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| Report of: | Head of Finance |
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| Portfolio Leader: | Leader of the Council |
| Key Decision: | No |
| Report Track: | Cabinet: 14/12/17 |

CABINET
14 DECEMBER 2017
FINANCIAL PLAN 2017-18 TO 2020-21

1 Purpose of Report

- 1.1 To present an updated financial forecast for the Council for the next three years together with a forecast outturn for 2017/18.

2 Recommendations

2.1 That:

- (a) the Financial Plan 2017-18 to 2020-21 be noted;
- (b) the forecast outturn for 2017-18 be approved;
- (c) the General Fund working balances be determined as part of the Risk Analysis undertaken in finalising the preparation of the 2018-19 budget;
- (d) the draft Capital Programme 2017-18 to 2020-21 and resources available be noted;
- (e) the principles set out in the Council's Financial Plan be adopted in finalising preparation of the 2018-19 budget.

3 Key Issues and Reasons for Recommendation

- 3.1 The report sets out the Council's forecast financial position for the next three years incorporating anticipated spending pressures and savings already identified. Financial resources available to the Council over the three year period are also set out. The Financial Plan reflects the Government's current Funding Regime.
- 3.2 Council at its meeting on the 8 February 2017 approved the General Fund Revenue Budget and Capital Programme for 2017-18 to 2019-20. The General Fund Revenue Budget reflected the implementation of the comprehensive Financial Recovery Plan to set a balanced Budget by 2019-20. A small deficit of £0.181 million was forecast for 2019-20 however a number of saving strands existed to address this deficit.

- 3.3 A great deal of uncertainty existed at the time of the Budget Report in relation to the Governments Funding Regime and this still remains the same as at today. In particular the proposed 100% Business Rates Retention Scheme, which was originally planned for implementation in 2019-20, is not included in the current legislative programme of Government whereas the New Homes Bonus Scheme is subject to annual review. Further clarification is being sought on the timeline for changes to the Local Government Funding however it is likely that the current regime will remain in place until 2020-21 at the earliest.
- 3.4 The Financial Plan therefore represents a refresh of the assumptions as contained in the Approved Financial Plan (Council 8 February 2017) taking into account the outturn for the last financial year and the first seven months of the current financial year.
- 3.5 In accordance with the Financial Plan a balanced budget now exists in 2020-21, pending any changes to the Governments Funding Regime, with a contribution from working balances required in 2018-19 and 2019-20.
- 3.6 Subject to approval, the Financial Plan, together with the current Council's Budget Strategy, will provide the framework for the preparation of detailed budgets for consideration by Cabinet in January 2018.

4 Relationship to Corporate Priorities

- 4.1 The revenue budget and capital programme reflect the Council's priorities.

5 Report Detail

5.1 Background

- 5.1.1 The Financial Plan sets the framework for the determination and setting of the budgets for Revenue and Capital and ultimately arriving at the level of Council Tax to be set for the next Financial Year.
- 5.1.2 The Financial Plan for 2018-19 to 2020-21 is somewhat different from previous years in the sense that uncertainty still exists in relation to the future of the Business Rates Retention Scheme and the determination of Baselines following the ongoing Fair Funding Review. It was originally intended that the new regime would be introduced in 2019-20 however it is more likely to be 2020-21 at the earliest.

5.2.1 The Current Approved Financial Plan

- 5.2.1 Council adopted its current Financial Plan at its meeting on 8 February 2017.
- 5.2.2 The Budget/Financial Plan, in accordance with the approved Financial Recovery Plan of the Council, was based upon delivering a minimum of £1.6 million of savings with effect from 1 April, 2019 to provide an ongoing sustainable budget with the use of working balances to offset any shortfall in 2017-18 and 2018-19.
- 5.2.3 The recommendation from Cabinet, as adopted by Council, set the revenue and capital budget for 2017-18, together with indicative budgets for 2018-19 and

2019-20. The Financial Plan now requires the forecast financial position to be determined for 2020-21.

