EXECUTIVE **26 FEBRUARY 2018**

SUBJECT:	**MEDIUM TERM FINANCIAL STRATEGY 2018 - 2023**
DIRECTORATE:	**CHIEF EXECUTIVE AND TOWN CLERK**
REPORT AUTHOR:	**ROBERT BAXTER, INTERIM CHIEF FINANCE OFFICER**

1. Purpose of Report

1.1 To recommend to the Executive the Medium Term Financial Strategy for the period 2018-2023 and the budget for 2018/19, for referral to Council.

2. Executive Summary

2.1 The Council approved the Medium Term Financial Strategy (MTFS) 2017-2022 in March 2017. This was based upon the financial context in which the Council was operating in at that time and upon a number of key assumptions which were volatile and subject to significant change. Based upon these assumptions the MTFS highlighted a requirement to deliver a challenging savings target of £4m by 2018/19.

2.2 The context in which this new strategy is set reflects the changing economic environment arising as a result of the outcome of the EU Referendum and the subsequent impacts this has had on Government policy and its fiscal strategy. Alongside this the Government remains committed to its devolution revolution with a fundamental shift in the mechanisms for funding local government.

2.3 The MTFS has now been updated to reflect these latest developments in the financial and policy context in which the Council operates along with further changes in resources, cost pressures and efficiencies. Based on this the requirement to deliver a savings target, has been increased by £0.250m from 2020/21 to £4.25m pa thereafter.

2.4 The Council has already made considerable progress towards its target savings and has delivered a track record of strong financial discipline. Planning ahead, securing savings in advance, re-investing in more efficient ways of working and adopting a more commercial approach whilst making careful use of reserves to meet funding gaps is an approach that has served the Council well.

2.5 This successful financial planning has enabled the protection of core services for the people of Lincoln while at the same time allowing for resources to be redirected in support of its strategic priories and Vision 2020.

2.6 The MTFS must therefore continue with the managed, comprehensive approach that has served it well in the past in order to deliver a budget and forward projection that is sustainable over the medium to longer term and supports the aspirations of its Vision 2020.

2.7 Prior to submission of the MTFS 2018-2023 to Council on 27 February, the budget and council tax proposal has been subject to public consultation and member scrutiny.

3. Background

3.1 The MTFS sets out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's Vision 2020 and strategic priorities.

3.2 The MTFS integrates revenue allocations, savings targets and capital investment and provides the budget for the next financial year and indicative budgets for the remaining period covered by the strategy.

3.3 The MTFS seeks to achieve a number of specific objectives;

- Ensure the Council maintains a sound and sustainable financial base, delivering a balanced budget over the life of the MTFS,

- Maximise income levels, including growing the Council Tax and Business Rates tax base, whilst ensuring that Council Tax rate increases are kept at an acceptable level;

- Continue to manage down the Council's recurrent cost base, in line with reductions in overall resources by ensuring the provision of efficient, effective and economic services which demonstrate value for money.

- Ensure the Council maintains robust, but not excessive, levels of reserves and balances to address any future risks and unforeseen events without jeopardising key services and the delivery of outcomes;

- Ensure the Council's limited resources are directed towards its Vision 2020 and strategic priorities, redirecting where necessary to allow for improvement and investment;

3.4 In recent years the budget setting process has been characterised by the most significant cuts to grant funding for local authorities in a generation, which has taken place against the backdrop of one of the biggest fiscal consolidations of the post-war period. In response to these reductions the Council has undergone a significant review of its services which has led to a reduction in its annual expenditure of £7.5m, between 2008 and 2017.

3.5 Despite the reductions in funding incurred to date the Spending Review 2015, Autumn Statement 2016 and subsequent Local Government Finance Settlements have confirmed that funding reductions for local government will continue until at least 2019/20 with a reduction in the national Settlement Funding Assessment over this period of £6.6bn, equivalent to 32%. The multi-year Settlement heralded a new era for the funding of Local Government with the phasing out of the Revenue Support Grant (RSG) in 2019/20, paving the way for the devolution of business rates under a revised Business Rates Retention (BRR) scheme.

3.6 The current BRR Scheme was designed to provide incentives for local growth and create financial opportunities, however at the same time it has also transferred a significant amount of financial risk and uncertainty to local authorities. This creates a greater degree of uncertainty over the budget planning parameters for the Council than has been experienced previously. The volatility of this BRR scheme and the profound impacts that this can have on the Council's financial position have become ever more apparent over the last few years.

