

MAIDSTONE BOROUGH COUNCIL

REPORT OF POLICY & RESOURCES HELD ON 17th FEBRUARY 2016

MEDIUM TERM FINANCIAL STRATEGY 2016/17 ONWARDS

Issue for Decision

To consider the proposed Revenue and Capital Estimates for 2016/17, including service savings and growth, in accordance with the agreed budget strategy and in the context of the Medium Term Financial Strategy and the Strategic Revenue Projection.

To calculate and approve the Council Tax requirement for 2016/17.

Recommendations Made

1. That the revised revenue estimates for 2015/16 be agreed as set out in Appendix A.
2. That the minimum level of General Fund Balances be set at £2m for 2016/17.
3. That the proposed Council Tax of £240.66 at Band D for 2016/17 be agreed.
4. That the revenue estimates for 2016/17 incorporating the growth and savings items set out in Appendix A be agreed.
5. That the Statement of Earmarked Reserves and General Fund Balances as set out in Appendix A be agreed.
6. That the Capital Programme, as set out in Appendix A be agreed.
7. That the funding of the Capital Programme as set out in Appendix A be agreed.
8. That the Medium Term Financial Strategy statements for revenue and capital as set out in Appendix A be agreed.
9. That the Strategic Revenue Projection, as set out in Appendix A as the basis for future financial planning be endorsed.
10. That it be noted that the Council's Council Tax base for the year 2016/17 has been calculated as 58525.4 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) regulations 1992.

11. That it be noted that in accordance with Government guidance the yield from business rates has been calculated as £60,146,945.
12. That it be noted that the individual parish area tax bases set out in Appendix B are calculated in accordance with regulation 6 of the Regulations and are the amounts of the Council Tax Base for the year for dwellings in those parts of the Council's area to which a special item relates.
13. That the distribution of Local Council Tax Support funding to parish councils, as set out in Appendix C, be approved.
14. That the Council Tax requirement for the Council's own purposes for 2016/17 (excluding Parish precepts) is £14,084,722.
15. That the following amounts now be calculated by the Council for the year 2016/17 in accordance with Section 31A, 31B and 34-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011:-
 - (a) £83,623,728 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
 - (b) £68,041,790 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £15,581,938 being the amount by which the aggregate at 15(a) above exceeds the aggregate at 15(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act).
 - (d) £266.24 being the amount at 15(c) above (Item R), all divided by the figure stated at 10 above (Item T in the formula in section 31A(4) of the Act), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including parish precepts).
 - (e) £1,497,216 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix B).
 - (f) £240.66 being the amount at 15(d) above less the result given by dividing the amount at 15(e) above by the tax base given in 10 above, calculated by the

Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

16. That it be noted that for the year 2016/17 Kent County Council, the Kent Police & Crime Commissioner and the Kent & Medway Fire & Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Bands</u>	<u>KCC PRECEPT</u> <u>£</u>	<u>KCC ADULT SOCIAL CARE</u> <u>£</u>	<u>KPCC</u> <u>£</u>	<u>KMFRA</u> <u>£</u>
A	741.18	13.82	101.43	48.04
B	864.71	16.12	118.34	56.04
C	988.24	18.43	135.24	64.05
D	1,111.77	20.73	152.15	72.06
E	1,358.83	25.34	185.96	88.07
F	1,605.89	29.94	219.77	104.08
G	1,852.95	34.55	253.58	120.09
H	2,223.54	41.46	304.30	144.11

17. That, having calculated the aggregate in each case of the amounts at 15 (d), and 16 above, the Council, in accordance with Section 30 (2) of the Local Government Finance Act 1992, hereby sets out in Appendix D, the amounts of Council Tax for the year 2016/17 for each of the categories of dwellings shown.

Reasons for Recommendation

This report sets out the final considerations of Policy & Resources Committee in relation to the revenue and capital estimates for 2016/17 and the medium term financial strategy through to 2020/21. The formal recommendations arising from the Committee's decision are set out for decision by Council in accordance with the Local Government Finance Act 1992 and the Localism Act 2011.

The medium term financial strategy has been developed by Policy & Resources Committee in collaboration with the other service committees and alongside the annual refresh of the Strategic Plan.

Detailed considerations of Policy & Resources Committee are set out below.

