

This Report will be made public on 7 November 2017.

**Folkestone**

Hythe & Romney Marsh  
Shepway District Council



Report Number **C/17/56**

**To:** Cabinet  
**Date:** 15 November 2017  
**Status:** Key Decision  
**Head of Service:** Charlotte Spendley, Head of Finance  
**Cabinet Member:** Councillor David Monk, Leader of the Council,  
Councillor Malcom Dearden, Finance.

**SUBJECT: BUDGET STRATEGY 2018/19**

**SUMMARY:**

This Budget Strategy sets out the guidelines for preparing the 2018/19 Budget. It supports the Corporate Plan and aligns with the direction and objectives of the Medium Term Financial Strategy (MTFS).

The Budget Strategy takes account of current and future financial issues, sets out the underlying assumptions and initial budget-setting proposals and provides a timetable for delivering a balanced budget in 2018/19.

**REASONS FOR RECOMMENDATIONS:**

Cabinet is asked to agree the recommendations set out below because:

- (i) The Budget Strategy provides the framework for compiling the detailed 2018/19 budgets;
- (ii) The Budget Strategy will support the delivery of the MTFS; and
- (iii) The council's constitution requires approval of such a Strategy at least two months in advance of final budget approval.

**RECOMMENDATIONS:**

1. To receive and note report C/17/56.
2. To approve the Budget Strategy for 2018/19 set out in this report.
3. To approve the General Fund revenue growth proposals for 2018/19 (Appendix 2).
4. To approve the General Fund revenue savings proposals for 2018/19 (Appendix 3).
5. To approve the General Fund capital growth proposals for 2018/19 (Appendix 4).
6. To agree the proposed timetable for preparing 2018/19 budgets (Appendix 5).

## **1. INTRODUCTION**

- 1.1 The Constitution requires that 'no less than two months before any plan, strategy or budget that forms part of the Budget and Policy Framework needs to be adopted, the Cabinet will publish initial proposals and a timetable to council'.
- 1.2 This Budget Strategy covers those requirements, setting out the initial proposals and a timetable that will be used to inform the setting of the detailed budget for 2018/19. The Budget Strategy is consistent with the direction and objectives of the updated MTFS.
- 1.3 The MTFS and Budget Strategy are aligned with the council's strategic financial objectives, which are:
- To maintain a balanced Budget such that expenditure matches income from Council Tax, fees and charges, and government and other grants and to maintain that position.
  - To maximise the council's income by setting fees and charges, where it has the discretion and need to do so, at a level to ensure at least full cost recovery, promptly raising all monies due and minimising the levels of arrears and debt write offs.
  - To ensure a long term sustainable view is taken of any investments and the appropriate risk analysis is provided in considering those.
  - To set a rate for Council Tax which maximises income necessary for the council to deliver its strategic objectives but ensures that government referendum limits are not exceeded. The percentage increase will be reviewed annually.
  - To ensure resources are aligned with the council's strategic vision and corporate priorities.
  - To consider and take advantage of commercial opportunities as they arise to achieve a commercial return
  - To maintain an adequate and prudent level of reserves.

## **2. CURRENT FINANCIAL POSITION**

### 2016/17 General Fund Budget Outturn

- 2.1 The final deficit to the General Fund Reserve for the year was £0.806m, which was £3.021m less than the budgeted withdrawal of £3.827m. The net transfer to Earmarked Reserves was £1.437m compared to a budgeted use of £3.105m. Overall, the addition to the General Fund Reserve was £0.631m.
- 2.2 Over recent years, Shepway has established a good track record of maintaining a healthy reserves position. This enables the council to have greater stability and resilience for dealing with current and future financial challenges and uncertainties.

- 2.3 In their Audit Findings Report 2016/17 to Audit and Governance Committee on 13 September 2017 Grant Thornton confirmed that the council has proper arrangements in place to secure value for money in its use of resources in addition to an unqualified statement of accounts.