3.7 As part of the Local Government Finance Settlement the Secretary of State announced that local business rates retention would move from 50% to 75% in 2020/21, not the 100% as previously announced.

3.8 This level of risk and uncertainty is set to continue and increase further in the future as the Council moves towards this new era of greater self-sufficiency with the reduction of RSG and a reliance on local taxes and income streams to maintain its financial position. This new methodology for funding local government is inextricably linked to the performance of the national and local economy. Given the experience to date of the current BRR scheme, a move to 75% devolution of the business rates will no doubt bring further financial challenges.

3.9 Therefore In order to ensure that the Council maintains a robust and sustainable financial position and is able to respond to the impact of volatile external events and increased financial risks that it faces, the MTFS needs to remain flexible, the council's reserves resilient and the sound track record of delivering savings and generating new income streams needs to be sustained, whilst ensuring that resources are directed towards its strategic priorities.

4. The General Fund

4.1 The Council's spending requirement, after capital charges and contributions to/from reserves are taken into account, for 2018/19 amounts to £14.276m which is £3.841m (36.8%) higher than the current year's budget. The provisional forecast spending requirements for the remaining four years of the MTFS are, £11.761m for 2019/20, £11.443m for 2020/21, £11.901m for 2021/22 and £12.376m for 2022/23.

4.2 The following paragraphs outline the key elements and assumptions on which the General Fund Revenue estimates have been prepared.

Local Government Finance Settlement

4.3 The Local Government Finance Settlement for 2017/18 represents the sixth year in which the BRR scheme is the principle form of local government funding, other than council tax income. The Council still continues to receive an element of Revenue Support Grant to top up business rate income, but this is set to dramatically reduce over the period to 2019/20 with the introduction of 75% BRR set to come into effect from 2020/21.

4.4 The Settlement forms the third year of a four year fixed settlement that was offered to local authorities in 2016/17. The offer of a fixed settlement for some, not all, elements of government funding was made on the basis that any council that wished to take up the offer would be required to have an efficiency plan in place in order to do so. Nationally 97% of Council's accepted this offer, the Council being one of them.

4.5 Lincoln applied to be a pilot for 100% BRR in 2018/19, as the Lincolnshire Business Rates Pool, and has been confirmed as one of the ten successful applications, in addition to the London Boroughs previously announced as part of the Autumn Budget 2017. The key points from the pilot governance arrangements are set out below:

- Revenue Support Grant (RSG) is rolled into the Baseline Funding level (the amount of funding received if business rates are collected at the target level).

- The Council will receive 60% of business rates, with 40% going to Lincolnshire County Council (LCC). (under 50% retention the funding splits were 50% central government, 40% Lincoln City Council, 10% LCC)

- Providing there are sufficient resources no authority shall receive less than if it was operating under the current 50% scheme.

- In the highly unlikely event that the pilot makes an overall net loss, or the pilot has outstanding liabilities, this will be pro rata'd across all authorities, taking into account resource levels, had the pilot not been in operation.

4.6 The calculation of income to be received through the BRR systems is therefore critical in determining the amount of resources that the Council will have available to fund local services. The Council has undertaken an assessment of the amount of business rates that it expects to collect during 2018/19 based on the principles of the 100% Business Rates Retention Pilot. Based on this assessment and after allowing for the allocation to the County Council, the Council estimates that it will retain £7.421m of the £43m of business rates generated within the City.

4.7 The additional resource set to be achieved from being in the pilot in 2018/19 is circa £1.5m. An element of this additional resource will be set aside to fund the forecast reduction in business rates when the BRR system in reset in 2020/21, with the balance going towards economic regeneration – as per the Lincolnshire Business Rates Pilot Business Case.

4.8 Forecast business rates in the MTFS 2018-23 are based on the most recent available estimates of Lincoln's business rates base.

4.9 The RSG element of the Settlement confirms the allocations previously announced as part of the multi-year settlement. This shows a dramatic reduction in the level of grant received, with a reduction of 99.1% over the period from £2.585m in 2015/16 to £0.022m in 2019/20. Beyond 2019/20 it is assumed that there will be no further RSG payable by the Government and that the principles forms of funding will be from local taxes.

4.10 The Settlement also provided grant allocations for the New Homes Bonus (NHB), for 2018/19 the Council will receive £1.006m a significant allocation in relation to it's over funding streams. Following a consultation on NHB launched in December 2014 the Government announced as part of the Local Government Finance Settlement it's response to the consultation, the key points being:

- To reduce the number of years for which payments are made from six to five for both existing and future payments in 2017/18 and to four years from 2018/19.

