

**RECOMMENDATION FROM
STRATEGY AND RESOURCES COMMITTEE
TO COUNCIL ON 25 JANUARY 2018**

**AGENDA
ITEM NO**

5c

This is a copy of the Agenda Item 8c report to the Committee on
18 January 2018

Report Title	THE GENERAL FUND BUDGET 2018/19, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN
Purpose of Report	To consider the Council's financial position over the medium term and set a budget requirement and the level of council tax for 2018/19.
Decision(s)	<p>The Committee RECOMMENDS to Council (and subject to the Government's final settlement announcements):</p> <ul style="list-style-type: none"> a) To approve the service revenue estimates as set out in Appendix A b) To approve the ICT and Invest to Save contingency for 2018/19 and subsequent years as set out in paragraph 4.5 as part of a balanced budget c) To increase the council tax by 2.99% to £201.50 at Band D, an increase of less than 12p per week for the services provided by Stroud District Council; d) to approve the updated Medium Term Financial Plan as set out in Appendix B; e) to approve the Capital Programme, as set out in Appendix C and the Capital Financing Statement as shown in Appendix D f) to approve the changes to the reserves as set out in paragraph 5.16 of the report and Appendix E
Consultation and Feedback	<ul style="list-style-type: none"> • Budget holders on budgets and savings • Residents and Business telephone surveys (as presented to a members seminar on the 7th December) • Budget workshops for Chairs & Vice Chairs of service committees and Administration group leaders
Financial Implications and Risk Assessment	<p>The consolidated General Fund revenue budget for 2018/19 as set out in the report shows a net revenue budget of £15.015m.</p> <p>Should a 2.99% council tax increase be approved, total income from council tax will be £8.773m, a total increase of £0.419m when taken with the change in the taxbase.</p>

<p>Financial Implications and Risk Assessment – Cont’d</p>	<p>Based on the provisional settlement figures provided, the total Government support will be £6.108m. This is made up of Business Rates (£3.414m), Revenue Support Grant (£nil), Section 31 Grant (£0.020m) and New Homes Bonus (£2.174m). An additional amount for Business Rates Pilot (£0.500m) is included in the total.</p> <p>A core deficit of £3.411m over the medium term plan period is to be funded from the £6.000m earmarked set aside to support the revenue budget.</p> <p>The MTFP shown at Appendix B indicates a reduced reliance on this reserve to finance the Council’s spending plans. By 2021/22, the core deficit is estimated to be £1.680m, but is increasing each year. Whilst this can be funded from the reserve, the Council needs to consider how it plans to reduce this gap over the coming year.</p> <p>The risks are set out more fully in the report but in summary centre around the further changes to New Homes Bonus and uncertainty from 2020/21 on the impact of the Fair Funding Review, and the level of funding from 75% Business Rates Retention.</p> <p>The report also sets out the Council’s proposed capital programme for 2017/18 to 2021/22 and the resources available over the same period.</p> <p>The capital financing statement includes an assumed level of prudential borrowing that would need to be undertaken to support the General Fund capital programme. The revenue costs associated with borrowing have been included in the General Fund MTFP. The decision on borrowing will be kept under review, largely dependent on other available resources to ensure that the revenue impact of borrowing is kept to a minimum.</p> <p>There are limited capital resources available to support the Housing Revenue Account capital programme over the medium term, with some reliance of capital receipts to support expenditure on the Sheltered Housing modernisation project in future years.</p> <p>David Stanley – Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
<p>Legal Implications</p>	<p>This report forms part of the budget setting process for 2017/18 which is connected to the Council’s duty to set its council tax for 2017/18. In order to set its budget, the Council is required (amongst other things) to calculate its estimated expenditure and income which will be charged / allocated to its General Fund. This report concerns the element of the General Fund for which the Committee is responsible.</p> <p>The Council’s chief finance officer must also report to Council on the robustness of all relevant budget estimates and the Council’s reserves before the budget is set and the Council must have regard to such report. The Council is also</p>

	<p>under a duty to prevent a debit balance on the account for each accounting year and in doing so must keep under review the proposals in place regarding the income and expenditure. The Council must also revise the proposals from time to time to ensure the relevant duty continues to be met.</p> <p>It is essential based upon the professional finance advice provided, that when making its budget recommendations to Council it is satisfied that the proposals for this (revised) year's budget and next year's budget are appropriate. (Ref:r9118c101d4118)</p> <p>Karen Trickey, Head of Legal Services Tel: 01453 754369 Email: karen.trickey@stroud.gov.uk</p>
Report Authors	<p>David Stanley, Accountancy Manager (Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p>
Options	<p>The Council must set a budget in time to start collecting council tax by 1st April. In practice, this means the budget must be set no later than 11 March 2018.</p>
Performance Management Follow Up	<p>Budget Monitoring report to the various service committees during 2018/19.</p>
Background Papers	<p>DCLG Provisional Finance Settlement; HRA Budget and MTFP, General Fund Revenue Estimates</p>

1. BUDGET STRATEGY 2018-22

- 1.1 Strategy and Resources Committee approved the Budget Strategy 2018-22 at its meeting on 12 October 2017. This was based on;
- The multi-year settlement 2016-20 agreed by the Strategy & Resources Committee in October 2016
 - Annual increases of £5 at Band D level, subject to the Council making a decision each year
 - A programme using reserves and making savings to meet the projected funding gap of £3.4 million in 2021/22
 - Annual pay awards of 1% over the four years
 - Forecasts of New Homes Bonus and Business Rates
- 1.2 At its October meeting, Strategy and Resources Committee noted that Stroud would be the first council in Gloucestershire to lose all its RSG. In 2019/20 the settlement requires us to pay £549,000 to Government. This will be the largest sum of any authority in Gloucestershire.

Table 1 – RSG payments to Gloucestershire Districts 2016/17 to 2019/20

Revenue Support Grant / Tariff adjustments	2016/17 (£'000)	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)
Cheltenham	1,273	544	102	(391)
Cotswold	856	386	101	(218)
Forest of Dean	1,247	721	393	26
Gloucester	1,856	1,093	617	85
Stroud	1,053	347	0	(549)
Tewkesbury	887	515	283	23
TOTAL	7,173	3,606	1,496	(1,024)

*Note the figures in brackets are payments to Government
(may include some rounding differences)*

The Budget Strategy report highlighted that local government continues to operate in a climate of financial uncertainty and volatility. Whilst some degree of certainty has been afforded through the multi-year settlement that runs until 2019/20, considerable uncertainty remains around funding streams that are outside the multi-year settlement. There is also considerable uncertainty about 2020/21, given the expected introduction of a new local government finance system. The Government is proposing a 'fair funding' review, though the terms of this have yet to be defined.

2. PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 The provisional settlement for 2018/19, announced on 19 December 2017, has confirmed the final 2 years of the multi-year settlement (2018/19 and 2019/20). It has also reaffirmed the Government's intention to localise funding to local authorities through business rates retention. The Government's consultation on the provisional settlement ends on the 16 January 2018.

2.2 The main elements in the provisional settlement for Stroud are;

- No Revenue Support Grant in 2018/19 (already known as part of the multi-year settlement)
- The ability to increase Council Tax by 3% before triggering a referendum (currently 2% or £5 whichever is greater)
- Reduction in New Homes Bonus payments from 5 years to 4 years (already proposed)
- 100% business rate income retention in 2018/19 as part of a Gloucestershire pilot (for non-pilot areas the retention level is increased from 50% to 75% in 2018/19)

Table 2 – New Homes Bonus Forecast from 2017/18 to 2021/22

NHB Delivery Year	New Homes Bonus Estimates				
	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
2013/14	404				
2014/15	476				
2015/16	667	667			
2016/17	933	933	933		
2017/18	238	238	238	238	
2018/19		336	336	336	336
Future years			200	400	600
TOTAL New Homes Bonus	2,718	2,174	1,707	974	936

(may include some rounding differences)

- 2.3 **Business Rates** - Forecasting business rates income is complex. Predicting the delivery of new business premises year by year is not straightforward. Likewise the number and value of appeals under the new 'check, challenge, appeal' process operated by the Valuation Office Agency is difficult, although initial numbers from the VOA against the April 2017 rating list are low.
- 2.4 The forecast for business rates income will be updated once the NNDR1 form has been completed at the end of January 2018 after allowing for reliefs and changes to the national multiplier. The NNDR1 will also provide the provisional surplus/deficit on the business rates collection fund. Based on historical performance to date, the forecast for business rate income remains fairly flat with only inflationary increases included. Business rate appeals remain a significant risk to the MTFP.
- 2.5 The Secretary of State for Communities and Local Government announced that Gloucestershire is one of 10 areas that are to be given 'pilot' status for 100% business rate retention in 2018/19. The Gloucestershire pilot includes all 7 councils including Tewkesbury, with the pilot managed by the existing Gloucestershire Business Rate Pool which Stroud administers on behalf of the 7 councils in Gloucestershire.
- 2.6 With the retention of all business rates locally, the Government will no longer pay Revenue Support Grant or Rural Service Grant in 2018/19 to six of the seven Gloucestershire authorities. (Note – Stroud does not receive any grant in 2018/19). This totals about £21m for the six authorities. After taking this into account, there is expected to be a net benefit to Gloucestershire of £9.2m in 2018/19. Leadership Gloucestershire has agreed this should be distributed on the basis of ;
- 20% - Strategic Economic Development Fund (all Gloucestershire authorities)
 - 30% - District Councils (distributed according to business growth in each district)
 - 50% - County Council (recognising the pressures on social care budgets)
- 2.7 Taking all these elements together, the overall position in respect of Government funding is shown below:

Table 3 – Government Support

	2017/18 Final (£'000)	2018/19 Provisional (£'000)	2019/20 Provisional (£'000)	2020/21 Forecast (£'000)	2020/21 Forecast (£'000)
Government Funding					
Business Rates Funding Baseline **	2,307	2,376	2,429	2,477	2,527
Business Rates - s31 grant etc	837	905	932	951	970
Revenue Support Grant **	347	0	0	0	0
Tariff adjustment ** (Negative RSG)	0	0	(549)	(549)	(549)
Subtotal	3,490	3,281	2,812	2,879	2,948
Transition Grant **	103	0	0	0	0
Other s31 Grant	20	20	20	20	20
Business Rates Pilot	0	500	0	0	0
Business Rates (Growth above baseline)	171	133	126	129	131
New Homes Bonus Allocations	2,718	2,174	1,707	974	936
Total Government Funding	6,502	6,108	4,665	4,002	4,035
** Four-year funding settlement	2,756	2,376	1,880		

(may include some rounding differences)

2.8 It is worth noting that the forecasts for 2020/21 and 2021/22 go beyond the current multi-year settlement. It is likely that the Fair Funding Review and 75% Business Rates Retention from 2020/21 will lead to a significant change in the level of Government support.

3. COUNCIL TAX

3.1 A council tax rise of 3% increases the Band D rate from £195.65 to £201.50 and will generate approximately £0.419m in additional council tax revenue annually (when taken with estimated changes to the taxbase). It is unclear whether the ability to increase Council Tax by up to 3% will be continued beyond 2018/19. For the purposes of the MTFP, an increase of 2% or £5 per annum, whichever is the greater, is assumed (in line with previous guidance). A £5 increase in each year of the MTFP period would generate an additional £1.352mm over the MTFP with £9.856m available annually by 2021/22 (when taken with estimated changes to the taxbase)

3.2 The taxbase for 2018/19 has been estimated at 43,539.30 and represents an increase of 839.98 (1.97%) over the 2017/18 position. A key change for the budget and MTFP has been an increase in the assumed Council Tax collection rate. Since the Localisation of Council Tax Support in April 2013, this has been set at 98.5%. As the Council has regularly achieved a collection rate in excess of 99% in each subsequent year, the collection rate has been increased to 99.0% from 2018/19. This has the effect of increasing the Taxbase by 219.90, with an additional £44k being included in Stroud's Council Tax Precept of £8.773m for the year. The main risk is around the collection rate not being achieved, and a potential reduced level of Collection Fund surplus or a deficit in subsequent years.

3.3 The Council Tax Collection Fund is estimated to be in surplus by the end of the current financial year by £1.032m. This is shared across the major precepting authorities (Gloucestershire County Council, Gloucestershire Police and Crime

Commissioner) and the District Council. Stroud's share of £169k has been included in the MTFP.

- 3.4 The Table below shows the cumulative effect of a 3% increase in Council Tax and the assumed level of tax base growth. The MTFP has been built on the assumption that Council Tax is increased by 3% in 2018/19 and 2% or £5 (whichever is the higher) in each subsequent year. **The decision to set Council Tax remains an annual decision for Council to consider when setting the budget one year from the next.**

Table 4 – Council Tax assumptions

Year	Assumed Taxbase	Assumed increase %	Precept - No increase in Band D (£'000)	Precept - increase in Band D (£'000) **	Increase in Council Tax income (£'000)
2017/18	42,699.32	1.307%	8,354	8,354	0
2018/19	43,539.30	1.967%	8,518	8,773	255
2019/20	44,191.79	1.499%	8,905	9,126	221
2020/21	44,854.05	1.499%	9,038	9,487	449
2021/22	45,526.24	1.499%	9,174	9,856	683
			43,989	45,596	1,607

(may include some rounding differences)

** For 2018/19, the assumed increase in Band D is 2.99%. For 2019/20 to 2021/22, it is assumed that the maximum increase allowed is 2% or £5 (whichever is the greater) – in-line with previous Council Tax referendum limit guidance.