- 5.2.4 The annual budget setting process now sets details budgets, based upon the Councils' approved budget strategy, for each of the three years of the Financial Plan period, with a balanced budget set in February for 2017-18 and 2018-19, with a residual deficit in 2019-20 as shown in Table 1.

| Table 1 – Approved Budget as at 8 February 2017 | | | |
|--|--------------------------|--------------------------|--------------------------|
| | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 |
| Budget Requirement | 10,041 | 10,524 | 10,524 |
| Funding Resources | (9,533) | (9,953) | (10,343) |
| Use of Balances | (508) | (571) | |
| Deficit | | | 181 |

5.3 2018-19 to 2020-21 Financial Plan - Revenue

- 5.3.1 In refreshing the current Financial Plan account has been made to changes in the provision for inflation; cost pressures together with additional income generated.

Inflation

- 5.3.2 The Financial Plan has been updated to reflect the current rate of Inflation in relation to CPI for 2017-18 and this therefore represents an additional ongoing cost. No changes have been made to CPI forecasts for 2018-19 to 2020-21 and these have been assumed to remain at 2%. No other material changes have been made to the inflation assumptions and although the 1% cap on public sector workforces may be lifted in 2018-19 this remains unaffordable to Local Government unless additional government funding is provided.

- 5.3.3 In relation to funding the September RPI increase of 3.85% shows a marked increase from last years assumption. The index determines the NNDR multiplier for 2018-19, and hence impacts on the Business Rates retained by the Council. The actual multiplier for 2018-19 is yet to be determined and in the past if a lower figure is set a compensating grant is made by Government. The Chancellors Autumn Budget however announced that the proposed change to the basis for increasing the multiplier, from RPI to CPI, from 2020 would be implemented from 1 April 2018 and as indicated above confirmed that Local Government would be fully compensated. Business rate Income and the associated Tariff has there fore been increased by 3% with an additional Section 31 Grant of 0.085%.

Spending Pressures

- 5.3.4 The detailed budgets have been refreshed to reflect the outturn for 2016-17 and latest spending patterns. No additional, material, cost pressures have been identified to date.
- 5.3.5 The 2020-21 budget makes provision for Employer Contributions to increase by a further 2% as a result of the next triennial Actuarial Valuation of the Pension Fund; the Management fee profile for the Leisure Management Contract; and additional costs of demographic growth.

Income Pressures

5.3.6 Income from Car Parks is lower than anticipated with a potential shortfall of £0.044 million at the year end, whereas income from Markets is similarly down with a potential shortfall of £0.36 million. Incomes from Cemeteries and Recycling Credits are currently down but have been partly offset by additional income from Social Alarms.

Available Revenue Resources

5.3.7 The Council's revenue budget covers day to day spending on the services provided by the Council. It is currently financed from the following sources:

- Central government grant called Revenue Support Grant (RSG);
- Business Rates Retention Scheme
- New Homes Bonus Grant
- Council Tax income; and
- Use of reserves - both general and earmarked.

5.3.8 The Department for Communities and Local Government published a Technical Consultation on the 2018-19 Settlement on the 14 September 2017. The consultation covered:-

- the multi-year settlement
- the method for distributing New Homes Bonus funding following implementation of reforms announced at the time of the 2017-18 provisional settlement and a proposal for further incentives to support the delivery of housing growth
- Council tax referendum principles for 2018-19
- the approach being taken for adjusting business rates tariff and top-ups to cancel out, as far as is practicable, the impact of the 2017 business rates revaluation on local authorities' income

5.3.9 In relation to Central Government Grant (RSG & Business Rates Baseline) no changes have been made to the assumptions and figures approved in February of this year. The Council in not accepting the four year settlement is still subject to an annual determination process in accordance with the Local Government Finance Settlement. The actual settlement is unlikely to be known until mid/late December. The Formula Grant figures included in the Financial Plan are however in line with the Governments indicative figures for this Council with the Revenue Support Grant element disappearing in 2019-20.

5.3.10 The uncertainty in relation to the funding of Local Government is discussed in more detail in Section 5.4 – Medium Term Financial Outlook and hence at this stage the Financial Plan reflects a continuation of existing funding regimes.

