

DRAFT MEDIUM TERM FINANCIAL STRATEGY

Annex A1

	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	2029/30 £000s
Expenditure base budget	23,413	24,496	23,398	23,202	22,701	22,843	22,712	23,049	23,528	23,880
Total Inflationary Increases	379	379	379	379	379	379	379	379	379	379
Unavoidable budget pressures - See Annex A2	1,708	172	798	70	614	205	159	150	24	25
Savings										
Savings Target - With Plans in Place	(329)	(43)	(22)	0	(0)	0	0	0	0	0
Savings requiring as per existing MTFS	(1,000)	(500)	(500)		(100)	(100)	(200)	(50)	(50)	
Defer some savings to 2021/22	326	(326)								
New Savings Targets		(780)	(850)	(950)	(750)	(615)	0			
Total Expenditure	24,496	23,398	23,202	22,701	22,843	22,712	23,049	23,528	23,880	24,283
Income base budget	(12,256)	(12,156)	(12,172)	(12,529)	(12,529)	(12,659)	(12,689)	(12,819)	(12,849)	(12,979)
Inflation			(100)		(130)	(30)	(130)	(30)	(130)	(130)
Other Growth - see Unavoidable budget pressures Annex A2	100	(16)	(257)	0	0	0	0	0	0	0
Total Income	(12,156)	(12,172)	(12,529)	(12,529)	(12,659)	(12,689)	(12,819)	(12,849)	(12,979)	(13,109)
Net cost of service	12,340	11,226	10,673	10,172	10,184	10,023	10,230	10,679	10,901	11,175
Central Government Funding										
Revenue Support Grant	0									
Business Rates Income Estimate	(3,196)	(2,959)	(3,058)	(2,926)	(3,007)	(2,897)	(2,952)	(3,009)	(3,067)	(3,123)
Rural Services Delivery Grant	(602)	0	0	0	0	0	0	0	0	0
New Homes Bonus	(3,169)	(1,920)	(665)	0	0	0	0	0	0	0
Overall Central Government Funding	(6,968)	(4,879)	(3,723)	(2,926)	(3,007)	(2,897)	(2,952)	(3,009)	(3,067)	(3,123)
Council Tax										
Estimated Council Tax Base	41,754	42,255.0	42,762.0	43,275.2	43,794.5	44,320.0	44,851.8	45,390.1	45,934.7	46,486.0
Band D Council Tax	134	138.93	143.93	148.93	153.93	158.93	163.93	168.93	173.93	178.93
Council Tax Yield	(5,592)	(5,870)	(6,155)	(6,445)	(6,741)	(7,044)	(7,353)	(7,668)	(7,989)	(8,318)
	0	3.73%	3.60%	3.47%	3.36%	3.25%	3.15%	3.05%	2.96%	2.87%
Collection Fund (Surplus)/Deficit - Council Tax	49	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Overall Funding Position	(12,510)	(10,849)	(9,977)	(9,471)	(9,848)	(10,041)	(10,405)	(10,777)	(11,156)	(11,541)
Budget (Surplus)/Deficit	(170)	377	696	701	336	(18)	(175)	(98)	(255)	(367)

Annex A2

Unavoidable Budget Pressures	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue Impact of increase to external borrowing - MRP	683,000	62,125	337,250	750,000	250,000	62,500	83,333	0	0	0
Loan repayment from RSL matches MRP on external Borrowing for loan				(750,000)						
Revenue Impact of increases to external borrowing - interest	99,348	56,197	369,974	852,636	256,140	32,225	(38,219)	83,324	(43,888)	(45,059)
Interest on loan to RSL matches interest on external borrowing for loan				(876,075)	11,873	12,223	12,584	12,955	13,338	13,731
GCC Incentive payment	45,000									
Review of statutory officers	50,000									
Flytipping Officer		(35,000)								
Waste Service Review	610,000									
Additional Inflationary pressure on Ubico Contract over and above £124k provision in approved MTFS + repairs provision as fleet ages		88,500	91,000	93,500	96,000	98,500	101,000	53,500	54,750	56,000
Members Allowances re new Scheme approved May 2019	47,005									
Council Chamber Webcasting Ongoing Support and Maintenance	20,000									
Severn Wye funding for investment in SMEs climate change measures	3,000									
Climate Change Manager Post	70,000									
Contribution to election fund	10,000									
Green Energy Supply	6,100									
Insurance Premiums	23,280									
External Valuation Resource - Property Services	10,000									
Support of in-cab system for waste and recycling vehicles	26,000									
Enhanced support for communications team	5,000									
Total Expenditure Budget Pressures	1,707,733	171,822	798,224	70,061	614,012	205,449	158,699	149,779	24,200	24,672
Car parking income from Decked Car Parking Cirencester - offset prov for debt repayment and interest costs			(241,000)							
Loss of investment interest resulting from lump sum payment to pension fund		(16,000)	(16,000)							
Planning income	100,000									
Total Income Growth/Budget Pressures	100,000	(16,000)	(257,000)	0	0	0	0	0	0	0
TOTAL	1,807,733	155,822	541,224	70,061	614,012	205,449	158,699	149,779	24,200	24,672

