

MEDIUM TERM FINANCIAL STRATEGY

Core Planning Assumptions

The table below sets out the core planning assumptions included in the MTFs projections:

MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2019/20 <i>(Tables may not add due to rounding)</i>					
Summary of MTFs assumptions	2015/16	2016/17	2017/18	2018/19	2019/20
Pay inflation and pay related matters:					
- Provision for pay award	1.2%*	1.0%	1.0%	1.0%	1.0%
- Provision for pension contributions	0.5%	0.5%	0.5%	0.5%	0.5%
- Provision for changes in national insurance	0.0%	(**)	0.0%	0.0%	0.0%
General inflation:					
- Inflation on income	2.0%	2.0%	2.0%	2.0%	2.0%
- Inflation on parking income	0.0%	2.0%	2.0%	2.0%	2.0%
- Inflation on penalty charge notices	0.0%	0.0%	0.0%	0.0%	0.0%
Resources:					
Change in Settlement Funding Assessment	-14.1%	-11.9%	-10.5%	-10.6%	-11.7%
Change to Revenue Support Grant (RSG)	-27.3%	-29.1%	-33.0%	-45.4%	-82.3%
Business Rates					
- Business rates poundage inflation uplift	2.3%	2.8%	2.8%	2.8%	2.8%
Change to other specific grants	-27.2%	-15.0%	-10.0%	-10.0%	-10.0%
Public Health grant	0.0%	0.0%	0.0%	0.0%	0.0%
Assumed council tax threshold increase	2.0%	2.0%	2.0%	2.0%	2.0%
Council Tax Base	2.8%	0.25%	0.25%	0.25%	0.25%

*This is in addition to the 1% built into the 2014/15 budget to cover the agreed 2.2% pay award

**National insurance changes planned for 2016/17 are expected to add over £2m to the expenditure estimates but the Government has said that national expenditure control totals for local government will be adjusted and the council therefore should receive additional grant to offset the cost

Summary of MTFS projections

The table below sets out the savings /budget gap taking into account the anticipated expenditure over the MTFS period and the funding resources available:

Summary of General Fund					
Budget Projections	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Sub-total Net Budget Requirement B/Fwd	225.337	215.888	205.730	197.577	192.372
Pay and Inflation	3.787	4.178	3.884	3.711	3.549
General Risk Provisions	1.622	0.500	0.500	0.500	0.500
Commitments - impact of previous decisions	1.804	-1.784	-0.088	0.336	0.000
Change in S31 Business Rates compensation grants	-0.986	3.385	-0.017	-0.016	-0.018
Change in New Homes Bonus	-1.166	-0.600	0.000	-0.200	0.350
Service pressures - demographic and inflation	5.000	5.000	5.000	5.000	5.000
Service pressures - specific grants	1.386	1.150	0.600	0.500	0.500
Full year effect of savings in previous year	-1.149	0.000	0.000	0.000	0.000
Savings / Budget gap	-22.584*	-19.653	-18.032	-15.036	-14.745
Sub-Total	213.051	208.064	197.577	192.372	187.508
Change in contribution to / from reserves	2.837	-2.334	0.000	0.000	0.000
Budget Requirement C/Fwd	215.888	205.730	197.577	192.372	187.508
Funded by:					
Revenue Support Grant	46.097	32.694	21.896	11.951	2.118
Top Up Grant	1.642	1.694	1.741	1.789	1.838
Locally retained Business Rates	52.380	56.841	56.867	58.930	61.151
Business Rates Collection Fund surplus to repay safety net	1.996	0.000	0.000	0.000	0.000
Business Rates Collection Fund surplus	1.590	0.000	0.000	0.000	0.000
Council Tax Collection Fund surplus	0.196	0.000	0.000	0.000	0.000
Council Tax from tax base savings	2.268*	0.000	0.000	0.000	0.00
Council Tax	109.719	114.501	117.073	119.702	122.401
Total Funding	215.888	205.730	197.577	192.372	187.508

*The savings proposals for 2015/16 include changes to council tax discounts and therefore the total budget gap for 2015/16 based on a 2% council tax increase is £24.852m