5.3.11 The current Business Rates Financing projections therefore continue to reflect the 50% Business Rates Scheme. Income has been updated to reflect the

anticipated increase in the 2017 September Retail Price Index (RPI) of 3.85% and the finalisation of the Tariff Adjustments arising from the 2017 Revaluation. The 2017-18 settlement included an adjustment to the Tariff (amount to be paid to Government to achieve the notional baseline funding) to mitigate the impact of the 2017 Business Rates Revaluation. The adjustment ensured that as far as is practicable, the retained income is the same after revaluation as immediately before. Details of the Business Rates Multiplier and final Tariff adjustment are however still awaited. The forecasts have also been updated to reflect the anticipated completion dates for growth as determined through the planning application process.

5.3.12 A number of changes were announced in the Autumn Budget relating to

- Switch from RPI to CPI from 1 April 2018
- Continuing the £1,000 discount for public houses for one year
- increasing the frequency with which the VOA revalues non-domestic properties by moving to revaluations every three years following the next revaluation, currently due in 2022

However the Budget stated that Local government will be fully compensated for the loss of income as a result of these measures

5.3.13 An application for a Staffordshire & Stoke-on-Trent Business Rates Pilot was submitted on the 27 October 2017. At the time of writing the report no announcement had been made by DCLG in relation to whether this application was successful or not. It is believed 22 Applications were submitted with only between 4 to 6 likely to be approved.

5.3.14 The New Homes Bonus grant is a now a four year rolling programme that commenced in 2011-12. The scheme was originally based upon a six year programme but will be reduced to 4 years in 2018-19 with the current year representing a transitional 5 year allocation. The cumulative level of grant for 2017-18 amounts to £0.974 million with the approved 2018-19 forecast of £0.959 million. The latest estimates based upon the Council Tax Base as at the beginning of October indicates that New Homes Bonus will now amount to £1.012 million, an increase of £0.053 million over the original estimate The Government is undertaking further consultation on reducing payments for developments granted on appeals. In addition to reconsidering reductions based upon the actual number of homes allowed on appeal a further proposal is being considered based upon the ratio of successful appeals to residential planning decisions over an annual period?

5.3.15 A key risk to the Financial sustainability of the Council is its current dependency on New Homes Bonus. As highlighted previously this remains the main funding stream that is subject to annual review by Government and by its rolling programme funding basis will plateau and eventually become time expired. The ongoing budget is currently underpinned by £1.2 million of New Homes Bonus and in order to ensure that the Council is Financially Resilient it is recommended that the amount allocated to fund service provision is now reduced by 10% per annum. It is proposed that the residual grant received each year is used to provide a source of capital funding for investment /invest to save initiatives and

in addition provide potential transitional funding if a fundamental change in the grant regime occurs over the duration of the Financial Plan.

- 5.3.16 The latest Council Tax Base , including the full year effect of housing growth, together with projections for growth in 2018/19 , reflects an increase of 3% with a Council tax Base of 28,397 provisionally indicated for 2018-19
- 5.3.17 Working Balances as at 31 March 2017 amounted to £2.434 million with a minimum requirement as per the 2017-18 Financial Plan of £0.856 million leaving as a minimum £1.578 to support the budget.

Level of Council Tax

- 5.3.18 A key factor in the 2018-19 budget and subsequent budgets will be the level of Council Tax increases levied. The level of Council Tax is financially determined by the Medium Term Financial Plan and the Council Tax referendum principles.
- 5.3.19 The 2018-19 Technical Consultation document proposes no changes to the Council Tax Referendum principles with shire district councils being allowed increases of less than 2% or up to and including £5, whichever is higher.
- 5.3.20 The Financial Plan currently reflects the assumption as contained in the Budget approved by Council in February that Council Tax will increase by 1.95% per annum..

