

Agenda Item

Cabinet

27 October 2016

Medium Term Financial Strategy – General Fund and Capital Programme

Cabinet Member Cllr Peter Hare- Scott
Responsible Officer Andrew Jarrett - Director of Finance, Assets & Resources

Reason for Report: To produce an updated Medium Term Financial Strategy (MTFS) which takes account of the Council's key strategies (i.e. The Corporate Plan, Service Plans, Treasury Management Plan, Asset Management Plan, Work Force Plan and Capital Strategy) and demonstrates it has the financial resources to deliver the Corporate Plan. This models potential changes in funding levels, new initiatives, unavoidable costs and proposed service savings.

RECOMMENDATION: Members approve the updated MTFS and fully endorse the proposal outlined in paragraph 6.2

Relationship to Corporate Plan: The Medium Term Financial Plan (MTFP) sets out the financial resources available to deliver the Council's ongoing Corporate Plan pledges/objectives.

Financial Implications: By undertaking an annual review of the MTFS the Council can ensure that its Corporate Plan pledges/objectives are affordable.

Legal Implications: None.

Risk Assessment: The MTFS makes a number of financial assumptions based on a sensible/prudent approach, taking account of the most up to date professional advice that is available. However, many of these assumptions are open to challenge and due to this fact, appendix 1, included within this report, shows the financial effect on key items in the plan if assumptions were to change (this is referred to as sensitivity analysis).

1.0 Introduction & Purpose of a Medium Term Financial Strategy

- 1.1 The main purpose of the MTFS is to show how the Council will strategically manage its finances over the next 5 years, in order to support the delivery of the pledges/objectives detailed in the new Corporate Plan.
- 1.2 The MTFS links the financial requirements, constraints and objectives included in all the key planning documents of the Council (i.e. Asset Management Plan, Treasury Management Strategy, Work Force Plan, and Service Plans) and ultimately the Corporate Plan.
- 1.3 The MTFS has been a key corporate requirement for a number of years and is an essential part of the budget setting process. It provides a financial model which forecasts the cost of providing Council services over a rolling 5 year period, together with an estimate of the financial resources that will be

available. This model provides an early warning mechanism if there is a significant budget gap between estimated costs and resources.

- 1.4 Therefore, the MTFs helps strategically plan for next years annual budget setting process, but of equal importance, gives Management and Members an overview of future budget gaps so strategic decisions can be made over levels of future spending, Council Tax levels, policies for fees/charges, asset investment or disposal, etc.
- 1.5 In addition to considering the General Fund financial position the MTFs also reviews the affordability of the Council's capital programme over the same 5 year period. Again it predicts required capital projects (in the main focusing on essential asset replacement and health & safety items) matched against potential capital receipts and grant funding. This plan focuses on "known" capital commitments, however, at some point in the future we may well have to consider new items which will be subject to formal prioritisation (including spend to save capability).
- 1.6 In addition to these two key areas of Council expenditure we also prepare a MTFs for our Housing Revenue Account. This shows a five year programme, based on costs and income streams for our properties as at 31/3/16.

2.0 Framework for the Medium Term Financial Strategy

- 2.1 The starting base for the MTFs is the 2016/17 approved budget, which is then adjusted for any supplementary estimates approved by the Council or any significant budget variances identified in the monthly budget monitoring report to the Cabinet.
- 2.2 This base then has to be adjusted for unavoidable costs, such as, pay increases, inflation, service pressures associated with new legislation, a growing property base or improving performance, etc. The MTFs will also consider forecasts for investment receipts and fee/charges levels.
- 2.3 Finally the MTFs considers and makes assumptions regarding future levels of Council Tax (including the potential growth in Tax base) and the likely level of future Central Government funding.
- 2.4 The MTFs models an overall aggregated position for the Council based on a range of assumptions. This then predicts an overall budget position, which can highlight a potential budget gap and then propose remedial action which can be taken to resolve it. Clearly, these assumptions can be challenged and will vary due to changes in the local, national and international economic position. As a consequence, I have included Appendix 1, which attempts to shows risks within the plan and the potential financial sensitivity to changes in the assumptions.
- 2.5 The development of a 5 year financial model is based on a number of assumptions and perceived risks. These become more difficult to predict the further into the future you consider. In general terms a prudent/reasonable approach has been taken regarding forecasts, professional accounting guidance has been followed and external technical opinion has been sought where necessary.

