APPENDIX A

NORTH HERTFORDSHIRE DISTRICT COUNCIL

MEDIUM TERM FINANCIAL STRATEGY

2020-2025

APPENDIX A

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1.0 Introduction

1.1 The Medium Term Financial Strategy (MTFS), the Council's key financial planning document, is an integral part of the Council's Corporate Business Planning process. The Council operates a system of priority led budgeting, with those district priorities set out in the "Council Plan" policy document. The MTFS then sets out how the financial management process will contribute to delivering those priorities and sets out a clear framework for our financial decision making. The strategy is updated annually. We fully expect that it will change over time to reflect new opportunities and policy decisions.

1.2 The MTFS includes a forward look over the next five years to assess the spending pressures the Council is likely to face and the level of cost reductions or income generation that will need to be made to allow us to achieve our legal duty to set a balanced budget each year. Over the last few years, the Council has taken the opportunity to increase the level of its general fund reserves. The intention is that they can be used to soften the impact of expected (although currently unknown) future funding reductions. There will still be a need for the Council to review what services it delivers and how, but this approach does give more time to plan the impact of these changes.

1.3 The current national political climate means that there is significant uncertainty within the MTFS and therefore it will be kept under review until the budget for 2020/21 is agreed at Council in February. Even once the MTFS is agreed by Council, it is still just a plan, and therefore it will be monitored throughout the year and amended to reflect updated information. The budget monitoring reports (revenue and capital) that are provided to Finance, Audit and Risk Committee and Cabinet are a key component of this.

2.0 The current picture

2.1 The budget agreed by Full Council in February 2019, set the 2019/20 budget and indicative budgets for the years up to 2022/23 as follows:

£000	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Net revenue expenditure	15,136	14,808	14,911	15,021
Estimated Funding	15,136	14,417	14,655	15,082
Use of General Fund reserves	0	391	256	(61)
General Fund brought forward	7,055	7,055	6,664	6,408
General Fund carried forward	7,055	6,664	6,408	6,469
Assumed savings and income efficiencies still to be identified and delivered (cumulative)	**0**	**300**	**700**	**1,200**

2.2 Whilst the MTFS is for a five year period, detailed forecasts were only provided for a four year period. This reflected the substantial uncertainty over future funding levels and that the Council should aim to balance its funding within the four year period.

2.3 The final position at the end of 2018/19 (subject to audit) was a General Fund Balance that was higher (£7.862 million) than estimated above. This was primarily due to underspends against budget. Some of the underspends have been carried forward, which increases the forecast spend in 2019/20 by £474k compared to budget. This means that the net position is an improved General Fund position by £333k. As at the end of 2019/20 the earmarked reserves also included £368k of gains from Business Rate pooling. It is forecast that this could be released to the General Fund.

2.4 To refresh the MTFS for the period 2020-25 it is necessary to consider any changes that need to be made to funding expectations and expenditure forecasts. Annex 1 provides further details of some of these assumptions. The following paragraphs detail the relevant changes and areas of uncertainty.

Expenditure

2.5 The current budget includes an allowance for pay inflation of 2% each year. Pay awards for lower earners tend to be greater than for higher earners, which means an average 2% pay award would actually be less than this for a proportion of the workforce. The Council is part of national pay bargaining. The initial request from UNISON is significantly higher than 2%, and is the greater of £10 per hour or a 10% increase. In essence the percentage allowance in the MTFS is an estimate of where the negotiations will end up. The cost of an average pay award of 2.7% (which was the end result for 2019/20) would be an additional £94k per year (£376k cumulative over 4 years). A separate allowance is budgeted for the payment of increments, which is based on the grade profile of current staff. As the allowances above reflect national pay bargaining, they do not affect the differentials between what North Herts pays compared with other Councils. This means that where the Council has posts that are difficult to recruit to, this position is unlikely to improve in terms of pure pay rewards. However the Council does implement and promote the other advantages of working for us. A more fundamental review of our pay scales could be carried out, but is likely to be a very significant cost pressure and the impact on being able to recruit is very uncertain. This will need to be kept under review in the context of our ability to recruit to vacant posts.