Refreshed Financial Plan

- 5.3.21 Council at its meeting of the 8 February 2017 set a Balanced Budget for 2017-18 and proposals that ensured an indicative balanced budget for 2018-19 with a residual deficit of £0.181 million in 2019-20. The updated position is shown in **APPENDIX 1** and although a deficit still occurs in 2019-20 a forecast surplus is now envisaged in 2020-21, pending any changes to the Governments funding regime.
- 5.3.22 A comparison of the previous position as at the 8 February 2017 together with the latest Financial Plan is shown in the Table below. An analysis of the changes to date is detailed in **APPENDIX 2**

| Table 2 – Forecast Surplus as per 10 December Financial Plan | | | | |
|---|------------------|------------------|------------------|------------------|
| | 2017-18 £'000 | 2018-19 £'000 | 2019-20 £'000 | 2020-21 £'000 |
| Use of Balances | 508 | 571 | | |
| Residual Deficit | | | 180 | 180 |
| Changes to date | (855) | (436) | 348 | (447) |
| Financial Plan –Use of Balances | (347) | 135 | 529 | |
| Surplus | | | | (266) |

Detailed Revenue Budget 2018-19

- 5.3.23 In refreshing the current budgets and compiling the 2020-21 budget the starting point is the base budget for the 2017-18 financial year and indicative budgets for 2018-19 and 2019-20. Thus reflecting the current level of services provided by the Council and spending on its priorities.

5.3.24 The detailed budget for each of the three years covered by the Financial Plan will be refreshed based upon the outturn for 2016-17; monitoring up to 31 October 2017 and any other known changes that have arisen since last years detailed budgets were prepared. It is essential that the Council is diligent in reviewing its budgets and in particular any potential underspends or efficiency savings are identified.

5.4 Medium Term Financial Outlook

5.4.1 The Financial outlook for Local Government remains very uncertain from a funding perspective and in particular the future for business rates is far from clear.

5.4.2 The Chancellor of the Exchequer announced a series of major reforms to Local Government Finance on 5 October 2015. These included:-

- That by the end of the Parliament, local government will be able to retain 100% of local taxes – including all £26 billion of revenue from business rates.
- The government will abolish the Uniform Business Rate and give local authorities the power to cut business rates to boost economic activity in their areas.
- Local areas which successfully promote growth and attract businesses will keep all of the benefit from increased business rate revenues.
- The core grant from Whitehall will be phased out, and local government will take on new responsibilities.

5.4.3 The retention of 100% business rates was reaffirmed as part of that years Autumn Statement and further indicative measures outlined including:-

- The system of top-ups and tariffs which redistributes revenues between local authorities will be retained.
- The Uniform Business Rate will be abolished and any local area will be able to cut business rates as much as they like.
- The 100% retention of business rates will come with additional responsibilities and empower local authorities to deliver services in a way that is right for their area. For example, the government will consider transferring responsibility for funding the administration of Housing Benefit for pensioners, TfL's capital projects to local government and will also consult on options to transfer responsibility for funding public health.
- plans to consult on changes to the local government finance system including to rebalance support to those authorities with social care responsibilities.

5.4.4 A series of consultations have taken place since that date focusing on “Fair Funding: Needs and Distribution” and “Self Sufficient Local Government: 100% Business Rates Retention”. Joint working groups were established between the Local Government Association (LGA)/DCLG and CIPFA to progress the scheme

with the scheme to be implemented before the end of (the previous Administration) Parliament.

- 5.4.5 The Local Government Finance Bill 2016-17 was introduced to the House of Commons in January 2017 to provide the framework for the implementation of 100% Business Rates Retention. The Bill had reached Report Stage within the House of Commons, as part of its progress to Royal Assent, when the General Election was called and the Bill fell within that Parliament.
- 5.4.6 The Bill was expected to be resurrected under the new Government following the General Election but was not included in the legislative programme as detailed in the Queen's Speech.
- 5.4.7 Great uncertainty exists in relation to how, when and if the 100% Scheme will be introduced and the LGA are seeking clarification from Government on this. Although no specific reference was contained in the Chancellors Autumn Budget statement the Government stated it will continue to pilot additional business rates retention for councils across England.
- 5.4.8 Work in relation to Fair Funding, which will determine the needs allocation or core funding baselines for the new system, is still progressing. In relation to the latter it is evident this Review will undoubtedly see a movement in resources towards Adult Social Care that will impact upon the Business Rates Retained Baseline and the share of business rates growth between the County Council and the Borough.
- 5.4.9 Regardless of the above the greatest risk to the Council at present is its dependency on New Homes Bonus as detailed in paragraph 5.3.15 and the measures proposed in that paragraph will reduce that exposure .