2.6 The following underlying caveats have been adopted as a base assumption during the life of the MTFS:

- Each year the Council will target a balanced revenue budget without the use of balances.
- We will attempt to ensure that the General Fund Balance does not fall below our current minimum agreed level (25% of net expenditure = £2.2m).
- Resources will be directed to high priority services and hence away from low priority services. With the exception of spend to save projects on lower priority services that can either cut future costs or increase revenue to enable cross subsidisation of higher priority services.
- Council Tax increases will be kept within Government set guidelines. In reality this now gives the Council very little scope to significantly increase Council Tax levels as the current nationally prescribed referendum rate is a maximum of 2% or £5 for the 2016/17 financial year. This plan assumes that the current rate will remain unaltered throughout the five year cycle.
- Further efficiency/procurement savings will be secured and then factored into future spending plans.
- We will continue to explore new commercial opportunities (as a “business as usual” model is clearly no longer deliverable).
- Prudential borrowing will only be made during the life of the MTFS after the production of a fully costed business case with a reasonable “pay back” period.

2.7 With regard to the Capital Programme, the Council will continue to prioritise schemes. The draft capital programme will also be reviewed / challenged by the Capital Strategy Asset management Group (CSAG). In addition we will also look to dispose of surplus assets in order to maximise capital receipts and reduce ongoing revenue maintenance costs associated with holding the asset. Careful consideration will also need to be used to ensure we achieve the maximum market value when disposing of assets.

3.0 Current status and strategy for the Medium Term Financial Strategy

3.1 The Medium Term Financial Strategy (MTFS) has been developed to provide a financial framework within which the Council can deliver the pledges/objectives in the Corporate Plan. This strategy focuses on the forward financial issues/pressures facing the General Fund and Capital Programme.

3.2 This MTFS has estimated further year on year reductions in Government funding, in fact incorporating the elimination of the Revenue Support Grant by 2019/20, a reduction of £1m assuming the recent fixed 4 year funding settlement.

- 3.3 The financial forecast is explored in detail in the MTFS, which forms part of this strategy. It also shows the strong inter-relation between the General Fund and delivering a sustainable capital programme. The MTFS model predicts an estimated cumulative shortfall on the General Fund budget of £0.975m. Without any action the General Fund reserve of £2,211k would become overdrawn by £1.25m, a movement of £3.2m. The deficit in 2017/18 is £419k, which increases annually, peaking at £0.975m in 2020/21. These predictions have included amounts to fund our future capital programme and future proposed savings and cost movements.
- 3.4 However, Members must realise that some of the proposed savings will require political support and therefore if some suggestions are deemed to be unacceptable then other savings will need to be proposed.
- 3.5 At this point it is still worth stressing that against a backdrop of an aggregate cut in Central Government Formula Grant of approximately £3.2m between 2010/11 and 2016/17. The Council continues to deliver a wide range of well performing services.

4.0 Summary of the Medium Term Financial Plan

- 4.1 Table 1, shown below, gives a summary position for the MTFS, over the next 5 years. This shows an overall deficit totalling £0.975m over the life of the plan. This is clearly a growing challenge based upon a number of assumptions, caveats, decisions and is now made even harder by the volume related risks that the Government has transferred to Councils with the changes to Council Tax Benefit and Business Rate localisation. As well as cuts direct to the Council's budget from central government we have and will continue to suffer indirectly from cuts to Devon County Council's budget and from other public sector bodies such as the Department of Work and Pensions.
- 4.2 Clearly, any major variations in these assumptions would require a fundamental review of the Council's MTFS and would be reported back to Cabinet and the wider Membership as soon as practical, coupled with proposed courses of action that could be implemented.
- 4.3 Table 1 shown below gives an overall summary of the Council's General Fund MTFS position (which includes a wide range of assumptions that have been realistically decided upon based on external advice and the most up to date information available to us).

Table 1 – MTFs General Fund Summary

	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 '000
Total Gross Expenditure	35,937	35,848	35,811	36,035	36,263
Total Income	(28,028)	(27,569)	(28,231)	(28,477)	(28,671)
Net Cost of Services	7,909	8,279	7,580	7,558	7,592
Interest Payable	146	143	261	260	258
Interest Receivable	(225)	(263)	(196)	(213)	(185)
Capital Financing	401	398	356	460	464
New Homes Bonus	(1,831)	(1,831)	(1,200)	(1,100)	(1,100)
Net Transfers to Earmarked Reserves	2,170	1,941	1,892	1,792	1,792
Total Budget Requirement	8,570	8,667	8,693	8,757	8,821
<i>Funded by:</i>					
Revenue Support Grant	(1,017)	(498)	(179)	0	0
Rural Services Delivery Grant	(464)	(375)	(288)	(288)	(288)
Transitional Grant	(32)	(31)	0	0	0
Non Domestic Rates	(1,956)	(2,015)	(2,045)	(2,075)	(2,090)
Reduction in CTR grant to TC/PCs	55	47	40	34	29
Collection Fund Surplus	(8)	(53)	(53)	(53)	(53)
Council Tax	(5,148)	(5,324)	(5,364)	(5,404)	(5,444)
Total Funding	(8,570)	(8,249)	(7,889)	(7,786)	(7,846)
Cumulative Surplus)/Deficit	0	419	804	971	975

