

Policy Committee – 11 September 2017

Longer Term Financial Strategy (LTFS) 2018/19 To 2024/25



Report of the Chief Finance Officer

Lead Member: Financial Resilience, Councillor Patrick Mulligan

Ward(s) affected: All

1. **Purpose of Report**

- 1.1 The purpose of the report is to provide members with an update on the forecast financial position for the 7 year period to 2024/25.

2. **Recommendations**

- 2.1 That the long term financial strategy 2018/19 to 2024/25 as set out in this report be submitted to Council for approval.

3. **Background Information**

Scope of the Report

- 3.1 This report presents the Council's Longer Term Financial Strategy (LTFS). Its purpose is to provide a framework for the Council to assess ideally its financial sustainability over a ten year period. However, given the continuing volatility and uncertainty around Government funding it is proposed that as in previous years the LTFS covers a seven year period to 2024/25. The strategy is attached as Appendix A.
- 3.2 The current LTFS took a cautious view of the Council's finances given the uncertainty within the wider economy and the Government's ongoing resource review. This update continues with that view, as the impact of Brexit negotiations and the changes in Central Government remain unclear at this time. It is hoped that as Government announcements are made they may provide some clarity
- 3.3 The continuing public sector pressures, the impact of the Council Tax Support Scheme, changes to specific grants, confirmation of the business rates retention scheme, and announcements from Central government means that ongoing cuts to public spending are inevitable. The 4 year settlement offer accepted in 2016/17 whilst providing some certainty does not offer complete

protection from further adjustments.

- 3.4 The LTFS indications are that whilst the Council has approved a balanced revenue budget for 2017/18 the challenges for 2018/19 and beyond are significant. Revenue Support Grant will reduce to nil by April 2019 and the Council will need to find additional income streams or savings to bridge the gap if it is to continue to deliver services at the current levels.
- 3.5 The previous Chancellors autumn statement and the subsequent local government settlement indicated that the cuts experienced in the last 6 years would continue. The appointment of a new Prime Minister, Chancellor and other Senior Ministers following the Brexit vote adds to the uncertainty, and the information in the LTFS has been based on known announcements and there may be further changes as more details become available.
- 3.6 As a District Council delivering 'Unprotected Services' it is expected that the cuts will continue. The outcome of the Fair Funding Review and the Business Rates Reset will not be known for some time. With this uncertainty an estimate has had to be made based on existing Government announcements and commitments and forecasts from external sources. This uncertainty means that the Council could face additional pressures over and above those contained within the LTFS.
- 3.7 The estimates within the LTFS show that the Council will need to continue with its savings plan and achieve savings ranging at least £332k in 2018/19, rising by at least £249k in 2019/20 and a further £232k in 2020/21 to £813k. This does not allow for any one off items of revenue expenditure, and a further £75-£100k should be allowed for this. Two options for Council Tax increases have been used within the LTFS, continuing with the £5 increase and the impact of 2%.
- 3.8 The LTFS includes a number issues and proposals that the Council will need to consider whilst it confirms its plans to achieve the level of savings required to maintain the financial resilience of the Authority for the future.

4. Implications

4.1 Financial and Value for Money Implications

All financial implications are contained within the report and its appendices.

4.2 Legal implications

None as a direct result of this report – a balanced budget was set for 2017/18, and going forward it is a further requirement that the budget is balanced.

4.3 Contribution to Council Priorities

The revenue budget is developed in support of the Council Plan. The LTFS provides the framework for the Council's financial sustainability and resilience which are crucial to delivering its priorities.

4.4 **Risk Management**

All risks are clearly identified throughout the report. To remain viable and to be able to deliver the services that it requires the Council must maximise its income streams and achieve the levels of savings required.

