POLICY AND RESOURCES COMMITTEE	27 June 2018
Is the final decision on the recommendations in this report to be made at this meeting?	**No**

Medium Term Financial Strategy 2019/20 – 2023/24 – Initial Scoping and Assumptions

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

Executive Summary

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 2019/20 to 2023/24. It describes the issues and risks involved, starting with the Council's current financial position. It sets out key assumptions to be made in preparing the MTFS.

The report concludes by setting out the subsequent steps involved in developing an updated MTFS and includes a timetable for consideration by Members.

This report makes the following recommendations to this Committee:

1. That the issues and risks associated with delivering the budget for 2018/19 and updating the Medium Term Financial Strategy are noted.
2. That the assumptions described in this report for planning purposes and to establish the remit for detailed budget development are noted.
3. the approach outlined to development of an updated Medium Term Financial Strategy for 2019/20 – 2023/24 and a budget for 2019/20 is agreed.

Timetable	
Meeting	***Date***
Policy and Resources Committee	27 June 2018
Policy and Resources Committee	21 November 2018
Council	12 December 2018
All Service Committees	January 2019
Policy and Resources Committee	13 February 2019

Medium Term Financial Strategy - 2019/20 – 2023/24 – Initial Scoping and Assumptions

1. INTRODUCTION AND BACKGROUND

1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The current Strategic Plan covers the period 2015-20, but given the importance of developing an appropriate vision for the future, work has already started on development of a new Strategic Plan, which will run from 2019-24. Details of the timetable for developing the new Strategic Plan are set out in a report elsewhere on your agenda.

1.2 As a result, development of the MTFS will take place in parallel with development of the new Strategic Plan. The framework and context for the MTFS is largely set by external factors, so much of the work on the MTFS will take place before the Strategic Plan is finalised. It is intended to request approval from Council for the MTFS in December 2018, to coincide with final approval of the Strategic Plan.

1.3 A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2019/20 at the Council meeting on 27 February 2019. This report is the first step towards achieving that objective.

Local authority funding

1.4 Local authority funding is currently subject to a four year national settlement announced by Greg Clarke MP, the then Secretary of State for Communities and Local Government, in 2016. This four year settlement runs through to the end of 2019/20, and provides a degree of certainty about the Council's funding position for the first of the five years covered by the MTFS, ie 2019/20.

1.5 It was originally anticipated that a new local government funding regime, incorporating 100% business rates retention, would be introduced in 2020. However, the need to legislate for Brexit now prevents the government from introducing the necessary primary legislation. The government's current intention is therefore to implement as much as possible of the new regime within the existing legislative framework.

1.6 There is nevertheless likely to be considerable upheaval in local government funding in 2020. The government has indicated that it plans to introduce 75% business rates retention in 2020, as compared with 50% as at present. Unlike 100% business rates retention, this does not require primary legislation.

1.7 Whilst 50% of business rates are currently retained by local government, the amounts retained by individual authorities are adjusted through a system of tariffs and top-ups to reflect an authority's supposed financial needs. Under this system, Maidstone retains only 8% of the business rates it collects. In the same way, the notional increase in business rates retained locally from 50% to 75% will be adjusted to reflect the findings of a 'Fair Funding Review', designed to allocate resources to those areas of greatest need. It remains to be seen what this will mean in practice for Maidstone. The overall amounts to be allocated as part of the Fair Funding Review are also subject to a planned Spending Review covering all government departments in 2019. It is therefore difficult to predict with any degree of accuracy what our funding position will be from 2020.

1.8 Note that the four year funding settlement has given 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. Negative RSG is widely seen as unfair and illogical, and the government has promised to review the position, but at this stage it is appropriate in the interests of prudence to assume that we will still have to pay back £1.6 million to the government in 2019/20.

1.9 Local government funding cannot be considered in isolation from wider economic factors. UK growth is lagging behind that of other major economies, so whilst the level of government borrowing is currently falling, the scope for government to reverse the austerity measures of the past few years is limited. The government is also under great pressure to increase NHS spending. All this means that there is unlikely to be much growth, if any, in overall local government funding.