Capital	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29-30
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Capital Reserves										
Opening Balance of capital receipts and capital grants	(8,060)	(7,158)	(2,300)	(2,960)	(3,620)	(4,280)	(4,440)	(5,170)	(5,900)	(6,630)
Expenditure:										
Environmental Services Depot										
Private Sector Housing Renewal Capital Grant	700	700	700	700	700	700	700	700	700	700
ICT Capital funding	200	200	200	200	200	200	200	200	200	200
Provision for financing of Ubico Ltd waste vehicles	1,410					500	4,500			
Contribution to Rural Broadband scheme	500									
Business World Upgrades - Finance and HR System	15									
Waste receptacles growth in properties and replacements	55	55	55	55	55	55	55	55	55	55
Replacement Leisure equipment	380					500				
Investment in multi-storey car parking Cirencester	4,758	8,000								
Additional investment in Car Parking at Rugby Club - Funded from Multi-Storey Car Park allocation	192									
Provision for further electric vehicle charging points	150	150	150	150	150	150	150	150	150	150
Community Projects Fund	50	50	50	50	50	50	50	50	50	50
Replace pay and display machines	125									
Ubico contract - roller brake testing	52									
Investment in Cirencester Leisure Centre		1,250								
Commercialisation Strategy Investment		20,000	20,000	25,000						
Webcasting and Audio Visual Investment	80									
Income:										
PWLB Loan for Waterloo Car Park	(4,758)	(2,482)								
External Funding for Investment in Green Technology 50%		(5,000)								
External Funding for investment in economic Development 50%				(12,500)						
Borrowing	0	(16,250)	(20,000)	(12,500)		(500)	(4,500)			
Capital Financed from Revenue	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Earmarked reserves funding Cirencester multi-storey car park	(1,140)									
Earmarked reserves funding roller brake testing	(52)									
DFG Grant / Better Care Fund	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)	(650)
Right to Buy and other misc. capital receipts	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)	(150)
Loan repayment from Ubico Ltd for waste vehicles	(765)	(765)	(765)	(765)	(765)	(765)	(835)	(835)	(835)	(835)
Estimated Closing Balance of Capital Receipts	(7,158)	(2,300)	(2,960)	(3,620)	(4,280)	(4,440)	(5,170)	(5,900)	(6,630)	(7,360)

Revenue Reserves	20/21 £000s	21/22 £000s	22/23 £000s	23/24 £000s	24/25 £000s	25/26 £000s	26/27 £000s	27/28 £000s	28/29 £000s	29/30 £000s
Closing balance	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)	(2,720)
Total of Earmarked reserves	(3,768)	(3,646)	(3,186)	(3,176)	(3,174)	(3,174)	(3,174)	(3,174)	(3,174)	(3,174)
<u>General fund working balance</u>										
Opening balance	(4,746)	(1,648)	(2,905)	(3,843)	(3,143)	(2,807)	(2,824)	(2,999)	(3,097)	(3,352)
Lump sum contribution to Gloucestershire LGPS	3,268	(1,634)	(1,634)							
Revenue budget (surplus)/deficit for the year	(170)	377	696	701	336	(18)	(175)	(98)	(255)	(367)
Closing balance on the General Fund	(1,648)	(2,905)	(3,843)	(3,143)	(2,807)	(2,824)	(2,999)	(3,097)	(3,352)	(3,718)