5.5 Reserves and Balances

- 5.5.1 Reserves and Balances comprise the Council's general reserves, the working balance, and earmarked reserves. The general strategy for using unallocated reserves is that they are used to meet shortfalls in the net budget during the year. This is particularly important in the current economic circumstances when sources of income are particularly volatile.

The Working Balance

- 5.5.2 The General Fund balance at 1 April 2017 was £2.434 million. The Council's policy is to retain a minimum General Fund balance of 5.5% of net expenditure, or the calculated risk factor whichever is the greater to cover contingencies and emergencies. This is currently estimated to be a minimum of £0.639 million for 2018-19 rising to £0.659 million by 2020-21.
- 5.5.3 The projections as contained in this report indicate that £0.135 million and £0.529 million will be required to balance the budget in 2018-19 and 2019-20, however this is almost offset by anticipated contributions to Working Balances of £0.347 million and £0.266 million in 2017-18 and 2020-21 respectively. This effectively leaves a balance of £1.724 million, above the minimum requirement, to support the Revenue Budget.
- 5.5.4 The Chartered Institute of Finance and Accountancy (CIPFA) guidance states that a well-managed authority with a prudent approach to budgeting should be

able to operate with a relatively low level of general reserves and that, in assessing the level of reserves, the Section 151 officer should take into account the strategic, operational and financial risks facing the authority. **Appendix 4** highlights the risk areas that need to be taken into consideration when deciding on the minimum level of the General Fund balance.

Earmarked Reserves

- 5.5.5 The Council maintains a number of earmarked reserves which have been set aside for specific risks, for known future spending requirements or for specific projects.
- 5.5.6 Earmarked Reserves as at 31 March 2017, amounted to £9.041 million (excluding the business rates reserve) and based on the Financial Plan assumptions, are expected to reduce to £4.74 million by March 2021. The actual level will vary as the utilisation of Ring Fenced Grants and General Earmarked Reserves are approved over the duration of the Financial Plan. A full review is to be undertaken as part of the preparation of the 2018-19 and subsequent year's budget and will form part of Cabinets Budget recommendations.

5.6 Capital Programme 2017-18 – 2020-21

- 5.6.1 Council approved the current capital programme in February 2017 and the list of schemes included in the programme is set out in **APPENDIX 5** for information. The programme has been reviewed to reflect slippage from the 2016-17 financial year, as well as changes in circumstances that have impacted on schemes in the Programme.
- 5.6.2 No Provision has been made for any new schemes at this stage with the Capital Programme subject to detailed review as part of the Budget Process.
- 5.6.3 Potential available resources have increased as a result of the Mill Green Retail Outlet Centre and the anticipated receipt in relation to the Lease re Rugeley Leisure Centre. In accordance with the Draft Corporate Plan the receipts have been earmarked for a District Investment Fund, the use of which will only be committed following actual receipt.
- 5.6.4 The estimated level of uncommitted capital resources, before the inclusion of new schemes, as at 31 March 2021 is currently estimated to be £0.495 million (**APPENDIX 6**)
- 5.6.5 Currently uncertainty exists as to both the resource position and demand for disabled facilities grants from 2018-19. It is not known with any certainty when the announcement on Better Care Funding will be made and whether the existing passporting of funding back from Staffordshire County Council will continue and at what level.

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| 6 Implications |
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6.1 Financial

The Financial Implications have been referred to through out the report. The outcome of the Local Government Finance settlement together with Potential

changes to the funding of Local Government will impact on the validity of the Financial Plan and hence the current plan can only be an interim statement.

The Financial Plan however represents the Financial Position of the Council based upon all known facts as at this date and is in line with assumptions of other councils; the Local Government Association and professional advisors within the Public Sector.

6.2 Legal

None

6.3 Human Resources

None

6.4 Human Rights Act

None

6.5 Section 17 (Crime Prevention)

None

6.6 Data Protection

None

6.7 Risk Management

A separate Appendix exists in relation to Risk Management with other references included throughout the report.

