of £96,000 has been built into the budget for 2017/18 for the Mote Park Cafe, for one year only. This represents removal of the income target, such that the Café only has to break even to achieve budget. At this stage, this objective is being achieved. The operation of the Café will be recommissioned during 2017/18 with the intention of generating a net surplus in future years.
- 2.18 Growth of £50,000 was allowed for the Museum in 2017/18, in anticipation of it failing to secure external funding for outreach activities. In the event, the Museum has secured an Arts Council grant of £70,000 for 2017/18. The Museum will therefore be expected to deliver a surplus in 2017/18.
- 2.19 This area is planning savings of £130,000 in 2017/18, including additional Crematorium income of £55,000, £25,000 of operating savings at the Museum and £50,000 from a new operating model for Parks and Open Spaces. Recent performance of the Crematorium indicates that it should achieve its savings target. Careful monitoring will be required to ensure that the other savings are delivered.

Planning Services

- 2.20 This area overspent in 2016/17, mainly owing to additional staffing costs in Development Management. The service has now reduced the use of temporary staff and is operating within budget, so it is not expected that this overspend will recur.
- 2.21 The area has a savings target of £84,000, comprising additional income for Building Control and Planning Support and a modest reduction in staffing levels. These savings are considered to be achievable. However, there will be pressures on the budget in 2017/18 arising from the potential cost of planning appeals. Additionally, the service area was expecting additional income of £120,000 from increasing Planning Fees by 20%. The legislation to implement this has been delayed by the General Election, so any additional income will be reduced and the service area will need to plan accordingly.
- 2.22 Growth of £200,000 has been built into the budget for 2017/18, to allow for work to commence on the Local Plan refresh that will be required for 2020.

Parking & Transportation

- 2.23 Parking Services generated a higher than budgeted level of income in 2016/17, although this was offset by an under-achievement of budgeted income at Mote Park. £300,000 of savings are built into the 2017/18 budget, reflecting both the continued strong income performance of the service and increased charges that took effect in April 2017. Given current performance it is likely that the income budget will be exceeded again in 2017/18.

Economic Development

- 2.24 This area delivered a small underspend in 2016/17. Although the Business Terrace failed to achieve a challenging income target, this was offset by unspent budgets elsewhere.
- 2.25 Savings of £126,000 are projected for 2017/18, arising from the capitalisation of some staffing costs and use of the Business Rates Pool for certain revenue costs which meet the criteria for generating business growth. Whilst these are not cash savings, it is legitimate to maximise alternative sources of funding such as capital resources and the Business Rates Pool at a time when revenue resources are under pressure.

Property and Investment

- 2.26 This area overspent in 2016/17. Whilst Commercial Property income was broadly in line with budget, investment income was below budget owing to the continued low level of interest rates.
- 2.27 Savings are projected in this area from commercial investments (£200,000) and office accommodation (£165,000). The saving from commercial investments should now be achievable following a new acquisition at Heronden Road. Office accommodation savings were based principally on

the opening of the Link as a shared facility with the DWP and should also be achievable.

Corporate and Shared Services

- 2.28 This area contributed a large underspend in 2016/17, offsetting the overspends described above from various service areas. This was principally owing to an underspend on staffing budgets, as positions were held vacant.
- 2.29 Substantial savings are projected in this area, of which the major items are Revenues and Benefits restructuring (£108,000), Finance Service savings arising from the deletion of the Head of Finance and Resources post (£100,000) and income from the new Debt Recovery Service (£88,000). At this stage all savings in this area are considered to be deliverable.
- 2.30 Budget growth of £200,000 to reinstate the Contingency Fund has been included under Corporate and Shared Services. It will be allocated, if necessary, wherever required across all Council services.

Overall Position

- 2.31 The overall outturn for 2016/17 is an underspend of £89,000 against the budget. It is proposed that this be ringfenced within the General Fund balances for any further one-off expenditure that is required to deliver the three key action areas for 2017/18. Although significant capital resources have been allocated as part of the Capital Programme for 'A Home for Everyone' and 'Regenerating the Town Centre', there have not been similar allocations for 'Clean and Safe'. A recommendation to earmark the underspend in this way has been included in the Outturn report which also forms part of the agenda for this meeting of the Policy and Resources Committee.

Funding

Council Tax

- 2.32 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.
- 2.33 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.

Table 2: Number of Dwellings in Maidstone

	2012	2013	2014	2015	2016
Number of dwellings	66,325	66,924	67,178	67,721	68,519
% increase compared with previous year	1.19%	0.90%	0.38%	0.81%	1.18%

Note: Number of dwellings is reported each year based on the position shown on the valuation list in September.