- 3.5 On this basis, and before the deployment of general fund reserves, the Council's 2018/19 and future year funding would be:

Table 5 – MTFP Funding

Funding source	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
Council Tax **	8,354	8,773	9,126	9,487	9,856
Business Rates Retention	3,314	3,414	3,487	3,557	3,628
Business Rates Pilot	0	500	0	0	0
Revenue Support Grant (RSG)	347	0	0	0	0
Tariff adjustment (Negative RSG)	0	0	(549)	(549)	(549)
Transitional and Other Grants	123	20	20	20	20
New Homes Bonus	2,718	2,174	1,707	974	936
Collection Fund Surplus	216	169	0	0	0
TOTAL Funding (before reserves)	15,072	15,050	13,791	13,488	13,892

(may include some rounding differences)

4. REVENUE BUDGETS 2018/19 TO 2021/22

- 4.1 The 2018/19 to 2021/22 revenue budgets are based on the assumptions already presented to the Strategy and Resources Committee, updated for technical corrections where more information has become available. A summary of the main assumptions are:
- Pay inflation of 2% in 2018/19 and 2019/20, and provision for the Real Living Wage.
 - Price inflation on major contracts of up to 3%, including IT software
 - Income from fees and charges to move towards full cost-recovery where statute allows.
 - Increased interest rate projections, 0.70% for the current year, with a cautious assessment in future years based on Link Asset Services forecasts and estimated reduction in balances available for investment.
- 4.2 On this basis service committee budgets have been prepared and summary of key changes by year are set out in Appendix A of this report. Detailed estimates were provided in the General Fund Revenue Budget Estimates report.
- 4.3 Budgets have not been adjusted to reflect a reduction in Housing Benefit and Local Council Tax support administration grant. Provisional grant allocations have yet to be provided by DWP and CLG (due January 2018) and are expected to reduce. As the Revenue and Benefits service have been proactive in managing the costs associated with processing caseloads in prior years, it is proposed that budgets are not adjusted for the loss of grant income, but will be monitored closely during 2018/19. Any potential budget variation will be reported to committees in the regular budget monitoring reports.

Service Pressures, IT Software contingency, Invest to Save

- 4.4 There remains a significant service pressure arising from the Multi-Service Contract with Ubico and ICT staffing costs. These have been highlighted to members during the year as part of the regular Budget Monitor reports. For the purposes of the MTFP, the planned reduction in the additional resource for the Multi-Service contract allocated in the 2017/18 MTFP remains in place. This may lead to an initial overspend in 2018/19 whilst service provision options to reduce the overall cost are reviewed and presented to members later in the financial year.
- Ubico** – The Multi Service Contract with Ubico commenced in July 2016 and members made a number of key decisions about the future delivery of the service, the acquisition of a depot facility and the sourcing of vehicles and other items. Members will recall that an additional £2.9m was allocated to support the Ubico contract over the medium term plan period during 2016/17 as a result of the additional cost of dealing with dry recycling material, income pressures on the Garden Waste Service, and the overall increase in service delivery costs. Given the scale of the additional resource allocated to the Multi-Service contract, this is not a sustainable position of the longer term. Whilst the new Waste and Recycling service has significantly decreased the level of residual waste taken to landfill, the council will need to consider longer-term changes to the service as this continues to put significant pressure on the council's finances. No provision has been made for any inflationary pressures across the contract. It is expected that any uplift in contract values as a

result of inflation will need to be absorbed and addressed as part of the wider need to control costs.

- ii. **IT Staffing** – The difficulty in recruiting suitably qualified and experienced ICT staff on a permanent basis has led to an increased reliance on agency staff over the last 12 months. This has put significant pressure on ICT revenue budgets with a projected overspend of £100k in 2017/18 on staffing as a result. The 2018/19 budget has not been adjusted as recruitment to key posts in the team is ongoing that will reduce the need for agency staff if successful. However, it can be expected that in the short-term, this budgetary pressure will remain. Members of Strategy and Resources Committee will be kept informed of any budgetary pressure through the regular financial reports during the year.
- iii. **Development Control** – The Government have enabled legislation that allows local authorities to increase planning fees by 20% from 17 January 2018. The MTFP includes additional income of £156k that reflects the anticipated uplift in planning fee income. The increase was conditional upon local authorities spending the additional fee income on planning services. At this stage, no assumption has been made to the impact on the cost of processing planning applications, but clearly there will need to be a consideration of utilising the additional income.

4.5 The Council will need to ensure IT software is fit for purpose and enable services to deliver efficient and effective services in the future. Therefore, it is proposed that a contingency budget for IT software is established that will provide funding for upgrades of critical applications and enable a move to cloud-based solutions that improve business continuity. This approach increases the budget of certain applications to recognise the investment required, services are expected to review business processes and generate savings as a result of the investment:

- ICT Software (Office 365): £69k additional budget following introduction of Office 365 software. All Council services will benefit from this investment.
- ICT Software (Idox) - £37k additional budget for cloud-based software solution.
- IT Software (Agresso) - £60k additional budget for a critical upgrade and Cloud-based solution.
- Change Team - £100k to cover staffing resource and employee support. This has been added to the savings target, but risk remains around level of savings flowing from WFP in initial years once redundancy/pension liabilities are factored in.
- Invest to Save (Change Team) – Funding of up to £150k over the next 3 years to facilitate office rationalisation and other service efficiency projects. It is proposed that this is funded from an 'Invest to Save' reserve rather than providing an annual budget. Funding would be drawn down where business cases demonstrate a clear need and can deliver reduced costs to the Council over the medium term.

4.6 Therefore, additional revenue budget of £266k is proposed for 2018/19, reducing to £166k by 2021/22. It is proposed that £150k of funding is allocated to a specific 'Invest to Save' earmarked reserve to provide resource for the Change Team projects.

4.7 Provision will need to be made in the MTFP for the Vehicle replacement programme associated with the Multi-Service contract from 2022/23. The Capital programme includes £1m of planned expenditure over the period 2017/18 to 2020/21. No further capital expenditure is included beyond this period. The service will review the replacement programme over the coming months, and will be linked to potential changes in service provision as savings and efficiencies are required to reduce the overall cost of the Ubico contract. It is unclear at this stage as to the number and mix of vehicles that will be needed, and the nature of acquisition (lease or purchase). Therefore, a notional provision has been included to match the 2020/21 Minimum Revenue Provision level to ensure the revenue implications of lease or purchase are covered.