2.6 Employees of the Council are eligible to join the Local Government Pension (LGPS), indeed new employees are now auto-enrolled in to the pension scheme. The LGPS provides a pension that is based on average career earnings. For service up to the year 2014, the pension is based on final salary. The Council pays employer contributions in to the fund. Due to various factors, including pensioners living longer, the contributions that the Council has made in the past have not been sufficient to cover future liabilities. As a result the Council now pays a lump sum towards past service costs and a percentage of payroll costs to cover the estimated cost of the pensions being accrued by current employees. Every 3 years, an actuary undertakes a valuation of the pension fund to determine future contribution rates. This valuation is being carried out at the moment, using data as at 31st March 2019. The results will be published in the Autumn and any change in contribution rates/ amounts will be applicable from 1st April 2020. The current estimate included in the MTFS is that the lump sum and percentage rates will be unchanged. The likelihood is that any change will result in an increased cost.

2.7 Hertfordshire County Council as Waste Disposal Authority have the power to direct where the Council sends its residual and green waste. At the moment, the Council delivers this waste to transfer locations in Hitchin and Cumberlow Greeen. Whilst this is not expected to change over the medium term period, there could be significant impacts over the long term.

2.8 The budget for 2019/20 included additional one-off investments for Citizens Advice North Herts (£50k), Age UK (£20k), Minority Ethnic Forum (£25k) and Health and Wellbeing activities (£50k). The assumption is that these will remain as one-off (as budgeted) and there will be no ongoing costs in 2020/21 onwards. The Memorandum of Understanding arrangements where there is ongoing funding will be renegotiated in advance of the end of existing agreement periods.

2.9 It is assumed that any other revenue growth will be fully funded by additional off-setting savings.

Income

2.10 The Council currently receives payments from HCC under an arrangement known as the Alternative Financial Model (AFM). These payments are intended to provide an incentive for the Council to introduce measures that reduce residual waste. HCC are consulting on making changes to the AFM that would see a reduction in the total amount that was allocated. This would have an impact on the income that the Council would receive. The Council currently receives funding above what is budgeted (and this is put in to an earmarked reserve) and also funds some discretionary waste reduction activities. Over the medium term the impact of the income reduction can be managed, but it is expected to have an impact in the longer term (see 2.12 below).

2.11 The take-up of the chargeable garden waste service has exceeded the original forecasts of 26%. The budget for 2019/20 is based on an estimated take-up of 52% and an annual charge of £40, although the three month extension to the 2018/19 charging period means that only 9/12ths of the income will be accounted for in 2019/20. In 2020/21 (with a full year of income) the Council would be estimated to generate an overall net surplus (after accounting for capital charges and overheads) at this level of take-up. Given that the £40 was set based on benchmarking against other Authorities to assess its reasonableness and was also subject to feedback through a consultation process, it is proposed to retain it at this level. But to take reasonable measures to reduce the surplus, no inflationary increases will be added and concessionary discounts will be reviewed. However this review will need to be mindful of the administrative practicalities of introducing concessionary charging and that budget will need to be identified. The surplus will initially provide protection against the risks associated with providing the service, if required, and where appropriate be used against wider waste and environmental service costs. For any increases in take-up above the current budgeted level, the creation of an environmental investment budget will be proposed as part of the 2020/21 budget process (subject to Full Council approval). The net income (after reflecting the amounts paid to Urbaser for collection and other direct costs) from households above the 52% take-up level will be allocated to this budget. This can be used alongside AFM funding (see paragraph 2.10), and in the longer term may provide an alternative funding source for AFM related activities (although see 2.12 below).

2.12 In February 2019, Central Government released a consultation on their emerging Waste Strategy Various elements of this could have cost implications for the Council if they were introduced. The most significant of these proposed changes are:

- Introduce consistent waste collection across all areas of the Country (e.g. same materials in the same types of bins) and being stopped from charging for garden waste collections. The Council would expect significant ‘new burdens’ funding if this was introduced, particularly in relation to garden waste charging.
- Introduction of a Deposit Return Scheme, which would have an impact on what the Council would collect at the kerbside. It is likely to mean that the higher value recycling materials would be taken to deposit return locations, leaving the Council to collect the remainder. This would affect the net costs of disposal for recycling materials.
- Extended Producer Responsibility- places the financial burden for waste on those that are producing it at source. This in turn would affect how waste collection and disposal are funded. It would need to be determined how this affects the funding that the Council receives. It is likely to have an impact on the future of the AFM.