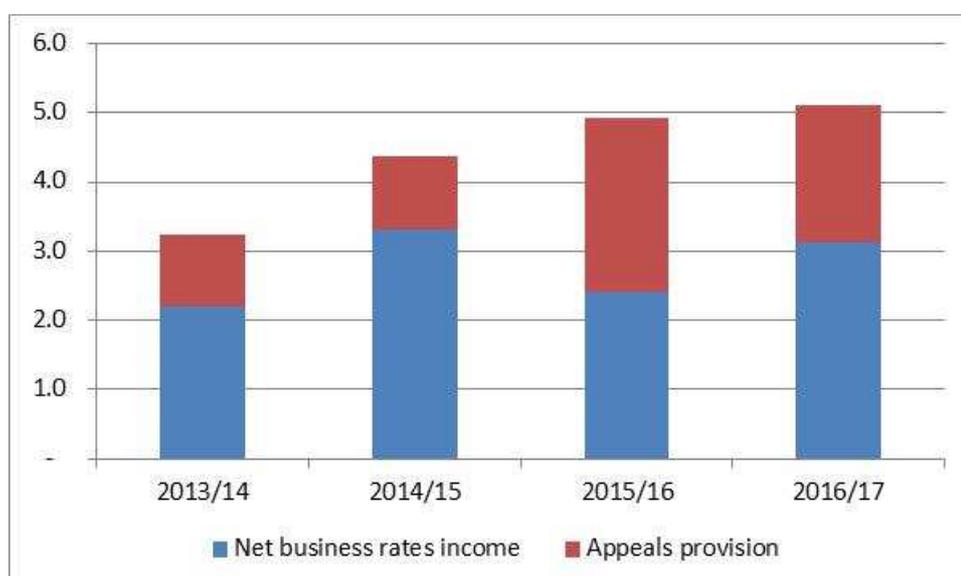
- 2.34 The level of council tax increase for 2018/19 is a decision that will be made by Council based on a recommendation made by Policy and Resources Committee. The Council's ability to increase the level of council tax has been limited firstly by a cap and more recently by the need to hold a referendum for increases over a government set limit. The limit set by the government for 2017/18 remained the greater of 2% or £5.00. For 2017/18, the Council approved an increase of £4.95 (2.1%).
- 2.35 For the purposes of the Strategic Revenue Projection, it is assumed that the Council Tax base will increase by 1% per annum for the MTFS period, and Band D Council Tax will continue to increase by £4.95 per annum, reverting to 2% in 2020/21 when this becomes a greater figure than £4.95.

Retained business rates

- 2.36 The current business rates regime, where 40% of business rates is allocated to the Council, but most is then redistributed within local government through a fixed tariff, leads to a high degree of volatility in business rates income. This is because the tariff is fixed, whilst business rates income is variable. This variability is exacerbated by the number of appeals outstanding at any one time. As a result, it has proved very difficult to project business rates income. See graph below.

Table 3: Net Business Rates Income receivable by Maidstone BC

£ million



2.37 The government's proposals for 100% local retention of business rates include a series of additional responsibilities and a realignment of the shares of business rates received by each tier of local government. As with the current 50% localisation of business rates (40% of which is notionally allocated to the Council), the proposal for 100% localisation will mean substantially less than that amount being made available to Maidstone Borough Council. The vast majority of the resource will be redistributed elsewhere within local government. The Council can also expect to lose other specific grants such as Housing Benefit Administration Grant and potentially receive additional responsibilities.

Business rates growth and the Kent Business Rates Pool

2.38 As a member of the Kent Business Rates Pool, the council has the ability to retain more of the income from growth in business rates than it otherwise would. This is because the pool members who are charged a levy (district councils) are sheltered by the pool members who receive a top-up (major preceptors).

2.39 Originally the Council held all income from business rates growth in reserve and committed it in the year following its receipt. In setting the 2016/17 budget the Council approved the use of the non-pool element of business rates growth, which is retained by the Council regardless of whether or not it is a member of the pool, into its base budget to maintain overall resource levels. An earmarked reserve holds the growth protected by membership of the pool. The reserve is used for specific projects that form part of the Council's economic development strategy, such as the Maidstone East development.

Revenue support grant

2.40 As has already been mentioned, the four year funding settlement announced by the Department for Communities and Local Government in 2016 means that the Council will receive zero RSG for the three years 2017/18 to 2019/20. In addition, the four year funding settlement includes a 'tariff / top-up adjustment', effectively negative Revenue Support Grant, of £1.589m in the financial year 2019/20. Nevertheless, at its meeting on 21 September 2016, Council agreed to accept the four year settlement offer, and adopted its Medium Term Financial Strategy 2017/18 – 2021/22 as an Efficiency Plan, as required by government.