5. MEDIUM TERM FINANCIAL PLAN

5.1 Assuming that the above budget assumptions are accepted, the MTFP for 2018/19 to 2021/22 would be (detail set out in Appendix B):

Table 6 – Summary MTFP

MTFP	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
TOTAL Funding	15,072	15,050	13,791	13,488	13,892
Net Service Expenditure	17,213	16,503	16,442	16,442	16,442
Corporate Items	(2,127)	(1,619)	(2,359)	(2,175)	(2,067)
Inflation and Pension costs	0	115	699	1,207	1,721
Additional budget pressures	0	266	266	266	166
Savings Plan	(25)	(250)	(852)	(880)	(690)
General Fund Budget	15,061	15,015	14,196	14,860	15,572
Core Surplus / (Deficit) before reserves	10	35	(405)	(1,371)	(1,680)
Utilisation of Reserves	(10)	(35)	405	1,371	1,680
Core Surplus / (Deficit)after use of reserves	0	0	0	0	0

(may include some rounding differences)

Balanced Budget Requirement

5.2 The council is legally required to set a balanced budget for the following year. As can be seen from the MTFP above, the council's core budget position is a surplus of £0.035m next year, with a deficit of £1.680m in 2021/22. As has been previous policy the council will look to deploy its reserves over the coming years to ensure it maintains a balanced budget. This is set out in more detail under the reserves and balances section below. An important part of this strategy will be to continue to deliver efficiencies and savings over the coming years to remove the dependency of the council on the utilisation of its reserves before they are depleted.

5.3 The Council's track record of delivering budget and efficiency savings has been good, and this needs to be sustained over the medium term. The table below provides members with an updated position regarding budget and efficiency savings since the Budget Strategy report in October 2017.

5.4 Significant savings have already been achieved across the Council's services, through budget reductions, income generation and service cuts; with budgets reduced as a result. The table shows that £1.038m of service savings have been delivered as part of the budget setting process for 2018/19 increasing to £1.289m by 2021/22.

Table 7 – Savings Plan

Savings Plan	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
Service Savings achieved				
Workforce Plan (Phase 1)	(230)	(230)	(230)	(230)
Reduced Car allowance rates	(63)	(63)	(63)	(63)
Ebley Mill rent income	(40)	(40)	(40)	(40)
Revenue and Benefits - Government Grants	(89)			
Joint Use Sports Centres - return to schools	(20)	(150)	(150)	(150)
The Pulse - Improved Income	(33)	(33)	(33)	(33)
Museum in the Park	(14)	(14)	(14)	(14)
Car Parks - recognise historic income levels	(67)	(67)	(67)	(67)
Car Parks - increases charges at existing car parks	(150)	(200)	(250)	(300)
Development Control fees	(156)	(156)	(156)	(156)
Pre-Application fees - increase charges	(24)	(24)	(24)	(24)
Saving on countywide agency	(48)	(48)	(48)	(48)
Land Drainage - GCC contribution	(21)	(21)	(21)	(21)
Legal & Democratic Services	(20)	(20)	(20)	(20)
Littlecombe Business Units	(62)	(123)	(123)	(123)
Subtotal	(1,038)	(1,189)	(1,239)	(1,289)
Savings Targets				
Workforce Plan (Phase 2)		(250)	(500)	(500)
Car Parks - introduce charges in other towns		(100)	(110)	(120)
Kingshill House - transfer to community organisation		(20)	(20)	(20)
Business Rates Pool - additional income	(100)	(100)	(100)	
Pension Prepayment - saves money in 2019/20		(232)		
Spend consolidation	(50)	(50)	(50)	(50)
Workforce Plan (Change Team)	(100)	(100)	(100)	0
Subtotal	(250)	(852)	(880)	(690)
TOTAL	(1,288)	(2,041)	(2,119)	(1,979)

(may include some rounding differences)

5.5 However, a proportion of the savings can be seen as 'savings targets' and will require regular review and reporting over the coming months to ensure the level of savings can be achieved. The table shows that an initial £0.200m is planned for 2018/19, increasing over the medium term.

- 5.6 **Workforce Plan** – Phase 1 of the Workforce Plan has been delivered with a budget saving of £230k. Phase 2 of the Workforce Plan will be delivered over the coming financial year, with a target saving of £250k in the first year rising to £500k thereafter included in the Savings Plan. There are risks around the savings target – redundancy and pension capitalisation costs will need to be funded as posts and service structures are reviewed. At this stage, the project team are working alongside service managers to identify changes to operational working practices that will reduce the cost of service delivery. Only when the reviews have been completed will the exact cost of each workforce change be known, as the reviews are focussed on processes and not individual posts. The quantum of costs associated with changes to the workforce is likely to be significant. Redundancy costs can be funded from the workforce planning reserve in the short-term, the level of the reserve will need to be maintained and represents an early call on any spare budgetary capacity. Attention must also be focused in the longer-term impact of workforce change, particularly with regard to the funding of pension liabilities. Short-term reductions to the workforce may result in initial savings, but a longer-term view may highlight a potential widening of the pension fund deficit that will need to be funded in future years.
- 5.7 Therefore, savings arising from the workforce plan relating to the employer's pension contribution have not been removed from the General Fund budget across the MTFP. These contributions have been transferred to the Pension lump-sum budget to provide some mitigation against any increase in pension liabilities following the next triennial review of the pension fund due in 2019.
- 5.8 An element of the savings target (£100k) is assigned to fund the team responsible for reviewing and delivering the WFP changes. This will allow the team to progress the WFP and also provide funding for supporting employees through the process.
- 5.9 **Car Parks (Fees and Charges)** – The savings plan includes an estimate of the potential net income that could be realised from introducing charges across the Council's car parks in other market towns. The introduction of a new charging regime requires the Council to follow a prescribed process and will involve extensive consultation with residents, members, and Parish and Town Councils. As such, there is a risk that the outcome of the consultative process does not generate the level of income estimated in the Savings Plan.
- 5.10 All committees will receive updates on the performance against the savings targets as part of the regular budget monitoring reports. Should the level of savings indicated not materialise, it is expected that additional savings from services areas are brought forward and other mitigation is put in place.
- 5.11 Therefore, the MTFP and Savings Plan proposes to reduce service committee budgets accordingly for the medium term plan period based on the savings plan progress to date. Detailed revenue budget estimates for 2018/19 have been adjusted to reflect the savings already achieved
- 5.12 The council will need to deliver further budget and efficiency savings over and above those already identified in the report in order to balance the budget over the medium term and in future years. Corporate Team have been working on a detailed savings plan that fully recognises the need to reduce costs or increase income to

ensure the core deficit continues to reduce further in the latter years of the MTFP. These proposals will be developed over the coming months and only included in the MTFP when there is greater certainty on the timing and scale of saving that can be delivered.