CURRENT YEAR 2015/16

The third quarterly budget monitoring report, to Policy & Resources Committee, identifies a growing level of employee underspend after an allowance is made for temporary staff and consultants. In addition income from both parking and planning are above target.

One major area where expenditure is in excess of budget, Housing Temporary Accommodation, has been reported for the last four years and supportive actions have been taken each year. To date a complete resolution to the continually growing problem has not been identified. This year additional resources of £160,000 have been added to the budget and a series of initiatives to support alternative rental options have been put into operation. Further increases are proposed in the revenues estimate for 2016/17.

Other areas of variance have occurred and will be considered by service committees.

The outturn at 31st March 2016 is predicted to be a minor positive variance. While this is a reassuring situation, the Committee noted that the variance is significantly lower than in previous years. This is indicative of a tighter budget provision for all service areas as government policy continues to reduce resources.

THE STRATEGIC PLAN AND OTHER STRATEGIES

During this year work has been completed on a refresh of the strategic plan 2015 - 2020. The refresh is reported elsewhere on this agenda. Alongside this work the medium term financial strategy for 2016/17 to 2020/21 has been developed to maintain the links between the resources available and the priorities of the council.

The medium term financial strategy also incorporates consideration of other strategies and plans such as the following:

- a) The workforce strategy and pay policy – provision is included in the budget for expected growth and savings in employee costs.
- b) The asset management strategy – provision has been made from both capital and revenue resources for the repair and maintenance of assets. In addition there are resources within the capital programme for the acquisition of further commercial property.
- c) The ICT strategy – ICT is provided to the council by a shared service in partnership with Swale and Tunbridge Wells Borough Councils. The ICT strategy is therefore a three way strategy. The medium term financial strategy incorporates contributions to improvements that enhance the partnership and resources for the needs of this council.
- d) The Local Plan, (especially the links to the infrastructure delivery plan) – delivery of sustainable growth requires resources to improve all forms of infrastructure.

- e) Risk register – the funding needs of actions plans developed for mitigation of identified risks are, where appropriate, incorporated into the budget strategy.
- f) Treasury Management – the 2016/17 strategy has been recommended by Audit, Standards and Governance Committee to Council. The strategy incorporates the previously agreed plans of this Committee to utilise prudential borrowing where appropriate and where the medium term financial strategy allows.
- g) Commercialisation Strategy – the financial plan set out in the commercialisation strategy is reflected in the medium term financial strategy in terms of both revenue benefits and capital implementation costs for known schemes.
- h) Housing Strategy & Homeless Strategy – in recognition of the pressure on the temporary accommodation budget the Committee has incorporated further permanent resources in the service budget from 2016/17. The Communities Housing and Environment Committee are currently developing a new Housing Strategy which will identify future actions and direct resources appropriately.

THE STRATEGIC REVENUE PROJECTION

The Policy & Resources Committee considered and agreed a strategic revenue projection at its meeting in July 2015 and has considered updates at its meetings in December 2015 and January 2016.

Set out below is the latest information about the key elements of the updated projection. The strategic revenue projection itself is set out in Appendix A.

THE LOCAL GOVERNMENT FINANCE SETTLEMENT 2016/17

The provisional local government finance settlement was announced on 17 December 2015, the day after the Committee considered a report on the draft budget for 2016/17. As the settlement had a significant adverse impact on the proposals agreed by this Committee in December 2015 the further report considered in January 2016 recommended actions to resolve the immediate impact of the provisional settlement.

The Department for Communities and Local Government allowed a period of consultation on the provisional settlement until 15 January 2016. In February each year the final settlement figures are then announced. Late on the evening of 8th February 2016 the government announced the final settlement figures.

The final settlement for Maidstone is a change from the provisional settlement and will delay, but not reverse, the impact of the proposed reduction in business rates. The Committee should note that the final settlement will not change the eventual level of savings required. The strategic revenue projection set out in Appendix A reports the final figures announced on 8th February 2016.

In addition the government has responded to local authority requests for a transitional period. The final figures include an additional one-off grant over two years of £221,641 in year one and £171,971 in year two. A total of £393,612. While this is welcomed it is only a short term stay of the budget pressure and the same level of savings will be required by the end of the medium term financial strategy period. For this reason Policy & Resources Committee agreed that this resource be held in an earmarked reserve to mitigate the risks to delivery of the higher risk savings proposals and support their delivery.

