

BUDGET PLANNING 2018-19
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Cabinet Member for Finance, Resources and Compliance

1 Purpose

- 1.1 This report sets out the high level issues facing the Council when developing budget proposals for 2018/19 and in terms of updating its Medium Term Financial Plan (MTFP).
- 1.2 The report also sets out a proposed timetable in order to agree the budget and set the Council Tax prior to the end of February 2018

2 Recommendations/for decision

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| 2.1 Cabinet is requested to consider the report and agree the approach proposed for developing the 2018/19 budget and the Medium Term Financial Plan. |
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3 Supporting information

- 3.1 The current Medium Term Financial Plan (MTFP) for 2018/19 was agreed by Council in February 2017. This predicted the need to identify £1.4 million of savings in order to balance the budget for 2018/19, based upon the information available at that time and a set of assumptions around key variables within the budget.
- 3.2 These key assumptions will be revisited and reviewed as part of the budget planning and preparation process for 2018/19 and for the 4 years thereafter, which make up the Medium Term Planning period.
- 3.3 Local Government, and most of the public sector, has been managing the consequences of the Government's balancing of the public sector funding equation over the last 7 years whilst at the same time managing the expectations of the Vale's residents.
- 3.4 With the recent General Election and the ongoing uncertainty surrounding Brexit and its impact, there has been some softening of the Government's stance on austerity. As a consequence the Government's long term targets for balancing the budget have been extended and there has been some new funding for some nationally high profile issues.
- 3.5 However, it is still considered unlikely that this will have any material impact on the targets which have been set for local government for the period up to 2019/20. All indications are that austerity will continue for this sector well beyond this timeframe.
- 3.6 The Chancellor has hinted at a landmark budget with a focus on issues such as housing growth. The Chancellor's Autumn Budget is due to be made on 22 November and a re-prioritising of the Government's agenda may have further far reaching implications for local government. However, the Government appears committed to the 4 year settlement, so core funding seems likely to be unaffected, but there remain many other mechanisms by which local government could be affected.
- 3.7 The tone of this budget setting and planning report is, therefore, still primarily focused around the delivery of efficiency savings and new income generation, as identified last year, but with an eye to the wider budgetary risks potentially facing the Council.

- 3.8 This report identifies some of the key issues and areas which will need to be considered as part of the review and update process and sets out the timetable for scrutinising and agreeing the budget and Medium Term Financial Plan for the next 4 years.

4 Timetable

- 4.1 The proposed process broadly follows the same format as in previous years and is set out below.

Meeting Date	Meeting	Possible Reports
8th November	Cabinet	Scene Setting Report
21 st November	Budget Seminar	Consideration of Scene Setting / Grant Changes
11th December	Cabinet	Initial Budget Plan / Strategy
	No Scrutiny of Budget Proposals by Economy or Environment	At this stage there are thought to be no operational service impacts arising from the proposals which require Scrutiny consideration
10 th January	Finance Scrutiny	Consideration of Cabinet Report
9th January	Cabinet	Budget Recommendation to Council
18 th January	2 nd Budget Seminar	
31st January	Council	Budget Setting
21 st February	Council	Council Tax setting

- 4.2 The ongoing work of the Council's officers and its Cabinet members, under the wider Commercial AVDC Programme should again mean that the process can be condensed.
- 4.3 This should be achievable, as any strategic choices relating to the level or means of service delivery have already been debated and scrutinised throughout the year and therefore are not required to be agreed as part of the budget development process. The restructuring programme recently completed has been the single largest facet of the Commercial AVDC programme during the past 12 months.
- 4.4 The Commercialisation Programme is being delivered as an ongoing 4 year programme of co-ordinated works and services reviews and not as 4 separate annual decision making rounds. Through this approach members avoid the annual pain of being presented with multiple, equally unpalatable choices around service cuts. This also minimises the amount of decision making required as part of this annual refresh and update to the Medium Term Plan.