Balances and Reserves Strategy

- 5.13 The Council periodically reviews its reserves. With the changing nature of local government finance, a comprehensive review was undertaken as part of the 2017/18 budget setting process to realign general fund balance and reserve levels to reflect the financial pressures, risks and priorities of the Council.
- 5.14 As part of this process and review of the MTFP, together with statutory assessment by the s151 Officer, the need to hold a minimum level of general fund balances of £2m was advised as part of a risk based approach. The strategy therefore released the remaining general fund balances (£6.000m after taking into account the 2016/17 outturn position) to support the Medium Term Financial Plan moving forward. This amount is held in a specific earmarked reserve.
- 5.15 Earmarked reserves have been identified and held for a series of specific purposes as set out in Appendix E. Clearly, should these funds not be required for the purposes currently set out, they could become available in future years to support the General Fund position.

Table 8a – General Fund and Earmarked Reserves summary 2017/18

	Balance 01/04/2017 (£'000)	2017/18 Financing (£'000)	2017/18 Review (£'000)	Est. Balance 31/03/2018 (£'000)
Balance and Reserves				
GF Balances	(2,169)	169	0	(2,000)
Earmarked Reserves				
Capital	(5,835)	971	(700)	(5,564)
Revenue budget support	(6,000)	(10)	0	(6,010)
Other earmarked reserves	(2,805)	222	700	(1,883)
	(14,640)	1,183	0	(13,457)
TOTAL	(16,809)	1,352	0	(15,457)

(may include some rounding differences)

- Capital Reserve – committed against the Capital Programme
 - MTFP Equalisation – Specific earmarked reserve to provide funding to offset the core deficit on the MTFP
 - Other Earmarked Reserves – held for specific purposes, reviewed on annual basis
 - General Fund Balance – Risk based balance (minimum level of £2m advised)
- 5.16 The s151 officer, in consultation with Corporate Team, has reviewed the adequacy of the reserves as part of the budget setting process. It is proposed that the following changes are made to specific earmarked reserves:

- £450k Jobs and Growth and £50k Littlecombe reserve are included in the Capital reserve to consolidate funding for these initiatives.
- £350k from the Climate Change reserve is transferred to other reserves following the discontinuation of the Ebley Mill Hydro capital scheme (£200k to the Capital reserve, £150k to the Invest to Save reserve)
- £150k Invest to Save reserve established

5.17 Taking into account the funding requirements of the Capital Programme and the need to support the MTFP, the projected balances over the medium term are shown in the table below. Appendix E shows the Earmarked reserves in detail.

Table 8b – General Fund and Earmarked Reserves summary to 2021/22

	Est. Balance 31/03/2018 (£'000)	Est. Balance 31/03/2019 (£'000)	Est. Balance 31/03/2020 (£'000)	Est. Balance 31/03/2021 (£'000)	Est. Balance 31/03/2022 (£'000)
Balance and Reserves					
GF Balances	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Earmarked Reserves					
Capital	(5,564)	(3,992)	(2,942)	(2,292)	(1,892)
Revenue budget support	(6,010)	(6,046)	(5,641)	(4,269)	(2,589)
Other earmarked reserves	(1,883)	(1,883)	(1,883)	(1,883)	(1,883)
	(13,457)	(11,920)	(10,465)	(8,444)	(6,364)
TOTAL	(15,457)	(13,920)	(12,465)	(10,444)	(8,364)

(may include some rounding differences)

5.18 The Council will need to keep reserve levels under review in future years. The MTFP does not currently make provision for maintaining reserve levels in future years, or re-establishing reserves once they have become depleted.

5.19 x in paragraph 5.6, redundancy costs associated with the workforce plan can be funded from the workforce planning reserve in the short-term. The level of the reserve will need to be maintained and represents a priority call on any spare budgetary capacity.

6. CAPITAL PROGRAMME 2017/18 to 2021/22

6.1 Strategy and Resources Committee last approved the capital programme and funding on 16 June 2017. This report updates the estimates for the capital programme 2017/18 to 2021/22 and the available funding for schemes.

6.2 The Capital Programme for 2017/18 was revised in October 2017 based on decisions taken by Community Services & Licensing, Environment and Strategy & Resources Committee

2018/19 to 2021/22 Capital Programme

- 6.3 Following a review by Corporate Team, further changes are proposed to the profile of the Capital Programme that reduces the level of expenditure further in 2017/18, with further changes proposed to the remainder of the Capital Programme over the medium term. The capital funding for Private Sector Home Loans has been reinstated, with inclusion of £200k funding from the Gloucestershire Clinical Commissioning Group to provide Health through Warmth Funds.
- 6.4 The proposed Capital Programme for 2018/19 to 2021/22 is set out in Table 9 below with the full detail of the capital schemes shown in Appendix C.

Table 9 – Summary Capital Programme 2017/18 to 2021/22

Committee	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Services and Licensing	78	180	150	0	0
Environment	909	1,140	1,900	1,066	0
Housing (General Fund)	710	449	330	330	330
Strategy and Resources	3,148	2,820	1,582	900	800
TOTAL General Fund	4,845	4,589	3,962	2,296	1,130
Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
TOTAL Capital Programme	14,034	16,309	10,376	8,785	8,885

(may include some rounding differences)

Community Services and Licensing Committee

- 6.5 It is proposed that the Community Buildings Investment budget is increased by £100k to enable further work to be undertaken on Kingshill House prior to a planned transfer of the asset.

Environment Committee

- 6.6 Capital budgets for Stroud District Cycling and Walking Plan, Market Town Centres Initiative Fund have been reprofiled reflecting anticipated expenditure plans in line with the updates provided through the Capital Monitoring reports. Gateway Site (Wallbridge) has been reprofiled to reflect timing of expenditure expected in 2018/19 whilst plans are finalised for the scheme.

Housing Committee

- 6.7 The capital budget associated with Disabled Facilities Grants has been increased to £330k per year reflecting the 2015/16 allocation level from the Better Care Fund. Additional funding is available to support DFGs as part of the pooled funding arrangement between Gloucestershire County Council and the District Councils.

Strategy and Resources Committee

- 6.8 The Housing Initiative/Homes for Rent capital scheme has been reviewed during the year, with financial modelling indicating a high level of resources required to deliver schemes that would not provide value for money taking into account the revenue implications of borrowing. However, a revised capital budget of £2m is retained within the capital programme as officers work through other delivery options. ICT Investment, previously included in the capital programme, has been increased significantly to £1.8m reflecting the scale of ICT infrastructure renewal

required to ensure the council can deliver more efficient and customer-focussed services in future years. A capital budget of £120k is proposed to enable the resurfacing of the top deck of the London Road Multi-Storey Car Park.