2.13 The Council is estimating that it might make a surplus (after accounting for capital charges and overheads) on off-street car parking in 2019/20, and therefore would expect that this would might also be the case for 2020/21. This surplus can be significantly affected by capital charges, particularly in relation to property revaluations. Whilst there has been provision in the budget for capital works associated with parking, these have been delayed pending the implementation of the parking strategy. This has also had an impact on the total cost of off-street parking provision. In general, parking charge levels are set to manage demand and reflective of the cost of alternative parking locations. It is proposed that the budgeted assumption that parking charges increase by the Consumer Price Index (CPI) + 2% is changed to increase by 2% only, as this better matches the expected increases in costs of parking provision and the level of increase required to manage parking demand. This is for modelling purposes and actual increases will be considered each year as part of the more detailed budget setting process. The budget setting process for 2020/21 onwards will need to consider the current review being undertaken and recruitment of parking posts to deliver the 2019-2031 adopted Parking Strategy. In addition the Parking Strategy has an associated Action Plan which has some significant investment proposals such as pay-on-foot that will need to be factored in (subject to a business case) to any future budgets. Furthermore that the implementation of evening and Sunday charging will be aligned to the needs to manage parking within the overall parking strategy, and any budgetary change relating to this will need to be reflected in detailed budget setting.

Funding

2.14 2019/20 is the final year of the current settlement period in relation to Central Government funding. This covers Revenue Support Grant (RSG) and retained Business Rates. The Ministry for Housing, Communities and Local Government (MHCLG) is due to introduce a new Fairer Funding Formula and 75% Business Rates Retention in 2020/21. These are both currently being delayed by other Central Government priorities. The Central Government spending review has also been delayed. This means that there is no certainty over the amount of funding that Local Government will receive in total, how this will be distributed across Authorities, and how risks and rewards for changes in Business Rates will work. Furthermore it is not known when there will be greater clarity. It would be hoped that the longer the delay, the greater the transitional protection and therefore the closer the funding will be to current levels. The current assumption is that funding from Business Rates will be subject to a £1m reduction in 2020/21 (in line with the previously expected negative RSG), and then increase with inflation thereafter.

2.15 Central Government also determine the extent to which Local Authorities can raise Council Tax, without the need for a Local Referendum. Over the last two years this has allowed increases of up to 3% (or £5 for a band D if that is greater). This was a temporary increase to reflect inflation. It is currently expected that the limits for 2020/21 onwards will revert back to the greater of 2% or £5 (for a band D property). It is expected that amount of Business Rate funding that Local Authorities can retain will be based on an assumption that Councils increase Council Tax by as much as they are able. The MTFS therefore makes this assumption in forecasting future Council Tax funding.

2.16 The future of New Homes Bonus funding is very uncertain. The level of incentive has been reduced substantially over recent years, from 6 years down to 4, and the introduction of a baseline. It has also been proposed that the current system will be replaced in an attempt to better incentivise the building of new homes.

2.17 The Council gained from Business Rate pooling in 2018/19 by £368k. This has been retained in the earmarked reserve, but based on forecasts of collection fund positions it is assumed that it can be released to support general fund expenditure in 2020/21. The Council is part of a Business Rate Pilot in 2019/20. It is forecast that the gains from this could be in excess of £800k, but this will not be known until after the end of the year, and therefore after the 2020/21 budget has been set. At this stage it can not be assumed for 2021/22 either. The Council should not assume that these gains will continue in the new funding systems.

Reserves and Resilience

2.18 The Council is required to retain a certain level of reserves. This is to provide protection against both known and unknown risks. This includes being able to react to changes in demand and any emergencies that may arise. The allowance of known risks is based on estimating the monetary impact of an event happening and applying a percentage to this based on the likelihood of it happening (high, medium or low). The allowance for unknown risks has been based on 5% of net expenditure. As the Council has become more reliant on generating income to set a balanced budget, an additional 3% of budgeted income (excluding Housing Benefit) will also be included in determining the minimum level.

2.19 In response to the issues faced by Northamptonshire County Council, and concerns over the financial health of other Local Authorities, the Chartered Institute of Public Finance and Accountancy (CIPFA) are in the process of developing a financial resilience tool. This uses historic publicly available data to compare indicators of financial stress across similar Local Authorities. This is currently at a draft stage, but it is expected to be finalised in time for the setting of budgets for 2020/21. Chief Finance Officers will be expected to consider it when commenting on the robustness of estimates within the budget.