1.10 General economic conditions also affect the level of revenue collected directly by the Council. Many businesses in the retail and leisure sectors, which are major contributors to business rates income, are experiencing difficult trading conditions.

1.11 Because of this uncertainty, it is proposed that a number of different scenarios are considered when developing the Medium Term Financial Strategy, as follows:

Favourable

Favourable economic conditions and a positive outcome from the Spending Review and the local government Fair Funding Review allow spending to be increased.

Neutral

Current trends are maintained. Overall Council expenditure increases at no more than the rate of inflation, and any new spending pressures have to be met through cuts elsewhere.

Adverse

An adverse outcome from the Spending Review and/or the Fair Funding Review reduces the resources available to the Council, leaving a budget gap that can only be closed through reductions in spending on services.

1.12 Specific assumptions underlying each of the scenarios will be set out in the Medium Term Financial Strategy.

Corporate Objectives and Key Priorities

1.13 The Council's Strategic Plan is refreshed each year. For the current financial year, three areas for action have been confirmed, namely:

- A home for everyone
- A clean, safe and green environment (formerly clean and safe)
- Regenerating the town centre.

1.14 Work has started on development of a new Strategic Plan, which will run from 2019-24. The Medium Term Financial Strategy must reflect the overall corporate objectives set out in the new Strategic Plan and ensure so far as possible that resources are available to meet the objectives.

Revenue Expenditure – Current Position

1.15 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 2017/18 Statement of Accounts and is included as Appendix I.

1.16 This section sets out the current revenue spending position, given the final outturn for the 2017/18 financial year and our plans to deliver budget savings in 2018/19. The position is set out in summary below. Note that the final outturn for 2017/18 remains subject to audit.

Table 1: 2017/18 Outturn and 2018/19 Savings and Growth

Committee	Service	2017/18			2018/19	
		Final adjusted budget	Actual outturn for the year	Variance (-Adverse/ Favourable)	Budget savings	Budget growth
		£000	£000	£000	£000	£000
CHE	Communities & Housing	4,237	4,155	82	23	-136
	Environment & Public Realm	4,519	4,337	182	245	0
HCL	Heritage, Culture & Leisure	2,056	1,900	156	123	-40
S P S & T	Planning Services	1,429	1,297	132	170	-170
	Parking & Transportation	-1,863	-2,194	331	216	0

P & R	Economic Development	523	564	-41	7	0
	Property & Investment	128	202	-74	387	0
	Corporate and Shared Services	6,596	7,179	-583	419	-467
	Total	**17,625**	**17,440**	**185**	**1,590**	**-813**

Details by service area are set out below.

Communities and Housing

1.17 Developments in the housing market continue to create very significant budget pressures for the Council. The Council has responded positively to these pressures through direct investment in property to provide temporary accommodation. Whilst this reduces the unit cost of providing temporary accommodation, there has still been considerable growth in the temporary accommodation budget over the past two years - £235,000 in 2017/18 and £100,000 in 2018/19. Additional growth of £94,000 in 2017/18 and £36,000 in 2018/19 has also been built into the budget to address the cost of implementing new homelessness legislation. With the benefit of these additional budgets and the reduction in temporary accommodation costs through the use of our own accommodation, the service has been successful in containing expenditure within budget in 2017/18, reversing the pattern of overspends in previous years.

1.18 The capital budget for 2018/19 includes provision for phase 2 of the temporary accommodation investment programme and expenditure on the Brunswick Street and Union Street developments, on both of which construction is planned to commence shortly.

1.19 In the longer term, the feasibility of more direct involvement by the Council in providing social housing is being considered.

Environment & Public Realm

1.20 These comprise the core services responsible for delivering the 'clean and green' agenda – street cleaning, grounds maintenance and household waste collection. Waste collection is outsourced and the cost of the service is directly linked to inflation indices.

1.21 These services are targeted with delivering significant savings in 2018/19, in particular through the generation of external income from grounds maintenance (£50,000) and implementing a new model for fleet management and maintenance (£50,000).

Heritage, Culture & Leisure

1.22 This area includes the museum, leisure services and bereavement services. The museum service continues to benefit from an Arts Council grant that helps it deliver a wide range of services. The service benefited from £50,000 additional budget in 2017/18 in anticipation of the grant being lost. However, this is offset by the fact that the museum is due to make savings of £50,000 in 2019/20.