Capital Financing

- 6.9 The resources available to fund the capital programme in 2017/18 and the next four financial years (as shown in Appendix C) are set out in Appendix D.
- 6.10 The changes proposed to the Capital Programme reduce the level of borrowing proposed in future years. An additional £6.950m of borrowing has been included in the Capital Financing Statement, a reduction of £5.650m over the previously assumed amount.
- 6.11 Whilst the Council is able to borrow externally to finance the capital programme, an internal borrowing position has been maintained over the last 18 months. This has the benefit of reducing external interest payments at the expense of lower investment income. However, there is a net financial benefit from this position due to the differential between interest rate what the Council can borrow at against the interest rate achieved on investments (i.e. the external rate is higher than the investment rate). For the purposes of the MTFP, it is assumed the internal borrowing position is maintained, although changes to capital expenditure profiles, new capital schemes, or an increased rate of depletion in available reserves will impact on this.
- 6.12 There is an interest rate risk in maintaining an internal borrowing position as increases in the interest rate impact on the cost of borrowing. The 2018/19 Treasury Management Strategy Statement (to be considered by Audit and Standards committee in February 2018) provides further information on these issues.
- 6.13 .A significant proportion of the General Fund capital programme is to be financed from the Capital Reserve; estimated at £4.643m. The Capital Reserve balance is therefore estimated to be £1.892m by the end of the 2021/22.
- 6.14 Other resources deployed to support the capital programme include Capital Grants, Housing Revenue Account revenue contributions, Capital Receipts, and external funding on specific projects.

Revenue Implications of the Capital Programme

- 6.15 The Capital Programme and Financing Statement assume that £6.950m of additional borrowing will be undertaken to support spending commitments. The Council has already undertaken £106.717m (£6m GF, £100.717m HRA) of external borrowing to support expenditure already incurred. Under the Capital Financing regulations, the Council should consider the revenue costs associated with external borrowing – interest on external loans and Minimum Revenue Provision (MRP) – the amount deemed prudent to set aside from the revenue account to allow for the repayment of debt when it becomes due.
- 6.16 Internal borrowing of £4.740m (£2.978m GF, £1.762m HRA) has also been undertaken to support the capital programme.

- 6.17 The MTFP includes £1.140m for external interest payments and £6.161m for MRP (2017/18 to 2021/22). This includes £1.771m of interest and MRP arising from the proposed capital programme on schemes yet to incur expenditure (Canal Saul to Stonehouse, Housing Initiatives/Homes for Rent).
- 6.18 The Council's Treasury Management Strategy Statement (TMSS), due to be considered by Audit and Standards Committee in February 2018, sets out the approach taken on borrowing from a Treasury Management perspective.

7. STATEMENT OF THE CHIEF FINANCIAL OFFICER

- 7.1 Section 25 of the Local Government Finance Act 2003 places a statutory duty on the Chief Financial Officer to report to the authority, at the time the budget is considered and the council tax is set on the robustness of the budget estimates and the adequacy of the financial reserves. The Act requires councillors to have regard to the report in making decision at the Council's budget and rent setting, and the council tax setting meetings.
- 7.2 The basis on which the budget for 2018/19 and the MTFP have been prepared has been set out clearly in this report. I am satisfied that the budgets for the General Fund, the Housing Revenue Account and the Capital Programme have been based on sound and reasonable assumptions, although paragraph 4.4 of the report does set out detail on underlying service pressures which have not been funded. Some further feasibility work on the proposed Capital Programme will be undertaken during 2018/19 to finalise the delivery phase of the schemes relating to Housing Initiatives/Homes for Rent and ICT Investment before significant expenditure is incurred and this may affect the profiling of the schemes.
- 7.3 The report does set out the core deficit position the council is facing over the MTFP. Progress has been made during the year to address the deficit with a number of savings already identified and being delivered, and a number of savings targets. The council will still be relying on reserve balances to support expenditure plans over the MTFP. The Savings Plan has reduced the reliance on the reserve somewhat, but it important to note that the deficit continues to increase over the medium term.
- 7.4 It is important that the council is able to balance the budget over the medium term in a sustainable and manageable way through a combination of income, sensible use of reserves and a robust savings plan. Therefore, an ongoing and continuous savings plan, that identifies further budget and efficiency savings over and above those indicated in this report will need to be brought forward into the MTFP.
- 7.5 The current savings plan includes a target level of savings to be achieved over the medium term. These includes workforce plan based savings, introducing car park charges, and income from the business rates growth/pool. There is a risk associated with savings targets. Should these savings not materialise at the level or within the timeframe assumed this will increase use of the MTFP equalisation reserve further. The Council will need to identify further savings or ways of reducing spend/increasing income to mitigate this risk.

- 7.6 Some risks remain, particularly around the economic and financial impact of Brexit. Whilst the government have triggered Article 50 and there is some clarity on the likely date that the country will leave the European Union, considerable uncertainty will remain over the MTFP period until negotiations have concluded and possibly for sometime beyond once a deal has been agreed.
- 7.7 Risks around inflation and interest rates also remain, and may be inexorably linked to the negotiations around leaving the EU. Allowance has been made in the MTFP estimates for inflationary pressures in both the General Fund and HRA, with projections of investment income relatively depressed due to low interest rate levels. Future interest rate increases are expected over the medium term, but income projections remain flat due to reduced cash balances available for investment over the same period.
- 7.8 Changes made in April 2013 to the way in which local government is financed could have a material effect on the council's finances if not managed over the MTFP. Council Tax benefit was abolished and replaced by a local Council Tax Support scheme. Although funding was provided to local government, there was a reduction of around 15% in the level of resources transferred at the time. The council adopted a local default scheme that mirrors the previous Council Tax benefit scheme. The cost to the council of the local scheme has reduced in each year since 2013/14 as the number of claimants has fallen. No allowance has been made in the MTFP for any increase in caseload or cost of the local scheme. The council would need to review the design of the scheme, or find equivalent savings across the general fund to mitigate any financial impact.
- 7.9 The localisation of business rates through the Business Rates Retention scheme does pose a financial risk to the council on two levels. Firstly, that the level of business rates income budgeted for in the MTFP does not materialise. Secondly, the level of backdated appeals remains a significant area of uncertainty. Whilst allowance is made within the calculation of retained business rates income for backdated appeals, these losses could be higher than projected. The introduction of the new rating list in April 2017 and the 'check, challenge, appeal' process has to date reduced the level of new appeals coming through the system. A review of the provision for appeals will be undertaken when completing the NNDR1 and NNDR3 returns which will help mitigate this risk.
- 7.10 The move to a new local government finance system through 75% Business Rates retention by 2020/21 is difficult to quantify financially. The assumption made in the MTFP is that income from BRR remains flat with only inflationary increases assumed. The new local government finance system may increase the amount of locally retained business rates income for the council. However, considerable downside risk remains, in particular the impact of successful business rates appeals will fall in full on local government. The performance of the local economy and national economic volatility will have a greater effect on the council's finances.
- 7.11 Finally on Business Rates, the awarding of Pilot status to Gloucestershire does provide the opportunity for additional resources to be retained by Gloucestershire, with around £0.5m of benefit estimated for this Council. A prudent approach has been taken in the MTFP with the £0.5m proposed to transfer to an earmarked reserve for future allocation.