Along with the consultation, the provisional settlement made an offer of a four year settlement which is subject to each authority's acceptance. Details of the process and conditions attached to acceptance are not clear at this time but the government has confirmed that the Council will be able to accept the offer any time before October 2016.

PARISH FUNDING

At its meeting on 16th December 2015 the Committee considered the amount and distribution of the local council tax support grant that the Council has agreed to passport to parish councils. The grant is distributed to parishes proportionate to the level of council tax lost due to council tax support discount being granted.

The calculation as agreed at that meeting was passed to individual parish councils so that the information could aid their decisions on potential precepts.

The calculation of the overall amount of grant to distribute is based upon the change in the Council's resources from the finance settlement each year. When Committee considered the distribution of the grant at its December meeting the assumed settlement figures were the only projection available. The grant was reduced by 14.26% to a total sum of £70,327. If the calculation is repeated using the final settlement figures the result is a 26.3% reduction which would be a total sum of £60,451.

The parish funding for local council tax support was expected to cease in 2020 when the Council's strategy assumed no further receipts of revenue support grant. As this will now occur in 2017/18 the parish funding would cease after next year.

At this time the parish councils have used the figures approved by this Committee in December 2015 to calculate their precept requirements for 2016/17 and the Policy & Resources Committee agreed that the allocations would not be amended for next year. The Policy & Resources Committee also agreed that the payment to parish councils ceases from 1st April 2017.

BUSINESS RATES POOL AND NNDR1 ESTIMATE

The business rates estimate for 2016/17 is based on the recently calculated NNDR1 return provided to the Department for Communities & Local Government on 29th January 2016. The return predicts growth above the baseline business rates level set out in the finance settlement. The table below sets out the distribution of the business rates calculated for the NNDR1 return and compares this to the assumed values from the government's finance settlement announced on 17th December 2015 which, for 2016/17, matches the final settlement figures.

The significant differences in the table occur due to four factors:

- a) The finance settlement figures are the product of inflationary increases in the original baseline figures set at the commencement of the system on 1 April 2013. The figures do not reflect growth or changes in exemptions and allowances.
- b) There are a number of allowances that have been introduced by central government such as retail relief and the extension of the 100% small business rates relief and the effect of these were unknown in 2013/14 and were built into the system at a value that allowed a high level of take up which has not materialised yet.
- c) In the initial year of the system, 2013/14, the Council was required to set aside a significant provision against the cost of backdated and current appeals by businesses against their rateable value assessments. This provision will require an annual adjustment each year.
- d) A small amount of real growth in the rateable businesses premises in the borough.

The table below shows that the Council technically retains 40% of the income collected but there is a tariff payable to central government. The tariff is set as part of the finance settlement in each year and the Council must pay a tariff of £19,653,700 from its share in 2016/17. The balance equates to the business rates baseline given in the finance settlement and any growth attributable to the Council.

Authority & Share	Provisional Settlement Figures	NNDR1 Return Figures	Shares Of Estimated Growth
Business Rates Collectable	56,367,600	60,146,945	3,779,345
Central Government – 50%	28,183,800	30,073,473	1,889,673
Kent County Council – 9%	5,073,084	5,413,225	340,141
Kent & Medway Fire & Rescue – 1%	563,676	601,469	37,793
Maidstone Borough Council – 40%	22,547,040	24,058,778	1,511,738
Government Tariff on Maidstone	19,653,700	19,653,700	0
Maidstone Baseline Need	2,983,340	2,983,340	0
Levy on Growth 9.3%			140,591
Maidstone Estimated Growth	0	1,511,738	1,371,147

In normal circumstances this growth would be subject to a 50% levy which is payable to central government to support the payment of safety net grant to other local authorities that saw business rates decline in their area. Due to the fact that the Council is a member of the Kent Business Rates Pool the levy will not be due in full. The levy on members of the pool is 9.3% rather than 50%. The shares of the growth that are retained locally are set out in the table below:

Action or Beneficiary	Formula	Amount £
MBC Retains first 50%	£1,511,738 * 50%	755,869
Central Government receive Levy	£1,511,738 * 9.3%	140,591
The Balance is shared within Pool:		0
Retained by Maidstone	£615,278 * 30%	184,583
Growth Fund contribution	£615,278 * 30%	184,583
Passed to Kent County Council	£615,278 * 30%	184,583
Held as provision against losses	£615,278 * 10%	61,529
		1,511,738

The sum retained by the Council is estimated to be £940,452. The Policy & Resources Committee has already considered the use of the growth identified in this estimate and agreed that it should be utilised in two ways. The initial 50% share retained by the Council should be drawn into the budget strategy as a saving (£600,000). The funding retained from the pool must be utilised in accordance with the memorandum of understanding which suggests two purposes:

- To enhance financial resilience for each of the pool members; and
- To promote further economic growth within the district based pool area.

