

<b>DRAFT MEDIUM TERM FINANCIAL STRATEGY</b>		<b>Appendix A1 - Scenario A</b>			
<b>Using DCLG Illustrative Figures - adjusted for change to NHB impact from 2017/18</b>					
	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	
<b>Expenditure base budget</b>	22,876	21,734	21,444	21,529	
Inflation - Salaries (1%)	100	95	90	90	
- Contracts	110	110	110	110	
<b>Total Inflationary Increases</b>	<b>210</b>	<b>205</b>	<b>200</b>	<b>200</b>	
Unavoidable budget pressures	367	220	200	200	
<b>Savings</b>					
Savings Target	(1,204)	(715)	(315)	(119)	
Contribution to/from Reserves - Council Feb 2015	(515)				
<b>Total Expenditure</b>	<b>21,734</b>	<b>21,444</b>	<b>21,529</b>	<b>21,810</b>	
<b>Income base budget</b>	(11,611)	(11,548)	(11,481)	(11,413)	
Inflation	0	0	0	0	
Other Growth - see Unavoidable budget pressures	63	68	68	5	
<b>Total Income</b>	<b>(11,548)</b>	<b>(11,481)</b>	<b>(11,413)</b>	<b>(11,408)</b>	
<b>Net cost of service</b>	<b>10,186</b>	<b>9,963</b>	<b>10,116</b>	<b>10,402</b>	
<b>Funding Analysis - 25% Cut to Gov Funding</b>					
Revenue Support Grant	(856)	(386)	(101)	0	
Collection Fund Deficit (Business Rates)	1,155				
Business Rates Smoothing Reserve	(650)	250	250	250	
Business Rates Retention Baseline	(1,719)	(1,753)	(1,805)	(1,644)	
Business Rates forecast over baseline (inc. s.31 grant)	(935)	(954)	(982)	(1,198)	
Renewable Energy Business Rates Retention	(90)	(90)	(90)	(90)	
Tariff Adjustment in lieu of negative RSG					
Levy	<b>448</b>	<b>456</b>	<b>470</b>	<b>484</b>	
Rural Services Delivery Grant	(149)	(260)	(372)	(483)	
New Homes Bonus	(2,500)	(2,056)	(2,056)	(1,973)	
Surplus New Homes Bonus	(751)				
Appropriate Surplus New Homes Bonus to Earmarked Reserves	751				
<b>Overall Central Government Funding</b>	<b>(5,296)</b>	<b>(4,793)</b>	<b>(4,685)</b>	<b>(4,655)</b>	
<b>Council Tax</b>					
Estimated Council Tax Base	38,418	38,802	39,190	39,582	
Band D Council Tax	128.91	131.48	134.09	136.76	
<b>Council Tax Yield</b>	<b>(4,953)</b>	<b>(5,102)</b>	<b>(5,255)</b>	<b>(5,413)</b>	
	1.99%	1.99%	1.99%	1.99%	
<b>Council Tax Freeze Grant</b>					
Collection Fund Surplus - Council Tax	(151)				
<b>Overall Funding Position</b>	<b>(10,400)</b>	<b>(9,895)</b>	<b>(9,940)</b>	<b>(10,068)</b>	
<b>Budget (Surplus)/Deficit</b>	<b>(214)</b>	<b>68</b>	<b>176</b>	<b>334</b>	

