



**Hinckley & Bosworth
Borough Council**

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

FINANCE & PERFORMANCE/
SCRUTINY COMMISSION
COUNCIL

7 FEBRUARY 2019

21 FEBRUARY 2019

WARDS AFFECTED:

ALL WARDS

2019/20 GENERAL FUND BUDGET

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To seek approval of the 2019/20 General Fund Revenue Budget.
- 1.2 The General Fund revenue budget has been prepared taking into account the capital and HRA budgets. The capital and HRA budgets are presented separately but should be read in conjunction with this report.

2. RECOMMENDATION

- 2.1 That the following are recommended for the Council to approve:
- The General Fund budget for 2018/19 and 2019/20 shown in section 3.2
 - The Special Expenses area budget for 2018/19 and 2019/20 shown in section 3.3
 - The proposed movement in General Fund Reserves and balances for 2018/19 and 2019/20 shown in sections 3.14-3.19

3. BACKGROUND TO THE REPORT

- 3.1 The General Fund Revenue budget for 2019/20 has been drawn up in accordance with the principles set out in the Budget Strategy and in accordance with the Medium Term Financial Strategy (MTFS) (presented earlier on this agenda). The key objectives of the budget can be summarised as follows:
- To align expenditure on services to the Council's Corporate Plan.
 - To provide for reductions in government grant funding for 2019/20 and future years.

- To encourage identification of savings and income generation opportunities across the Council.
- To take decisions which will maintain acceptable and viable levels of General Fund balances and reserves to make provisions for known future funding and expenditure pressures.
- To maintain an acceptable and viable level of balances in the Special Expenses Area.
- To keep the overall increase in average Band D Council Tax (including Special Expense Area) to £5 as allowed by the December 2015 proposed financial settlement.
- To ensure that the Council has acceptable level of reserves for future pressures and development opportunities.
- To keep the charge for garden waste at £24 as agreed in the 2016/17 budget.

Budget Summary

- 3.2 The original budget for 2018/19, revised budget for 2018/19 (based on October 2018 outturn) and the proposed budget for 2019/20, are set out below. The increase in the net service expenditure in 2018/19 is explained in section 3.7 below. Overall an additional £138,290 is budgeted to be taken from balances in 2018/19. In 2019/20 total service expenditure is budgeted to decrease by £208,915 compared against the revised budget (1.49%).

	Original Estimate 2018/19	Revised Estimate 2018/19	Original Estimate 2019/20
	£	£	£
Support Services	189,460	346,976	131,295
Corporate Services	2,694,291	3,330,828	3,172,110
Community Services	2,168,588	2,434,423	2,472,390
Environment & Planning	7,276,979	7,598,828	7,683,345
Further Savings in Year		(43,000)	
Total service expenditure (Net)	12,329,318	13,668,055	13,459,140
Less:			
Special Expenses	(599,040)	(593,040)	(627,770)
Capital Accounting Adjustment	(1,940,970)	(1,940,970)	(1,934,120)
Net external interest (received)/paid	340,553	250,553	185,360
IAS19 Adjustment	(538,140)	(538,140)	(331,470)
Carry forwards from prior year	0		
Transfer to reserves	2,781,000	2,771,300	1,577,880
Transfer from reserves	(1,067,811)	(1,524,419)	(1,503,399)
Transfer from unapplied grants	0	(239,139)	(158,000)
Transfer to/(from) pensions reserves	3,880	3,880	3,880
Transfer to/(from) balances	(688,276)	(826,566)	155,528
HBBC Budget Requirement *	10,620,514	11,031,514	10,827,029

* In 2018/19 net additional business rates growth based on October forecasts is included as Business Rates Income.

Special Expense Area

- 3.3 This represents the cost of parks and cemeteries in the non-parished area of Hinckley. Whilst the cost will only fall on the residents of this area, the net expenditure is built into the service totals above and must be included in the Council's overall budget requirement for Council Tax purposes.
- 3.4 The proposed budgets for the Special Expenses area have been compiled in accordance with the approved Budget Strategy and the taking advantage of the £5 Council Tax rise under the 2016/17 settlement available to councils that have historically been kept in a low taxing position. A budget report was presented to the Hinckley Area Committee on the 21st January 2019.