4.4 The above plan shows a summarised position on the General Fund which predicts a growing general fund deficit peaking at £0.975m in the final year of the MTFs assuming no remedial action is taken year on year to set a balanced budget. Due to the cumulative nature of this plan, if we balance our revenue spend to our available funding, each subsequent year will only then need to find the difference (i.e. if we cut our level of spend by a further £419k in 2017/18 we will only need to find £385k in 2018/19 – e.g. £804k - £419k = £385k).

4.5 A key point shown at the bottom of Appendix 2 is that if no remedial action is taken to reduce our overall level of spend our General Fund Balance would be eliminated sometime during 2019-20. So clearly “business as usual” is an unsustainable option.

Capital Overview

4.6 There is no revenue contribution to the capital programme as the New Homes Bonus is earmarked for funding elements of the capital programme.

4.7 After excluding the HRA capital projects, the Council now has a much reduced capital programme, which in the main is due to a significant reduction in available funding. Indeed much of the predicted New Home Bonus monies has had to be utilised to fund all of the projected capital programme.

- 4.8 Table 2 below, shows the capital funding position during the life of the MTFS. A more detailed analysis of the overall schemes and potential funding is attached as Appendix 4.
- 4.9 The capital programme includes “rolling” items already highlighted in the current year capital programme (i.e. housing/DFG grants, the Major Repairs Account and the 30 year modernisation programme). The available receipts are based on a prudent basis, with no major asset sales factored into the model. If additional receipts are generated we could revisit our capital prioritisation list and bring forward new schemes into the programme or decrease the contribution from New Homes Bonus or begin to repay any outstanding borrowing.

Table 2 – MTFS Capital Programme

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Total Capital Requirement (A)	11,812	12,654	14,013	8,681
<i>Funded by:</i>				
Existing Funds				
Capital Grants Unapplied Reserve	605	615	625	635
Capital Receipts Reserve	1,091	1,092	1,091	1,091
Earmarked Reserves	2,484	5,192	6,370	1,033
Other	2,518	2,755	2,927	2,922
Total from Existing Funds (B)	6,698	9,654	11,013	5,681
New Funds				
Public Works Loan Board loans	5,114	3,000	3,000	3,000
Total from New Funds (C)	5,114	3,000	3,000	3,000
Total Funding (B + C) (D)	11,812	12,654	14,013	8,681
(Surplus)/Deficit (A-D)	0	0	0	0

General notes:

- It should also be noted that previous discussions with Devon County Council regarding the funding of all of the infrastructure assets that will not be fully covered by estimated future receipts from the Community Infrastructure Levy (CIL) may need to be part funded from the District's NHB receipts.
- It is highly likely that we will have to reduce or rephase our Council House building aspirations in light of the recent rent legislation cutting housing rent levels.
- The Capital Programme has only included known Housing projects that the HRA have planned to deliver. It is highly likely that other building schemes will come forward during the life of this MTFS cycle.

5.0 Balances and Reserves

- 5.1 The Council started 2016/17 with an available General Fund Balance (GFB) of £2,211k (i.e. just over the minimum agreed level) and on that basis it is imperative that we look to match on-going spending plans to our available in-year resources.
- 5.2 A Council holds a GFB for a number of reasons, firstly to deal with any short term cash flow or funding issues, secondly to provide a contingency for exceptional one-off acts (i.e. flooding, fire, terrorism, business rate failure etc.) and thirdly to provide a buffer for known circumstances whose final affect is unknown (i.e. changes in legislation or major funding changes). Obviously, when there are more of these events that are likely and there predictability is harder to estimate, then the higher the level of GFB is required.
- 5.3 Here is just a flavour of the operational, financial and legislative uncertainties facing the Council moving forward:
- A revenue funding deficit of circa £0.975m by the end of 2020/21
 - Volume risks of CTSS and Business Rates localisation
 - The Chancellor's announcement that local authorities will be able to retain non domestic rates and determine the NNDR charge (Both net revenues and new responsibilities)
 - Growth of property and commercial base – stepped cost impact but additional revenue based on current government incentives (payment by results of delivery)
 - Government funding reductions – how much and for how long?
 - The future of New Homes Bonus and Housing Benefit Admin Grant etc.
 - Further cuts to Welfare system
 - Risk of spend to save projects – will projected savings materialise?
 - Changes to DCC funding provision of specific services that could have a knock-on effect to Mid Devon (e.g. Grounds maintenance contributions, support for recycling activities and changes to municipal tips).
 - Any upfront revenue costs associated with the Eastern Urban Extension / new properties in Cullompton
 - Possible changes to the referendum limits, which could be reduced to 1.5% (From current lower amount of 2% or £5)
 - "Spend to save" costs associated with the business and digital transformation project and ongoing savings delivered in subsequent years
 - Levels of Council Tax going forward
 - Inflows and outflows of monies in respect of substantial property transactions
 - New commercial opportunities that may arise
 - Potential future partnership working with other authorities
 - Possible impact of BREXIT on the economy including changes in interest rates