6.8 Equality and Diversity

The Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-

Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

7 Appendices to the Report

- | | |
|-------------|---|
| Appendix 1: | Draft Financial Plan – Revenue, December 2017 |
| Appendix 2: | Revenue Known Variations to Approved Budget |
| Appendix 3: | Draft Financial Plan – Earmarked Reserves and Balances, December 2017 |
| Appendix 4: | Working Balances – Financial Risks Facing the Authority |
| Appendix 5: | Capital Programme 2017-18 to 2020-21 |

Appendix 6: Draft Financial Plan – Capital Resources, December 2017

Previous Consideration

None

Background Papers

File available in Financial Services

ITEM NO. 6.

DRAFT FINANCIAL PLAN- REVENUE DECEMBER 2017

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|------|------------------------------------|---------|---------|---------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Line | | | | | |
| Nb. | Portfolio spending | | | | |
| 1 | Base (Council 8 February 2017) | 10,879 | 11,145 | 11,363 | 11,363 |
| 2 | Pay inflation | | | | 107 |
| 3 | Other inflation | | 35 | 35 | 224 |
| 4 | Income | | | | -140 |
| 5 | Recharges | | | | -56 |
| 6 | | 10,879 | 11,180 | 11,398 | 11,498 |
| 7 | Known variations | -208 | 9 | -46 | 147 |
| 8 | | 10,671 | 11,189 | 11,352 | 11,645 |
| 9 | Investment Income/Technical Items | 349 | 532 | 532 | 654 |
| 10 | Net spending | 11,020 | 11,721 | 11,884 | 12,299 |
| | | | | | |
| | | | | | |
| | Financed By | | | | |
| 11 | Formula Grant | -776 | -384 | 54 | 54 |
| 12 | Section 31 Grant | -41 | -102 | -102 | -102 |
| 13 | Business Rates Retention | -3,661 | -3,929 | -3,978 | -4,903 |
| 14 | Reserves | -140 | | | |
| 15 | New Homes Bonus Grant | -974 | -1,012 | -1,087 | -1,171 |
| 16 | Special grant – Council Tax freeze | | | | |
| 17 | Council Tax | -5,759 | -6,047 | -6,242 | -6,443 |
| 18 | Collection Fund | -16 | -112 | | |
| 19 | Net financing | -11,367 | -11,586 | -11,355 | -12,565 |
| 20 | | | | | |
| 21 | Efficiency Requirement | | 135 | 529 | |
| 22 | Surplus Ref to Working Balances | -347 | | | -266 |

REVENUE KNOWN VARIATIONS TO APPROVED BUDGET

| | | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|----------|-------------------------------------|-------------|-------------|------------|---------------|
| | | £'000 | £'000 | £'000 | £'000 |
| Line No. | Known Variations | | | | |
| | <u>Approved Variations</u> | | | | |
| 1 | Shared Services - SBC | | -92 | -92 | -92 |
| 2 | FRP Severances (Paid 2016/17) | -247 | | | |
| 3 | | -247 | -92 | -92 | -92 |
| | <u>Potential Variations</u> | | | | |
| 4 | Actuarial Valuation | | | | 193 |
| 5 | Income Variations | 56 | 56 | 56 | 56 |
| 6 | Insurance Renewal | -80 | -80 | -80 | -80 |
| 7 | Revenue Impact of Capital Programme | 35 | 55 | | |
| 8 | Other | 28 | 70 | 70 | 70 |
| 9 | | 39 | 101 | 46 | 239 |
| 10 | Total Known Variations | -208 | 9 | -46 | 147 |
| 11 | <u>Inflation</u> | 0 | 35 | 35 | 135 |
| | <u>Investment & Technical</u> | | | | |
| 12 | Outturn provision | 33 | 52 | 71 | 71 |
| 13 | Capital financing | | | | -12 |
| 14 | Earmarked Reserve N-B | | 101 | 217 | 351 |
| 15 | Net spending | -175 | 197 | 277 | 692 |
| | Financed By | | | | |
| | <u>Potential Variations</u> | | | | |
| 16 | Inflation | | -133 | -133 | -340 |
| 17 | Business Rates Growth/ Tariff adj | -680 | -233 | 354 | -486 |
| 18 | Government Funding | | | | |
| 19 | Council Tax Base | | -102 | -106 | -184 |
| 20 | New Homes Bonus | | -53 | -44 | -129 |
| 21 | Collection Fund | | -112 | | |
| 22 | Net financing | -680 | -633 | 71 | -1,139 |
| 23 | Surplus Ref to Working Balances | -855 | -436 | 348 | -447 |
| R1 | As approved By Council | 508 | 571 | 181 | 181 |
| R2 | Variations | -855 | -436 | 348 | -447 |
| R3 | Revised | -347 | 135 | 529 | -266 |