1.23 Leisure services are seeing significant capital investment at Mote Park with the Adventure Zone and the forthcoming Visitor Centre. The Adventure Zone is projected to deliver £114,000 additional income annually.

1.24 Bereavement services has also seen significant capital investment in the past year and has been successful in exceeding its income targets.

Planning Services

1.25 The Planning Service has received additional budget of £170,000 in 2018/19, being £70,000 of expenditure growth funded by planning fee increases and a one-off investment of £100,000 in enforcement. This is offset by £120,000 of planned savings and £50,000 additional income from Local Land Charges. In addition, the current MTFS allows for £800,000 to be spent over the next four years on the Local Plan refresh.

1.26 There remains a risk of costs in relation to planning appeals, but known likely costs have been provided for in the accounts as at the end of 2017/18.

Parking & Transportation

1.27 Parking has consistently exceeded its income budgets. A further increase in Parking fees has recently been implemented, linked to changes in the Park and Ride service, and this will help deliver the budgeted savings in 2018/19.

Economic Development

1.28 The Council has a small ongoing revenue budget for economic development, supplemented by funding from the Business Rates Pool. Initiatives with financial implications in 2018/19 include investment at the Kent Medical Campus Enterprise Zone, which is currently subject to a bid for ERDF funding. A small budget saving of £7,000 will be achieved by charging staff costs against Enterprise Zone business rates income.

Property and Investment

1.29 The Council has been able successfully to generate additional income from commercial investments. A capital investment of £2.4 million is planned for 2018/19 and is budgeted to generate further income accordingly. The broader commercial investment strategy will be subject to a report that is due to come to Policy and Resources Committee in September 2018.

Corporate and Shared Services

1.30 Corporate services have consistently spent less than budgeted on staffing costs. This will be reflected formally in the budget in 2018/19 with an additional vacancy factor saving of £200,000. Amongst other projected savings, additional income is projected in 2018/19 from shared services expanding their payroll service to Dartford Borough Council.

Overall Position

1.31 The overall outturn for 2017/18 is an underspend of £185,000 against the budget. It is proposed that this be ringfenced within the General Fund balances for one-off expenditure that is required to deliver Council strategic objectives. 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

1.32 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.

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

<u>Table 2: Number of Dwellings in Maidstone</u>

	2013	2014	2015	2016	2017
Number of dwellings	66,924	67,178	67,721	68,519	69,633
% increase compared with previous year	0.90%	0.38%	0.81%	1.18%	1.63%

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

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.

1.34 The Council's ability to increase the level of council tax is limited by the need to hold a referendum for increases over a government set limit. In 2017/18, the limit was the greater of 3% or £5.00 (2016/17 - 2% or £5.00). The Council approved an increase of 2.97%, just below the maximum permissible. The rationale for this approach was that:

- pressures on the Council's budget mean that even a marginal difference in Council Tax income is of value;

- the referendum limit might revert to a lower level in later years;

- because the starting point for calculating the referendum limit in any given year is the previous year's Council Tax, agreeing a lower increase reduces the Council's room for manoeuvre in later years.

1.35 The increase in the referendum limit from 2% to 3%, which was announced in December 2017, only a few weeks before the Council Tax level had to be agreed, reflected the increase in consumer price inflation during the course of 2017 from 2.1% in Quarter 1 to 3.0% in Quarter 4. It could be inferred from this that future changes in the referendum limit will be broadly linked to the rate of inflation. If this is the case, the referendum limit is likely to revert to 2%, being the government's medium term target rate of inflation.

1.36 The current MTFS projections assume that Council Tax increases will be at the referendum limit, and that this limit will be 2%. It is proposed to continue relying on this assumption, for the reasons set out in paragraph 1.34 above.

Retained business rates

1.37 The current business rates regime, where most of the business rates income that we collect is redistributed within local government through a fixed tariff, leads to a high degree of volatility in net income received. This is because the tariff is fixed, whilst business rates income is variable.