	Original Estimate 2018/19 £	Revised Estimate 2018/19 £	Original Estimate 2019/20 £
Expenditure	599,040	593,040	627,770
Transfer to/(from) balances	99,695	105,695	104,267
Transfer to/(from) reserves	20,000	20,000	20,000
S106 Contributions	(22,700)	(22,700)	(20,076)
Budget Requirement	696,035	696,035	731,961

- 3.5 Balances in the Special Expenses Area (SEA) are estimated as follows:

	£
Balance at 1st April 2018	161,787
Transfer to/(from) Balances 2018/19	105,695
Transfer to/(from) Balances 2019/20	104,267
Estimated Balance at 31st March 2020	371,749

Total Council Budget for 2019/20

- 3.6 The total overall budget for 2019/20 in the direct control of the Council is therefore:

	Original Estimate 2018/19 £	Revised Estimate 2018/19 £	Original Estimate 2019/20 £
HBBC Budget Requirement	10,620,514	11,031,514	10,827,029
Special Expenses Budget Requirement	696,035	696,035	731,961
Total Council Controlled Budget Requirement	11,316,549	11,727,549	11,558,990

Revised Budget 2018/19

- 3.7 The original budget for 2018/19 has, in accordance with the Council's Financial Procedures, been revised during the year to take account of approved supplementary budgets and virements. These budget changes are summarised below :-

£	
Additional Service Budgets Approved	863,737
Of Which Agreed at Council July 17:	
Amounts funding prior commitments	340,308
Amounts funding prior year commitments form prior year grants	397,139
In year Supplementary Budgets	126,290

After allowing for the budget movements in the above table there is an additional net cost £475,000 identified to October 2018. The key movements leading to this variance have been detailed below:

	Saving/(Over Spend) * £
"Section 31 grant" income to be accounted for as part of Business Rates below the line	(343,000)
Homelessness prevention & Flexible Homeless Grant to be rephrased to 2019/20	158,000
Legal Fees overspend	(52,000)
Additional Trade Waste income	60,000
Shortfall Car Park income & Fixed Penalty Notices	(63,000)
Additional income from Street Cleansing and Penalty Notices	30,000
Shortfall Development Control Income	(170,000)
Local Plan Consultancy Expenditure rephrased to 2019/20	74,000
Estimated Year end salary (over)/under spend	25,000

Original Budget 2019/20 – assumptions and process

- 3.8 The 2019/20 General Fund revenue budget has been prepared following a robust budget process outlined in the 2019/20 Budget Strategy. The table below gives the overall savings and pressures included in the 2019/20 budget.

	Pressures	Income/ Savings	Net
	£	£	£
Pay cost increases	411,092		411,092
Local Plan	94,000		94,000
Elections and related costs/ grant income	85,000		85,000

Flexible Homeless Grant -Expenditure	58,875	(58,875)	0
Allowance for inflation pressures on costs and fees	125,131	(78,596)	46,535
B&B pressure -chance in legislation	40,000		40,000
Apprenticeships/interns	38,140		38,140
Car parks		(28,400)	(28,400)
Block C Rentals/Service charges	28,570		28,570
Refuse and recycling agency costs	0		0
Housing Repairs DSO	20,000		20,000
Reduction in Market Income		(2,000)	(2,000)
Strategic Growth plan	20,000	(28,289)	(8,289)
ICT costs	40,500	(50,000)	(9,500)
Increase in tipping away fees		(11,000)	(11,000)
Increase in Bulky items collection		(14,800)	(14,800)
Rev and Bens - contributions		(15,000)	(15,000)
Insurance costs savings		(15,000)	(15,000)
Debtor management savings		(16,970)	(16,970)
Middle Manager Training & other training		(25,000)	(25,000)
Waste and Dry Recycling - Increase in customer base	30,600	(58,000)	(27,400)
Rentals on industrial units		(28,767)	(28,767)
Town Centre Events (Removal of one off costs form budget)		(36,000)	(36,000)
Other small movements	65,760	(152,570)	(86,810)
Investment income and provision change		(155,193)	(155,193)
Reversal of one off prior year supplementaries		(246,641)	(246,641)
Total	1,057,668	(1,021,101)	36,567

- 3.9 The budget has been created with clear links to the Council's strategic and service objectives. Clarity of priorities has enabled cross-party members through the Scrutiny and Executive functions to prioritise the projects included in the Capital Programme. Although the Capital Programme is the subject of a separate report, it is important to note that there are links between capital and revenue (e.g. interest from capital receipts, interest on borrowing, staffing costs etc).
- 3.10 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. As the Retail Price Index (RPI) has stood between 2-4% in year, the application of 0% represents an effective saving on running costs. For contracts, an inflation rate of 2.7% has been used, unless otherwise specified within the terms of the specific contract.
- 3.11 The salaries and wages budget is the most significant element of the revenue budget. For pay costs, the 2019/20 estimates have been based on the latest pension valuation and a provisionally agreed pay structure. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to

reflect the savings which will result from this challenge. This rate is unchanged from that used in 2018/19.