5 Government Funding and the Wider Landscape

- 5.1 The 2015 Spending Review outlined a multi year settlement offer for local Government, which 97% of all councils accepted. The Settlement for 2018/19 represents the third year of four for this settlement.
- 5.2 The figures contained within the settlement are set out below;

	2016-17 £M	2017-18 £M	2018-19 £M	2019-20 £M
Settlement Funding Assessment	5.22	4.30	3.83	3.26
of which:				
Revenue Support Grant	1.57	0.58	0.00	0.00
Baseline Funding Level	3.65	3.72	3.83	3.95

Tariff/Top-Up	-16.16	-16.47	-16.96	-17.50
Tariff/Top-Up adjustment				-0.69

5.3 In 2018/19 the Council will effectively receive no Government Revenue Support Grant. However, it will continue to receive funding from other Government allocations and is allowed to retain the Business Rates Baseline number set out in the table above.

5.4 The Government is currently consulting on elements of the wider settlement but has signalled, barring exceptional circumstances, its intention not to vary this key element of the settlement package.

5.5 The Settlement includes;

- Revenue Support Grant
- Business Rates Tariffs and Top Up payments
- Rural Service Delivery Grants and Transition Grants

5.6 Other elements of the Consultation include proposals around tightening eligibility to New Homes Bonus and the Government's proposals for Council Tax Referendum principles in 2018-19.

6 Council Tax

6.1 On Council Tax, the Government has signalled its intention to hold the broad referendum principles from the last two years. Specifically, for districts, this means a maximum of 2% or £5, whichever is the greater.

6.2 Aylesbury Vale chose to increase Tax by £5 last year, the maximum permissible, representing a 3.59% increase.

6.3 The Medium Term Financial Plan assumed a further increase of £5 in 2018/19, representing an increase of 3.47% in that year.

6.4 Against a backdrop of increasing inflation, a 2% increase is increasingly looking low and the Government will come under pressure from the sector to set a threshold which at least keeps pace with the real growth in costs.

6.5 Inflation is currently 2.8% using the CPI measure and 3.9% using RPI, with concern that currency weakness may push this still higher.

6.6 The assumptions around the proposed increase in Council Tax will be tested as part of the Budget development process.

6.7 In relation to Parish and Town Councils the consultation states that it expects to see clear evidence that these bodies are exercising restraint. It seems unlikely, given that the Government has thus far resisted implementing controls on to this tier, that it will introduce them this year.

7 New Homes Bonus

7.1 Last year the Government consulted on 'Sharpening the Incentive' which resulted in the introduction of a growth baseline target, which needed to be exceeded in order to attract bonus and a reduction in the number of years for the Bonus is paid from 6 years to 5, to 4 years in 2018/19.

7.2 The Government held back from imposing some more radical changes, but promised to keep these under review.

- 7.3 This year, the consultation is seeking to revisit these. The areas of main concern are proposals to increase the base level and to withhold NHB where development is permitted on appeal.
- 7.4 The Council has responded to this consultation, highlighting that even councils committed to housing growth delivery will sometimes need to reject applications where they are opportunist and where they are not consistent with the location of growth in the local or neighbourhood plans, or the with the provision of infrastructure.
- 7.5 Councils are keen to support resident's wishes enshrined in Neighbourhood Plans and the consultation proposals are a financial disincentive to do this.
- 7.6 The Council is still holding a considerable reserve of NHB funds held against commitments awarded out previous allocations.
- 7.7 The Budget proposals will need to consider how expected future allocations might be utilised, but given uncertainty over the changes the Government might implement, it will need to be more cautious over what future commitments it proposes entering into.