The current monitoring of the business rates system for the Kent Business Rates Pool is considering the consequences of a developing appeal across the Country where some NHS Foundation Trusts have made a claim for charitable exemption from business rates. For this Council the annual impact is likely to be approximately £100,000. For some other members of the Kent Business Rates Pool, where major hospitals are NHS Foundation Trust properties, the impact is in excess of £3 million each. Three such authorities exist in Kent.

The strategic revenue projection set out in Appendix A includes the revised business rates growth figure from the NNDR1 return. At this time it is proposed that the previous decision to delay the use of the additional business rates until the following year be continued in order to mitigate the risk of in year changes.

FEES & CHARGES

At each service committee meeting in January 2016 the level of fees and charges made by each committee's service areas was considered and set for 2016/17.

The combined considerations of all fees and charges have increased the income budget by £173,000 and this has been incorporated into the revenue estimate for 2016/17 set out in **Appendix A**.

In addition to this specific income proposals have been set out in the savings and efficiencies arising from increased demand or new commercial services. These add a further £238,000 to the level of income.

In considering future years of the strategy an assumption of approximately a 1% increase in fees and charges income has been incorporated into the strategic revenue projection for the period 2017/18 to 2020/21.

COUNCIL TAX LEVELS

The methodology for the calculation of the local government finance settlement assumes a number of factors relating to council tax that are different to previous years:

- a) There will be no offer of council tax freeze grant available to local authorities;
- b) The methodology assumes that local authorities will increase their council tax charge by an average of 1.75% (excluding the additional increase permitted for authorities responsible for adult social care); and
- c) The methodology assumes that the tax base will increase nationally by almost 8% over the four year period to 2019/20. The Council's past record would suggest an increase nearer to 5%.

As reported in paragraph 2.14 the final local government settlement amended the pace of reduction in business rates that the provisional settlement had suggested for Maidstone. In addition the final settlement has changed the methodology for council tax increases. The referendum rules have been amended to allow a council tax increase of £5.00 per annum or "less than" 2%, whichever is greater. This amendment means that it is possible for the Council to consider an increase greater than the 1.99% used in the financial planning work completed during the year.

The additional income that a 1.99% increase generates for Maidstone Borough Council is £273,890. The additional income for Maidstone using the Government's methodology is £361,330. If the Council is to maintain resources at an adequate level to deliver services while responding to the effects of a further five years of controls on public sector expenditure it will be essential to maximise achievable increases in council tax compared to the results of the government's model.

If council tax was increased by £4.95 at Band D this would allow for the increase to be divisible by 9 for banding purpose and be just below the maximum £5.00 increase. A £4.95 increase in the council tax charge would generate £289,700. As set out in paragraph 2.45 below the Council has not yet balanced the medium term need for savings and allowing for an increase of £4.95 per annum savings of £3.5 million are still required.

The recommendation of this report is to propose a £4.95 increase to Council in order to maintain the resources close to the assumed level used by the government's core spending power assessment. This will ensure the Council is able to deliver on its priorities and maintain financial stability.

To aid the Policy & Resources Committee's decision making the following details were considered:

- a) For each 1% increase in the charge for this Council's element of the council tax, the income generated in 2016/17 is approximately £137,600.
- b) At the current Band D council tax charge, a 1.99% increase in council tax equates to an annual increase of £4.68. This is a monthly increase of 39 pence.
- c) A £4.95 increase in the Band D council tax charge equates to 41 pence per month and would be a 2.1% increase.
- d) Indications are that the major preceptors increase, at the current Band D council tax charge, will be:
 - Kent County Council: 3.99%, an annual increase of £43.50 (including 2% adult social care precept);
 - Kent Police: £5.00 maximum annual increase allowable to low precept police forces (equal to a 3.4% increase); and
 - Kent & Medway Fire & Rescue Authority: 1.99%, an annual increase of £1.40.
- e) The total increase if all these precept increases are agreed the Band D council tax charge would move from £1,543.50 for 2015/16 to £1,598.35 an increase of £54.85 or £4.57 per month.
- f) In rural areas tax payers may be required to pay a charge to cover a parish precept. A full list of precepts are set out in Appendix B.
- g) Under the Council's currently agreed council tax reduction scheme, tax payers who are assessed as in need can receive a discount of up to 87% of the charge. This is dependent on circumstances and is provided through a scheme agreed by Council in December 2015.