All of the above items highlight once again just how difficult it is to forecast ahead with any degree of accuracy. Nevertheless the medium term financial plan helps us

examine the likely trends to assist in setting realistic capital and revenue budgets going forward.

6.0 How to Manage the Budget Deficit

6.1 Many of the issues, assumptions and sensitivity of items included within the MTFs are complex, often inter-related and will undoubtedly be subject to variation and ultimately fundamental review depending on the levels of future Formula Grant reductions. However, strategic decisions have been ongoing to reduce our current and future operational costs.

6.2 It is fair to say that the Council is currently in a relatively strong financial position (evidenced by the last two reports by our external auditors) however, it is now at a funding tipping point – i.e. the previous methodology of salami slicing budgets by x% and expecting managers to continue to deliver the same level of service will not work any longer. The MTFs shows an overall funding gap of £0.975m up to 2020/21. In order to reduce this deficit the Council will strive to constantly manage its costs and revenues by:

- A continued reduction of employee costs – which may incur short term upfront costs
- Ensure fees/charges are revisited regularly and that we are charging for all items possible – are there areas of service provision that we could charge for?
- Continue and expand partnership working where practical
- Investigation of a number of spend to save projects
- Review our current and future property asset requirements
- Maximise procurement efficiencies
- Explore new commercial opportunities
- Examine different ways of delivering services to reduce costs
- Continued benchmarking and learning from best practice
- Consideration of growing the commercial property base to align delivery with government funding priorities

6.3 Ultimately it remains unrealistic to assume that the suggestions listed in paragraph 6.2 will enable the Council to balance its service delivery aspirations against the backdrop of the very substantial cuts in both current and future sources of local government funding.

6.4 The above plans will require all service areas to play an active role in securing future savings and we will also continue to consult with all of our major stakeholders, especially the tax payers, to ensure all future budgetary decisions accord with their priorities.

7.0 The Corporate Plan

7.1 Clearly there is a very strong link between finance and corporate/service performance. By integrating the MTFs, the Work Force Plan and the Corporate Plan the Council can demonstrate how it will afford to deliver its key objectives. This will also shape the ongoing priorities of the Council, as with finite resources, it will need to decide on what its key priorities are, and more importantly, what are not.

8.0 On-going Delivery of a MTFS

8.1 The MTFS, including the MTFS will continue to be updated on an annual basis. This will ensure that the MTFS will be a “live” document, subject to amendment and review by Management Team and Members and will provide a clear guide prior to commencing the annual budget setting process in future years.

9.0 Conclusion

9.1 Like all Councils, Mid Devon is facing an ongoing and very challenging financial future, but with a clearly shaped Corporate Plan which will need to be aligned to available financial resources (which will include a regularly updated Work Force Plan) the District will be well placed to continue delivering a wide spectrum of cost effective services that are valued by its residents.

9.2 It should also be noted that Management will continue to play a pro-active role in both reducing ongoing service costs and exploring new possibilities to raise additional income.

9.3 Having a realistic financial plan for the next 4 years will enable the Council to ensure it is allocating its limited financial resources to its key priorities. Our updated Corporate Plan setting out our goals/objectives over the next four years must clearly be matched by the financial resources that are available. The government’s move from a relatively fixed care funding system to a more “payment by results” process has introduced a lot more uncertainty and volatility for the future of our funding streams, which make the medium term financial planning an even more challenging process.