8 Business Rates Pooling and 100% Retention

- 8.1 From the 1st April 2013, Government Grant is now made up of two elements, Revenue Support Grant and Retained Business Rates. The system of Business Rate Retention allows councils to benefit (or lose) from changes in the amount of business rates collected in their area and thus each council will be incentivised to promote economic expansion.
- 8.2 The Council's ability to gain from business rates growth is limited in practice, but it has still generated some tangible gains over the 4 years the current system has been in place.
- 8.3 Appeals against the amount of business rates payable continue to present an issue. Thus far, these appeals have been successfully managed through an appeals provision. However, appeals against a number of the largest properties in the Vale are still unresolved and therefore present a potential risk. The current assumption is that these can be managed within the existing appeals provision but this will need to be kept under review.
- 8.4 The revaluation of all Business Rates took place on the 1st April 2017 and, as predicted, this impacted some groups of businesses in the Vale. The Government announced funding for Discretionary Relief for small businesses and pubs and this relief has been designed into the local scheme and distributed.
- 8.5 In 2016/17, Aylesbury Vale entered into a Business Rates Pooling arrangement with Bucks County Council, Bucks Fire and Rescue, Chiltern District Council and South Bucks District Council. This allowed the Pool to retain a proportion of Business Rates Growth which would normally go to the Government.
- 8.6 Across Buckinghamshire this resulted in a Pooling gain of in excess of £1 million during 2016/17 and this has been shared amongst the Pooling partners in accordance with the Memorandum of Understanding agreed by the Pooling members.
- 8.7 On the anticipation of this gain, the Pool opted to continue in to 2017/18 (where further gains are anticipated) and is expected to continue again in to 2018/19.

- 8.8 The Government consulted last year in proposals to allow local government to retain all of business rates growth. This resulted in a set of detailed and complicated proposals which it intended to enact through Parliament. However, the General Election and the change in Parliamentary majority meant the Government no longer considers progressing its full proposals a priority.
- 8.9 However, the Government remains committed to the concept and it is piloting ways to achieve the broad ambitions of its policy intention without the need for primary or secondary legislation.
- 8.10 As part of the Settlement process for 2018/19 the Government has sought pilot areas to trial retention. There are a number of existing pilots in operation, mainly around the mayoral based combined authority deals recently agreed. DCLG is now keen to widen the pilots to include other structural combinations, in particular in 2 tier areas.
- 8.11 As part of any submission the Government wants to see a focus on Functional Economic Areas, with Business Rates Retention being seen as a means to deliver economic growth in these areas as well as dealing with Local Government sustainability considerations.
- 8.12 Buckinghamshire is made up of more than a single Functional Economic Area with twin focuses, looking north and south. Aylesbury Vale has a strong economic focus towards the SEMLEP geography and this is supported by the Government's promotion of the East West Corridor and Central Area. Aylesbury Vale feature prominently with the Central Area of this corridor and retention of Business Rates growth is seen as an important funding mechanism in terms of infrastructure delivery.
- 8.13 As a purely Buckinghamshire focused pilot would detract from progressing a wider retention proposal, and because of the narrow bidding window available, no submission was submitted in this pilot round. The time gained will be used to try and develop a wider area proposal in time for any future pilot opportunities.

9 Inflation and Pay

- 9.1 The MTFP agreed in February made assumptions around Inflation and Pay based upon trends in the economy. In practice, the looming Brexit deadline is having unpredictable effects on the economy as markets react to the uncertainty the issue is causing. Much of this will be determined and resolved by the Government's final agreed approach to the exit from the European Union.
- 9.2 At the point of writing it is still far from clear as to what kind of agreement the UK Government can achieve or how global markets will react to this.
- 9.3 For now, it appears that continued uncertainty will weaken the Pound and push inflation higher in the short term. Seemingly, this will now hasten higher interest rates. However, the situation is volatile and provides an uncertain environment in which to plan. This will need to be kept under review, but it seems unlikely that any great clarity will emerge during the budget planning period. It therefore seems probable that this will become one of those issues that will necessitate continual review and a higher level contingency.
- 9.4 Last year the Staff Side and Unions agreed a two year pay settlement arrangement with 1% in 2017/18 and a further 2% in 2018/19. This agreement has been built into Medium Term Planning assumptions.

