
Subject:	COUNCIL BUDGET 2017/18 AND MEDIUM-TERM FINANCIAL PLAN 2017/18–2020/21
Meeting and Date:	Cabinet – 6 February 2017 Scrutiny (Policy and Performance) Committee – 14 February 2017
Report of:	Mike Davis, Director of Finance, Housing and Community
Portfolio Holder:	Councillor Michael Conolly, Portfolio Holder for Corporate Resources and Performance
Decision Type:	Key Decision
Classification:	Unrestricted

Purpose of the report: To progress approval of the 2017/18 budget and the Medium-Term Financial Plan (MTFP) for 2017/18–2020/21

Recommendation: It is recommended that Cabinet:

- Consider the draft General Fund Revenue Budget, the Capital and Special Projects Programmes, the Housing Revenue Account budget, and the content of the Medium Term Financial Plan (MTFP) as proposed in Appendix 1, and advise the Director of Finance, Housing and Community of any changes they require to be incorporated in the final version;
- Note that the Council Tax Resolution and Treasury Management Strategy will be added to the MTFP and other minor adjustments made before being presented to Council in March.

1. Summary

- 1.1 This report has been produced to seek Cabinet approval to develop the 2017/18 budget and MTFP for 2017/18 – 2020/21 on the basis detailed in Appendix 1. The report will also be considered by Scrutiny (Policy and Performance) on 14th February.
- 1.2 If agreed by Cabinet, the document will be amended and finalised before being presented back to Cabinet, and then to Council in March, together with the specific recommendations for Cabinet and Council and the resolution to set the Council Tax. At this stage the resolution to set the Council Tax cannot be included because the precepts from Towns and Parishes, Kent County Council (KCC), Kent Police Authority and Kent and Medway Towns Fire Authority have not all been received.

2. Introduction and Background

- 2.1 As part of its financial management process the Council is required to consider the MTFP and its implications for the Council's service objectives and financial management. The Director of Finance, Housing and Community (as Section 151 Officer) is required to comment on the robustness of the budget and the adequacy of the reserves. These requirements are addressed in the attached Budget and Medium Term Financial Plan report (Appendix 1).
- 2.2 The MTFP contains a number of recommendations. These are shown at the end of the sections within the MTFP and consolidated in Annex 14.

General Fund Budget

- 2.3 The Council is required to approve a General Fund revenue budget having regard to net expenditure requirements, Government funding, available internal reserves and the yield from Council Tax and the localisation of Business Rates.
- 2.4 The Council has discretion over allocation of resources to service priorities and its use of reserves, and can determine its Council Tax within the constraints as set by Government (the Council has no influence over the level of Government funding) but must have due regard to the capacity to set viable budgets in ensuing years.
- 2.5 The 2017/18 settlement from Government is currently under consultation and the figures in Appendix 1 are based on the provisional settlement provided in December 2016. It is not anticipated that there will be significant changes to the settlement figures in the final version of the report.
- 2.6 The figures for Business Rates are draft at this stage, based on the draft 2017 valuation list, and using estimates made before the final list was published or the draft 2017/18 NDR1 return was available. There is a high level of uncertainty with these figures due to the impact of the 2017 revaluation, changes to small business rates relief, the impact of existing and potential appeals, etc. These figures will be reviewed further after the completion of the NDR1 return and the MTFP will be revised if necessary.

Capital Programme

- 2.7 The Council has limited capital resources, but within these resources it has discretion over which projects to support. The Medium Term Capital Programme shows that resources have been applied to the regeneration projects in support of the Council's corporate objectives.

Housing Revenue Account (HRA)

- 2.8 The Council has to ensure that the HRA remains viable.
- 2.9 The DCLG has directed that Councils reduce rents by 1% per annum (in cash terms) from 2015/16 levels for each of the next 4 years and this is included in the budget and MTFP.

Future Budgets

- 2.10 The MTFP is a planning document, so approval of the budget for 2017/18 and adoption of the MTFP does not commit the Council to the forecast budgets for 2018/19 to 2020/21. These are for planning purposes and are likely to be adjusted in the light of new information or changes in the Council's circumstances.

3. Identification of Options

- 3.1 Cabinet cannot change the financing received from government. They can increase Council Tax, subject to the referendum conditions, and they can change budget allocations. Cabinet then recommend their budget to Council.
- 3.2 The Council is required to set a budget, and so declining to do so is not an option. Council could choose to amend Cabinet's budget recommendations, but is subject to the same constraints concerning government funding and Council Tax. Council can change the allocation of resources between services, and that option remains open to the Council during the financial year.

4. Resource Implications

- 4.1 The revenue budgets and capital plans determine the level of Council Tax and the utilisation of resources for the next year. The MTFP is a key element in the prudent use of resources over the medium term.

5. **Corporate Implications**

5.1 Comment from the Section 151 Officer: No further comments to add.

5.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

5.3 Comment from the Equalities Officer: This report does not specifically highlight any equalities implications however, in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15>

6. **Appendices**

Appendix 1 – DRAFT Budget for 2017/18 and Medium Term Financial Plan 2017/18
-2020/21

7. **Background Papers**

2017/18 budget working papers.

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