- The introduction of a national baseline of 0.4% for 2017/18 below which allocations will not be made.

- Potential to withhold NHB from 2018/19 for those local authorities that are not planning effectively, making positive decisions on planning applications and delivering housing growth.

The implications of the revised NHB scheme have an unfavourable impact on district councils, particularly those with low taxbases and have seen the Council's forecast allocations significantly reduce, with an anticipated reduction in future grant levels to £0.617m by 2022/23.

Council Tax

4.11 The Localism Act 2011 introduced a power for residents to approve or veto excessive council tax increases. This means that any local authority setting an excessive increase as set by the Secretary of State would trigger a referendum of all registered electors in their area. The Government have stated, at the time of announcing the Settlement that councils have the ability to increase their core Council Tax requirement by an additional 1% in 2018/19 and 2019/20, this is in addition to the current 2% allowable before triggering a referendum – bringing the core principle in line with inflation at 3%.

4.12 In view of this and taking into consideration the Council's need to protect its financial position from further decline and maximise its local income streams, the MTFS for consideration proposes a 2.95% rise in Council Tax for 2018/19 and 2019/20, and then 1.9% in each of the subsequent three years. An increase of 2.95% in 2018/19 equates to an additional 10p per week for a Band A property and 15p per week for a Band D property (80% of properties fall within Band A and B).

Spending Plans

4.13 The MTFS is central to identifying the Council's financial capacity to deliver its vision and strategic priorities. The Council's Vision 2020 was supported by a three year programme containing a range of projects that will meet each of the strategic priorities. In the absence of any new Government funding and in the context of the savings targets underpinning the MTFS, the resources to finance these projects were made available by allowing the redirection of resources to the priority areas as well as seeking external financial support through grants and contributions.

4.14 The following other key assumptions have been used in formulating the draft General Fund revenue estimates for 2018/19 – 2022/23 as follows:

- Increases in the Business Rate Taxbase of 1.0% p.a. in 2018/19 and 2019/20 and 2% p.a. from 2020/21.
- Increases in the Council Taxbase of 1.25% pa.
- Council tax increases of 2.95% p.a. for 2018/19 and 2019/20 and then 1.9% thereafter.
- New Homes Bonus income of £1.006m in 2018/19, £0.867m in 2019/20, £0.789m in 2020/21, £0.538m in 2021/22 and £0.617m in 2022/23.
- Non-Statutory fees and charges overall yield assumed at 3% pa.
- An increase in employer pension contribution rates capped at 1% pa for the entirety of the MTFS.
- A provision for pay awards of 2% pa.
- A provision for inflation of 3.2% pa for contractual commitments (RPI based) for the entirety of the MTFS.
- A provision for 2.2% pa for general inflationary increases (CPI based) for 2018/19 and then 2% thereafter.
- Average interest rates on investments have been assumed at 0.52% in 2018/19, 0.61% in 2019/20, 0.76% in 2020/21, 0.90% in 2021/22 and 0.93% in 2022/23.
- Staff turnover targets of 1% pa

Towards Financial Sustainability

4.15 The Council have already taken a proactive response to the reduction in resources it has faced and has in recent years undergone a significant number of fundamental reviews of its services leading to a reduction in its annual expenditure in excess of £7.5m, a significant amount in comparison to its net expenditure budget. Despite this success, the Council must continue to reduce its levels of expenditure or identify additional resources if it is to achieve the current savings targets assumed in the MTFS and to remain sustainable.

4.16 The Towards Financial Sustainability (TFS) programme is and continues to be the vital element in ensuring that the Council maintains a sustainable financial position and delivers the required reductions in the net budget. In order to refocus and maintain momentum the TFS programme has been re-aligned and there are now three agreed strands to achieve savings. These are:

- Commercialisation – optimisation of usage and commercial returns of the City's property and land portfolio

- Asset Rationalisation – generation of new income streams, and commercial trading opportunities

- Shared Services/ savings – ensure the provision of professional, high performing services

As part of developing the MTFS 2018-23, due to changes in key assumptions it has been necessary to increase the savings targets by £250k pa from 2020/21, to ensure that balances remain at the prudent minimum of between £1.5m-£2m. In addition to allow for a smoother transition from the 2017/18 target of £3.5m, the 2018/19 and 2019/20 years of the programme have been re-phased to £3.850m and £4.150m (previously both years were £4m).