- 9.5 The Council also committed to a pay review and work continues on this. The results will need to be considered in the context of budget planning and consideration of service pressures.

10 Brexit

- 10.1 Officers continue to watch the negotiations on Brexit with interest. The practical fallout implications are still extremely difficult to tell at this stage, because of the uncertainty of the terms that will be negotiated.
- 10.2 The Council does not received any direct funding from the European Commission and so will not see any immediate direct impacts. However, the main concerns continue to be around the indirect impacts any these are harder to anticipate.
- 10.3 For now concerns over the indirect impacts reside in the availability of workforce, inflation, costs of borrowing and the impact on the wider economy in terms of business rate income.
- 10.4 The Council has relatively few direct employees from the EU, and so the situation is not of such significance as for those councils which have care responsibilities. However, a number of the Council's contractors do rely on EU staff and the future availability may put additional pressure on contract costs.
- 10.5 The impact of workforce availability, tariffs, exchange rates and borrowing may all potentially push prices up. This would be reflected in the headline rates of inflation. Currently there is some upward pressure in this respect, but this is mainly the result of uncertainty. Once clarity is ascertained on the nature of the exit terms there may be additional cost pressure as the markets digest this and price this in.
- 10.6 The Council now receives a proportion of all Business Rates collected in the Vale. Brexit will certainly have some impact on local businesses, but the nature is harder to determine. Businesses may choose to relocate within the EU or import tariffs may make UK production more attractive to the domestic market. There may be Business Rate losses or gains depending upon the nature of the agreement.
- 10.7 However, it seems probable that whatever the actual impact is, its full implications will not truly determined for a very long time.
- 10.8 Brexit will remain a consideration for at least the length of this Medium Term Financial Plan.

11 AVDC Commercial Interests

- 11.1 Members will be aware that the Council now has a number of commercial interest holdings, each at different stages of maturity.
- 11.2 In line with the overarching governance approach adopted by Council earlier this year, each of these interests will present an annual Business Plan for consideration and Scrutiny alongside the budget development process. The financial implications of the agreed Business Plans will be reflected in the developing budget.

12 Commercial AVDC

- 12.1 The councils approach to balancing its finances over the Medium Term Financial Plan has been based on the Commercial AVDC programme.

12.2 In summary the programme was developed as the response to addressing the budget challenges following the changes to government funding and the desire to develop a more commercial response to the delivery of services for existing and new customers of traditional and new services.

12.3 A programme of continual change and innovation has been put in place over recent years, with the last year largely focused on a complete top to toe rebuild of the internal structures of the council, as well as the delivery of key innovations in service delivery.

12.4 Members will be aware that during the last 12 month or biggest and most valuable assets, our staff, have been through a behavioural led process to ensure that we are fit for the future. At the same time, we have also completely rebuilt the structure and all roles in the council to fit with the behaviours and the more commercial approach to how we work. This is the first time we are aware of any council undertaking a programme of this type, simultaneously redesigning and recruiting its entire staff whilst keeping all services running. Set out below are some headlines of the programme and its successes:

- Delivery of a newly designed delivery structure fit for the 21st century, aligned to our commercial behaviours making us fit for the future and ready to address the other issues set out in the MTFP
- Exceeding the £6m target set for the programme by 2020 – achieving £2.2m in 2017/18 and delivery of £3.8 by 2021.
- Headcount reduction from 471 to 426 (around 10%)
- 250 of the above roles were filled by existing staff, (drivers and loaders undertook a different development behavioural process and are therefore excluded from the above figure making up a total of xx staff). This left 110 roles to fill externally (around a third of all posts in the new structure, excluding drivers and loaders).
- Aylesbury Vale has managed to attract a very high calibre of applicants externally, including applicants from local government, other public services and the commercial world – this indicates that the programme overall is succeeding in bringing a more commercial mind-set and approach to the Council's activity.
- To date, 88 people have left the Council during the course of the Commercial AVDC Programme, comprising 25 settlements, 38 voluntary redundancies, 23 compulsory redundancies and 2 resignations. Settlement / redundancy payments are in excess of £2m and that the cost of the behavioural assessments and accompanying programme had cost in excess of £1m. It is expected that these measures would lead to ongoing salary savings of £2m p.a., representing a payback of approximately 1.5 years.
- The new structure means that AVDC had a 'fit for purpose' workforce that would enable the Council to live within it means, although there will continue to be cost pressures.
- The equalities statistics for the workforce remains broadly the same post the restructure, with an overall reduction in all age groups (small increase in 31-40), ethnicity and disability percentages broadly the same, with our gender profile broadly similar, although a slight growth in female employees in senior management roles.

- Additional benefits of the re-structure have already been proved. Some examples of this are
 - Increased flexibility within the Senior Structure to re-allocate responsibilities and projects, ensuring the organisation is better able to react and flex as required.
 - The opportunity to have more of a commercial focus across all Sectors and a joined up approach to enable increased income streams.
 - Clarity on development requirements, recruitment branding and succession planning.