2.20 The overall message is that having reserves at the minimum level would make the Council very unresilient. Therefore in setting a medium term budget, the Council should plan to have sufficient breathing space above the minimum level, particularly when the uncertainties described above are considered.

2.21 The forecasts over a four year period are shown in the table below. These totals could be affected by the significant uncertainties highlighted above, and realistic alternative forecasts show that the net funding position in 2020/21 could be improved by £1m (if negative RSG was not implemented) or could be £2m worse (if rough estimates of the uncertainties all went the wrong way).

£000	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**Cumulative**
Net expenditure brought forward	14,597	14,638	14,739	15,087	14,597
Ongoing base budget adjustments, including previously identified savings	(63)	(103)	87	0	(79)
Net additional savings, service changes or income generation to be identified	(300)	(300)	(250)	(50)	(900)
Pay inflation and increments	328	319	319	319	1,285
Contractual inflation	282	430	430	430	1,572
Income inflation	(205)	(245)	(238)	(254)	(1,142)
Pension scheme contribution increases	0	0	0	0	0
Other adjustments	0	0	0	0	0
Net Expenditure- to be funded from taxation and general grants	**14,638**	**14,739**	**15,087**	**15,532**	**15,532**
Council Tax	(11,755)	(12,125)	(12,501)	(12,884)	
Revenue Support Grant	0	0	0	0	
Business Rates- including tariff adjustment	(1,660)	(1,710)	(1,761)	(1,814)	
New Homes Bonus	(844)	(844)	(844)	(844)	
Other	24	24	24	24	
Pooling gain funding	(368)	0	0	0	
Net funding position (use of reserves)	**35**	**84**	**5**	**15**	
Reserve balance b/f	7,862	7,827	7,743	7,738	
Reserve balance c/f	7,827	7,743	7,738	7,723	

2.22 The Council currently has capital reserves that it can use to fund its capital programme. This means that the revenue impact of capital investment is minimal as it is just the lost interest from treasury investments. Over the life of the MTFS the available capital resources are likely to be diminished. After this the cost of capital investment will be substantially higher as it will incorporate borrowing charges and Minimum Revenue Provision. The capital programme (for all projects that are not committed to start) should be reviewed on the following basis:

- Is it necessary for continued service provision?
- If it is for investment, what return does it provide? Does it still provide a positive return if it was necessary to borrow money to fund the project?

3.0 Next Steps- Bridging the Gap

3.1 As highlighted in paragraph 2.21 there is currently high uncertainty in relation to funding, cost and income pressures in 2020/21. It would be impractical to wait for these to be resolved before starting budget work for 2020/21. Therefore the strategy to be adopted is a target of £300k net savings (including service changes, efficiencies , income generation and any investments) for 2020/21, alongside consideration of options for further savings in future years (noting a current target of at least £900k by the end of 2023/24) . If a worse position transpires then it will be necessary to use reserves to balance the budget in 2020/21, bring forward identified savings options as quickly as possible and start to develop additional ideas for later years. If a better position transpires then the medium term impact of this will need to be considered in determining the potential for additional investments (on top of any that are funded from achieving net savings of £300k).

3.2 Corporate Business planning will need to be undertaken to identify how the required savings and income efficiencies will be delivered.

3.3 The roles and responsibilities of Councillors, Officers and the Senior Management Team are detailed in Annex 2. In summary the actions that will be required are:

- Officers (including the Senior Management Team) will continue to review current models of service delivery, and put forward proposals as to potential changes and the savings that could be achieved. Options may include:
  - Up-front (capital) investment to enable change
  - Working with others e.g. joint provision, joint procurement
  - Challenging the extent to which they deliver Corporate Priorities
  - Determine what non-statutory services are being provided (including services that exceed the statutory level of provision) and ensure that there is a case for continued delivery
  - Review of the capital programme
- There will be an increased focus on Commercialisation. This could include generating revenue income from capital investment, selling existing services on a more commercial basis or developing new services that are income generating. These options are likely to involve a lag between investment and savings generation.
- Councillors will be required decide on whether to take forward the options presented.
- The Service Director- Resources will monitor the assumptions made in funding and expenditure levels. When there is information that these will change, the MTFS will be updated and the implications presented back to Cabinet.