1.38 The government's plans for 75% local retention of business rates will mean, as at present, that substantially less than that amount is made available to Maidstone Borough Council. The vast majority of the resource will be redistributed elsewhere within local government.

Business Rates growth

1.39 The local government funding regime that was introduced in 2013/14 set a notional business rates income baseline for each authority. A share of growth above this baseline is retained locally, subject to a levy payable to central government by tariff authorities like Maidstone. It should be noted that in 2020, the baseline will be reset, so all growth accumulated to that point will be reallocated as part of the tariff/top-up arrangements.

1.40 The Council has had the opportunity over the past four years to minimise the levy payable, through its membership of the Kent Business Rates Pool. This is because the levy payable by some pool members (district councils) is offset against the top-up received by the major preceptors (Kent County Council and Kent Fire and Rescue).

1.41 The Council includes the non-pool element of business rates growth as part of its base budget. Maidstone Council's 30% share of the growth arising from membership of the pool is allocated to a reserve which is used for specific projects that form part of the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. This has been used to support the Maidstone East development.

100% Business Rates Retention Pilot

1.42 A further element of growth will be retained locally for one year only in 2018/19 as a result of Maidstone's participation in the Kent & Medway 100% Business Rates Retention pilot. Kent & Medway local authorities were successful in bidding for pilot status, which means that 100% of business rates growth, rather than 50%, is retained locally. In accordance with our bid, the additional growth will be split between a Financial Sustainability Fund (70%) and a Housing and Commercial Growth Fund (30%).

1.43 The Financial Sustainability Fund (FSF) is designed to support local authorities in managing the pressures associated with growth and is distributed according to a formula which provides each authority with a guaranteed minimum amount and then links growth in funding with population increase and business rates increase (as a proxy for commercial growth) over the past five years. Our share of the FSF was estimated to amount to £640,000.

1.44 The Housing and Commercial Growth Fund (HCGF) is designed to pool a sufficiently large level of resources to make a significant difference to support future delivery, where outcomes can be better achieved by local authorities working together across a wider area. The HCGF funds have been pooled in three 'clusters', for North Kent, East Kent and West Kent, with the distribution based on each area's share of total business rate receipts. Allocation of the funds is to be determined by the relevant Council Leaders in each Cluster.

1.45 Kent and Medway authorities will have the opportunity to bid again for pilot status in 2019/20. However, there is no guarantee that we will be successful again, so it is not proposed to make any allowance for future funding from the FSF in the MTFS 19/20 – 23/24.

1.46 Total projected business rates income for 2018/19 and the uses to which it will be put are summarised in the table below.

<u>Table 3: Projected Business Rates Income 2018/19</u>

	£000	
Business Rates baseline income	3,136	Included in base budget
Growth in excess of the baseline	1,237	Included in base budget
Pooling gain (MBC share)	297	Earmarked for Economic Development projects
Pooling gain (Growth Fund)	297	Spent in consultation with KCC, eg on Maidstone East
Financial Sustainability Fund (initial estimate)	640	Allocated to 12 projects as agreed by Policy & Resources Committee
Housing & Commercial Growth Fund	-	Pooled and allocated by North Kent Leaders
Total	5,607	

Revenue support grant

1.47 As has already been mentioned, the four year funding settlement announced by the Department for Communities and Local Government in 2017 means that the Council receives 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.

Local income from fees and charges

1.48 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.

1.49 In developing the budget for 2018/19 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

1.50 The strategic revenue projections underlying the current MTFS suggested that a small budget gap, having taken account of savings already planned, would arise in 2019/20, increasing to £1.5 million by the end of the five year period, as follows. The projections were based on a 'neutral' scenario.