12.5 During this time, we have also achieved a number of significant achievements exhibiting the Commercial Approach:

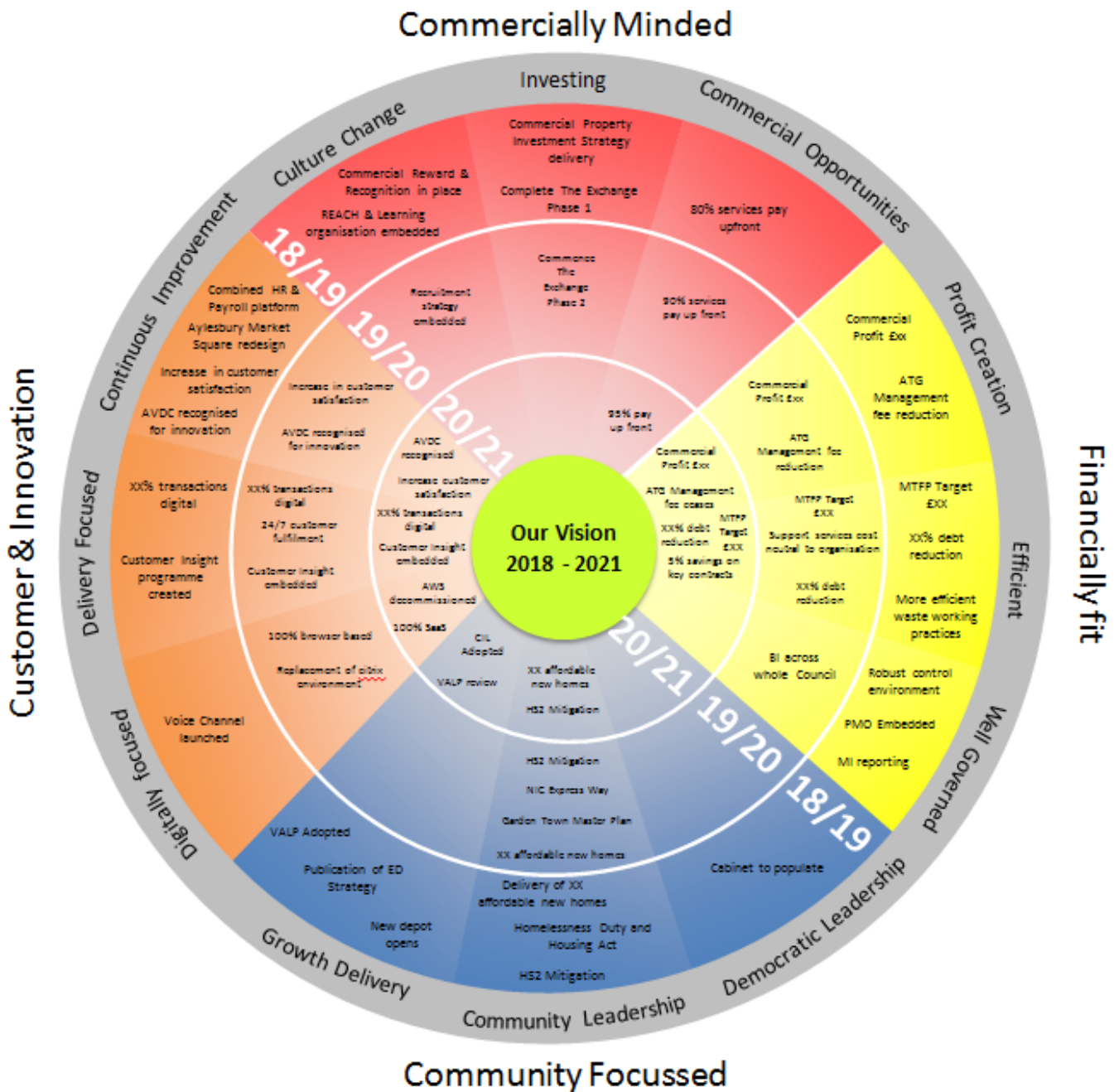
- First council globally to deliver comprehensive and delivery focused Alexa voice skills, enabling new ways for our customers to interact with us
- First public body that we are aware of to pilot artificial intelligence to assist with handling our customers enquires, freeing up time to spend with those customers who need our help more
- Through the Vale Lottery the Council has generated around £80,000 worth of new income for communities in Aylesbury Vale, as well as the delivery of 7 lotteries across the Country. This has increased income for AVDC, whilst also helping the wider sector and 173 communities across the country to raise new funds for their areas.
- Running and speaking at numerous conferences sharing our best practise and those of our partners and colleagues, as well as providing consultancy services to other public-sector providers enabling them to work in a more commercial way, whilst delivering income to the council.
- Moved more customer fulfilment functions on to the Salesforce platform thereby helping our staff to provide our customers with better, more efficient and faster service, and reducing our complex IT legacy systems
- The Council are mid-way through building 'The Exchange', a new restaurant and residential development in Aylesbury Town Centre, and has agreed a £100m Commercial Property Investment Strategy. These along with our other strategic commercial assets will enable the Council to continue to support its aims over the medium and long term.
- The Council is partway through building the new Pembroke Road Waste Depot, and is on target to launch the Commercial Workshop later in 2018.
- The Waste Team will be retiring its old HGV vehicles and bringing in a new fleet that will be built to the latest EURO 6 emission standards. This will improve emissions for the 500,000 miles the fleet travels each year and reduce fuel consumption as well.

13 Connected Vision

- 13.1 In 2018/19 and beyond the Council needs to build on this wealth of progress and achievement. Now that the organisational restructure is largely completed, the time is right to start to build how the Council will orient itself in

the future to ensure that we are focused on ensuring the long term delivery of public service. To this end work, has commenced on bringing together the different strand of the Commercial AVDC Programme and other external and internal objectives into a single statement of objectives. This will provide a single point of truth and clarity of purpose for the staff and external observers which will steer and guide the future work of the organisation. This is known as '*Connected Vision*'.

