

Medium Term Financial Strategy – Appendix 1

Assumptions behind the Financial Model

(1) Council Tax

Current taxbase growth assumptions are 1.2% per annum, reflecting new developments from 2014/15. Assumes taking the Council Tax freeze grants for 2014/15 and 2015/16 and that a grant will be offered in 2016/17.

(2) Revenue Support Grant (RSG)

This figure is based on the Local Government Finance Settlement (December 2013). Figures from 2016-17 and beyond are unknown at present, but assumptions have been put in place for reductions over 15%, using trends in national control totals.

(3) Retained Business Rates

This is the anticipated element of retained Business Rates. The performance of the national and local economy in maintaining and growing the number (and size) of businesses in the local area will be important. For 2014/15 increases have been capped at 2%, which will be compensated by a settlement funding assessment adjustment grant.

(4) Education Services Grant (ESG)

This figure represents a Government Grant in respect of Local Education Authority (LEA) support service functions to schools. The assumption in the MTFS is that there is a 5% reduction in children in maintained schools in 2014-15 with no further schools converting to Academy status beyond then. For every pupil that is in an Academy school, the financial loss via this grant will be circa £116 per pupil.

(5) Better Care Fund

The Better Care Fund (previously the Integration Transformation Fund) provides funding to be spent locally on health and care with the aim of achieving closer integration and improve outcomes for patients and service users and carers. The fund is also intended to

meet the costs from meeting the Care Bill. In 2015-16 the fund will be allocated to local areas where it will be put into pooled budgets under Section 75 joint governance arrangements between CCGs and Councils. A condition of accessing the money is that the CCGs and Councils must jointly agree plans for how the money will be spent, and these plans must meet certain requirements.

(6) New Homes Bonus

This is monies received from central Government (equivalent to the Council Tax received on a band D property) for every net new additional property in the district. The Government created this scheme to incentivise planning authorities to help promote new properties being built.

(7) Council Tax Collection Fund

This is the surplus or deficit from the previous year's Collection Fund. The Collection Fund is a ring-fenced account for Council Tax collected. The variation compared to the expected Council Tax collected is pass-ported into the next financial year.

(8) Funds Available

Summary of the total non-ringfenced funds available for setting the Council's budget

(9) Opening Directorate Budget

This is the opening budget before new costs and savings are built in.

(10) Budget Build Growth

Adjustments to the Council's core costs; primarily non-pay inflation up to 1.5% on contracts, pay inflation and incremental pay awards

(11) Super Inflation

The amounts over 1.5% for Council inflation linked contracts.

(12) Unavoidable Service Pressures

Any additional investments required for new costs; for example due to additional demand in social care

(13) Savings

The totals of savings requirements to ensure a balanced budget

(14) Directorate Budget Requirement

The closing base budget for the Directorates

(15) Levies and Capital Financing Costs

Budget for payments to the Environment Agency, Magistrates courts, interest paid and received on Treasury Management (Investment) activity and, primarily, the revenue costs of paying for long term capital borrowing to fund the Council's Capital Programme.

(16) Use of Reserves

This is the planned use of reserves to support the revenue budget.

(17) CTSS Support for Parishes

This is reducing transitional funding to assist Parish Councils in dealing with the impact of the Council Tax Support Scheme (CTSS) on their local precepts.

(18) Budget Requirement

Total budget required:

2014/15	£120.88m
2015/16	£125.33m
2016/17	£126.16m

Note: the 2013/14 requirement was £121.94m