Local income from fees and charges

2.41 Fees and charges income is an increasingly important source of funding for the Council. We have 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.

2.42 In developing the strategic revenue projection for 2017/18 a broad assumption of a 1% increase in future fees and charges was used for the development of the MTFs, in line with overall inflation assumptions.

Revenue Projections

2.43 It can be seen from the preceding discussion that managing spending pressures is essential given the constraints over funding. The strategic revenue projections underlying the current Medium Term Financial Strategy suggested that a budget gap would arise in 2020/21, as follows.

Table 4: Current MTFs Revenue Projections 2017/18 – 2021/22

	17/18	18/19	19/20	20/21	21/22
	£m	£m	£m	£m	£m
Council Tax	14.8	15.0	15.5	15.9	16.4
Retained Business Rates	4.1	4.2	4.4	4.5	4.6
Tariff / top-up adjustment (negative RSG)			-1.6	-1.6	-1.6
Budget requirement	18.9	19.2	18.3	18.8	19.4
Fees and Charges	16.4	16.6	16.7	16.9	17.1
Total Funding Available	35.3	35.8	35.0	35.7	36.5
Predicted Expenditure	37.1	35.7	36.4	36.9	36.4
Budget Gap	1.8	-0.1	1.4	1.2	-0.1
Required – Cumulative	1.8	1.7	3.1	4.3	4.2
Budget Savings	1.8	2.7	3.2	3.4	3.4
Still to be identified	0.0	-1.0	-0.1	0.9	0.8

2.44 In light of the many uncertainties described above, it is important to note that projections like these can only represent a 'best estimate' of what will happen. In updating the projections, various potential scenarios will be modelled. Projections will be prepared for each of the scenarios modelled, giving consideration to:

- Assessment of external opportunities and threats
- Evaluation of existing budget savings in the five year plan
- Latest emerging information about economic developments and government policy.

2.45 Under most scenarios it is likely that there will still be a budget gap in future years. It is proposed to engage with elected members to establish the remit for identifying the necessary budget savings.

Capital Programme

2.46 The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough can be realised. The capital programme is a rolling five year programme. The existing capital programme was approved by Council at its budget meeting on 1st March 2017 and totals £60 million over five years. Major schemes include the following:

- Housing for temporary accommodation
- Brunswick Street redevelopment
- Union Street redevelopment
- Further mixed housing and regeneration schemes
- Commercial property investments
- High Street regeneration (including Gabriel's Hill)
- Maidstone East
- Flood defences
- Infrastructure development envisaged in the Local Plan.

The last heading above, infrastructure development in the Local Plan, will be primarily funded from S106 contributions and the Community Infrastructure Levy. However, an allocation of £3 million has been included in the capital programme to cover investment by the Council itself. This may be used in advance of receiving S 106 contributions to facilitate access to other sources of funding.

2.47 Since the capital programme was agreed by Council, a requirement has emerged for a capital investment to strengthen the dam at the western end of Mote Park Lake. Detailed costings still have to be prepared but the cost is likely to be in the region of £1 million.

2.48 Schemes may be included in the capital programme if they fall within one of the four following categories:

- Required for statutory reasons, eg to ensure that Council property meets health and safety requirements;
- Self-funding schemes focused on strategic plan priority outcomes;
- Other schemes focused on strategic plan priority outcomes; and
- Other priority schemes which will attract significant external funding.

2.49 All schemes within the capital programme are subject to appropriate option appraisal. Any appraisal must comply with the requirements of the Prudential Code and the following locally set principles:

a) Where schemes fit within a specific strategy and resources are available within the capital programme for that strategy, the schemes would also be subject to appraisal and prioritisation against the objectives of that strategy. These schemes must be individually considered and approved by the relevant service committee.

b) Where schemes can be demonstrated to be commercial in nature and require the use of prudential borrowing, a business case must first be prepared.

2.50 Maidstone Borough Council has so far not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. The funding projections for the Capital Programme envisage that borrowing will not be required in 2017/18, but will be in subsequent years. The cost of any borrowing will be factored into the updated MTFS financial projections.

- 2.51 There has been a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2018/19. The reduction takes immediate effect, such that it affects six year payments already being received. An allowance is also made in calculating New Homes Bonus for the natural growth in housing from 'normal' levels of development. This means that New Homes Bonus will now only be paid on growth in excess of 0.4% per annum.
- 2.52 Many of the external grants that were available to the council for funding capital projects in the past no longer exist. However, recent projects have received support through grants and contributions, eg the Museum, Mote Park, and the High Street. Government funding is also available through the South East Local Enterprise Partnership (SELEP). Opportunities to bid for funding are pursued energetically wherever possible.
- 2.53 Funding is also available through developer contributions (S 106) and, in future, through the Community Infrastructure Levy (CIL). Members have been consulted in relation to the levy and a draft charging schedule was approved by Council at its meeting on 7 December 2016. The way will be clear for the Council to introduce a CIL when its Local Plan is adopted, subject to an examination of the Council's CIL proposals.