- 13.2 In developing Connected Vision, there is no attempt to challenge the already clearly set objectives for the Council, namely "*To Secure the Economic, social and environmental wellbeing of the Vale*". This, or a variant, has long been the vision that drives the Council's purpose. However, what has been finessed over recent months is the mission; the driver of how the vision is delivered. The Mission as part of Connected Vision is "*to make AVDC the best Social Enterprise Business in the UK – providing World Class support for those that need it*".
- 13.3 A Social Enterprise is "*An organisation that by selling goods and services in the open market, social enterprises reinvest the money they make back into their business or the local community. This allows them to tackle social problems, improve people's life chances, support communities and help the environment*". (Social Enterprise UK). This approach adds to the direction the Council is taking in terms of commercialisation, but emphasises this is not for its own sake, rather with an end of achieving social improvement and wellbeing for the residents, businesses and environment.
- 13.4 The Connected Vision document seeks to bring all the existing strands of work together in an attempt to demonstrate how they nest within the Council's wider vision and the milestones which will need to be passed on the way in order to ensure its achievement. This will help in the understanding of where individual actions sit and how they inter-relate. It will also help the organisation manage and direct its resources in the delivery of the vision.
- 13.5 The Connected Vision is expressed in a number of themes which create a framework in which the wider vision can be delivered. The four themes are:
- Financially Fit (ensuring we have the funds to fulfil the vision and use them wisely)
 - Customer & Innovation (ensuring the customer is at the heart and we are drive to innovate for them)
 - Community Focussed (ensuring we deliver for the community at large)
 - Commercially Minded (to ensure we fulfil the overall Social Enterprise model).
- 13.6 These are not divergent from the existing direction, but by clarifying these in this way it helps to ensure the organisation is better aligned, as well as being clear to its customers why it is developing in the way it is.
- 13.7 It is intended to publish a connected vision update annually, communicating on progress periodically. The first iteration of this is set out below in a graphical form. This will continue to update and develop before the beginning of the new financial year. More detail on the monitoring and reporting framework behind Connected Vision will be published towards the beginning of the new financial year.



14 Connected Knowledge

- 14.1 In January 2017 Cabinet and Council considered a technology strategy, titled Connected Knowledge. The was well received and endorsed by Council as the right direction of travel for improved customer services and the main driver for efficiency driven work over the next 5 years.
- 14.2 As part of the Budget process an initial allocation of funding was awarded to progress the first year's work. This was accompanied by an undertaking to provide an update on progress towards the end of the first year and dependent on progress, to seek a further tranche of funding once the scope and costs of the next stage has been clarified.
- 14.3 Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling our organisation into the future.

The programme is intended to support the Council with the necessary tools, policies, people and environment that further enhances the commercial mind-set and company culture. The Council is already widely acknowledged as championing this agenda within the public sector.

14.4 Connected Knowledge is built on the advances made in the previous five year cloud strategy, which created strong foundation for the next five years.

14.5 This strategy, and its accompanying roadmap, set out in detail the guiding principles and objectives. It also contained the key achievements. This Included:

- The creation of the Connected Knowledge platform, a platform of integrated data and intelligent systems enabling properly integrated and automated transactions for all our customers.
- The introduction of artificial intelligence (AI) and AI powered voice control, which over time will serve increasingly complex customer demands Connected Knowledge. We see the future as an interconnected world with staff, customers, partners all engaging with the digital technology to deliver the Councils Strategy.
- Being 100% cloud software based. Meaning a simplified, lower maintenance Information Communication and Technology (ICT) landscape
- A more strategic approach - to what we do, the services we provide, who we work with and what we buy.

14.6 In the Medium Term Financial Plan the Connected Knowledge programme will therefore represent a major area of investment as the driver of a significant element of the planned efficiency savings across the next 4 years.

14.7 It is intended to provide a detailed update on the programme to Cabinet in December, alongside the initial Budget Proposals.

15 The Council Tax Base

15.1 The Tax Base is a measure of the number of household which are liable to pay Council Tax in an area in a given year. The Tax Base also takes into account the banding (size) of the property and the entitlement to discounts of the occupiers.

15.2 With the growth in the Vale over recent years the Tax Base has increased significantly above its historic growth trends, resulting in more Council Tax being collected. Whilst useful, in terms of the additional Council Tax generated, the reality is that the housing growth which has resulted in the Tax Base growth often contributes more cost, by way of demands for infrastructure and services, than the increased Council Tax income the new residents will pay.