9.4 Like any strategic plan, the MTFS, has been compiled based upon all available information at a fixed point in time. Clearly, as time moves on assumptions will change, Central Government will set new targets, bring in new legislation and adjust funding levels, residents expectations will change, Member priorities will alter and therefore any plans must be flexible enough to cope with major changes. As we are still in a period of major financial uncertainty it is imperative that reserve levels are held at a prudent level (£2.2m in the short to medium term) and that Members are provided with regular updates on the financial impact of any variations to what has been previously assumed.

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Background Papers:

File Reference:

Circulation of the Report: Cllr Peter Hare-Scott
Management Team
Audit Team for Data Quality

Key Assumptions used in Medium Term Financial Strategy

A number of assumptions have been made in formulating the strategy. Clearly some of these are harder to predict than others and in addition the magnitude of the “error” of prediction may be greater in certain specific areas. Detailed below are the main assumptions made and importantly an analysis of the sensitivity to variance.

Formula Grant

We have currently used the future outline figures provided by Department of Communities and Local Government last year. However since the figures were provided we have had the BREXIT referendum and a change of Leader and Chancellor. In December we will receive our draft grant settlement which might be different.

The 2016/17 settlement showed the elimination of the revenue support grant received from the government by 2019/20.

Inflation

Following the BREXIT referendum the pound has fallen against all leading currencies with the prospect of further falls. As a consequence all imported goods and services will cost more and this imported inflation is expected to increase inflation to 3-4% by the end of 2017.

The Pay inflation also includes an increase in respect of the Apprenticeship Levy and pension contributions. The triennial pension fund valuation which sets new pension contribution rates will take place in October and the contribution rates are expected to increase.

Investment Return

The model assumes that interest rates will initially fall and then gradually increase although rates are expected to remain low. This has been confirmed by looking at a broad spectrum of advice from a number of treasury specialists.

Council Tax Income

We have also assumed a relatively small growth in properties throughout the life of the MTFs. Clearly if any major residential building projects are agreed/advanced over the next 2-3 years they will then be factored into future MTFs (but it should be noted that extra housing also affects the Council’s cost base too).

Sensitivity Analysis

As previously mentioned, many of the assumptions could be subject to challenge and may well alter during the life of the MTFs. Therefore, it is important to show the magnitude (or sensitivity) in financial terms of minor alterations to assumptions made. A change in the inflation factors causes the following movements:

	Budget in 2016/17 £'000	Change by 1.0% £'000	Change by 5.0% £'000
Employee costs	11,974	119.74	598.7
Premises	1,692	16.92	84.60
Transport	1,042	10.42	52.1
Income ⁽¹⁾	(8,733)	(87.33)	(436.65)
Supplies & Services ⁽¹⁾	3,275	32.75	163.75
Council Tax Income	(5,148)	(51.48)	(257.4)
Revenue Support Grant	(1,017)	(10.17)	(50.85)
Non Domestic Rates	(1,956)	(19.56)	(97.8)

Note (1) – income and supplies & services both exclude housing benefit payments and subsidy of £19m.

Risk

All of the assumptions made in the MTFP have been examined for risk and estimates of expenditure and income have been made on a prudent/most likely occurrence. This has been based on previous experience, evidence in the current financial year, consultation with specialist advisers and taking account of all known market factors at the time of finalising the plan.

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**MID DEVON DISTRICT COUNCIL GENERAL FUND
MEDIUM TERM FINANCIAL PLAN 2016-17 TO 2020-21**