Reserves

- 2.54 The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £2 million as the minimum General Fund balance.
- 2.55 Within the General Fund balance, amounts have been allocated for specific purposes. These amounts do not represent formal commitments. Instead, they represent the level of reserves considered to be required for specific purposes, including asset replacement, commercialisation and Invest to Save projects.
- 2.56 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. The most substantial of these is the earmarked New Homes Bonus funding for capital expenditure, which stood at £7.2 million as at the end of 2016/17. Full details of reserves held are set out below.

Table 5: General Fund balances as at 31 March 2017

	£000
General Fund	
Asset Replacement	167
Planning Management	200
Commercialisation - contingency	500
Invest to Save projects	547
2016/17 underspend earmarked for Action Areas	89
Unallocated balance	5,855
Sub-total	9,329

Earmarked Reserves	
New Homes Bonus funding for capital projects	7,214
Local Plan	336
Neighbourhood Plans	64
Accumulated Surplus on Trading Accounts	243
Business Rates Growth Fund	158
Sub-total	8,014
Total General Fund balances	17,343

The unallocated balance exceeds the £2 million minimum. It represents 17% of the revenue budget, which is in excess of the 10% benchmark that is sometimes cited as a reasonable level. It can therefore be seen that the level of reserves is adequate without being excessive.

Risks

- 2.57 The preceding paragraphs have indicated at several points the risks and uncertainty surrounding the Council's financial position. In order to address these in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting. The risk register is included as Appendix II.
- 2.58 It should be recognised that risks are not usually discrete. There are interrelationships between the risks, such that (for example) inaccurate inflation projections could impact the overall risk of failing to deliver a balanced budget.

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 framework to be set by central government for local government funding. However, the disadvantage of this approach is that it could take some time for full information to emerge, and in the meantime the Council needs to take steps to set a budget for the coming year.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The preferred option is to proceed with development of an updated MTFS. Whilst there is a considerable amount of uncertainty about the future, this can be addressed through careful consideration of the risks and by building flexibility into our financial plans.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

5.1 Consultation with all relevant stakeholders is an important part of the process of developing the MTFS. Specifically, it is proposed to use the Residents' Survey, to be undertaken later in 2017, to consult residents directly on budget priorities.

6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2018/19 is set out below.

Date	Meeting	Action
28 June 2017	Policy and Resources Committee	Agree approach to development of updated MTFS and key assumptions
June – July		Update and roll forward MTFS
25 July 2017	Policy and Resources Committee	Agree updated MTFS for submission to Council
20 September 2017	Council	Approve updated MTFS
September – November		Develop detailed budget proposals for 2018/19
13 December 2017	Policy and Resources Committee	Agree initial 18/19 budget proposals for consideration by Service Committees
January 2018	All Service Committees	Consider 18/19 budget proposals
14 February 2018	Policy and Resources Committee	Agree 18/19 budget proposals for recommendation to Council
28 February 2018	Council	Approve 18/19 budget

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	Section 151 Officer & Finance Team

	allocation of resources to all objectives of the strategic plan.	
Risk Management	Matching resources to priorities in the context of the significant pressure on the Council's resources is a major strategic risk. As described in the report, a Budget Risk Register is maintained to ensure that the specific risks inherent in the budget setting and management process are monitored and appropriate action taken.	Section 151 Officer & Finance Team
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.	Section 151 Officer & Finance Team
Staffing	The process of developing the budget strategy will identify the level of resources available for staffing over the medium term.	Section 151 Officer & Finance Team
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.	[Legal Team]
Equality Impact Needs Assessment	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. It will achieve this through the focus of resources into areas of need as identified in the Council's strategic priorities.	Section 151 Officer & Finance Team

Environmental/Sustainable Development	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Community Safety	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Human Rights Act	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Procurement	The resources to achieve the Council's objectives are allocated through the development of the Medium term Financial Strategy.	Section 151 Officer & Finance Team
Asset Management	Resources available for asset management are contained within the strategic revenue Projections that support the MTFS.	Section 151 Officer & Finance Team

8. REPORT APPENDICES

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

- Appendix I: Narrative Report – Review of 2016/17 Financial Year
- Appendix II: Budget Risk Register

9. BACKGROUND PAPERS

None.