Based on the delivery of the current TFS Programme savings secured to date the Council is in a position to over achieve the level of savings required in 2017/18. However beyond 2017/18 the programme does not deliver the size of savings required leaving a gap of £0.102m in 2018/19. The overall emphasis on delivering the savings targets must therefore remain strong to achieve the savings targets from 2018/19 and beyond and provide financial capacity to respond to the financial risks the Council faces.

Robustness and Adequacy of the Budget and Reserves – General Fund

4.17 In presenting the budget to the Council, the Executive must take account of the advice of the Council's Chief Finance Officer in relation to the robustness and adequacy of the budget and reserves.

4.18 The level of earmarked reserves is shown in Appendix 6, which shows the estimated closing balances at the end of each of the next five financial years. These reserves will only be used for the specific purposes for which they were set up. Having reviewed these earmarked reserves the Chief Finance Officer has concluded that they are adequate to fund the planned expenditure identified by the Council.

4.19 As a result of the increased level of financial risk faced by the Council and the threat this poses to the Council's financial position the prudent minimum level of general reserves remains at an increased level. Based on an assessment of the estimated exposure, likelihood and possible mitigation of the financial risks that the Council faces it is deemed prudent to hold general reserves around £1.5m-£2m. Over the MTFS general reserves are maintained in line with this prudent minimum and show an estimated balance of £1.521m by the end of 2022/23.

5. The Housing Revenue Account

5.1 The Council's Housing Revenue Account Business Plan 2016-2046 was approved in February 2016 following a fundamental review of resources, investment requirements and priorities. The Business Plan reflects the impact of government policy changes (including annual rent reductions), the results of stock condition surveys and financial assumptions at the time. This MTFS 2018-23 is based on the approved Business Plan, updated for revised financial assumptions reflecting current market conditions and expectations, subsequent government policy changes, updated development and investment profiles and other emerging service factors.

5.2 **Repairs and maintenance**

Repairs and maintenance is an essential part of the asset management of the Council's housing stock. Significant improvements have been made in the efficiency of the Housing Repairs Services (HRS), costs continue to be driven down through procurement activity and there is continued capital investment in existing and new housing stock.

5.3 **Financing the capital programme**
Under HRA self-financing the primary source of funding for capital investment in the Council's housing stock is from the revenue account through asset depreciation charges. Based on the current Housing Investment Programme (HIP), the need for £60.1m of revenue support is anticipated over the MTFS period.

5.4 In November 2016 (effective from 2016/17) the DCLG revised the valuation adjustment factor for social housing in the East Midland's (from 34% to 42%). This has increased the value of the housing stock in the Council's Balance Sheet and as a result the annual depreciation charge has increased. Within the HRA depreciation charges are allocated directly into the capital programme, whereas revenue contributions are additional contributions to the capital programme at the discretion of the Council to reflect the investment and funding needs of the capital programme.

5.5 The result of the change in the discount adjustment factor has been to reduce flexibility with the HRA to adjust planned DRF contributions to reflect the demands of both the capital and revenue programme. It, therefore has become increasingly imperative that there is robust budget management of the HRA and opportunities to achieve efficiencies and maintain/maximise income streams are actively pursued. This will be critical if the Council wishes to release resources in the revised business plan to undertake further investment to facilitate the delivery of new housing provision in the City, whilst ensuring that the HRA has the flexibility to be able to respond to any in year budget pressures that may arise.

5.6 **Housing Rents**
The HRA Business Plan 2016-2046 incorporates the government's requirement for a 1% p.a. rent reduction between 2018/19 and 2019/20 (including the long term impact of the reduction in the base) and assumes that from 2020/21 rents will revert back to the previous Guidance on Rents for Social Housing and increase by CPI+1%. The MTFS 2018-23 has been prepared on this basis. The MTFS 2018-23 also allows for rentals for supported accommodation to reduce by 1% p.a. to 2019/20 and revert back to CPI+1 from 2020/21 in-line with dwelling rents.

5.7 Rental income levels within the MTFS 2018-23 are based on a rephasing of the delivery profile for the new build programme to reflect the planned agreements with housing associations (enabling access to HCA grants) for the delivery of additional HRA properties. Although this has resulted in a shortfall in budgeted rents in 2017/18, this is recouped over the later years in the MTFS as rental units are delivered. In addition rental income at affordable rents (compared to social rents) has been included within the HRA in-line with the anticipated housing association delivery, resulting in additional income over the existing MTFS period.

