

Medium Term Financial Strategy – Assumptions

(1) Council Tax

The MTFFS assumes no increases in Council Tax for the three year period. Taxbase growth assumptions are 2.45% in 2015/16, mainly due to the Racecourse development progress and then 1.2% per annum. The MTFFS assumes taking the Council Tax freeze grant for all three years of the model, which is equivalent to a 1% increase in Council Tax each year.

(2) (a) Revenue Support Grant (RSG)

The 2015-16 figure is based on the Local Government Finance Settlement (December 2014). Figures from 2016-17 and beyond are unknown, but assumptions have been put in place for reductions over 25%, using trends in national control totals.

(b) Other Non-Ringfenced Grants

Non-ringfenced grants may be received during the financial year and are used to support the Council budget. An assumption has been made that these grants will continue to be received at a similar level to previous amounts, on a reducing basis in line with reductions to RSG.

(3) 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 2015/16 the increase has been capped by Central Government at 2% and Council's are being compensated for any loss in a Section 31 grant. For 2016/17 onwards, any increases have been assumed to be in line with Retail Price Index (RPI).

(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 MTFFS is that there are no further schools

converting to Academy status. For every pupil that is in an Academy school, the financial loss via this grant will be circa £113 per pupil. The grant has been cut by 20% in 2015/16 and this has been reflected in the figures.

(5) Department of Health Funding

The Department of Health provides funding via the Better Care Fund 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. 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. In addition to this the Department of Health is providing grants to meet some of the new burdens arising from the Care Act.

(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. 2016/17 represents the end of the initial six year period, which is why the grant does not increase after this date.

(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. Any 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) (a) Budget build growth

This is the adjustments to the Council's core costs; primarily pay inflation 1% and incremental pay awards (approx £525k pa). There is an additional cost to the Council for National Insurance from 2016/17 which is estimated to be circa £800k. Pension provision has increased by 0.7% in 2015/16 and is assumed to increase by 0.5% per annum after this.

(b) Budget build growth – Care Act Eligibility

This represents the estimated additional costs of meeting the new eligibility criteria for care as outlined in the Care Act.

(11) Contract Inflation

This line represents all inflation on Council contracts that are inflation linked.

(12) Unavoidable service pressures

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

(13) Savings

This is the total savings identified 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) Net budget requirement for management accounting

(17) Use of reserves

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

(18) 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.