<b>DRAFT MEDIUM TERM FINANCIAL STRATEGY</b>		<b>Appendix A1 - Scenario B</b>			
<b>Impact of 4 year New Homes Bonus - Local Modelling</b>					
	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	
<b>Expenditure base budget</b>	22,876	21,734	21,444	21,529	
Inflation - Salaries (1%)	100	95	90	90	
- Contracts	110	110	110	110	
<b>Total Inflationary Increases</b>	<b>210</b>	<b>205</b>	<b>200</b>	<b>200</b>	
Unavoidable budget pressures	367	220	200	200	
<b>Savings</b>					
Savings Target	(1,204)	(715)	(315)	(119)	
Contribution to/from Reserves - Council Feb 2015	(515)				
<b>Total Expenditure</b>	<b>21,734</b>	<b>21,444</b>	<b>21,529</b>	<b>21,810</b>	
<b>Income base budget</b>	(11,611)	(11,548)	(11,481)	(11,413)	
Inflation	0	0	0	0	
Other Growth - see Unavoidable budget pressures	63	68	68	5	
<b>Total Income</b>	<b>(11,548)</b>	<b>(11,481)</b>	<b>(11,413)</b>	<b>(11,408)</b>	
<b>Net cost of service</b>	<b>10,186</b>	<b>9,963</b>	<b>10,116</b>	<b>10,402</b>	
<b>Funding Analysis - 25% Cut to Gov Funding</b>					
Revenue Support Grant	(856)	(386)	(101)	0	
Collection Fund Deficit (Business Rates)	1,155				
Business Rates Smoothing Reserve	(650)	250	250	250	
Business Rates Retention Baseline	(1,719)	(1,753)	(1,805)	(1,644)	
Business Rates forecast over baseline (inc s.31 grant)	(935)	(954)	(982)	(1,198)	
Renewable energy Business Rates Retained	(90)	(90)	(90)	(90)	
Tariff Adjustment in lieu of negative RSG					
Levy	448	456	470	484	
Rural Services Delivery Grant	(149)	(260)	(372)	(483)	
New Homes Bonus	(2,500)	(2,513)	(2,575)	(2,597)	
Surplus New Homes Bonus	(751)				
Appropriate Surplus New Homes Bonus to Earmarked Reserves	751				
<b>Overall Central Government Funding</b>	<b>(5,296)</b>	<b>(5,251)</b>	<b>(5,204)</b>	<b>(5,278)</b>	
<b>Council Tax</b>					
Estimated Council Tax Base	38,418	38,802	39,190	39,582	
Band D Council Tax	128.91	131.48	134.09	136.76	
<b>Council Tax Yield</b>	<b>(4,953)</b>	<b>(5,102)</b>	<b>(5,255)</b>	<b>(5,413)</b>	
	1.99%	1.99%	1.99%	1.99%	
<b>Council Tax Freeze Grant</b>					
Collection Fund Surplus - Council Tax	(151)				
<b>Overall Funding Position</b>	<b>(10,400)</b>	<b>(10,353)</b>	<b>(10,459)</b>	<b>(10,692)</b>	
<b>Budget (Surplus)/Deficit</b>	<b>(214)</b>	<b>(389)</b>	<b>(343)</b>	<b>(290)</b>	

Appendix A2

	2016/17	2017/18	2018/19	2019/20
<b>Unavoidable Budget Pressures</b>				
<b>Expenditure</b>				
Increased contributions to GCC Pension Fund - Actuarial Valuation March 2013 & Proj for March 2016	202,000	200,000	200,000	200,000
Increased NI as a result of changes to state pension scheme	165,000			
Apprenticeship Levy 0.5% of pay bill April 2017 £15,000 offset against the levy	0	20,000		
<b>Total Expenditure Budget Pressures</b>	<b>367,000</b>	<b>220,000</b>	<b>200,000</b>	<b>200,000</b>
<b>Income</b>				
Rebalancing the investment income to reflect cash balances	(20,000)	0	0	0
Loss of Rental Income from Brewery Court development and access rights	15,000			
Cuts to Local Council Tax Support Admin Grant	5,000	5,000	5,000	5,000
Universal Credit Admin Subs Cuts up to 75% (£250K) by 2019/20	62,500	62,500	62,500	
<b>Total Income Growth/Budget Pressures</b>	<b>62,500</b>	<b>67,500</b>	<b>67,500</b>	<b>5,000</b>
<b>TOTAL</b>	<b>429,500</b>	<b>287,500</b>	<b>267,500</b>	<b>205,000</b>