4.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

5. **Consultations with Others**

None

6. **Access to Information : Background Documents**

None

7. **Author of the Report**

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8. **Appendices**

Appendix A – Long Term Financial Strategy

CRAVEN DISTRICT COUNCIL

Long Term Financial Strategy 2018/19 – 2024/25

1. Introduction and Background

- 1.1 The Long Term Financial Strategy (LTFS) provides a financial framework for the Council's strategic planning and decision making over the next ten years. This enables a longer term strategic view to be taken when decisions are made that have a financial impact beyond the annual budget. The LTFS spreadsheet is updated on an annual basis to provide a rolling ten year financial strategy and forecast. However, given the continuing volatility and uncertainty around Government funding as a consequence of Brexit, Devolution and Business Rates Retention, Revaluation and Reset, and the Fairer Funding Review this update of the LTFS covers a seven year period.
- 1.2 The current LTFS was approved by Full Council in October 2016 as part of the budget setting process. It took a cautious view of the Council's finances given the uncertainty within the wider economy and the Government's on-going resource review. This paper presents the annual update taking into account changes to the key assumptions within the strategy as a consequence of known external factors including the changes to Business Rates and the impact of 2017/18 budget decisions.
- 1.3 The LTFS sets out the latest estimated funding resources that will be available to the Council over the period 2018/19 to 2024/25, the demands on those resources, and the level of savings or additional income that is likely to be needed to keep a balanced budget and to keep Council Tax affordable. Anticipating financial pressures now, enables the Council to plan ahead to meet the significant challenges that local government continues to face over the medium term. In this way we can ensure that financial resources are targeted to the Council's highest priorities within the 2018 - 2021 Council Plan.
- 1.4 The LTFS covers all revenue and capital spending plans of the Council.
- 1.5 The LTFS seeks to achieve the following objectives.
 - a) Budgets are prudent and sustainable in the long term.
 - b) Financial plans recognise corporate priorities and objectives.
 - c) The capital programme and its resource requirements are factored into forecasts.
 - d) Constraints on revenue and capital resources are recognised and taken into account.
 - e) Significant risks are identified.
 - f) Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council.

2. Update on Financial Assumptions

Inflation

- 2.1 CPI was 2.7% at the start of the financial year in April and had dropped slightly to 2.6% in June and remained at that level in July. This time last year forecasters were predicting a rise to the 2% by mid 2017 as a consequence of the decline in sterling. The Bank of England forecasters believe that CPI will peak in October 2017 at 3% before it starts to fall to nearer 2% over the next couple of years. RPI was by contrast higher at 3.1% at the start of the financial year in April and had risen to 3.6% in July.
- 2.2 Due to the uncertainties inflation at 2% for general price increases is continued for this LTFS for 2018/19 to 2020/21 and beyond. This should give enough flexibility for above average increases in relation to items such as utility costs. An allowance of 1% for pay increases for 2018/19 to 2020/21 has been included as per the announcements in the July 8 2015 Chancellors budget. Thereafter 2% has been included.
- 2.3 Fees and charges where appropriate were increased by at least RPI for 2017/18 which, was in line with the policy. The LTFS assumes that this will continue. However with the need to ensure a sustainable Council the policy will need to be reviewed to ensure that it is fit for purpose going forward. Expectations for RPI are for it to remain at around 2.0% for the life of this strategy and an increase of at least 2% has been applied to relevant income budgets where appropriate. Any exceptions to this will require an adjustment to the LTFS.

Interest Rates

- 2.4 The bank base rate has remained at 0.25% since August 2016 and there is mixed opinion with some forecasters expecting that it will remain at this level until mid-2018 before it starts to rise and other saying that it will be mid 2019. This will have an impact on the investment income that the Council can earn on its available balances. The Council is currently generating an average return of marginally above the bank rate this is expected to continue for the rest of this financial year and into 2019/18 albeit at lower levels than in previous years. The brakes being applied to the economy by inflation, low wage growth and the negotiations over Brexit remain enough to keep rates on hold.
- 2.5 The beneficial impact of continuing low interest rates is that the cost of borrowing is at historically low levels. The Council currently has no plans to take any additional long term external borrowing. Currently MRP is being utilised to fund projects within the capital programme. The LTFS assumes that long term borrowing will continue at its existing level of £5.988m. Should any new projects currently being planned require financing via long term borrowing in the next few years then they will be evaluated to ascertain the optimum time-frame for securing this funding. Borrowing may however be required to fund capital projects in the short term to bridge temporary funding gaps.

- 2.6 If the Council decides to borrow to fund the Capital programme then the estimated additional cost of borrowing to the Revenue Budget from 2018/19 onwards would be £22k per annum (based on borrowing £1.0m @2.2%. PWLB rates currently range from about 1.98% to 2.44% for loans of 10 to 50 years).