- 3.12 The Leicestershire Pension Fund was re-valued as at 31 March 2016 and a triennial valuation completed in accordance with statutory requirements. There is currently an actuarial deficit (i.e. the assets of the fund were less than those required to meet the long term liabilities in terms of benefits due to members). Whilst action is needed to remedy this position, the timescales involved mean that there is sufficient time to recover the position in a phased manner over a number of years and valuations. An Employers Contribution rate of 20.4% will be used with an additional 0.9% being included for Ill Health retirement insurance. In addition, a lump sum value of £307,960 (£356,310 including HRA) is payable to the Local Government Pension Scheme which is contained in a corporate budget.

Original Budget 2019/20 – key issues and considerations

- 3.13 In addition to service priorities, there are a number of wider issues, identified in the Budget Strategy and previously in the Medium Term Financial Strategy. A summary of these items and how they have been addressed in the budget is provided below.

Balances

- 3.14 The Council has previously maintained a general fund balance of 10% of the general fund budget requirement. Historically, the Council's income from Central Government has been relatively fixed (i.e. the financial settlement set the amount of RSG, Business Rates Income and New Homes Bonus). The method of funding local government services has changed and continues to change. RSG is reducing, the Council's element of New Homes Bonus income is also reducing and the amount of Business Rates funding is becoming more variable. To manage this risk it is recommended that the Council works towards a 15% of the Council's Budget is set aside as a balance. The change will not impact on service delivery and the MTFS will demonstrate that the Council ensures service delivery and financial stability over next 5 years.
- 3.15 The Council therefore has the following policies relating to levels of balances and reserves for 2019/20:
- To maintain an average general balances (non-earmarked) at a minimum of 15% of Hinckley & Bosworth Borough Council's budget requirement in 2019/20. Based on the forecast position for 2019/20 this would determine a need for £1,570,000 of General Fund balances. The same discipline is also applied to the Special Expense Area.
 - Where possible, all actual service under-spends and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
 - There should be no direct contribution from revenue to capital except for specific identified projects.
 - Any notional surplus/deficit earned/incurred by the Direct Service Organisations will be transferred to/from General Fund balances. Any such balance on the Housing Repairs DSO account is transferred to/from the Housing Repairs Account held within the Housing Revenue Account.
- 3.16 The projected movement of the General Fund Balances is detailed below and indicates that sufficient balances are forecast as at 31st March 2019 and 31st March

2020. Other movement in balances for 2018/19 will be confirmed at year end and considered as part of future review of reserves.

	Total	General Fund	Special Expenses
	£'000	£'000	£'000
Balances at 1 April 2018	2,485	2,323	162
Amount Taken to /(from) Balances 2018/19	(720)	(826)	106
Balances at 31 March 2019	1,765	1,497	268
Amount Taken to/(from)Balances 2019/20	258	155	103
Balances at 31 March 2020	2,023	1,652	371
Net Budget Requirement	11,523	10,827	696
Minimum Balance requirement	1,728	1,624	104
Surplus Balance	295	28	267

Earmarked Reserves

3.17 Appendix 1 provides a summary of earmarked General Fund reserves together with estimated movements during 2018/19 and 2019/20. The tables below summarise the changes required to the current approved budget for 2018/19 and lists the approvals required in 2019/20.

Reserve	Transfer from 2018/19 £	Transfer from 2019/20 £	Use
Local Plan Reserve	74,000	(238,650)	Costs associated with production of Local Plan documents & inspection. 2018/19 Is a reduction in requirement.
Pension Reserve	0	(53,800)	Use to offset additional costs arising from the pension liability.
ICT Reserve	(11,750)	(124,500)	To fund cost of Microsoft Licences and ICT pressures
Enforcement	(40,000)	0	Large appeals and enforcement cases
Election Reserve	0	(80,000)	To fund changes costs of Electoral registration.
HCIF		(25,000)	Contribution to cover Capital cost
Waste Management Reserve	0	(55,000)	Cover additional cost of new fleet
Asset Management Reserve	0	(397,400)	Reserve set aside to meet town centre regeneration Costs.
PCIF	0	(250,000)	Set aside to fund additional anticipated demand for PCIF projects.
Transformation	0	(20,500)	Set aside to fund the Councils transformation agenda
Benefits Reserve	0	(58,549)	Set aside to smooth fluctuations