2017/18 Forecast General Fund Budget Outturn

- 2.4 The General Fund Revenue Budget monitoring for the second quarter of 2017/18 is reported to this meeting of Cabinet. Based on information to 31 August 2017 there is a projected variance of £0.549m for the year against the latest approved budget. The reasons for the variance are detailed in the monitoring report and relate primarily to the financial pressures arising from the costs of temporary accommodation for the homeless.
- 2.5 The Quarter 2 HRA Monitoring is reported to this meeting of Cabinet and sets out the likely outturn for HRA revenue and capital expenditure for 2017/18. The projections, based on actual expenditure and income to 30 September 2017, show there is a projected decrease in net expenditure of £3.6m on the HRA and an underspend of £4.9m on the capital programme against the £15.3m capital programme.
- 2.6 The latest projection for the General Fund capital programme in 2017/18 is reported to this meeting of Cabinet and shows a reduction in planned capital expenditure of about £2.75m against the latest budget. The main reason for the reduction is a delay to phases 2 and 3 of the Coronation Parade, Folkestone coastal defence scheme to enable a suitable technical to be found that protects the National Grid's cross-channel power supply cable which comes on shore at this location. The Quarter 2 projection requires £92k of borrowing to support it.

Government Funding

- 2.7 In February 2017, the Secretary of State for the Department for Communities and Local Government announced the final local government finance settlement 2017/18. This announcement followed on from consultation on the provisional settlement.
- 2.8 The main points of note from the settlement relevant for this council are as follows:

	<b>2016/17</b>	<b>2017/18</b>	<b>Change</b>
	£'000	£'000	£'000
<b>Settlement Funding</b>			
Revenue support grant	1,736	848	(888)
Baseline funding	3,416	3,486	70
<b>Settlement funding assessment</b>	<b>5,152</b>	<b>4,334</b>	<b>(818)</b>
<b>Reduction in funding compared to 2016/17</b>	n/a	(818)	(15.9%)

- 2.9 Funding was reduced by £0.8m (15.9%) in 2017/18. This reduction was £0.4m more than originally expected. Whilst the budget for 2017/18 has been balanced, the impact of the reduced funding brought added pressure to future projections within the MTFs.

#### Four-Year Settlement

- 2.10 The Government has previously set out indicative figures to allow councils to apply for a four year settlement and make more flexible use of capital receipts. The offer was to the end of the current Parliament and the aim is to permit councils to plan with greater certainty. In September 2016 the council approved an efficiency plan within its MTFs that demonstrates that the council can effectively manage its finances over this timeframe, and this plan was accepted by Government. Four year settlement figures have subsequently been included in the supporting information provided by DCLG in the Local Government Finance Settlement 2017 to 2018, published in December 2016.
- 2.11 Whilst the council has accepted the four-year settlement, it does not ensure full certainty over core Government funding or offer protection from extra responsibilities and functions that might need to be accepted by local government as part of the move to 100% business rates retention, the outcome of the ongoing Fair Funding Review or future transfers of functions.

#### New Homes Bonus

- 2.12 As a result of the Government's consultation on reform of the New Homes Bonus (NHB) initiative ('Sharpening the Incentive'), the methodology for payment was adjusted with effect from financial year 2017/18 - the key changes were as follows:
- From 2017/18 onwards, only new homes bonus growth above 0.4% of an authority's baseline level of dwellings will attract NHB payments.
  - Move to 5-year payments (previously 6 years) for existing and future allocations in 2017/18, and then to 4 years from 2018/19.
  - The Government has retained the option of making adjustments to the baseline in future years to reflect any significant and unexpected housing growth.
  - The Government has not introduced proposals to withhold payments for areas without a local plan in 2017/18; however, it will revisit this issue for 2018/19.
- 2.13 The council currently receives £1.6m in NHB payments; 77% of this funding is used to support services with the remaining amount set aside within a reserve to fund the additional cost of services.

#### Business Rates Revaluation 2017

- 2.14 The outcome of the business rates revaluation was to increase the business tax base for Shepway district from £73.6m to £78.6m, an increase of 6.8% in rateable value. This revaluation is intended to be fiscally neutral; under rating statute the amount of revenue collected across England cannot increase as a result of revaluation. However there remains some risk that the new rating list will lead to an increase in appeals activity; the Government is implementing changes to the appeals process to inhibit speculative appeals.