Expenditure Assumptions

- 2.7 Budgets are cash limited – The LTFS reflects this policy, making no provision for service growth, which will require a revenue bid. Inflation has only been allowed on external contracts. A corporate contingency of £75k has been provided to manage unexpected service pressures during the year.
- 2.8 Borrowing – In the long term the Council's external borrowing of £5.988m is forecast to remain static. However, there may be a need in the short-term to undertake temporary borrowing to assist with cash flows to fund projects. Any additional borrowing will have an impact on the revenue account, and will be assessed as part of the financial viability of the proposed project.
- 2.9 Support to Parishes – The Council has continued to provide a modest level of support to parishes to assist them with the impact of the Council Tax Support Scheme. This support which has been reducing in line with the reduction in RSG is estimated to reduce to £4k in 2018/19 and nil from April 2019.
- 2.10 Pensions – The current triennial valuation of the Council's contribution rate for the North Yorkshire Pension Fund came into effect from April 2017. This contribution is based upon the returns of the fund investments, contributions and recovery period to 100% funding cover. The deficit position on the fund has improved, and the recovery period has reduced to 21.5 years (27 years at April 2014). Although there has been an improvement in the funding level, the Pension Fund Committee requires that employers with a deficit get no reduction in overall contribution payments, but that the deficit period is reduced instead. The funding level for the Craven DC element of the fund has improved from 61.1% to 77.1%. The Council's contribution to the fund will remain at 30.2% or £1.42m however, the current service contribution has increased to 17.7% from 14%, whilst the back funding element has reduced by £141k. The Pension fund offered discounts for either annual up-front payments or one payment covering the three years for the back funding element. With interest rates so low it was decided to pay the three years as one instalment securing a discount of £116k. This equates to a return above 2%. The LTFS has assumed that this offer will again be made at the next valuation effective from April 2020.
- 2.11 Pay awards & National Minimum Wage – The 2017/18 budget allowed for a pay rise based on the Chancellors July 2015 budget announcement of a 1% increase for four years from 2016/17. A 1% increase has been allowed in the LTFS up to March 2020 thereafter a 2% increase is included. Members'

allowances are also increased in line with pay awards. Adjustments have also been made to allow for the impact of the national minimum and national living wages.

- 2.12 Election Costs – The Council currently elects 1/3 of its members for 3 years out of 4. There are elections in 2018/19; an elections reserve was created in 2017/18 so that the costs are spread over four years rather than three.

Income Assumptions

- 2.13 External Income – The model assumes that approximately 55% of external income will be subject to inflationary or growth increases. An average rate of 2% has been applied to these income streams. Increases in fees and charges are based on the RPI from August to August.
- 2.14 Interest on Surplus Funds – With the forecast for the bank rate to start to rise from the middle of 2018 at the earliest, the LTFS model assumes that interest rates will remain at their low levels for at least the next twelve months. A gradual rise to 2.0% towards the end of this LTFS has been factored in and a cautious approach has been taken to the calculation of income from surplus funds included in the model.

3. Government Grants & Business Rates

- 3.1 Since 2013/14 changes to the funding for Local Government have continued to evolve with less and less support being made available from central funds of Revenue Support Grant (RSG) and other grants.

Revenue Support Grant

- 3.2 The Council currently receives external support from Central Government through the distribution of resources within the Local Government Finance Settlement.
- 3.3 The 2016/17 Settlement Announcement set out the RSG reductions to reach nil by April 2019. The LTFS assumes that the reduction will follow the indications from the 4 year Settlement which the Council accepted in October 2016. 2018/19 will be year three of four.
- 3.4 The Council as part of the settlement received an increased allocation of Rural Services Delivery Grant. The LTFS has assumed that this will continue for the life of the strategy at the 2019/20 level.
- 3.5 The actual amount of the Council's RSG and other grant settlements will not be known until the announcement of the Autumn Statement which is expected in November.

Business Rates

- 3.6 Under the Retention of Business Rates Scheme the Council retains a

portion of business rates collected based on an assumed business rates income and the balance it pays to central government in the form of a tariff subject to RPI uplift.