			between benefits paid and subsidy received from MHCLG
Business Rates Equalisation Reserve	(190,300)		To be set aside to dampen fluctuations in Business Rates. Additional in year contribution to reflect in changes in business rates growth.
Workforce Strategy Reserve	0	(50,000)	Smooth future payroll pressures arising from December 2017 pay settlement offer
Minor Capital Projects	0	(150,000)	Set aside for future Council led Community based capital projects
Total	(168,050)	(1,503,399)	

3.18 The following additional transfers to reserves require approval by Council:

Reserve	Transfer to 2018/19 £	Transfer to 2019/20 £	Use
Building Maintenance Reserve	0	71,880	To set aside funds for future maintenance costs as significant pressures have been identified in the stock condition survey.
Developing Communities Fund	0	250,000	To help support capital projects in community areas
Business Rates Equalisation Reserve	(15,600)	1,059,000	To be set aside to dampen fluctuations in Business Rates
Local Plan Procedure		0	As outlined in the Medium Term Financial Strategy, contributions will be made to the Local Plan Reserve annually in order to fund the costs of producing the documents within the Plan.
Minor Capital Projects	175,000	0	Set aside for future Council led Community based capital projects
HCIF	(175,000)	0	Reduction in requirement for funding in 2018/19
Grounds Maintenance	5,900	30,000	Additional amount set aside to fund Machinery purchase.
Maintenance Fund - Green Towers	0	5,000	Reserve set aside to fund future costs at Green Towers.
ICT Reserve	0	162,000	Set aside to fund ICT requirements
Total	(9,700)	1,577,880	

Additionally, ensure that the reserve titles are more closely aligned to expenditure use it is recommend that the Project Management Masterplan reserve is renamed as The Asset Management Reserve.

3.19 Based on these calculations, it is estimated that the Council will hold £7.64 million in earmarked reserves as at 31st March 2019 and £6.66 million at 31st March 2020. This amount excludes any “unapplied grants and contributions” which are treated as

earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

Local Government Finance Settlement

- 3.20 The Council's budgets are highly sensitive to changes in the finance settlement and Government policy. The funding for this Council announced in the 2019/20 Local Government Finance Settlement, along with additional elements of financing are detailed below:

	2018/19 Orig Budget	2019/20 Orig Budget	Mvt
	£	£	£
			Inc/(Dec)
Revenue Support Grant	437,461	0	(437,461)
National Non Domestic Rates	2,499,827	2,641,090	141,263
Core Funding	2,937,288	2,641,090	(296,198)
Business Rates Growth	1,192,997	1,292,168	99,171
Surplus from Pilot	0	500,000	500,000
New Homes Bonus	2,570,833	2,271,759	(299,074)
Net Collection Fund Surplus / (Deficit)	(228,986)	(242,746)	(13,760)
Council Tax payer	4,148,382	4,364,758	216,376
Total Financing	10,620,514	10,827,029	206,515

- 3.21 The following points should be noted:
- The reduction in RSG and Business Rates funding for the Council is £296,198 (10.08%).
 - The Settlement for the RSG element is included within the NNDR figures above due to the success in the pilot bid for 2019/20. After 2019/20 the RSG support has ceased.
 - Other funding has not covered the reduction noted above, partly to a reduction in New Homes Bonus leading to an overall decrease of (£154,491).

Business Rates Retention and Pooling

- 3.21.1 Leicestershire was one of the successful areas in its submission for a business rate pilot for 2019/20. The expected benefit to HBBC is a share of the agreed allocation of any gain to districts as per the bid. For the purpose of this MTFS it is assumed our share of this gain will be £0.5m, but the exact amount will depend on performance in year and may be more or less than this. The bid noted that the gain would be used by districts for the following broad areas:

- Financial Sustainability (~46%) and
- Housing & Commercial Infrastructure (~54%)

The Governance arrangements for this are currently being agreed, and how it will be monitored. The amount budgeted has been transferred to the Business Equalisation Reserve. Without the £0.5m gain from the pilot, the 2019/20 year would be £121k down on the prior forecast.