#### 2018/19 Local Government Finance Settlement

- 2.15 In September 2017 the Government published a technical consultation paper on the approach to the 2018/19 local government finance settlement. The consultation reconfirms the Government's commitment to the 4-year settlement offer and seeks views on expanding this offer. It also outlines a number of measures that are relevant to district councils:
- Barring 'exceptional circumstances', the amounts agreed as part of the multi-year settlement (see paragraph 2.10 above) are expected to be presented to parliament for the 2018/19 provisional local government finance settlement late this year.
  - Potential adjustment to New Homes Bonus awards related to the number of appeals allowed by the Planning Inspectorate relative to the total planning applications made to the local planning authority.
  - Council tax referendum principles proposing that :
    - Districts are allowed to increase council tax at less than 2% or up to £5, whichever is the higher.
    - It is also proposed that authorities with social care responsibilities are allowed to increase council tax by less than 2% as a core principle; with a continuation of the Adult Social Care (ASC) precept at 2%; or between 1% and 3% where the total increases between 2017/18 and 2019/20 do not exceed 6%. Kent County Council applied a 2% ASC precept for 2017/18
  - The Government has not signalled a specific intention to introduce a referendum limit for Town and Parish councils; but it is looking at evidence of whether they are demonstrating restraint when setting precept increases that are not a result of taking on additional responsibilities. Any revised proposals will be made at the time of the provisional settlement.
  - The proposed approach for adjusting business rates retention tariffs and top ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income.

#### 100% Business Rates Retention

- 2.16 The Government has also issued a prospectus inviting proposals to pilot 100% business rates retention in 2018/19. Local government overall currently retains a 50 per cent share of business rate income. The settlement will be designed to ensure that other authorities are not adversely affected by the pilots, together with measures covering the allocation of funding streams within devolution deal areas, if all affected councils agree.
- 2.17 In collaboration with the other authorities in the Kent area the council has agreed to submit a pilot bid (details: Cabinet report C/17/51 on 18 October 2017) and awaits further information about how this system will work, in particular about the additional responsibilities that will have to be taken over by local government under these new arrangements.

### **2018/19 FINANCIAL FORECAST**

#### Medium Term Financial Strategy (MTFS)

- 3.1 The MTFS is the council's key financial planning document. It links the council's strategic priorities with the financial resources required to deliver

them. The MTFS covers a four year period, providing the context and framework within which the Budget Strategy is prepared, and considers the implications of the council's approved priorities. It also takes in to account the uncertainty surrounding the financial climate that the council is working within. The MTFS is updated each year, most recently in May (Cabinet report C/17/03) and October (Cabinet report C/17/46).

- 3.2 The current MTFS forecasts a cumulative funding gap of £6.525m over the lifetime of this MTFS. This is based on a 2% annual council tax increase for the period of the MTFS. These will be subject to political decisions at the appropriate time. The table below shows the cumulative deficit over the period of the MTFS.

	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000
<b>Forecast Deficit</b>	<b>574</b>	<b>1,726</b>	<b>3,468</b>	<b>6,525</b>

- 3.3 The current MTFS forecasts a deficit of £0.574m in 2018/19. This Budget Strategy explains the assumptions underlying this forecast (section 4 below) and proposals for addressing next year's funding gap (section 5 below).

#### Reserves

- 3.4 Total General Fund reserves at 1 April 2017 amounted to £17.368m, of which £4.901m was held within the General Reserve. The table below shows projected reserves at 31 March 2018 before any application towards new budget growth or initiatives.

Description of Reserve	Balance	Forecast Balance
	1/4/17	31/3/18
	£000	£000
<b>General Reserve</b>	<b>4,901</b>	<b>2,596</b>
<b>Earmarked Reserves:</b>		
Business rates	2,682	2,682
Invest to save	366	366
Carry forwards	1,117	227
IFRS	67	49
Vehicles, equipment and technology	876	645
New Homes Bonus initiatives	2,431	2,714
Corporate plan initiatives	754	315
Maintenance of Graves	12	12
Leisure	146	196
Otterpool Park	1,989	864
Economic Development	2,027	1,877
<b>Total Earmarked Reserves</b>	<b>12,467</b>	<b>9,947</b>
<b>Total General Fund Reserves</b>	<b>17,368</b>	<b>12,543</b>

## 4.0 BUDGET ASSUMPTIONS

- 4.1 Appendix 1 explains the changes between the 2017/18 approved budget and 2018/19 budget forecast that have been taken into account in the MTFS. These changes comprise:

	£'000
<b>2017/18 Net Approved Budget</b>	<b>0</b>
Inflationary Pressures 2018/19	479
Corporate Funding Changes 2018/19 (net)	(1,348)
Previously Approved Service Changes 2018/19 (net)	(8)
Contributions To/(From) Reserves	1,451
<b>MTFS Forecast 2018/19 Budget Deficit - Before Growth and Savings Proposals</b>	<b>574</b>