MTFS and Budget Strategy 2020/21 - Risk Analysis

Risk No.	Budget Risks	Likelihood	Impact	Score	Mitigation
1	Local Land Charge Register transfer to Land Registry impacts upon income from land charges.	4	3	12	<p>Project established to implement the changes. Project includes collection of costs associated with the project with the aim of recovering costs via the New Burdens doctrine.</p> <p>Monitor government communications on the change and reflect within updates to MTFS as appropriate.</p> <p>Respond to any consultation and lobby to protect Council's position.</p> <p>Local Government Association and Local Land Charges Institute working with local authorities during the transition.</p>
2	Cost of operating off-street car parking increase due to procurement of contracts excluding County on-street car parking	4	3	12	<p>Gloucestershire County Council have decided to pull out of the framework contract arrangement which operate across Gloucestershire. This means that the Council is tendering for the following services related to off-street car parking for this Council: ICT back office processing contract Enforcement contract Cashless parking contract There is a risk of costs increasing due to loss of economies of scale.</p>
3	Changes to local government funding from central government increases Council savings targets over the medium term	3	3	9	<p>MTFS reflects latest advice upon impact of 75% business rates scheme from 2021/22, assumes full business rate reset. New Homes Bonus legacy only payments assumed from 2021/22. Savings targets updated. Council developing a Commercialisation Strategy to address changes to funding.</p> <p>Respond to the government consultation documents e.g Fairer Funding Review, Business Rates Retention, Spending Review 2020.</p> <p>Review final central government decisions and model financial impact.</p> <p>Consider advice from external experts in drafting responses e.g. SPARSE, Pixel Consulting, LG Futures.</p>
4	Impact of unforeseen legislative changes on financial resources	3	3	9	<p>Horizon scanning.</p> <p>Responding to consultation documents.</p> <p>Lobbying as appropriate</p>
5	If there are insufficient resources to deliver the objectives of the new Corporate Strategy then the expectations of our communities may not be met resulting in lower satisfaction and reputational damage.	3	3	9	<p>MTFS includes financial implications of new Corporate Strategy. This risk links to risk 1 regarding Government funding which is the biggest risk to deliverability of the objectives in the new Corporate Strategy.</p>

MTFS and Budget Strategy 2020/21 - Risk Analysis

Risk No.	Budget Risks	Likelihood	Impact	Score	Mitigation
6	Expenditure Risk - if unavoidable budget pressures exceed provision within the MTFS then the Council may need to find additional income or savings, use reserves or there may be pressure on services or tax levels and agreed budget targets will not be achieved.	3	3	9	<p>The MTFS contains provision for the increased cost of the environmental services contract with Ubico Ltd.</p> <p>The Council has declared a Climate Emergency which requires financial resources. Funding for a Climate Change Manager and one-off funding has been made available from earmarked reserves to fund research which will enable a costed action plan to be developed.</p> <p>There is a downturn in material markets, textile and paper; values have reduced significantly. Ubico is reporting that the costs of its Corporate Overhead are exceeding budget in 2019/20.</p> <p>Gloucestershire County Council has decided that garden waste will now need to be delivered to a depot outside of the District, rather than to Love Lane, which will increase the Ubico contract cost. There is provision for reduced recycling incentive scheme income from Gloucestershire County Council of £45,000 in the budget for 2020/21. It is likely that some or all of this budget growth item can be reallocated to mitigate against the additional costs of transferring waste to the new depot site during 2020/21. There remains a risk of Ubico costs increasing in excess of the budget growth which is included in the budget for 2020/21</p>
7	Successful business rates appeals impact upon locally retained business rates.	3	3	9	<p>A provision for successful business rates appeals has been created.</p> <p>Regular updates on business rates appeals available from VAO and data on new Check, Challenge, Appeal process.</p> <p>Regular liaison with VAO regarding national trends, local matters.</p>
8	The Council is part of the pilot Gloucestershire 50% Business Rates Retention Pool. This increases both the risks and rewards available from the business rates scheme.	3	3	9	<p>Each Council has made provision for outstanding business rates appeals. Financial modelling indicates that the pool will provide a significant benefit across the County. However, there are risks of future unforeseen business rates appeals which would be borne by the Councils due to the increased level of safety net associated with the pool.</p>
9	Failure of Transformation Programme delivered by Publica to deliver savings	3	3	9	<p>Progress in preparing actions to deliver against business case targets for 2020/21 are not as advanced as hoped to deliver full assurance that the remaining business case savings will be achievable in 2020/21 but an agreed savings target has been included in draft budgets.</p>
10	Increases to LGPS contributions resulting from tri-ennial review of GCC pension fund exceed provision for growth in MTFS	3	3	9	<p>MTFS has been updated to include the outcome of the recent actuarial valuation of the LGPS. This includes the financial benefit of making a lump sum contribution in respect of the pension fund deficit.</p> <p>Regular liaison with actuary through Gloucestershire County Council</p>
11	Level of pay inflation exceeds provision in the MTFS	3	3	9	<p>Negotiations are ongoing with regard to the 2020/21 pay award. Unions have submitted a claim for 10%, the MTFS provides for 2.5%.</p>