<i>Business Rates</i>	2018/19	2019-20 Pilot year
	<u>£000</u>	<u>£000</u>
NNDR	4,104	3,933
NNDR pilot bid share	n/a	500
Collection fund loss/Surplus	(300)	(257)
Total	£3,804	4,176

- 3.22 The Council's NNDR1 form forecasts the level of Business Rates expected to be collected by the Council in year, after taking into account discounts, collection rates and appeals estimates. For the Pilot year of the total income forecast, 25% is paid to central government. The remaining 75% (locally retained share) is shared between the Borough and preceptors.

The retained business rates of this Council are subject to a tariff set out in the 2019/20 Local Government Finance Settlement (£8,653,917.67 pilot bid, effective under agreement as £9,490,894). Any growth over a set baseline (£2,641,090) is subject to a "levy" payment of £565,006, with a further pool payment of £565,006 to the pool on top of this as part of the local bid. The settlement announced that a safety net threshold for all Councils of 7.5%. On this basis, this Council would need to lose £2.4m of Business Rates before a safety net payment will be made.

- 3.23 The NNDR1 form for this Council needs to be approved by the Head of Finance (S151 officer) on 31 January 2019. And the final return is yet to be finalised, which may lead to some changes to the figures forecast.
- 3.24 The accuracy of these forecasts will be monitored on a regular basis and will be validated only at year end as part of the completion of the NNDR3 form. Due to the volatility of the economy and continual changes in guidance in this area, retained business rates has been included based on returns submitted to DCLG.
- 3.25 The Local Government Finance Bill allows local authorities to form pools for the purposes of business rate retention. Practically, pooling means that levy payments on growth are made into a local pool rather than paid to Central Government. Correspondingly, losses will be funded from the pool. Under pooling, these net thresholds are set at a pool level (i.e. the total of all individual thresholds). For the pilot year we have agreed to make the same level of contribution to the local pool as if the pilot was not in place, which means we will make full payment and not the lower 25% levy
- 3.26 Budgeting for business rates is extremely difficult, given the level of volatility in the market and delays in processing of appeals and applications for relief. Ongoing monitoring will be performed of the position in year and reported to the Finance and Performance Committee quarterly. Significant levels of appeals have been lodged with the Valuation Office Agency (VOA), which if successful would have a significant impact on the Council.

Implementation of a Local Council Tax Support Scheme (LCTS)

- 3.27 Last year we reported that, the introduction of the LCTS had the result of reducing the council tax base for the Council, as income is only received for a proportion of those properties previously in receipt of Council Tax Benefit. LCC have requested

that the scheme is reviewed. A report was presented as Executive Brief where members have indicated that this will remain unchanged so persons of working age are required to pay a minimum of 12% of their council tax liability. The caseload at the beginning of 2017 in receipt of LCTS is 5,837 households of which 3,102 are pensioners (who are protected and will continue to receive 100% support), with the remainder of 2,735 working age households will all lose some level of support under either of the reduced schemes.

- 3.28 The County Council are withdrawing funding all contributions to Leicestershire billing authorities (i.e. the seven district councils) to support the administration of the Localisation of Council Tax Support schemes (LCTS) and to the Discretionary Discount Funds administered by the billing authorities. The district council will try to continue this funding, but the amount may vary in future years. Currently HBBC have a £20,000 budget to cover this area, which should cover current conditions in 2019/20 but may be insufficient in future years if demand increases due to hardship.

New Homes Bonus

- 3.29 New Homes Bonus was introduced in February 2011 and was designed to encourage housing growth by providing financial incentive for Councils and local people to accept new housing. The first awards were made in April 2011. For each additional new home built local authority currently receive six years of grant based on the council tax. This will increase in amount each year as more new housing comes on stream. The scheme applies to new housing and empty properties brought back into use.
- 3.30 The Financial settlement for 2019/20 is based on a four-year basis of funding. For 2019/20 there has been a fall in NHB income. This is due to a reduction in the number of eligible properties being brought into use from either new build or from empty properties as at the 1 October 2018, which is the annual; date used by central government for funding purposes. This has reduced NHB for 2019/20 by almost £350,000 on past expectations. Therefore the net payment for 2019/20, which is set for a four year period, was only £281,563 (total £351,954, but 20% goes to County). This compares to the average in the past of between £500,000 to £600,000.