	Current Base								
	2016-17	Infl	2017-18	Infl	2018-19	Infl	2019-20	Infl	2020-21
	£	%	£	%	£	%	£	%	£
Employee costs									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	11,974,330		12,563,390		12,689,024		12,815,914		12,944,073
<i>Inflation base</i>	11,974,330		12,563,390	1.0%	12,689,024	1.0%	12,815,914	1.0%	12,944,073
One off initiatives			0		0		0		0
Total in year cost	11,974,330		12,563,390		12,689,024		12,815,914		12,944,073
Premises costs									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	1,691,600		1,756,880		1,777,963		1,806,410		1,842,538
<i>Inflation base</i>	1,691,600		1,756,880	1.2%	1,777,963	1.6%	1,806,410	2.0%	1,842,538
One off initiatives			0		0		0		0
Total in year cost	1,691,600		1,756,880		1,777,963		1,806,410		1,842,538
Transport related costs									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	1,041,840		1,003,830		1,033,945		1,054,624		1,075,716
<i>Inflation base</i>	1,041,840		1,003,830	3.0%	1,033,945	2.0%	1,054,624	2.0%	1,075,716
One off initiatives			0		0		0		0
Total in year cost	1,041,840		1,003,830		1,033,945		1,054,624		1,075,716
Supplies and services									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	3,275,040		3,275,040		3,373,291		3,440,757		3,509,572
<i>Inflation base</i>	3,275,040		3,275,040	3.0%	3,373,291	2.0%	3,440,757	2.0%	3,509,572
One off initiatives	0		0		0		0		0
Total in year cost	3,275,040		3,574,340		3,373,291		3,440,757		3,509,572
Housing Benefit payments	19,219,600	0%	18,225,770	0%	18,225,770	0%	18,225,770	0%	18,225,770
Sub total	37,202,410		37,124,210		37,099,993		37,343,475		37,597,670
Support services	(1,265,490)	1%	(1,276,490)	1.0%	(1,289,255)	1.5%	(1,308,594)	2.0%	(1,334,766)
Recharge adjustments									
Total gross expenditure	35,936,920		35,847,720		35,810,738		36,034,881		36,262,904
Fees, charges and grants									
Cost pressures			0		0		0		0
Savings			0		0		0		0
Base budget	(8,733,090)		(9,268,020)		(9,453,380)		(9,642,448)		(9,835,297)
<i>Inflation base</i>	(8,733,090)		(9,268,020)	2.0%	(9,453,380)	2.0%	(9,642,448)	2.0%	(9,835,297)
One off initiatives (See note 1)	0		0		(476,600)		(533,795)		(535,235)
Total in year cost	(8,733,090)		(9,268,020)		(9,929,980)		(10,176,243)		(10,370,532)
Housing benefit subsidy	(19,294,600)	0%	(18,300,770)	0%	(18,300,770)	0%	(18,300,770)	0%	(18,300,770)
Total income	(28,027,690)		(27,568,790)		(28,230,750)		(28,477,013)		(28,671,302)
NET COST OF SERVICES	7,909,230		8,278,930		7,579,987		7,557,868		7,591,602
Interest Payable (See note 1)	146,030		143,680		261,000		260,000		258,000
Capital Financing (See note 1)	361,140		353,680		353,668		454,185		451,548
Principal Timing Adjustment	39,580		44,690		2,706		7,876		13,155
Interest Receivable	(171,000)		(209,000)		(141,630)		(160,610)		(131,150)
Interest Receivable HRA to GF	(54,000)		(54,000)		(54,000)		(54,000)		(54,000)
Contribution to Capital	0		0		0		0		0

New Homes Bonus	(1,831,460)		(1,831,460)		(1,200,000)		(1,100,000)		(1,100,000)
Net transfers to / (from) earmarked reserves	2,169,990		1,940,840		1,891,970		1,791,970		1,791,970
TOTAL BUDGET EXPENDITURE	8,569,510		8,667,360		8,693,701		8,757,289		8,821,125
Funded by:									
Revenue Support Grant	(1,017,260)		(497,550)		(179,260)		0		0
Rural Services Delivery Grant	(463,810)		(374,510)		(288,084)		(288,084)		(288,084)
Transition Grant	(31,630)		(31,510)		0		0		0
Non NDR	(2,055,890)		(2,065,210)		(2,065,210)		(2,065,210)		(2,065,210)
NNDR Appeals	100,000		50,000		50,000		50,000		50,000
NNDR movement	0		0		(30,000)		(60,000)		(75,000)
Collection fund surplus	(8,230)		(52,860)		(52,860)		(52,860)		(52,860)
Council Tax	(5,147,940)		(5,285,480)		(5,323,910)		(5,363,910)		(5,403,910)
Average property growth			(38,430)		(40,000)		(40,000)		(40,000)
Reduction in CTR grant to TC/PCs	55,250	-15%	46,960	-15%	39,920	-15%	33,930	-15%	28,841
TOTAL FUNDING	(8,569,510)		(8,248,590)		(7,889,404)		(7,786,134)		(7,846,224)
Budget (Surplus) / Deficit	0		418,770		804,297		971,155		974,902
Opening balance 01 April 2016	(2,211,035)		(1,914,143)		(1,495,373)		(691,076)		280,079
Net Monitoring Forecast outturn	296,892								
Closing balance 31 March	(1,914,143)		(1,495,373)		(691,076)		280,079		1,254,981
Savings to be found			418,770		804,297		971,155		974,902
25% of Net Budget Requirement	(2,142,378)		(2,062,148)		(1,972,351)		(1,946,534)		(1,961,556)
Deficit/Surplus	228,235		566,775		1,281,275		2,226,612		3,216,537

* **Approved Council policy is maintain General Fund balance at 25% of the net budget requirement**

Notes:

1. One off initiatives - This includes the Council's current planning on the Exe Valley Leisure Centre and the developmnet site at the rear of the Tiverton Town Hall. The impact of borrowing and fianning costs have also been incorporated in the model.
2. I have included a £5 increase in Council Tax year on year purely for illustrative purposes - please note a 1% increase in Council Tax generates circa £50k per annum.
3. Property growth based on figures quoted in Forward Planning's housing supply data - obviously if achieve higher level we receive more Council Tax income but some of our costs will increase and some on a stepped basis (e.g. refuse/recycling, etc.).
4. Most of the New Homes Bonus, is used to support current and future Capital Programmes - mainly this money is earmarked towards future capital projects. NB changes to this is currently out for consultation.
5. The Council Tax reduction grant passed to Town and Parish Council's will be reduced in line with the level of central government grant cuts received by Mid Devon.
6. Too early to model impact of new NNDR funding arrangements. NB changes to this is currently out for consultation.

**MID DEVON DISTRICT COUNCIL GENERAL FUND
MEDIUM TERM FINANCIAL PLAN 2016-17 TO 2020-21
ONE OFF INITIATIVES SUMMARY**

	2017-18 £	2018-19 £	2019-20 £	2020-21 £
Employee costs				
Employees total to summary	0	0	0	0
Premises costs				
Premises total to summary	0	0	0	0
Transport related costs				
Transport total to summary	0	0	0	0
Supplies and services				
Supplies and Services total to summary	0	0	0	0
Fees, charges and grants				
Net increase in Leisure income following new EVLC extension		(88,600)	(150,795)	(156,235)
New Town Hall residential unit development - Net returns after interest		(388,000)	(383,000)	(379,000)
Fees, charges and grants summary	0	(476,600)	(533,795)	(535,235)
Total Initiatives	0	(476,600)	(533,795)	(535,235)

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	Provisional Capital Programme 2017/18 £k	Estimated Capital Programme 2018/19 £k	Estimated Capital Programme 2019/20 £k	Estimated Capital Programme 2020/21 £k	Total £k
Estates Management					
Leisure - Site Specific					
Lords Meadow Leisure Centre					
Lords Meadow - Replace main pool filters		80			80
Lords Meadow - Tennis Courts surface and lining		25			25
LMLC pool tiling and balance tank repairs		25			25
Lords Meadow - Squash Court Climate Control				50	50
LMLC - Pool Cover			20		20
Exe Valley Leisure Centre					
Exe Valley Leisure Centre - Replenish sand filters	25				25
EVLC pool tiling and balance tank repairs		25			25
Evlc - Replace isolated CHP for Bio Mass Boiler (spend to save)		150			150
EVLC - Pool Cover				20	20
Culm Valley sports centre					
Culm Valley- Fitness Gym Extension			500		500
CVSC replace end of life AC for fitness Gym	30				30
Total	55	305	520	70	950
					0
Other MDDC Buildings					
Pannier Market					
Pannier Market -Paving replacement		150			150
Pannier Market- Improvement Project back log maintenance	60				60
Phoenix House					
Phoenix House - Replacement BMS software				20	20
Phoenix House - AHU changes to allow cooling		100			100
General Car parks					
P&D resurfacing and lining - Becks Square Tiverton		50			50
MSCP Improvements					
MSCP refer to Matrix condition report			50		50
Note - MSCP and Phoenix Lane access road resurfacing to be negotiated with Premier Inn project					
MDDC Depot sites					
Lords Meadow Depot / repair asbestos panels			50		50
Old Road yard resurfacing		35			35
Old Road Depot - Asbestos panel replacement				50	50
Carlu Close - Potential Air Conditioning units		20			20
MDDC Shops/Industrial Units					
Energy Assessment works - new legislation - Indust Units/Shops/Mkt Walk	50				50
Play Areas					
Play area refurbishment District wide - Amory Park Tiverton	50				50
Play area refurbishment District wide		50	50	50	150
Cemeteries					
Tiverton and Crediton Cemetery Chapel maintenance		50			50
Other Projects					
Land drainage flood defence schemes		50	50	50	150
Crediton Office - Structural improvement work	30				30
Note - Town Centre Master Planning initial consultant costs will be revenue but affordable schemes identified will be highlighted in future Capital MTFP					
General Fund Development Schemes					
Rear of Town Hall development site (6 Houses, 24 Apartments)	5,114				5,114
Total	5,304	505	200	170	6,179
					0
Economic Development Schemes					
Tiverton Pannier Market awnings & canopy - I assume now flag as new project?? £15C	150				150
*Cullompton Townscape Heritage Initiative (Subject to £1.152m HLF bid)		253	251	251	755
Harlequin Valley Project	200				200
Tiverton Town Centre improvements	40				40
Total	390	253	251	251	1,145
					0
* Project to be delivered over 5 years therefore likely to be complete in 2022/23. Depending on successful HLF bid. At this stage equal cost £1,257k assumed over 5 year period & therefore will straddle thi					
ICT Projects					
Replacement PC estate		40			40
Unified Comms/telephony	107				107
Continuous replacement of WAN/LAN			100		100
Digital Transformation replacement of CRM	50				50
SQL/Oracles refreshes			100		100
Data centre hardware refresh servers/storage		120			120
Application Virtualisation /deployment		50			50
Secure Wifi replacement	50				50