15.3 It is estimated that the combination of these factors will result in actual Tax Base growth of just below 2% (1.97%) in 2018/19 compared to the existing 1% assumed in the Medium Term Financial Plan. This is a slight reduction from the 2.4% achieved in 2017/18.

16 Capital Planning and the Impact of Spending Decisions

16.1 The revenue financing implications arising from the decisions taken by Council over the past few meetings (such as the property investment strategy

and schemes around Silverstone) will now need to be factored into the budget for 2018/19 and beyond.

- 16.2 This, along with the impacts of any other new decisions, will also need to be modelled alongside the position on capital resources.
- 16.3 The Capital Programme is to be considered in a broadly parallel process to that of revenue budget development and the revenue impacts of any funding decisions taken will need to be considered and built into revenue planning as part of the approval process.
- 16.4 Where the Council has had spare cash balances available, it has used these in lieu of borrowing. This reduces the need to take long term borrowing and also the Council gets the lender's return, thus it is financially advantageous to do so.
- 16.5 Utilising spare cash in this way is especially advantageous during periods of low interest rates. It is generally predicted that the Bank of England will begin to increase base rates during 2017, but this is still heavily dependent on external and global factors and any increase, when it comes, is likely to small and gradual.
- 16.6 The impact on investment income, the costs of borrowing and the returns or savings from investment decision must therefore all be considered together in order to understand the actual impacts of these decisions.
- 16.7 The final impact of completed and planned investment decisions are still being modelled and will be set out in more detail in subsequent reports.

17 Process for Resolving the Budget for 2018/19

- 17.1 As highlighted in previous years the Council's strategy for balancing the budget is an ongoing process and not an annual exercise purely undertaken at this time of the year. This is driven by a desire to balance the budget through reorganisation, efficiency and income generating strategies already set in train and without the need for a crude or simplistic cuts exercise.
- 17.2 The re-organisation recently completed (Commercial AVDC) and the Connected Knowledge programmes are both central tenants of this approach.
- 17.3 From the work undertaken over the past 12 months (and prior to this) it is believed that this should be possible but, as highlighted, there are still some key uncertainties which will need to be better understood through the development process.
- 17.4 It is therefore proposed to continue to work on refining the budget, making assumptions about the range of outcomes and aiming for the worst case scenario where appropriate.
- 17.5 The Council has Working Balances broadly in line with its stated minimum. These allow the Council to push forward and invest in new savings initiatives with the confidence of a cushion behind it. Balances (adding to, or a use of) are therefore likely to form part of the strategy for concluding the balancing of the budget for 2018/19.
- 17.6 As identified, the focus remains on restructuring and new income generation and not upon lists of potential cuts for consideration. If a specific proposal requires a Cabinet decision or scrutiny consideration it will have already been taken through the democratic process at the appropriate time, or be separately identified for debate as part of the budget development process.

- 17.7 This will again make the budget process lighter touch and should avoid the need to take lists of potential service reductions through scrutiny committees.
- 17.8 An initial budget position will be presented to Cabinet in December and will be the subject of Scrutiny by Finance and Services Scrutiny Committee.

18 Options considered

- 18.1 This report sets out the current position in relation to budget planning and highlights the issues that will need to be resolved prior to agreeing a budget recommendation in January. As such there are no options to consider at this time.

19 Reasons for Recommendation

- 19.1 The report asks members to note the current position and asks them to agree the process to be adopted for concluding Budget Planning for 2018/19 and for revising the MTFP.

20 Resource Implications

- 20.1 These are included within the report

21 Response to Key Aims and Objectives

- 21.1 The Budget is the key lever in terms of delivering the Council's objectives, where they require additional investment or resources. The budget also articulates the costs of providing existing services and a balance has to be struck between the competing demands for resources. These issues will be explored further in subsequent reports on budget development.