Future Income Increases

- 3.31 Members will recall that from 2016/17, the Council will also be in receipt of Management Fees from the provider of the new leisure centre. The table below summarises the management fee. This income has already been allowed for within the MTFS:

	2018/19	2019/20	2020/21
Net Management Fee £	1,015,750	1,012,650	935,810

- 3.32 The 2019/20 budget should be read in conjunction with the Council's Fees and Charges book for 2019/20, which is also agreed by Council. This document reflects the annual review of all Council income streams and any variations in charging regimes. Major Fee changes are summarised below:-
- Increase in pre-planning application advice
 - Increase in legal fees

Leicestershire Revenues and Benefits Partnership

- 3.33 The budget for the Leicestershire Revenues and Benefits Partnership (the Partnership) was approved by the Partnership Joint Committee on 29th January 2019. The total cost of the Partnership is split between Hinckley and Bosworth Borough Council, Harborough District Council and North West Leicestershire District Council based on a percentage rate which reflects the case load dealt with by the Partnership. The resulting estimated contributions for 2019/20 are detailed below. The contribution for this Council has been included within the General Fund budget and reflects an increase of £7,590 compared to 2018/19:

	HBBC £
2019/20 Contribution (draft)	1,348,170
2018/19 Contribution	1,340,580
Difference – Increase/(Decrease)	7,590

Investment (Income/Costs)

- 3.34 In recent years the country has faced unprecedented levels of public sector borrowing which had reached a peak of 11.0% of Gross Domestic Product (GDP) in 2009/10. The Government continues to emphasise a need to reduce borrowing which consequently impacts the level of resources available to the sector.
- 3.35 The Base Rate is currently 0.75%; this level has been assumed in the 2019/20 budget to ensure that a prudent level of investment income is assumed. Conversely, the Council is able to borrow from the Public Works Loan Board (PWLB) to fund the Capital Programme. Loans are acquired at preferential rates from this source which reduces the level of interest payable from the General Fund.
- 3.36 Net interest cost for this Council have been estimated at £185,360 and is based on a cash flow and borrowing forecast.

Major Projects

- 3.37 Appropriate provision has been made in the budget for the revenue consequences of the Council's major projects including:

- The Hinckley Bus Station Redevelopment - "The Crescent"
- Hinckley Leisure Centre
- Former Co-op site (Castle Street)

The full impact of these schemes is detailed in the Capital Programme.

Council Tax

- 3.38 For 2016/17 the financial settlement offered the ability to councils that have been prudent in council tax increments and find themselves in the bottom quartile for the level of council tax charged, to level a £5 increase for a four year period. This comes to an end in 2019/20. HBBC are currently the 14th lowest district council out of 201 in terms of the Council Tax charged for our services in 2018/19.

Medium Term Financial Strategy

- 3.39 The budget proposed for 2019/20 is achieving the target of 15% agreed by members and has earmarked reserves of £6.7m, which is just under the forecast position last year of £6.8m. The general fund balance is forecast to be £1.6m. Therefore, the Council can achieve its financial targets for the 2019/20 year. However, given the significant changes in Local Government Financing, the 2019/20 budget should be considered in light of the MTFS, which indicates that the years after 2019/20 there are significant pressures due to the forthcoming fair funding review. Members should note, failure to set a balanced MTFS that maintains the financial position of the Council could lead to our auditors qualifying the VFM conclusion, which is unlikely based on our current forecast.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report to be taken in open session.

5. FINANCIAL IMPLICATIONS [IB]

- 5.1 Contained within the body of the report.

6. LEGAL IMPLICATIONS [FA]

- 6.1 Section 25 of the Local Government Act (2003) requires the Section 151 officer to report on the robustness of the estimates made within the budget and the adequacy of the financial reserves. This report meets that obligation.

7. CORPORATE PLAN IMPLICATIONS

- 7.1 A robust General Fund Budget is required to ensure that resources are effectively allocated in order to ensure delivery of all of the aims, outcomes and targets included in the Council's Corporate Plan.

8. CONSULTATION

- 8.1 None.

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision/project have been identified, assessed and that controls are in place to manage them effectively.
- 9.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	A budget strategy is produced to ensure that the objectives of the budget exercise are known throughout the organisation.	Strategic Leadership Team
	The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance.	Strategic Leadership Team
That decisions made for 2017/18 are made in isolation from the Medium Term Financial Strategy and the pressures set out in that strategy.	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council
That the MTFS has no robust and costed plan to ensure sustainability, resulting in public criticism on value for money from the internal and external auditors	Decisions are made which provide costed reassurance that sufficient levels of reserves and balances are maintained to ensure financial resilience over the period of the MTFS	Council

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

10.1 This budget ensures that value for money services can be delivered to all residents and communities within the Borough.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: None

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