- 3.7 The impact of rating appeals and other movements continues to be a volatile area of the rating system over which the Council has little influence. As a consequence by April 2019 the Council will have repaid approximately £2.15m from its “on account” rating income.
- 3.8 The Council has been part of the North Yorkshire Business Rates Pool since April 2014. The position of the Pool is closely monitored on a monthly basis, due to the element of risk and reward. Membership has been of benefit with the Council securing £311k of additional income and the North Yorkshire LEP £640k.
- 3.9 The LTFS takes the estimated business rates income for 2017/18 and assumes minimal growth in business rates over the life of the plan. The year on year increase in business rates within the LTFS reflects indexation of the retained element and tariff.
- 3.10 The Government as part of the settlement gives a baseline of rates income that it thinks the Council needs for funding services. Since localisation of Business rates the actual income that the Council has collected as its share has exceeded this level. However the shared liability for appeals and other valuation fluctuations has meant in previous years all of this additional income has been required to be set aside to pay for this share.
- 3.11 Businesses were revalued for rating purposes during 2016 and the new rating assessments came into effect for April 2017 bills. The full impact of this revaluation will not be known for some time and therefore a cautious estimate of the Council’s share of business rates at just above baseline level for 2017/18 was included within the budget. Early forecasts are that the Council will continue to generate rateable income above its baseline funding need for the next couple of years and under the business rates retention is able to keep its share of this.
- 3.12 A reset of the Business Rates system is scheduled for April 2020. It is expected that the Government will take the opportunity to redistribute the “national surplus” towards adult social care. This will reduce the level of rates income that the Council can retain and therefore it will be prudent to forecast availability of rates over the 2018/19 to 2019/20 period at a similar level to 2017/18 for budget purposes and place any additional rates income into the Business Rates or other reserve for use on one-off projects.
- 3.13 During 2016 the Government consulted on the proposals for Self-sufficient local government: 100% Business Rates Retention for local government by the end of this Parliament and Fair Funding Review: Call for evidence on Needs and Redistribution. Following the election in June 2017 the Queens Speech failed to mention reforms to local government finance. The view of commentators is that 100% business rates retention will not now be introduced before 2020/21 at the earliest.

New Homes Bonus (NHB)

- 3.14 This funding started in 2011/12 and provided Authorities funding based on the number of new properties completed and long –term empty properties brought back into use. It is based on the amount of extra Council Tax revenue raised. There is also an additional payment for providing affordable homes. In 2017/18 the payments for each eligible property were reduced from six years to five years and will reduce again from 2018/19 to four years. In addition a national baseline for housing growth of 0.4% has been introduced from 2017, for Craven this equates to 107 properties. An assumption has been made in the LTFS that the building of new homes will match the target in the proposed local plan of 214 a year and an estimate net of the baseline for NHB is based on this.
- 3.15 NHB is an unringfenced grant, which means local authorities are free to decide how to spend it, as they are in the best position to make decisions about local priorities. As unringfenced grant, NHB funds can be spent on either revenue or capital, strategic projects, or placed in a local authority's reserves.
- 3.16 The estimates were that the Authority's share of NHB would increase each year until 2017/18 and then level out. However the changes introduced from 2017/18 have reduced NHB grant by £140k for 17/18 and £422k for 18/19. The estimated impact of the national growth baseline is for grant of £50k per annum rather than the £150k plus previously received. The majority of NHB that the Council has received has been placed in an earmarked reserve and it is being used on specific regeneration projects.
- 3.17 The LTFS includes the impact of projects approved to commence with funding from the NHB reserve and continuation of the Member Grants for their wards. Going forward some NHB will continue to be needed to be used to assist with balancing the budget whilst income generation projects and other savings are implemented.

Fair Funding Review

- 3.18 Following the General Election the Government confirmed its continued commitment to the Fair Funding Review (FFR). Implementation of the Review was previously linked with the 100% business rates retention with an implementation date of 2019/20. There are so many moving parts in the Review and changes are now not expected before 2020/21 at the earliest, thus making the outcome and impact of the FFR difficult to assess.
- 3.19 The Government have been clear that it is important to get the Review right and will continue to seek views on the approach and the target date for implementation.
- 3.21 The FFR will:
- Set new baseline funding allocations for local authorities;

- Deliver an up-to-date assessment of the relative needs of local authorities;
- Examine the relative resources of local authorities;
- Focus initially on the services currently funded through the local government finance settlement; and
- Be developed through close collaboration with local government to seek views on the right approach.

4. **Council Tax**

- 4.1 The government confirmed the level of increase in council tax above which a public referendum for 2017/18 is required at 2%. However a dispensation was allowed for District Council's allowing them put up Council Tax by a maximum of 2% or £5 whichever was the greater. The LTFS continues with these two scenarios one assumes an increase in council tax of 2% and the other an increase of £5.
- 4.2 From 2011/12 to 2015/16 the Council accepted the Governments offer of the council tax freeze grants. This equated to £273k. The Autumn Statement for 2015/16 confirmed that this grant had been rolled into RSG and is now reducing to nil by April 2019.
- 4.3 The Council tax base for Craven District has only seen a modest growth in recent years. The Local Council Tax Support Scheme has an impact on the council tax base, however the volatility associated with the scheme in the early years has now settled. The forecasts are that the base will continue to modestly increase at less than 1% a year. The national average increase of 0.61% has therefore been used as an estimate in the LTFS.
- 4.4 In addition within the council tax collection fund (the council tax account) any surplus or deficit is shared amongst the major preceptors and billing authority. When setting the council tax any anticipated surplus or deficit is taken into account at that time. The LTFS assumes a surplus of £70k for 2018/19 and then a modest estimate for future year's surplus of £50k reducing to £30k.