MTFS and Budget Strategy 2020/21 - Risk Analysis

Risk No.	Budget Risks	Likelihood	Impact	Score	Mitigation
12	Investment in Cirencester car parking is higher than currently provided for in budget.	3	3	9	Cirencester car parking Board in place. Full report on project, including financial impact and project plan due to be considered by the Council in 2020.
13	If the Council is unable to meet the savings required to balance the budget then it may need to make unplanned use of revenue reserves, raise council tax, find further savings and/or cut services.	3	3	9	The level of savings required as a result of changes to local government funding changes, which will come in to effect in 2021/22, remains unclear. The Council is developing contingency plans/Commercialisation Strategy to deliver the savings, or generate additional income. The budget includes proposals to increase car parking charges and council tax. Budget consultation includes proposals for increases to green waste charges. £65 million has been included in the capital programme to provide funding for the Commercialisation Strategy.
14	Failure to meet income budgets	3	3	9	Planning income has been falling, budget reduced for 2020/21 Budgetary control processes Appropriate marketing of services and consideration of effective charging levels Property services review and monitoring of commercial property investments.
15	Transfer of responsibility for housing benefit fraud to Department for Works and Pensions may impact upon identification of and recovery of fraudulent housing benefit claims leading to adjustment to budget	4	2	8	Budget monitoring. Counter fraud unit in place to help identify potential fraudulent activity across the Council. DWP consulting with Officers regarding joint working on HB and LCTS fraud.
16	If the Government does not provide adequate funding to the Council to enable it fulfil expectations of the Council's roles in preparations for the UK exit from the EU, there could be negative implications on the Council's reputation or the Council's finances.	3	2	6	A Brexit Risk Register is being maintained. Funding of £53k received from government.
17	Unavoidable budget pressures exceed provision	3	2	6	This is monitored as part of the annual update to the MTFP and as part of regular budget monitoring
18	Housing and Planning Bill potential impact upon capital right to buy receipts	3	2	6	Monitor situation, update MTFS as appropriate.
19	Publica unable to achieve budgeted salary underspend	2	3	6	Budgetary control processes - salary underspend target passed to Publica Budget reducing to reflect more sharing and therefore less capacity to be able to continue with business without filling vacant posts as quickly possible.

MTFS and Budget Strategy 2020/21 - Risk Analysis

Risk No.	Budget Risks	Likelihood	Impact	Score	Mitigation
20	Legal challenge leading to financial implications	2	3	6	<p>Effective engagement with key stakeholders over key decisions.</p> <p>Controls over preparation and authorisation of Member/Officer decision making reports</p> <p>Role of Monitoring Officer</p>
21	Demand for Local Council Tax Support increases reducing the value of the council tax base	3	2	6	<p>Banded local council tax support scheme introduced for 2019/20. Improving economic conditions has lead to a lower cost of the scheme in recent years.</p> <p>Housing growth in the District will help to offset the impact of any increases in LCTS.</p> <p>Robust processes for collection of council tax debt in place, collection fund surpluses may be available to offset future costs arising from the LCTS.</p>
22	Council tax base does not increase in line with growth forecast	3	2	6	<p>Prudent estimates of growth to be included in estimate of council tax base each year.</p>
23	Works on Corinium Museum exceed budget	3	2	6	<p>HLF Funded project requiring robust project management.</p> <p>Finance Officer part of project team</p> <p>Reporting to Cabinet Member by service area</p> <p>Budget reporting processes</p> <p>Additional funding approved by Council in 2019</p> <p>Funding being made available in 2020/21 to provide additional resources to support fund raising to mitigate risk of any further requests for additional funding.</p>