5.8 Rental income budgets in current MTFS 2017-22 are based on an estimate of 35 Right to Buy (RTB) sales per year. However, experience in 2017/18 and expectations for subsequent years has increased the estimate of RTB's to 50 per year. The MTFS 2018-23 is based on 50 RTB's per year which has reduced rental income budgets by £546k over the existing MTFs period.

5.9 In line with guidance, housing rents for 2018/19 are based on 1% reduction, this will result in a reduction of an average weekly rent for all accommodation from £69.13 in

2017/18 to £68.44 per week for 2018/19 equating to an average decrease of £0.69 per property per week. Any rents on properties that are currently below "formula rent" are able to increase these to the formula level before applying the 1% reduction.

5.10 The following other key assumptions have been used in formulating the HRA estimates for 2018/19 – 2022/23 as follows:

- Assumptions for price inflation, interest rates, pay awards, vacancy savings and employer pension contributions are as per the General Fund
- Housing Rents decreases of 1% pa until 2019/20, followed by an increase of CPI + 1% in 2020/21 onwards.
- Average Garage Rents increase of 3% pa, bringing the average rent to £7.80 per week in 2018/19
- Housing voids assumed at 1.0% pa.

Robustness and Adequacy of the Budget and Reserves – HRA

5.11 In presenting the budget to the Council, the Executive must take account of the advice of the Council's Chief Finance Officer in relation to the robustness and adequacy of the budget and reserves.

5.12 The level of earmarked reserves is shown in Appendix 6, which shows the estimated closing balances at the end of each of the next five financial years. These reserves will only be used for the specific purposes for which they were set up. The Chief Finance Officer has reviewed the level and purpose of the reserves as part of the budget setting process and has concluded that these are adequate to fund the planned expenditure identified by the Council.

5.13 The prudent level of general reserves on the Housing Revenue Account is considered to be £1m - £1.5m. Over the MTFS they are maintained in line with this prudent minimum and show an estimated balance of £1.176 at the end of 2022/23.

6. The General Investment Programme

6.1 The General Investment Programme (GIP) for the period 2018/19 – 2022/23 is included within the MTFS at Appendix 2. The total allocated capital programme over the next five years is £16.2m of which £14.2m is estimated to be spent in 2018/19.

6.2 The GIP includes the delivery of key capital schemes identified to support the delivery of Vision 2020, schemes identified as required investment in order to deliver revenue savings as part of the Towards Financial Sustainability Programme, schemes resulting from joint working with partners, schemes and ongoing capital schemes, particularly the investment required in the property portfolio.

6.3 In addition to the approved schemes which form the GIP there are a number of key strategic schemes which have not yet been formally approved due to the stage of their development, i.e. the scheme is currently still at the design stage, or is still subject to final funding agreements etc. and as such do either not appear in the current GIP or are included but not at the full scheme costs. These schemes include the Western Growth Corridor and Housing Company. Each scheme will be submitted separately for approval and inclusion in the GIP once the relevant stage in their development has been reached.

7. The Housing Investment Programme

7.1 The Housing Investment Programme (HIP) for the period 2018/19 – 2022/23 is included within the MTFS at Appendix 4. The total allocated capital programme over the next five years is £76.7m of which £25.8m is estimated to be spent in 2018/19.

7.2 The 5 years HIP is based on the HRA 30 year business plan, updated to reflect revised spending and funding profiles of approved schemes as detailed schemes are developed. The key elements of the HIP include maintenance of Decent Homes and implementation of the Lincoln Standard, essential health and safety requirements and delivery of the council house new build programme (including a land acquisition fund). The new build programme has been updated to reflect the anticipated agreements with housing associations to deliver new homes in the HRA.

7.3 Future spending plans for the HIP are expected to include capital investment in major redevelopment at De Wint Court and the Western Growth Corridor development, however these are not included in the MTFS at this stage.

7.4 As set out in paragraph 5.3 above the primary sources of financing for the HIP is from depreciation, with financing of £59.5m over the 5-year period. In addition further resources are available from capital receipts (including Right-to-Buy receipts) and direct revenue financing (DRF). There is currently no additional borrowing required within the HIP.

8. Consultation and Scrutiny

8.1 Budget consultation has been undertaken online which consisted of the draft MTFS, proposed budget and council tax recommendation being publicised on the Council's website together with the opportunity for the public to comment.