Table 4: Current MTFS Revenue Projections 2018/19 – 2022/23

	18/19	19/20	20/21	21/22	22/23
	£m	£m	£m	£m	£m
Council Tax	15.4	16.0	16.5	17.1	17.7
Retained Business Rates	3.1	3.2	3.3	3.4	3.5
Business Rates Growth	1.2	1.3	0.0	0.5	0.5
Collection Fund adjustment	-0.4				
Tariff / top-up adjustment (negative RSG)		-1.6	-1.6	-1.6	-1.6
Contingency for changes in local government funding regime				-1.3	-1.3
Budget requirement	19.3	18.9	18.2	18.1	18.8
Fees and Charges	19.5	19.7	19.9	20.1	20.3
Total Funding Available	38.8	38.6	38.1	38.2	39.1
Predicted Expenditure	40.3	39.8	40.1	39.6	39.6
Budget Gap	1.5	1.2	2.0	1.4	0.5
Required Savings – Cumulative	1.5	2.7	4.7	6.1	6.6
Savings identified - Cumulative	1.6	2.6	3.6	4.5	5.1
Still to be identified	-0.1	0.1	1.1	1.6	1.5

1.51 In light of the many uncertainties around future funding, 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 as described above. 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.

Capital Programme

1.52 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 7th March 2018 and totals £77 million over five years. Major schemes include the following:

- Brunswick Street redevelopment
- Union Street redevelopment
- Further mixed housing and regeneration schemes
- Housing for temporary accommodation
- Flood Action Plan
- Improvements at Mote Park
- Mote Park dam works
- Town centre regeneration
- 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.

1.53 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.

1.54 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.

1.55 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. Current funding projections indicate that borrowing will not be required in 2018/19, but will be in subsequent years. The cost of any borrowing will be factored into the updated MTFS financial projections.

1.56 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. 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.

1.57 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.

1.58 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. It is anticipated that CIL will be introduced in Autumn 2018.

Reserves

1.59 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.

1.60 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.

1.61 In addition to uncommitted General Fund balances, the Council holds reserves that are earmarked for specific purposes. The most substantial of these has been earmarked New Homes Bonus funding for capital expenditure. This stood at £7.2 million at the start of 2017/18 but has fallen to £1.4 million as the end of the year, given that it has been deployed to fund the capital programme. Full details of reserves held are set out below.

Table 5: General Fund balances as at 31 March 2018

	£000
General Fund	
Commercialisation – contingency	500
Invest to Save projects	500
Amounts carried forward from 2016/17	416
Amounts carried forward from 2017/18	1,057
Unallocated balance	7,028
General	9,502
Earmarked Reserves	
New Homes Bonus funding for capital projects	1,404
Local Plan Review	200
Neighbourhood Plans	70
Accumulated Surplus on Trading Accounts	51
Business Rates Growth Fund	692
Sub-total	2,418
Total General Fund balances	**11,920**

The unallocated balance exceeds the £2 million minimum. It represents around 20% of the revenue budget, which is comfortably 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.

2. AVAILABLE OPTIONS

2.1 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.

3. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

3.1 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.

4. RISK

4.1 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.

4.2 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.

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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 consultation that takes place as part of Strategic Plan development to elicit views on budget priorities.

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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

6.1 An outline timetable for developing the Medium Term Financial Strategy and budget for 2019/20 is set out below.

Date	***Meeting***	***Action***
27 June 2018	Policy and Resources Committee	Agree approach to development of updated MTFS and key assumptions
July - September		Update and roll forward MTFS
21 November 2018	Policy and Resources Committee	Agree updated MTFS for submission to Council
12 December 2018	Council	Approve updated MTFS
October – November		Develop detailed budget proposals for 2019/20
5 December 2018	Policy and Resources Committee	Agree initial 19/20 budget proposals for consideration by Service Committees
January 2019	All Service Committees	Consider 19/20 budget proposals
13 February 2019	Policy and	Agree 19/20 budget proposals for

	Resources Committee	recommendation to Council
27 February 2019	Council	Approve 19/20 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 allocation of resources to all objectives of the strategic plan.	Section 151 Officer & Finance Team
Risk Management	This has been addressed in section 4 of the report.	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.	Interim Team Leader (Corporate Governance), Mid Kent Legal Services
Equalities	The MFTS report scopes the possible impact of the Council's future financial position on service delivery. When a policy, service or	Equalities and Corporate Policy Officer

	function is developed, changed or reviewed, an evidence based equalities impact assessment will be undertaken. Should an impact be identified appropriate mitigations with be identified.	
Crime and Disorder	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

8. REPORT APPENDICES

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

- Appendix 1: Narrative Report – Review of 2017/18 Financial Year

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9. BACKGROUND PAPERS

None.