DRAFT FINANCIAL PLAN - EARMARKED RESERVES AND BALANCES DECEMBER 2017

| | 01-Apr-17 | 01-Apr-18 | 01-Apr-19 | 01-Apr-20 | 01-Apr-21 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| | £000 | £000 | £000 | £000 | £000 |
| Working Balances | 606 | 606 | 639 | 642 | 658 |
| Revenue surplus | 1,828 | 2,174 | 2,006 | 1,473 | 1,723 |
| Balances | 2,434 | 2,780 | 2,645 | 2,115 | 2,381 |
| Contingency | 336 | 336 | 336 | 336 | 336 |
| Building Mfce | 441 | 241 | 241 | 241 | 241 |
| Ring Fenced Grants | 71 | 71 | 71 | 71 | 71 |
| Section 106 | 1,130 | 871 | 871 | 871 | 612 |
| Service Specific Grants | 70 | 70 | 70 | 70 | 70 |
| Commuted sums | 215 | 200 | 185 | 170 | 155 |
| Partner | 181 | 181 | 181 | 181 | 181 |
| Bond | 182 | 204 | 224 | 244 | 264 |
| Shared Services | 358 | 358 | 358 | 358 | 358 |
| Rollovers | 429 | 0 | 0 | 0 | 0 |
| Corporate | 359 | 284 | 234 | 234 | 234 |
| Service Capital | 794 | 594 | 594 | 594 | 594 |
| Service General | 1,004 | 837 | 825 | 825 | 825 |
| New Homes Bonus | | | 101 | 319 | 670 |
| Budget support | 392 | 53 | 41 | 36 | 31 |
| RCCO | 3,119 | 2,802 | 180 | 1 | 0 |
| Grants | 4 | 98 | 98 | 98 | 98 |
| Business Rates Equalisation | 446 | 0 | 0 | 0 | 0 |
| Earmarked Reserves | 9,531 | 7,200 | 4,610 | 4,649 | 4,740 |

APPENDIX 4

| Working Balance - Financial Risks facing the Authority | | |
|---|----------------------|--|
| RISK | Level of risk | Explanation of risk/justification for cover |
| Inflation | Medium | Inflation has been included in the Financial Plan in accordance with Government policy. |
| Investment interest | Medium | The amount earned depends on the prevailing interest rates and the level of cash balances held. |
| Major income sources: | | |
| • Planning fees | Medium | Dependent on economic conditions. |
| • Land charges fees | Medium | Dependent on the housing market / basis of determining recoverable expenses/ proposed transfer to Land Registry. |
| • Car parking | Medium | Certain amount of volatility based on demand. |
| • Markets | Medium | Dependent on occupancy levels. |
| • Licensing | Low | Licensing income dependent on renewals. |
| • Cemeteries | Low | Dependant upon capacity of cemeteries. |
| Spending pressures: | | |
| • Waste and recycling targets | Medium | The Council will need to reach recycling targets in order to maximise income from recycling credits and avoid penalties. Recycling Credit regime operated by County Council. The scheme is currently subject to review as part of the MTFS of the County Council. |
| Funding Sources | | |
| • New Homes Bonus | Medium | Although allocations for 2018-19 can be predicted accurately, the future level of funding is dependant upon completions of new properties and how much of the New Homes Bonus is subject to top slicing within overall (Govern. Funding). |
| • Volatility in Business Rates | Medium | The Council will be exposed to volatility or reduction in its business rates due to the failure or temporary closure of a key industry and successful back dated appeals against Rateable Values. Although this gives councils greater freedoms and removes dependency on central funding it passes on greater risks core funding will reduce if Business Rates contracts. |