Localisation of Council Tax Support Scheme

- 4.5 Support provided under the Local Council Tax Support Scheme (also known as Council Tax Reduction Scheme) acts as a discount on the tax base. The Council is currently providing 90% support to working age claimants through the scheme. With claimants paying 10% of their bill in 2017/18. There are options within the scheme to review this discount which can be reduced to require claimants to pay a larger proportion. The nationally accepted maximum is an average of 25%.
- 4.6 During 2016/17 the Council following consultation approved amendments to its Council Tax Support Scheme to enable it to be aligned with the main changes applied to Housing Benefit by the Department of Work and Pensions as approved by Parliament. The scheme will be reviewed

annually to take account of changes to benefits as welfare reform continues. The changes only apply to non-pensionable age claimants.

5. **Capital Programme**

- 5.1 The detailed capital programme for 2017/18 also included an indicative programme for 2018/19 to 2020/21. Beyond this an estimate of £1,000k has been allowed for the Capital programme. Investment in projects outweighs the current forecast of the Council's own resources. Alternative options need to be considered for the Capital Programme to remain sustainable. These options will include use of external borrowing, leasing, in year revenue budget support or earmarked reserves. All of these options have implications for the Revenue Budget.

Table 1: Summary Capital Programme

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<u>Expenditure</u>				
Projects	3,954	2,139	734	550
Grants	514	433	433	433
Total Programme	4,468	2,572	1,167	983
<u>Resources</u>				
Grants	1,206	866	433	433
Capital Resources	845	476	604	320
Revenue Resources	1,344	230	130	230
Balance to Fund from Borrowing	1,073	1,000	0	0

- 5.2 Contributions to specific reserves for IT, Vehicles and Building Maintenance are included as part of the LTFS forecasts. An estimate has been included within the LTFS for future year's programmes and indications are that additional funding will be required from within the Revenue Budget.

6. **Revenue Budget**

- 6.1 Taking 2017/18 as the base year, the impact of the assumptions in the section 2 to 5 on the revenue budget for the provision of services are detailed at Annex 1 and summarised in Table 2. Two scenarios are given, one continuing with the £5 CTax rise and the other showing a rise at 2%.
- 6.2 The information in Annex 1 shows that whilst the 2017/18 budget has been funded the challenge going forward from 2018/19 estimates that additional income or savings of at least £332k is required rising by a further £249k in

APPENDIX A

2019/20 and a further £646k to £1,237k by 2024/25. The Council is clearly continuing to face financial challenges which will require robust plans to deliver these savings.

Table 2: Estimated Summary Budget Position 2018/19 – 2024/25

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Expenditure Budget	6,214	6,185	6,617	6,869	7,079	7,242	7,444
Government Grants - NHB	(427)	(425)	(132)	(50)	(50)	(50)	(50)
Government Grants – RSG & Rural	(365)	(173)	(75)	(32)	(8)	17	43
NDR Allocation	(1,938)	(2,007)	(1,638)	(1,666)	(1,695)	(1,724)	(1,754)
Collection Fund - NDR	344						
Collection Fund - CTax	(70)	(50)	(30)	(30)	(30)	(30)	(30)
Transfers to/ (from) Reserves	252	825	(36)	(133)	(148)	10	(120)
Net Budget Forecast Before CTax	4,010	4,355	4,686	4,858	5,098	5,315	5,533

Impact of CTax Increase £5

CTax	3,717	3,851	(3,987)	(4,125)	(4,264)	(4,404)	(4,546)
Forecast (Surplus) / Deficit	293	504	699	733	834	911	987

Impact of CTax Increase 2%

CTax	(3,678)	(3,774)	(3,873)	(3,975)	(4,079)	(4,186)	(4,296)
Forecast (Surplus) / Deficit	332	581	813	883	1,019	1,129	1,237

- 6.3 The Council has an income savings plan. This plan is updated regularly and monitored on a monthly basis by CLT and quarterly at Policy Committee as part of the budget monitoring reporting. Currently projects identified for delivery total £150k in 2017/18 rising by £33k to £183k in 2018/19 and by a further £13k in 2019/20 to £196k. The LTFS includes £118k of projects that will have been achieved to the end of the second quarter in 2017/18.
- 6.4 Of these projects in 2017/18 currently £85k identified are at amber status,

i.e. they have commenced, but savings/income are not realised yet. These projects will only deliver up to £83k by 2020/21 which still leaves an estimated gap of at least £800k (September 2016 £1,215k). Annex 1 summarises the position.