MTFS Funding Assumptions 2018/19

- 4.2 Revenue Support Grant lower-tier funding is assumed to reduce by 64% (£0.543m) from the 2017/18 grant of £0.848m.
- 4.3 Income from Business Rates is based on last year's estimates, pending a full review. The MTFS shows a 6.6% increase compared to 2017/18, reflecting a more stable position on outstanding appeals, but this area remains volatile during the move towards 100% retention with potential additional cost burdens. Multiplier growth is based on 2% per annum.
- 4.4 A council tax increase of 2% has been assumed pending the final decision by Full Council in February 2018, being the maximum increase without requiring a referendum. A council tax base increase of 0.5% per annum and Collection Fund surplus of £100k per annum have been assumed.
- 4.5 A projected Collection Fund net surplus of £100k is taken into account for 2018/19, compared to a net surplus of £204k that was applied in 2017/18.
- 4.6 Continuation of current New Homes Bonus receipts but no new monies from 2018/19

MTFS Expenditure and Income Assumptions 2018/19

- 4.7 Additional unallocated net employee costs amount to £350k, covering the estimated costs of a salary award, salary increments, savings from unfilled vacancies and the impacts of the local government pension fund valuation. An estimated annual increase of 1.5% per annum plus an allowance for increments and estimated pension revaluation in 2020/21 plus a vacancy provision of 2% has been built into the base budget assumptions.
- 4.8 Contract inflation of £120k has been included in the non-pay budget forecast based on prevailing inflation rates within existing contracts.

- 4.9 An increase of 2% has been assumed in relation to the Internal Drainage Board levy.
- 4.10 Net Interest forecasts an increase of £124k additional income compared to the 2017/18 projection.
- 4.11 Fees and charges income assumptions are based on current budgets and existing policies, adjusted for proposed changes as detailed in the Fees & Charges 2018/19 report to this meeting of Cabinet.

## 5.0 2018/19 BUDGET PROPOSALS

- 5.1 The council will continue to use a range of approaches to address the deficit in the short and medium term, including:
- Reviewing the level of council tax
  - An annual review of fees and charges
  - Pursuing alternative income streams
  - Continuing the use of digital technologies to transform services
  - Making the most of commercial opportunities
  - Growing the local economy
  - Reviewing all services to generate efficiencies
  - Containing new budget pressures within allocated resources, and
  - Considering the use of reserves to help manage year on year variations in income and expenditure.

### Budget Growth 2018/19

- 5.2 Service heads and budget holders were also asked to identify any unavoidable budget growth items that were necessary to ensure future service sustainability and address unavoidable budget pressures. These total £0.313m and are detailed at Appendix 2.

### Budget Savings and Efficiencies 2018/19

- 5.3 A rigorous review of the 2017/18 base budget and previous years' outturns has been undertaken by the CMT with service heads. This review identified potential savings and efficiencies of £0.593m (details at Appendix 3).

### Fees and Charges 2018/19

- 5.4 A review of fees and charges has been undertaken and the outcome has been included in a separate Fees & Charges report to this meeting. The proposed changes to fees and charges are anticipated to increase net income receipts by approximately £57,900.

The increase comprises:

	£	£
<b>Reduced income (budget growth):</b>		
Credit Card charges	13,300	
Shingle Extraction	40,900	54,200



<b>Increased income</b>		
Off-Street Parking	-90,000	
Dog Control	-1,000	
Pollution Reduction	-3,200	
Green Waste	-7,500	
Bulky Waste Collections	-1,200	
Donated Seat Income	-5,300	
Football pitches	-3,800	
Allotments	-100	-112,100
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<b>Net</b>		<b>£57,900</b>
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#### Emerging Budget Issue – Temporary Accommodation

- 5.5 The latest MTFS makes reference to emerging budget pressures, including the rise in homelessness and associated bed and breakfast accommodation costs to the council. This issue is also highlighted in the General Fund Revenue Budget monitoring for the second quarter of 2017/18 as reported to this meeting of Cabinet. Shepway is not alone in identifying this new financial pressure which mirrors the experience of districts across Kent.
- 5.6 The costs of providing temporary accommodation for the homeless whose benefit claims are not eligible for full housing benefit subsidy was (at August 2017) forecast to exceed current budgets by £0.678m during 2017/18 if mitigating action is not successful in reducing the additional costs.
- 5.7 The Housing Options team is deploying a range of measures and the most recent statistics (October 2017) indicate a significant reduction in the number of cases.
- 5.8 At this stage the budget for 2018/19 has been prepared on the prudent assumption that a budget pressure of £0.5m will continue into 2018/19. This forecast will be updated in the 2018/19 Draft Budget report to Cabinet on 14 December to reflect the latest position having assessed in more detail the anticipated impacts of the mitigating action that is underway and having identified options for funding the residual impacts.