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ANNEX 1 Budget Assumptions and Policies

Key Budget Assumptions

Inflation indices are reviewed on an annual basis and the forward budget projections amended accordingly. At this stage in the budget planning process, it is prudent to take a cautious approach and, in identifying the likely Council Tax requirement, the strategy focuses on the pressures on expenditure and assumes that income will rise in accordance with the determined policy. The figures presented in the MTFS financial projections appendices include the following assumptions in line with the current financial strategy

- Investment income is based on cashflow projections and a 1% return. This is significantly affected by the timing of expenditure in the capital programme.
- New Homes Bonus (NHB) will be awarded for 4 years from 2018/19. A 0.4% baseline (dead-weight) has been assumed. The split between District and County is assumed to remain at 80:20. The number of new homes per year is based on prudent estimates and could be higher. However, Central Government could also make changes to the baseline which would reduce the funding that the Council gets.
- New Homes Bonus is used to continue the delivery of services in the face of other government funding reductions and is built into the base budget. Given the high uncertainty over this funding, it would be better if it was not used for core budgets, but it is appreciated that this is not currently feasible.
- Contract inflation in accordance with the individual contract terms.
- Pay inflation at an average of 2 % per year.
- No allowance is made for general inflation on remaining expenditure. Although after allowing for salary and contractual inflation, the remaining amount is insignificant.
- Discretionary fees and charges income will be increased by CPI at November, plus 2%. This will be where it is legally possible and subject to a market impact assessment.
- The overall Council tax base figure will rise by 1% per annum.
- Council tax precept will be increased by the maximum amount allowed without the need for a local referendum.
- An assumed 99% collection rate for the purposes of calculating the Council tax base.
- An assumed 97% collection rate for Business Rates
- Any future changes to the local Council Tax Reduction Scheme will aim to have a cost neutral impact.
- A vacancy factor set at approximately 2.5% of salary budget to yield in the region of £300k is included in the base budget in each year.
- The Council will not subsidise areas which are the responsibility of another precepting body other than through a one-off match-funding arrangement where this is in the interests of the local Council tax payers.
- The potential impacts of Brexit are not reflected.
- All assumptions are subject to further refinement during the budget process as more certain information becomes available.

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Reviewing service provision

As part of further developing the Medium Term Financial Strategy, we continue to investigate the appropriateness of service subsidies and also the funding of functions which are the responsibility of other bodies. We recognise that we should give careful consideration to each individual case before reaching a decision and should apply the test: “should the Council Tax payer pay for all or part of a service or should it be the service user?” Many of the services we provide are subsidised and during the budget setting process, service managers are now asked to review the extent of the subsidies and are asked the following questions:

- Does the service support the Council’s high level objectives and priorities?
- Is the service statutory or discretionary and, in either case, do we have discretion over the level at which it is provided?
- What proportion or sections of the population use the service?
- What is the level of subsidy?
- What is the reason for the service subsidy?
- Is there a strategy in place which determines the level of subsidy going forward?
- Is there the opportunity to make greater use of or secure external grants to reduce the subsidy?
- What impact would a reduction in the level of subsidy have on the service?
- How much income could be generated by a removal of the subsidy?
- Should any removal be subject to a phasing in process and if so over how many years?

Changes made to service delivery are required to include an equality analysis.

The Council will seek to manage all its assets cost-effectively, including opportunities to optimise income from the use of these assets, offering concessions (as appropriate and affordable) to encourage use by all members of our community in pursuit of our priorities. We will also continue to explore opportunities in regard to our assets, including long term leases which effectively constitute a transfer, whereby community groups take on responsibility for the operation and overall facility management.

The Local Government Act 2003 permits local authorities to trade with both public and private sector bodies. In broad terms authorities may not trade for profit unless that activity is performed through a company. The Localism Act 2012, while vesting a general power of competence, retains this requirement. Section 4 of the Localism Act restricts the ability of a local authority to carry out activities for a commercial purpose using the general power. Section 4 (2) provides that if a local authority undertakes a commercial activity in exercise of its general power it must only do so through a company (for this purpose this covers limited or “registered society” i.e. formerly co-operative, community benefit society or industrial provident society). Consequently, these provisions will be considered when exploring alternative service delivery models.

Risks and General Fund Level

Best Practice guidance issued by CIPFA states that the general fund balance may be between 5% and 100% of net expenditure. With an original estimate of net revenue expenditure of around £15 million, the minimum 5% balance is in the region of £750k.