Financial Reserves

- 7.12 The requirement for financial reserves is acknowledged in statute. Section 32 and 43 of the Local Government Finance Act 1992 requires billing authorities to have regard to the level of reserves needed for meeting future expenditure when calculating the budget requirement.
- 7.13 The Council's earmarked reserves have been reviewed, as set out in this report, with a reprioritisation of limited number of the reserves to support the council's proposed capital programme.
- 7.14 A different approach was taken in 2017/18 following a review of the General Fund balance, with a risk-based balance of £2m being maintained over the MTFP period. The risk and level has been reviewed and is considered adequate. It is advised that General Fund balances do not fall below this level.
- 7.15 This report highlights the utilisation of both the MTFP Equalisation reserve (supporting the revenue budget) and the Capital Reserve (providing funding for the capital programme). These reserves are forecast to reduce to £2.589m and £1.892m respectively over the medium term. The estimated closing balances provide some scope for future support to both the revenue budget and capital programme. However, the rate of utilisation beyond the medium term plan period must be considered.
- 7.16 Overall, I am satisfied that the projected levels of balances and reserves held by the Council are adequate for the forthcoming year, but will continue to review the position as necessary during the course of the year as the Government's future plans for New Homes Bonus and 75% business rates retention become clearer.

Summary of changes from the 2017/18 Original Budget

This is the same Table as included in the General Fund Estimates report. It is included as an Appendix in this report for completeness. Detailed revenue estimates for each committee were provided in the General Fund Estimates report.

	2017/18 Original Estimate (£'000)	2017/18 Revised Estimate (£'000)	2018/19 Original Estimate (£'000)
General Fund			
[a] Original Budget	15,491	15,491	15,491
[b] Carry forwards from Prior year		169	0
[c] Technical Adjustments		0	(71)
[d] Pay Inflation 2017/18		0	97
[e] Price & Income inflation		0	13
Base Budget	15,491	15,660	15,530
[f] Budget Pressures		0	9
[f] Efficiency Savings		(250)	(1,037)
[g] Insurance Adjustment		0	39
[h] Technical Adjustment		(0)	204
[j] Recharge Adjustment		0	11
[j] Accounting Adjustments	565	1,803	1,748
Net Service Revenue Expenditure Budget	16,056	17,213	16,503

(may include some rounding differences)

General Fund Medium Term Financial Plan (MTFP) – 2017/18 to 2021/22

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
GENERAL FUND MTFP					
Service Revenue Expenditure	17,213	16,503	16,442	16,442	16,442
Corporate Items					
Minimum Revenue Provision (MRP)	1,120	1,291	1,107	1,276	1,367
Capital Charges	(1,892)	(1,892)	(1,892)	(1,892)	(1,892)
IAS19 Retirement Benefits	(1,795)	(1,795)	(1,795)	(1,795)	(1,795)
Net transfer to / from (-) Reserves	0	500	0	0	0
General Fund Contingency	50	50	50	50	50
Waste Management Contingency	400	200	100	50	0
Multi-Service VRP Provision	0	0	0	0	0
Drainage Board Levies	128	137	144	151	159
Interest payable & similar charges	150	180	210	270	330
Interest & investment income	(261)	(264)	(256)	(259)	(259)
Feed-in-tariff Income	(27)	(27)	(27)	(27)	(27)
Subtotal	(2,127)	(1,619)	(2,359)	(2,175)	(2,067)
Adjusted Budget	15,086	14,884	14,083	14,266	14,375
MTFP Adjustments					
Non-Pay Inflation	0	0	150	250	350
Pay Inflation (Further 1% provision, 2% per annum)	0	115	345	550	760
Employers Pension Contributions	0	0	204	407	611
Subtotal	0	115	699	1,207	1,721
Adjusted MTFP position	15,086	14,999	14,782	15,474	16,096
Budget Proposals					
Software Contingency & Invest to Save		266	266	266	166
Subtotal	0	266	266	266	166
Savings Plan					
Savings Plan 2018/19	(25)	(250)	(852)	(880)	(690)
Subtotal	(25)	(250)	(852)	(880)	(690)
Proposed Net Revenue Budget	15,061	15,015	14,196	14,860	15,572

	2017/18 (£'000)	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
GENERAL FUND MTFP					
Proposed Net Revenue Budget	15,061	15,015	14,196	14,860	15,572
Funded By:					
Precept on Collection Fund	8,354	8,773	8,905	9,038	9,174
£5 Council Tax increase assumed 2019/20 onwards			221	449	683
Business Rates Retention Funding	3,314	3,414	3,487	3,557	3,628
Business Rates Pilot		500			
Revenue Support Grant	347				
Tariff/Top-Up adjustment	0	0	(549)	(549)	(549)
Transition Grant + Other Grants	123	20	20	20	20
New Homes Bonus	2,718	2,174	1,707	974	936
Subtotal Government Funding	6,502	6,108	4,665	4,002	4,035
Council Tax Collection Fund surplus/-deficit	177	169	0	0	0
NNDR Collection Fund surplus/-deficit	39	0	0	0	0
TOTAL Funding	15,072	15,050	13,791	13,488	13,892
Core Surplus / (Deficit) before reserves	10	35	(405)	(1,371)	(1,680)
Utilisation of Reserves	(10)	(35)	405	1,371	1,680
Surplus / (Deficit) after use of reserve	0	0	0	0	0

(may include some rounding differences)