The revenue estimate for 2016/17 set out in Appendix A is based on a £4.95 increase in the council tax charge for 2016/17 with future years increasing by 1.99%. In addition, future years of the strategic revenue projection allow for an annual increase of 1% in the tax base.

GROWTH PLANS

Specific changes to growth proposals have all been considered and are incorporated in the revenue estimate 2016/17 as set out in Appendix A.

The employee costs set out in the revenue estimate 2016/17 as set out in Appendix A include the financial consequences of the pay policy decision of the Employment Committee.

SAVINGS PROPOSALS

Based upon the considerations of Policy & Resources Committee the Council will need to identify £6,520,000 over the period of the medium term financial strategy. In 2016/17 the requirement for savings is £2,178,000.

The revenue estimate 2016/17 incorporates all savings required to achieve a balanced budget based on a £4.95 increase in council tax at Band D.

For future years, 2017/18 to 2020/21, the Committee had already agreed savings of £812,000. The medium term financial strategy requires an additional £3,530,000 in savings and efficiencies over this value. These savings remain to be achieved to ensure plans exist for the continued future financial resilience of the Council.

REVENUE ESTIMATES

Set out in **Appendix A** is the revenue budget for 2016/17. This shows the Original Estimate 2015/16 as approved by Council in March 2015; the Revised Estimate 2015/16 calculated as part of the budget development work completed this year; and the Estimate for 2016/17 based upon the details set out in this report.

The revenue estimates are presented with the budget structured in line with the relevant services committees and separately structured in line with the strategic priorities set out in the Strategic.

Revised Estimate 2015/16

The revised estimate 2015/16 totals £16,205,460. This figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure, compared to the original estimate approved by Council in February 2015 shows an increase of £1,477,750. The main variances are the value of the carry forward budgets approved by Cabinet in April 2015 and the use of balances to resource the costs of the Local Plan.

Original Estimate 2016/17

The revenue estimate 2016/17 set out in **Appendix A** totals £13,769,290. This incorporates an allowance for slippage. The figure is net of all income with the exception of the use of balances, the finance settlement and the council tax requirement. This figure excludes the value of all precepts but includes the government grant passed on to parishes to compensate for the local council tax support scheme.

CAPITAL ESTIMATES

The Capital Programme was considered by Policy & Resources Committee and is recommended following consideration by service committees earlier in January 2016. The programme covers the same period as the medium term financial strategy 2016/17 to 2020/21.

Funding – New Homes Bonus

The Council has previously made the decision that New Homes Bonus should not be used as a temporary resource to provide a balanced revenue budget. With the exception of Local Plan development and some small value revenue projects that were one-off in nature, resources gained from New Homes Bonus have been reserved for support to the capital programme. The Council's intention is to ensure that resources are available from New Homes Bonus and future Community Infrastructure Levy contributions to support the needs of the Infrastructure Delivery Plan.

For the financial year 2016/17 the Council will receive a grant of £5,098,410 which is an increase of £792,125 over the 2015/16 payment. This represents payment for new homes in the period October 2014 to October 2015.

The Government has commenced a consultation on the future of New Homes Bonus and an analysis of this consultation and a proposed response from this Council has been approved by Policy & Resources Committee.

At this time it would be prudent to assume that funding will reduce by a method similar to the proposal in the consultation document. The figures set out in the section of the report on the capital programme assume an annual reduction in the calculated value of New Homes Bonus each year from 2017/18 in line with the consultation proposals.

Funding – Other Capital Resources

Other resources available to the council are:

- 1) Disabled Facilities grant of up to £450,000 per annum;
- 2) Capital contributions of £2 million to support regeneration of the Maidstone East Railway Station;
- 3) Prudential borrowing in line with the funding need of other proposed regeneration schemes.