	Provisional Capital Programme 2017/18	Estimated Capital Programme 2018/19	Estimated Capital Programme 2019/20	Estimated Capital Programme 2020/21	Total
Website development			20		20
Mobile/agile business transformation - estimate only for change of kit, servers and comms links		300			300
Project Liberty (SQL database and Information Services - Tech Refresh)			50		50
Parking System Replacement	40				40
Replacement Queue System	30				30
Core System Refreshes - Revs/Bens	20				20
Core System Refreshes - Uniform, eFinancials, Revs/Bens, HR				180	180
Replacement Estates/Property Systems	50				50
Leisure Technical Refresh - Portal Solution			35		35
Partnership Working			60		60
Total	347	510	365	180	1,402

Affordable Housing Projects

Grants to housing associations to provide houses (covered by Commuted Sums)	115	115	115	115	460
Affordable Housing initiative		300			300
Total	115	415	115	115	760

Private Sector Housing Grants

Empty homes and enforcement	104	106	108	110	428
Disabled Facilities Grants-P/Sector	490	500	510	520	2,020
Total	594	606	618	630	2,448

Replacement Vehicles

Telehandler			67		67
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Waste Collection

Refuse Collection Vehicles			640		640
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Street Cleansing

Large Sweeper			120	120	240
Van Tipper			26		26
Medium Sweeper (Street Cleansing)	70				70

Property Services

SWB Van		0	0		0
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Grounds Maintenance

Van Tipper	26	78	0	52	156
Ransomes Mower	35				35
Total	131	78	853	172	1,234

TOTAL GF PROJECTS 6,936 2,672 2,922 1,588 14,118

HRA Projects

Existing Housing Stock

Major repairs to Housing Stock	2,275	2,275	2,450	2,445	9,445
Renewable Energy Fund	100	100	100	100	400
Disabled Facilities Grants - Council Houses	299	307	315	322	1,243

Housing Development Schemes

* Watery Lane Tiverton - Garage conversion (15 Units - Subject to design)			1,000		1,000
Waddeton Park Tiverton (70 Units)		3,000	3,000	3,000	9,000
* Round Hill Tiverton (21 Units - Subject to design)			3,000		3,000
* Replace end of life units (8 units)		2,000			2,000
* Affordable Housing on Council owned land		1,226	1,226	1,226	3,678
Land Banking for Affordable Housing	2,100				2,100

Commercial Development Schemes

* Shapland Place Tiverton garage conversion (2-3 Units - Subject to design)		1,000			1,000
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Note - consideration of land banking/demand for commercial developments

HRA ICT Projects

Repairs - mobile replacement (HRA)	30				30
Tenancy Mobile (HRA)	40				40
Total	4,844	9,908	11,091	7,093	32,936

* Proposed Council House Building schemes subject to full appraisal

HRA Replacement Vehicles

Van Tipper 4.5T (Responsive Repairs)	32	32			64
Van Tipper 7T (Voids)		42			42
Total	32	74	0	0	106

TOTAL HRA PROJECTS 4,876 9,982 11,091 7,093 33,042

GRAND TOTAL GF + HRA 11,812 12,654 14,013 8,681 47,160

MDDC Funding Summary

	2017/18 £k	2018/19 £k	2019/20 £k	2020/21 £k	Total £k
EXISTING FUNDS					
Capital Grants Unapplied Reserve	605	615	625	635	2,480
Capital Receipts Reserve	1,091	1,092	1,091	1,091	4,365
Earmarked Reserves	2,484	5192	6370	1033	15,079
Miscellaneous Funding	2,518	2,755	2,927	2,922	11,122
Subtotal	6,698	9,654	11,013	5,681	33,046

NEW FUNDS

Borrowing	5,114	3,000	3,000	3,000	14,114
Revenue Contributions	0	0	0	0	0
Subtotal	5,114	3,000	3,000	3,000	14,114

TOTAL FUNDING 11,812 12,654 14,013 8,681 47,160