- 6.5 The LTFS does not allow for any additional Revenue bids for one off projects and a further £75k to £100k may be required for these.
- 6.6 In addition indications are that the delivery of a sustainable capital programme will require contribution from the revenue budget or reserves increasing pressure further.

7. Balances & Reserves

- 7.1 The Council has a General Fund balance of £995k. The budget report for 2017/18 assessed that this was a prudent level in light of risks associated with the continuing financial uncertainties the Council is facing.
- 7.2 As part of the 2017/18 revenue budget consideration was given to other reserves that the Council needs and an Elections reserve was established. The establishment of reserves enables the Council to smooth the year on year fluctuation in investment it needs for expenditure on projects and other commitments.
- 7.3 The LTFS assumes that contributions to specific reserves will continue if possible. The reserves are Building Repairs and Maintenance, IT replacement and development, replacement of the Vehicle Fleet, Insurance and Business Rates contingency.
- 7.4 Details of the Council's forecasted reserves and balances are provided as part of Annex 1. A review of these reserves will be undertaken as part of the budget 2018/19 setting process. Whilst the level of earmarked reserves appears to be relatively healthy to 2020/21 caution needs to be exercised. The majority of the balance – 62% consists of new homes bonus and business rates contingency monies. Both of which going forward could be required to support the budget.

8. Risks

- 8.1 The major risks for the Council continue to be sustaining income levels in the current economic climate, and implementing the savings that are required to enable the Council to operate within available resources in the future.
- 8.2 The income generated for the Council from the Business Rates Retention Scheme carries risk. The Council stands to receive a greater portion from business rates than under the previous grant redistribution process. However the downside is that the Council now has to share the burden of reductions in business rates through appeals, revaluations, and business

ceasing trading. This volatility can only be estimated for budgeting purposes and the actual year end position could be different. Therefore to mitigate the impact of this volatility a Business Rates Contingency Reserve was established. The LTFS continues to assume contributions where appropriate.

- 8.3 The Business Rates Revaluation implemented in April 2017 adds further risk to the continuing risks associated with the 2005 and 2010 revaluations, appeals for which are still being determined. Depending on the outcome of appeals as businesses assess the impact of any rating changes a greater provision may be required than has already been estimated.
- 8.4 The Council's income and savings plan captures the projects approved to deliver additional savings and income to the Council. These projects are not without risk as delivery of them requires scheduling and can be subject to a number of factors before successful delivery. The LTFS also includes the impact of achieving the projects currently identified as amber within the income and savings plan, but they only give £83k of savings by 2020/21.
- 8.5 It will be necessary to continue to ensure on-going savings and additional income generation in order to maintain the downward trajectory on net expenditure.
- 8.6 The Council will continue to protect front line services wherever possible. However in the context of on-going cuts in Government funding, pressures on income from fees and charges and Government intervention on Council Tax increases, the ability to continue to reduce costs, without impacting on the Council's ability to function effectively, will become increasingly difficult.

	Base 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
KEY ASSUMPTIONS											
Inflation General		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation Paybill		1.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rates		0.10%	0.25%	0.50%	0.75%	1.00%	1.25%	1.50%	1.75%	2.00%	2.00%
Tax Base Increase		0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
Government Grant Increase (Decrease)		-50.00%	-100.00%	-150.00%	-28.50%	-12.50%	-11.50%	-11.00%	-9.00%	-9.00%	-8.50%
Business Rates Increase		1.15%	1.50%	1.50%	2.00%	2.00%	1.70%	1.75%	2.10%	1.80%	1.75%
Council Tax Increase		£5	£5	£5	£5	£5	£5	£5	£5	£5	£5
COUNCIL TAX											
Tax Base (Number of Band D Equivalents)	22.093	22.228	22.363	22.500	22.637	22.775	22.914	23.054	23.194	23.336	23.478
Council Tax @ Band D (£)	162.21	167.21	172.21	177.21	182.21	187.21	192.21	197.21	202.21	207.21	212.21
Council Tax Income (£000's)	3,584	3,717	3,851	3,987	4,125	4,264	4,404	4,546	4,690	4,835	4,982