In addition the Council expects to obtain resources for infrastructure from developer contribution. This will be in support of the projects required by the Local Plan and set out in the Infrastructure Delivery Plan that is under development and a supporting document for the current Local Plan consultation. These resources and projects are not set out in the Capital Programme at this time.

The Programme

The programme was considered by the Committee at its meeting on 27th January 2016 and has only received minor modification to bring it into line with the proposed funding and slippage set out in the third quarter's budget monitoring report elsewhere on this agenda.

BALANCES/EARMARKED RESERVES

Set out in **Appendix A** is a statement of general fund balances and details of the earmarked reserves.

The earmarked reserves incorporate a capital reserve that includes all of the retained New Homes Bonus and other revenue support to the capital programme available from previous years.

The estimated level of resources available from business rates growth is identified. By a previous decision of Council the balance in this reserve is to create a smoothing of annual fluctuations in business rates income. The in year receipt will be held for use in the following year based on the principles set out in the memorandum of understanding to the Kent Business Rates Pool.

While funding from these earmarked reserves will be required in 2016/17, at this time only one scheme to utilise general fund balances exists for 2016/17. As part of a three year approval to support increases in pension backfunding the Council has previously agreed to contribute £50,000 per annum from balances for the three years of the current fund valuation and 2016/17 will be the final year of the current arrangement.

General fund balances are estimated to be £4,102,000 by 31 March 2016. In considering the level of reserves that should be maintained Policy & Resources Committee made two decisions:

- a. The first is an absolute minimum below which the Committee cannot approve the use of balances without agreement by the Council. Since 2009 this has been held stable at £2,000,000 despite the net revenue expenditure level decreasing from £22,295,330 to £17,798,000. It is recommended that Committee propose to Council that the minimum level of balances be maintained at £2,000,000.
- b. The second is an operational minimum set for daily use of balances by the Policy & Resources Committee. In the past this has been set £300,000 above the Council set minimum. This would be £2,300,000 and it is recommended that Committee approve the principle that the minimum level of balances for daily use should be £300,000 above the Council set minimum.

MEDIUM TERM FINANCIAL STRATEGY

The Council publishes two separate statements of its financial strategy, one for revenue and one for capital. These remain in draft until approval of the

medium term financial strategy by Council. These statements are set out in Appendix A.

CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

CONSULTATION WITH THE PUBLIC

This year the consultation with the public was carried out as part of the Residents survey. A series of questions on value for money, satisfaction with the Council and the impact of previous savings and efficiencies.

The survey was completed by three methods and 2008 responses were received. Both the number of responses and an analysis of respondents suggest that the information obtained is statistically significant and can be seen as a reasonable representation of residents' views.

The key feedback from the survey, in relation to the medium term financial strategy are given below:

- 1) 52% of respondents believe that the Council provides value for money;
- 2) 61% of respondents felt that previous savings and efficiencies had no or very little impact on their daily lives;
- 3) When asked how respondents would like the Council to protect services in the future the responses were:

Increase Council tax by more than 2%	17%
Introduce or increase charges for service that can be charged for	37%
Reduce the level of some services provided	26%
Stop providing some services	17%
Be more efficient in the way we provide services	18%
Other	20%

CONSULTATION WITH SERVICE COMMITTEES

The service committees were involved in the development of the medium term financial strategy and the budget for 2016/17 through regular reports. Savings, growth and all information has been considered and agreed by the committees at each stage of the process.

CONSULTATION WITH AUDIT COMMITTEE

It is normally the case that the Audit, Governance & Standards Committee would consider the medium term financial strategy at its meeting each January. The committee's remit is with reference to risk management and it would consider the operational risk assessment of the budget that is produced by the finance team as part of their service planning work each year.

This year, due to the late and significant change in the strategy brought about by the local government finance settlement, the operational risk assessment was not complete in time for the Audit Standards and Governance Committee to consider it. It has been agreed that the risk assessment will be reported to the March meeting of that Committee so that members of the Committee can take a view on the completeness of the assessment and the soundness of the proposed mitigations.

Members should note that the intention of the risk management statement provided to Audit, Governance & Standards Committee is to ensure that a suitable level of mitigation exists for such risks and that actions will be taken to monitor and react to signs of such events occurring.

CONSULTATION WITH OTHER COMMITTEES

The Employment Committee has considered the impact of the current pay policy on future employee costs and the decision has been incorporated into the revenue estimate 2016/17 set out in Appendix A.