Capital Programme 2017/18 to 2021/22

Capital Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Community Services					
Community Buildings Investment	50	100	50	-	-
Stratford Park Lido	20	80	100	-	-
Stratford Park Sensory Garden	8	-	-	-	-
Total Community Services	78	180	150	-	-
Environment					
Canal	184	-	-	-	-
Canal Regeneration (Saul to Stonehouse)	250	500	1,500	750	-
CMP - Heat and Power	141	-	-	-	-
Market Town Centres Initiative Fund	-	100	50	50	-
Multi-Service Contract - Vehicles	334	250	250	166	-
Stroud District Cycling & Walking Plan	-	100	100	100	-
Wallbridge - Gateway	-	190	-	-	-
Total Environment	909	1,140	1,900	1,066	-
Housing General Fund					
Affordable Housing – Support to Registered Providers	120	119	-	-	-
Disabled Facilities Grant Scheme	330	330	330	330	330
Health through Warmth Grants	200	-	-	-	-
Private Sector Home Loan Scheme	60	-	-	-	-
Total Housing	710	449	330	330	330
Strategy and Resources					
Brimscombe Port Redevelopment	450	1,600	482	-	-
ICT Investment Plan	-	400	500	500	400
Littlecombe Business Units, Dursley	1,850	100	-	-	-
MSCP Resurfacing	-	120	-	-	-
Housing Initiatives/Homes for Rent	848	600	600	400	400
Total Strategy and Resources	3,148	2,820	1,582	900	800
Total General Fund	4,845	4,589	3,962	2,296	1,130

Capital Scheme	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Housing Revenue Account					
Major Works	6,602	6,657	6,103	6,027	5,919
New Homes and Regeneration	1,967	3,004	-	-	-
Sheltered Housing Modernisation	620	2,059	311	462	1,836
Total Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
Total Capital Programme	14,034	16,309	10,376	8,785	8,885

(may include some rounding differences)

Capital Financing Statement 2017/18 to 2021/22

	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
1. Capital Expenditure					
Community Services	78	180	150	-	-
Environment	909	1,140	1,900	1,066	-
Housing General Fund	710	449	330	330	330
Housing Revenue Account	9,189	11,720	6,414	6,489	7,755
Strategy and Resources	3,148	2,820	1,582	900	800
Estimated Expenditure	14,034	16,309	10,376	8,785	8,885
Financed by:					
Borrowing HRA	-	-	-	-	-
HCA Grant	116	198	-	-	-
HRA Reserves	-	2,304	360	10	-
HRA Usable capital receipts (3)	1,787	2,065	304	400	1,750
Revenue funded	7,286	7,153	5,750	6,079	6,005
HRA Financing Total	9,189	11,720	6,414	6,489	7,755
Borrowing GF	2,184	950	2,100	1,316	400
Capital grants (5)	330	1,848	812	330	330
Capital reserve (4)	971	1,572	1,050	650	400
External funding	392	100	-	-	-
General Fund usable capital receipts (2)	120	119	-	-	-
RTB Capital receipts	848	-	-	-	-
Total Financing	14,034	16,309	10,376	8,785	8,885
2. General Fund Usable Capital Receipts					
Brought forward 1 April	471	376	282	307	332
add: received in year	25	25	25	25	25
less: applied as above	(120)	(119)	-	-	-
Carried forward 31 March	376	282	307	332	357
3. HRA Usable Capital Receipts					
Brought forward 1 April	3,018	4,379	3,514	3,810	4,010
add: received in year	2,300	1,200	600	600	600
less: applied as above	(939)	(2,065)	(304)	(400)	(1,750)
Carried forward 31 March	4,379	3,514	3,810	4,010	2,860
4. Capital Reserve					
Brought forward 1 April	5,835	5,564	3,992	2,942	2,292
add: received in year	700	-	-	-	-
less: applied as above	(971)	(1,572)	(1,050)	(650)	(400)
Carried forward 31 March	5,564	3,992	2,942	2,292	1,892
5. Capital Grants					
Disabled Facilities Grant due	330	330	330	330	330
Homes and Community Agency Grant	116	1,716	582	-	-
Capital grants	446	2,046	912	330	330
TOTAL Capital Grants	892	4,092	1,824	660	660

(may include some rounding differences)

Earmarked Reserves

Appendix E

Reserve Type	Earmarked Reserve	Purpose	Balance 01/04/2017 (£'000)	2017/18 Financing (£'000)	2017/18 Review (£'000)	Est. Balance 31/03/2018 (£'000)	Est. Balance 31/03/2019 (£'000)	Est. Balance 31/03/2020 (£'000)	Est. Balance 31/03/2021 (£'000)	Est. Balance 31/03/2022 (£'000)
Capital	Capital Reserve	Funding to support Capital Programme	(5,835)	971	(700)	(5,564)	(3,992)	(2,942)	(2,292)	(1,892)
Commitments	The Pulse	Revenue surplus to fund Capital	(130)	0	0	(130)	(130)	(130)	(130)	(130)
Equalisation	Legal Counsel	To fund the cost of legal counsel advice within services	(50)	0	0	(50)	(50)	(50)	(50)	(50)
Equalisation	Planning Appeals	To provide adequate resource to fund any planning appeals or tribunals	(100)	0	0	(100)	(100)	(100)	(100)	(100)
Equalisation	BRR Safety Net	Amount set aside for any potential business rates income shortfall under the Business Rates Retention Scheme	(281)	0	0	(281)	(281)	(281)	(281)	(281)
Equalisation	Welfare Reform	To provide resource for the revolving loan fund used by the Homelessness Prevention team - transferred from revenue balances	(30)	0	0	(30)	(30)	(30)	(30)	(30)
Equalisation	CIL	Smoothing reserve for CIL Administration costs	42	0	0	42	42	42	42	42
Equalisation	MTFP Equalisation	To provide support to the MTFP	(6,000)	(10)	0	(6,010)	(6,046)	(5,641)	(4,269)	(2,589)
Other	Opportunity Land Purchase	To fund land acquisitions	(250)	0	0	(250)	(250)	(250)	(250)	(250)
Other	Workforce Planning	To fund any costs arising from delivering the Workforce Plan in future years	(400)	0	0	(400)	(400)	(400)	(400)	(400)
Other	Invest to Save	Upfront investment funding for Capital or Revenue projects that generate an income stream or reduce costs in future years	0	0	(150)	(150)	(150)	(150)	(150)	(150)
Other	Climate Change	To Fund the Carbon Management Programme	(671)	0	350	(321)	(321)	(321)	(321)	(321)
Other	Littlecombe	Transferred to the Capital Reserve	(50)	0	50	0	0	0	0	0
Other	Neighbourhood Planning	Funding received to support development of Neighbourhood Plans	(71)	0	0	(71)	(71)	(71)	(71)	(71)
Other	Jobs and Growth	Transferred to the Capital Reserve	(450)	0	450	0	0	0	0	0
Partnership	Building Control	Building Control Partnership surplus/(deficit)	(142)	0	0	(142)	(142)	(142)	(142)	(142)
Partnership	Merrywalks	Net income held prior to distribution as per Management agreement	(222)	222	0	0	0	0	0	0
			(14,640)	1,183	0	(13,457)	(11,920)	(10,465)	(8,444)	(6,364)
GF Balances	GF Balance	Risk-based balance - minimum level to be held	(2,169)	169	0	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)

(may include some rounding differences)