The Bellwin scheme may be activated where an emergency or disaster involving destruction of or danger to life or property occurs and, as a result, a local authority incurs expenditure on, or in connection with, the taking of immediate action to safeguard life or property, or to prevent suffering or severe inconvenience, in their area or among its inhabitants. The scheme makes provision to reimburse the cost of local authority actions taken in the immediate phase of an emergency, not those taken as part of the recovery phase. Any claim is subject to a threshold (i.e. costs have to exceed this amount before a claim can be made) and for North Hertfordshire this is around £27k. So the need to potentially fund £27k should be borne in mind when setting a General Fund balance.

As the Council becomes more dependent on income, its net budget does not fully reflect the financial risks that it faces. So an additional 3% of budgeted income (excluding Housing Benefit) will also be included as a component in determining the minimum General Fund level. This would provide an additional allocation of around £390k (based on income of around £13m).

In addition to the allowances above for non-specific unknown risks, an additional allowance is made for specific known risks. Specific risks are identified and classified as high, medium or low risk and allowance is made for a proportion of the risk value. For high risk items, 50% of the risk value, for medium risk, 25% of the risk value and for low risk items, 0%. This is regarded as an appropriate risk management approach to risk likelihood and value.

Use of Capital

The Council still has had fairly significant capital balances, but it is expected that they will be diminished during the life of the MTFS. This will mean that future capital expenditure will need to be funded from new capital receipts (generated from sales of land and buildings) or from borrowing. It needs to be recognised that the supply of surplus land with development potential is reducing and therefore the opportunity for future capital receipts is limited. When the Council needs to borrow then it needs to ensure that it is affordable, prudent and sustainable (Prudential Code for Capital Finance in Local Authorities, 2017). The affordable criteria relates to the revenue impact of borrowing, which is made up of interest charges and a Minimum Revenue Provision (MRP). These costs can be significant.

Local Authority capital spending improves services, protects the value of the Council's portfolio of assets and replaces existing assets as they reach the end of their useful lives. Capital investment is not a luxury since without it, local authorities would become unable to deliver even their existing services let alone respond to new demands. For all capital schemes there needs to be a consideration of the benefits that are generated, which will include:

- Is it necessary for continued service provision? What would the impact on the service be? Is the service statutory or does it deliver the Council's vision or high level objectives?
- If it is for investment, what return does it provide? Does it still provide a positive return if it was necessary to borrow money to fund the project (including MRP)? What is the level of risk in the expected returns?

These reviews should be carried out on an annual basis, and before any scheme commences. Inclusion on the capital programme is for the purposes of future planning, and does not guarantee that a scheme will go ahead.

ANNEX 2 Roles and Responsibilities

The role of Councillors in this process is to:

- set vision and strategic direction
- agree the Council's high level objectives and priorities
- agree the specific projects to achieve the priorities
- agree the rolling MTFS including decisions on the time-frame to be covered, external influences to be considered and included, strategy for use of balances, assumptions regarding government support and the implications of doing so, income policy, capital strategy and setting indicative council tax levels for future years
- scrutinise proposals for funding prioritisation and de-prioritisation as set out by managers
- decide between options presented
- decide on options for increasing fees & charges where a proposed approach varies from that outlined in the income policy

- give due consideration to both the risks and opportunities of options as the council necessarily explores new avenues
- discuss savings suggestions and income generation proposals with relevant Officers.
- take a corporate overview of the budget position once decisions on individual prioritisation have been taken.
- set the level of Council Tax each year
- scrutinise and monitor the budget throughout the year

The role of all Officers is to:

- put forward suggestions for actions to deliver the objectives and new opportunities
- ensure that existing spend and new projects link to and deliver one (or more) of the Council's objectives
- manage services to deliver the actions in the plan within budget allocations
- explore alternative ways of delivering services, including assessment of risks and opportunities
- propose income generation and service transformation opportunities
- report on value for money and continuous improvement
- monitor the budget throughout the year and ensure spending is in line with policy requirements

The Senior Management Team is led by the Chief Executive. The group:

- facilitates a critical review of existing expenditure. This involves reviewing the base position, challenging existing budget allocations and creating the ability to reallocate money to strategic priorities.
- reviews service areas in comparison to other authorities to determine opportunities for improvements and cost reductions, or to explain reasons for any differences.
- reviews bids for additional resources/ investments. All bids will be subject to detailed scrutiny before inclusion in the draft budget. The strategic priorities fund can be allocated by SMT for short-term investments.