#### Forecast Budget Deficit 2018/19

- 5.9 Based on the work undertaken to date, the latest forecast deficit is set out below. Members should note that this position will change as more detail becomes available.

<b>MTFS Forecast Deficit 2018/19</b>	£'000
Forecast deficit – September 2017 MTFS	574
Technical adjustments to MTFS forecast	24
Add: budget growth proposals	313
Less: further savings and efficiencies	(593)
Less: increase in income generated	(112)
Add: temporary accommodation budget pressure	500
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- 5.10 Options for addressing the forecast deficit for 2018/19 are now being considered in preparation for the detailed budget report to Cabinet on 14 December and will take into consideration:
- Any new factors affecting local government funding arising from the Chancellor's Autumn Budget on 22 November and the Government funding settlement announcements in December/early new year
  - Collection Fund surplus/deficit assumptions, with reference to the latest in-year collection performance
  - The outcome of ongoing work to review the revenue budget savings and growth proposals at Appendices 2 and 3, and
  - The action that is being taken to address the residual budget gap, in particular the pressures relating to funding temporary accommodation.

## **6.0 HOUSING REVENUE ACCOUNT (HRA)**

- 6.1 This Budget Strategy does not explore the Housing Revenue Account further as the council approved on 23 March 2016 a HRA business plan for the period 2016 to 2046. This includes the impact of the 1% housing rent reduction which was announced by the Chancellor in July 2015 budget as well as the continuation of the new build capital programme.
- 6.2 The detailed 2018/19 HRA revenue and capital budgets that will be submitted to Cabinet in December 2017 will be consistent with the agreed business plan.
- 6.3 An update to the HRA business plan is being worked on and any further announcements will be factored in and, if appropriate, submitted to Cabinet.

## **7.0 CAPITAL PROGRAMME**

- 7.1 As part of the Budget Strategy, Cabinet is asked to consider the proposals for new capital schemes to be included in the council's General Fund Capital Programme for 2018/19. Any new capital scheme to be included in the programme will need to contribute to the objectives set out in section 1.3 of this report. New General Fund capital scheme proposals of £1.569m for 2018/19 are shown in Appendix 4 to this report. Additionally the council's General Fund Medium Term Capital Programme (MTCP) will need to be updated to include recurring schemes planned to continue over the 5 year period to 2022/23. The council's other major capital investment initiatives, such as Otterpool Park, Princes Parade and Biggins Wood Commercial Development, remain to be reported in full detail to Members for approval. The capital programme implications of these schemes will be included in budget reports following this approval.
- 7.2 All proposed changes to the council's General Fund MTCP are required to be approved by Full Council as part of the budget setting process.

- 7.3 During 2017/18 Cabinet has already separately considered and agreed proposals for the three schemes listed in the table below to be submitted to Full Council for immediate approval. Full Council is due to consider these schemes for approval at its meeting to be held later today:

<b>Scheme</b>	<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>Total £'000</b>
Princes Parade Parking On-Street Parking	60	-	-	60
Otterpool Park Land Acquisition	75	600	3,000	3,675
Holiday Lets Development, Coast Drive, Greatstone	222	780	957	1,959
<b>Total</b>	<b>357</b>	<b>1,380</b>	<b>3,957</b>	<b>5,694</b>

- 7.4 Capital Receipts – the existing MTFS states that a minimum of £0.5m in capital receipts must be retained as a contingency to meet urgent or unforeseen capital expenditure. The council's general policy is that only capital receipts received should be earmarked to fund capital projects. The only departure from this is ring-fencing the use of future repaid decent homes loans and home safe loans receipts to be reinvested in further private sector housing improvement loans. The latest position regarding the council's available capital receipts to fund capital expenditure, based on the second quarter's capital budget monitoring for 2017/18, is shown in the following table:

<b>Capital Receipts Position Statement</b>	<b>£'000</b>
Receipts in hand at 31 August 2017	(7,489)
Less:	
Committed towards General Fund capital expenditure	1,469
Committed towards HRA capital expenditure	4,130
Ring-fenced for specific purposes	1,208
Contingency for urgent or unforeseen capital expenditure	<u>500</u>
<b>Balance available to support new capital expenditure</b>	<b>(182)</b>

- 7.5 Over the term of the MTFS the council expects to receive approximately £2.6m in capital receipts which it could choose to use to fund its future capital expenditure plans or retain for investment purposes. This excludes 'Right to Buy' disposals of council dwellings where the retained element of capital receipts are required to be reinvested directly in local social housing initiatives. This also currently excludes any potential future capital receipts that may be generated through the council's current 'invest to save' initiatives. The council has previously adopted the government's Statutory Guidance for the Flexible Use of Capital Receipts. This allows the council to use capital receipts received from General Fund asset disposals from 1 April 2016 to 31 March 2019 on revenue expenditure that is planned to generate ongoing efficiencies and savings. It is likely that the first call on

the forecast £2.6m of capital receipts will be to support the major transformation project the council is considering.