8.2 In terms of member budget scrutiny an all member workshop was undertaken during January 2018 to ensure that as large a number of members as possible had the opportunity to fully understand the financial position of the Council. This was followed in February by a Budget Review Group who focused on the detail of the draft MTFS, proposed budget and Council Tax recommendation.

8.3 The minutes of the Budget Review Group are attached at Appendix B, there were no specific recommendations made by the Group.

8.4 It should be noted that the consultation and scrutiny undertaken did not take into consideration any specific proposals that are part of the Council's Towards Financial Sustainability Programme. As part of the development of these specific schemes the appropriate consultation will be undertaken with those customers, employees, trade unions, voluntary organisations', local businesses and partners who are likely to be impacted upon by the proposals. As any individual proposals are presented to the Executive/Council for decision they will include the outcomes of the specific consultation exercises and appropriate scrutiny committee considerations.

9. Strategic Priorities

9.1 The MTFS underpins this policy and financial planning framework and set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's Vision 2020 and strategic priorities.

10. Organisational Impacts

10.1 Finance - There are no direct financial implications arising from the approval of the MTFS 2018-2023. The strategy provides information on the Council's spending, income and key financial challenges.

10.2 Legal Implications including Procurement Rules - Local authorities must decide, prior to the 11th March, each year how much they are going to raise from council tax. They base their decision on a budget that sets out estimates of what they plan to spend on services. Because they decide on the council tax before the year begins and can't increase it during the year, they have to consider risks and uncertainties that might force them to spend more on their services than they planned. Allowance is made for these risks by:

- making prudent allowance in the estimates for services; and
- ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

10.3 Local government legislation requires an authority's Chief Finance Officer to make a report to the authority when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so Members will have authoritative advice available to them when they make their decisions.

10.4 Land, property and accommodation - Specific implications for the deployment and management of the Council's assets are included within the Capital Strategy and Asset Management Plan which support the achievement of the objectives of the MTFS.

11. Equality Implications

11.1 This report provides a summary of the financial planning activities across the Council. As a consequence of the approval of the MTFS and budget for 2018/19 there may be an impact on certain council services which will be subject to review. Planning work undertaken to develop the Towards Financial Sustainability Programme and strands and investment in the Vision 2020 and strategic priorities, set out above, involves taking an overview of the potential cumulative impact. This is further expanded and built upon as the specific reviews and projects are developed and so detailed equalities implications will be assessed at the individual service level.

12. Risk Implications

12.1 The Council has a very proactive approach to managing risk and there are effective arrangements for financial control already in place. That said, there is always a risk that the Council will become liable for expenditure that it has not budgeted for or face a reduction in resource available, the impact of which must be mitigated by holding reserves. Due to the significant change in core funding mechanisms for local authorities the level of volatility and risk to which the Council is exposed has increased significantly, the MTFS therefore needs to remain flexible and the council's reserves resilient.

12.2 The financial risks, Appendix 5 of the MTFS, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

13. Recommendation

13.1 That the Executive considers the Chief Finance Officer's statement on the robustness of the budget and the adequacy of reserves as detailed in paragraphs 4.17 – 4.19 and 5.11 – 5.13 of this report.

13.2 That the Executive recommend to Council for approval:

- The Medium Term Financial Strategy 2018-2023, and;
- The Capital Strategy 2018-2023

Including the following specific elements:

- A council tax Increase of 2.95% for 2018/19.
- A housing rent decrease of 1% for 2018/19.
- The Council is member of the Lincolnshire Business Rates Pilot for 100% Business Rates Retention in 2018/19
- The General Fund Revenue Forecast 2018/19-2022/23 as shown in Appendix 1 and the main basis on which this budget has been calculated (as set out in paragraph 4).
- The General Investment Programme 2018/19-2022/23 as shown in Appendix 2, and the main basis on which the programme has been calculated (as set out in paragraph 6).
- The Housing Revenue Account Forecast 2018/19-2022/23 as shown in Appendix 3 and the main basis on which this budget has been calculated (as set out in paragraph 5).

- The Housing Investment Programme 2018/19-2022/23 as shown in Appendix 4, and the main basis on which the programme has been calculated (as set out in paragraph 7).

Is this a Key Decision?	No – Subject to Full Council approval
Do the Exempt Information Categories Apply?	No
Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
How many appendices does the report contain?	Two

List of Background Papers:	Medium Term Financial Strategy 2017-22 – Executive 27th February 2017 Setting the 2018/19 Budget and Medium Term Financial Strategy 2018-23 – Executive 30th October 2017
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