REVENUE FINANCING	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Council Tax	3,584	3,717	3,851	3,987	4,125	4,264	4,404	4,546	4,690	4,835	4,982
Business Rates	1,450	1,938	2,007	1,638	1,666	1,695	1,724	1,754	1,791	1,823	1,855
RSG	353	141	0	(150)	(193)	(217)	(242)	(268)	(293)	(319)	(346)
Rural Delivery Services Grant	225	224	173	225	225	225	225	225	225	225	225
New Homes Bonus	817	427	425	132	50	50	50	50	50	50	50
Special and Specific Grants	21	0	0	0	0	0	0	0	0	0	0
Ctax Collection Fund Surplus/Deficit (+/-)	98	70	50	30	30	30	30	30	30	30	30
Rates Collection Fund Surplus/Deficit (+/-)	(484)	(344)	0	0	0	0	0	0	0	0	0
TOTAL EXTERNAL RESOURCES	6,064	6,173	6,506	5,862	5,904	6,046	6,191	6,337	6,493	6,645	6,796

REVENUE BUDGET	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Services Revenue Budget	5,362	5,362	5,486	5,549	5,786	5,933	6,063	6,286	6,438	6,594	6,828
Adjustments to budget		159	91	267	162	180	258	188	156	269	199
Estimated Net Cost of Services	5,362	5,521	5,577	5,816	5,948	6,113	6,321	6,473	6,594	6,863	7,027
Borrowing Costs Net of Income	523	384	403	476	496	491	496	546	551	536	561
Capital Programme Revenue Support (RCCO)	1,344	230	130	230	250	350	200	350	350	350	350
Contingency	75	75	75	75	75	75	75	75	75	75	75
Parish Grant Payment re Localisation Ctax	9	4	0	0	0	0	0	0	0	0	0
Revenue Bids	282	0	0	0	0	0	0	0	0	0	0
NHB Projects & Commitments	637									0	0
Net Revenue Budget	8,232	6,214	6,185	6,597	6,769	7,029	7,092	7,444	7,570	7,824	8,013

Contributions to Reserves:	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Enabling Efficiencies	20	20	20	20			0	0	0	0	0
New Homes Bonus	735	427	425	132	50	50	50	50	50	50	50
Business Rates Contingency			475				0	0	0	0	0
Insurance	10	10	10	10	0	0	0	0	0	0	0
Planning		0	0	0	0	0	0	0	0	0	0
IT	30	30	30	30	30	30	40	50	60	70	80
Vehicles	30	30	30	30	30	80	100	110	120	130	140
Buildings	52	52	52	52	52	122	100	100	100	50	50
Elections	35				35				35		

Contributions from Reserves:	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Enabling Efficiencies	(79)										
New Homes Bonus	(1,181)	(87)	(87)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Business Rates	(483)										
Planning	(230)										
IT	(280)	(90)	(40)	(80)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Vehicles	(463)	(50)	0	(150)	(50)	(150)	0	(150)	(150)	(150)	(150)
Buildings	(264)	(90)	(90)		(100)	(100)	(100)	(100)	(100)	(100)	(100)
Future Year Budget Support	(100)										
Forecast Net Revenue Budget	6,064	6,466	7,010	6,561	6,636	6,881	7,102	7,324	7,505	7,694	7,903
Difference between resources and forecast budget surplus / (deficit)	0	(293)	(504)	(699)	(733)	(834)	(911)	(987)	(1,011)	(1,049)	(1,107)
Amber Savings Latest Projection		83	83	83	83	83	83	83	83	83	83
Current Net Surplus/(Deficit) within MTFP (+/-)	0	(210)	(421)	(616)	(650)	(751)	(828)	(904)	(928)	(966)	(1,024)

Capital Programme	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Estimated Programme Costs	4,468	2,572	1,167	983	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Resources											
Capital Receipts	(845)	(476)	(604)	(320)	(120)	(120)	0	0	0		
Grant	(1,206)	(866)	(433)	(433)	(433)	(430)	(430)	(430)	(430)	(430)	(430)
Borrowing	(1,073)	(1,000)	0	0							
Reserves	(1,344)	(230)	(130)	(230)	(250)	(350)	(200)	(350)	(350)	(350)	(350)
Capital Programme Shortfall - call on revenue or borrowing?	0	0	0	0	197	100	370	220	220	220	220