- 7.6 Other Capital Funding Sources - in addition to the available capital receipts, the council can choose to use its revenue resources (earmarked revenue reserves and balances) or consider prudential borrowing to fund its General Fund capital expenditure plans. Prudential borrowing will incur a revenue cost to the General Fund in terms of interest and a minimum revenue provision charge (MRP). Therefore, prudential borrowing is best suited to capital 'invest to save' projects, such as Otterpool Park, Princes Parade and the Biggins Wood Commercial development, that will provide a net long term financial return to the council allowing for these costs.
- 7.7 Any capital scheme included in the approved capital programme requiring external grant funding to support it will only be allowed to commence once a formal funding agreement has been established between the council and the relevant funding body.

## **8.0 THE BUDGET TIMETABLE**

- 8.1 By early March each year the council is required by law to approve its budget (revenue, capital and HRA) and council tax levels for the forthcoming year. The Full Council meets in February to do this. Advance notice is given in the publication of key decisions to be made.
- 8.2 Detailed guidance on the annual budget preparation process was circulated to officers in July 2017. This guidance covered roles and responsibilities; the links between finance and service planning; expected standards and approach; and the timetable for preparing the 2018/19 Budget.
- 8.3 The 2018/19 Budget timetable is attached at Appendix 5.

## **9.0 BUDGET CONSULTATION**

- 9.1 There is a duty under section 65 of the Local Government Finance Act 1992 to consult ratepayers (or bodies appearing to represent ratepayers) about proposed expenditure, including capital expenditure, prior to calculating the council tax requirement under S31a (England) of the Act.
- 9.2 The objectives for consultation on the 2018/19 budget proposals are to:
- Engage with key stakeholder groups and local residents;
  - Seek feedback on specific budget proposals for 2018/19; and
  - Seek feedback on general spending and income generation priorities.

This will be achieved through making budget information available to the public, inviting feedback and meeting with representatives from the business community.

## **10.0 RISK MANAGEMENT ISSUES**

- 10.1 A summary of the perceived risks follows:

<b>Perceived risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative action</b>
MTFS becomes out of date.	High	Low	The MTFS is reviewed annually through the budget process.
Assumptions may be inaccurate.	High	Medium	Budget monitoring is undertaken regularly and financial developments nationally are tracked. Assumptions are regularly reviewed.
Budget strategy not achieved.	High	Low	The budget making process is controlled closely with regular reconciliations against projections.
Incorrect assessment of Local Government Finance Settlement impact.	High	Low	Figures provided by Central Government have been used. The December Autumn Statement will inform latest forecast.
Failure to address the significant budget pressure arising from the costs of increased housing benefit (temporary accommodation) claims	High	High	Implement solutions that reduce the number of costly claims that attract restricted levels of DWP subsidy.
Failure to take action to address forecast medium term financial pressures as well as focusing on the 2018/19 budget position.	High	Medium	Ensure that MTFS forecasts are monitored and timely interventions identified and implemented to address future deficits.

## **11.0 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **11.1 Legal Officer's Comments (DK)**

There are no legal implications arising directly out of this report, subject to the Council ensuring its general fiduciary duties are met, including those of consulting with rate payers and ensuring best value.

### **11.2 Finance Officer's Comments (PM)**

The Budget for 2018/19 will be submitted to council in February 2018. This Budget Strategy is the first stage in the detailed budget process and will be used to inform the preparation of budget estimates.

### **11.3 Diversities and Equalities Implications (PM)**

The budget report to Full Council in February 2018 will include an Equality Impact Assessment of the budget recommendations for 2018/19.

## **12.0 CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Charlotte Spendley, Head of Finance

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The following background documents have been relied upon in the preparation of this report:

None

### **Appendices:**

Appendix 1 – Movement from 2017/18 Approved Budget to 2018/19 Base

Appendix 2 – General Fund Revenue Growth Proposals

Appendix 3 – General Fund Revenue Savings Proposals

Appendix 4 – Capital Programme Growth Proposals

Appendix 5 – Budget Timetable