| <u>Appendix 5</u> | | | |
|---|----------------------------|---------------------|--------------------|
| <u>Capital Programme 2017-18 to 2020-21</u> | | | |
| | Total Programme | General Fund | Section 106 |
| | £ | £ | £ |
| HOUSING GF | | | |
| Private Sector Housing | 135 | 135 | - |
| Disabled Facility Grants | 3,270 | 3,270 | - |
| Affordable Housing | 644 | 644 | - |
| Total Housing General Fund | 4,049 | 4,049 | 0 |
| ENVIRONMENT | | | |
| Additional Cemetery Provision | 984 | 984 | - |
| Stile Cop Cemetery | 6 | 6 | - |
| Home Security Grants | 180 | 180 | - |
| Wheelie Bin Replacement | 620 | 620 | - |
| Replacement -Vehides- cleansing | 400 | 400 | - |
| Wolseley Road POS Improvements (s106) | 20 | - | 20 |
| Total Environment | 2,210 | 2,190 | 20 |
| CRIME & PARTNERSHIPS | | | |
| CCTV Social Alarms Relocation | 100 | 100 | - |
| CCTV | 50 | 50 | - |
| Total Crime & Partnerships | 150 | 150 | 0 |
| CULTURE AND SPORT | | | |
| Hedgesford Park Improvements | 79 | 69 | 10 |
| Hedgesford Signal Box | 27 | 27 | - |
| Stadium Development | 1,713 | 1,500 | 213 |
| Relocation Arthur Street Play Area (s106) | 3 | 0 | 3 |
| Multi Use Games Area, Laburnum Avenue (s106) | 121 | 0 | 121 |
| Refurbishment Heath Hayes Park/Pitch | 115 | 0 | 115 |
| Play Area - Refurbishment | 63 | 63 | - |
| Total Culture and Sport | 2,121 | 1,659 | 462 |
| ECONOMIC REGENERATION AND PLANNING | | | |
| Economic Development & Physical Assets | 320 | 320 | - |
| Engineering Training Facility | 500 | 500 | - |
| District Investment | 5,770 | 5,770 | - |
| Heritage Trail Bridge Rugeley | 76 | 76 | - |
| Total Economic Regeneration and Planning | 6,666 | 6,666 | - |
| TOWN CENTRE REGENERATION | | | |
| New Entrance Hall Cannock Market | 45 | 45 | - |
| Rugeley Pedestrian/Cycle Linkage (s106) | 134 | 23 | 111 |
| Bus Shelter Refurbishment | 1 | 1 | - |
| Lets Grow Grants | 69 | 69 | - |
| Total Town Centre Regeneration | 249 | 138 | 111 |
| CORPORATE IMPROVEMENT | | | |
| Civic Centre Car Park | 450 | 450 | - |
| Vehicle Workshop | 500 | 500 | - |
| Total Corporate Improvement | 950 | 950 | - |
| Capitilisation | 555 | 555 | - |
| TOTAL CAPITAL PROGRAMME | 16,950 | 16,357 | 593 |

| | | APPENDIX 6 |
|--|------------------------------|--------------------------------|
| <u>DRAFT FINANCIAL PLAN - CAPITAL RESOURCES</u> | | |
| <u>DECEMBER 2017</u> | | |
| | | 2017-18 to 2020-21 £'000 |
| | Portfolio spending | |
| | Environment | 2,210 |
| | Housing | 4,049 |
| | Culture & Sport | 2,121 |
| | Economic Development | 6,666 |
| | Health & Wellbeing | 0 |
| | Crime & Partnerships | 150 |
| | Corporate Improvement | 950 |
| | Town Centre Regeneration | 249 |
| | Capitilisation Requirement | 555 |
| | Total Expenditure | 16,950 |
| | | |
| | Financed By | |
| | Balance B./fwd. | -6,860 |
| | Cap Receipts | -6,626 |
| | Joint Investment Programme | -1,570 |
| | Grants | -3,192 |
| | Section 106 | -75 |
| | Total Financing | -18,323 |
| | | |
| | Balance C/fwd. | -1,373 |
| | Less Section 106 | 901 |
| | Net Balance Available | -472 |