Balances & Reserves	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Unallocated	995	995	995	995	995	995	995	995	995	995	995
Earmarked Reserves											
Enabling Efficiencies	312	332	352	372	372	372	372	372	372	372	372
New Homes Bonus	1,564	1,904	2,242	2,294	2,264	2,234	2,204	2,174	2,144	2,114	2,084
Business Rates Contingency	611	611	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086
Insurance	70	80	90	100	100	100	100	100	100	100	100
Planning	446	446	446	446	446	446	446	446	446	446	446
IT	489	429	419	369	299	229	169	119	79	49	29
Vehicles	228	208	238	118	98	28	128	88	58	38	28
Buildings	289	251	213	265	217	239	239	239	239	189	139
Future Year Budget Support	129	129	129	129	129	129	129	129	129	129	129
Elections	35	35	35	35	70	70	70	70	105	105	105
Other	106	106	106	106	106	106	106	106	106	106	106
Total Earmarked Reserves	4,279	4,531	5,356	5,320	5,187	5,039	5,049	4,929	4,864	4,734	4,624
Total Reserves	5,274	5,526	6,351	6,315	6,182	6,034	6,044	5,924	5,859	5,729	5,619

New Homes Bonus	(1,181)	(87)	(87)	(80)	(80)	(80)	(80)	(80)	(80)	(80)	(80)
Business Rates	(483)										
Insurance											
Planning	(230)										
IT	(280)	(90)	(40)	(80)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Vehicles	(463)	(50)	0	(150)	(50)	(150)	0	(150)	(150)	(150)	(150)
Buildings	(264)	(90)	(90)		(100)	(100)	(100)	(100)	(100)	(100)	(100)
Future Year Budget Support	(100)										
Elections		0									
General Fund Unallocated											
Forecast Net Revenue Budget	6,064	6,466	7,010	6,561	6,636	6,881	7,102	7,324	7,505	7,694	7,903
Difference between resources and forecast budget surplus / (deficit)	0	(332)	(581)	(813)	(883)	(1,019)	(1,129)	(1,237)	(1,293)	(1,361)	(1,446)
Amber Savings Latest Projection		83	83	83	83	83	83	83	83	83	83
Current Net Surplus/(Deficit) within MTFP (+/-)	0	(249)	(498)	(730)	(800)	(936)	(1,046)	(1,154)	(1,210)	(1,278)	(1,363)

Capital Programme	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Estimated Programme Costs	4,468	2,572	1,167	983	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Resources											
Capital Receipts	(845)	(476)	(604)	(320)	(120)	(120)	0	0	0		
Grant	(1,206)	(866)	(433)	(433)	(433)	(430)	(430)	(430)	(430)	(430)	(430)
Borrowing	(1,073)	(1,000)	0	0							
Reserves	(1,344)	(230)	(130)	(230)	(250)	(350)	(200)	(350)	(350)	(350)	(350)
Capital Programme Shortfall - call on revenue or borrowing?	0	0	0	0	197	100	370	220	220	220	220
Balances & Reserves	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
General Fund Unallocated	995	995	995	995	995	995	995	995	995	995	995
Earmarked Reserves											
Enabling Efficiencies	312	332	352	372	372	372	372	372	372	372	372
New Homes Bonus	1,564	1,904	2,242	2,294	2,264	2,234	2,204	2,174	2,144	2,114	2,084
Business Rates Contingency	611	611	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086	1,086
Insurance	70	80	90	100	100	100	100	100	100	100	100
Planning	446	446	446	446	446	446	446	446	446	446	446
IT	489	429	419	369	299	229	169	119	79	49	29
Vehicles	228	208	238	118	98	28	128	88	58	38	28
Buildings	289	251	213	265	217	239	239	239	239	189	139
Future Year Budget Support	129	129	129	129	129	129	129	129	129	129	129
Elections	35	35	35	35	70	70	70	70	105	105	105
Other	106	106	106	106	106	106	106	106	106	106	106
Total Earmarked Reserves	4,279	4,531	5,356	5,320	5,187	5,039	5,049	4,929	4,864	4,734	4,624
Total Reserves	5,274	5,526	6,351	6,315	6,182	6,034	6,044	5,924	5,859	5,729	5,619