<b>Appendix A3</b>					
	16/17	17/18	18/19	19/20	
	£000s	£000s	£000s	£000s	£000s
<b>Capital Reserves</b>					
Opening Balance of capital receipts and capital grants	(9,216)	(10,264)	(9,404)	(9,147)	
<b>Expenditure:</b>					
Environmental Services Depot	500				
PSHR Capital Grant	921	921	921	921	
ICT Capital funding	300	150	150	150	
Potential new schemes [currently unapproved - car parks]	352	300	100	150	
Provision for financing of Ubico Ltd waste vehicles	630	265	138	15	
Funding for flooding and Land Drainage works	422	300			
2020 Vision capital contribution to programme	245	125	125	0	
Planning scanning	150				
Community Projects Fund	100				
<b>Income:</b>					
Capital Financed from Revenue	(250)	(250)	(250)	(250)	
Earmarked reserves funding Capital	(150)				
DFG Central Government Grant	(400)	(400)	(400)	(400)	
Other external grants and contributions (e.g. Flooding EA/GCC contributio	(131)				
Expected capital receipts from asset sales	(3,200)				
Right to Buy and other misc. capital receipts	(150)	(150)	(150)	(150)	
Loan repayment from Ubico Ltd for waste vehicles	(387)	(401)	(377)	(340)	
<b>Estimated Closing Balance of Capital Receipts</b>	<b>(10,264)</b>	<b>(9,404)</b>	<b>(9,147)</b>	<b>(9,051)</b>	

**Scenario A - Appendix A4**

<b>Revenue Reserves</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Council Priorities Fund (and CPF allocations)</b>				
Opening balance 01/4/2015	(2,398)	(1,813)	(1,180)	(810)
<b>Income</b>				
Contribution from revenue toward the impact of austerity measures	(751)			
<b>Expenditure</b>				
Change programme costs [agreed in Feb12 Budget strategy]	25			
Environmental Services - individual member budgets	68	68	68	68
Building Control (10% reduction in fees)	32	32	32	32
Schools one-off payments - re. Tetbury and Fairford LCs	267			
Leisure and Cultural Services price freeze	85	42		
Local Plan Development and Examination	80	40		
HLF - Bid for the corinimum Museum	16	16	18	
HLF - Bid for the Old Prison			50	
Alterations to Commercial space/Trinity Road	70	55		
Funding for flood works - allocations 14/15, 15/16, 16/17	100			
Revenue contribution to 2020 Vision Programme	593	380	202	10
<b>Closing balance</b>	<b>(1,813)</b>	<b>(1,180)</b>	<b>(810)</b>	<b>(700)</b>
<b>Other Earmarked Reserves (excluding CPF)</b>				
Opening balance	(1,379)	(495)	(675)	(920)
<b>Income</b>				
Contribution from General Fund to Business Rates Smoothing		(250)	(250)	(250)
<b>Expenditure</b>				
Building Maintenance	30			
Waste Depot future service growth	20			
Cotswold DMO (Tourism)	47			
Homelessness (Gloucestershire and CDC pots)	65	70	5	5
Business Rates Smoothing Reserve	650			
Other expenditure funded from reserves	72			
<b>Closing balance</b>	<b>(495)</b>	<b>(675)</b>	<b>(920)</b>	<b>(1,165)</b>
<b>Total of Earmarked reserves</b>	<b>(2,308)</b>	<b>(1,855)</b>	<b>(1,730)</b>	<b>(1,865)</b>
<b>General fund working balance</b>				
Opening balance	(2,562)	(2,776)	(2,707)	(2,532)
Revenue budget (surplus)/deficit for the year	(214)	68	176	334
<b>Closing balance on the General Fund</b>	<b>(2,776)</b>	<b>(2,707)</b>	<b>(2,532)</b>	<b>(2,198)</b>
<b>Total of Council revenue reserves (GF and Earmarked Reserves)</b>	<b>(5,083)</b>	<b>(4,562)</b>	<b>(4,261)</b>	<b>(4,062)</b>

**Scenario B Appendix A4**

<b>Revenue Reserves</b>	<b>16/17</b>	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Council Priorities Fund (and CPF allocations)</b>				
Opening balance	(2,398)	(1,813)	(1,180)	(810)
<b>Income</b>				
Contribution from revenue toward the impact of austerity measures	(751)			
<b>Expenditure</b>				
Change programme costs [agreed in Feb12 Budget strategy]	25			
Environmental Services - individual member budgets	68	68	68	68
Building Control (10% reduction in fees)	32	32	32	32
Schools one-off payments - re. Tetbury and Fairford LCs	267			
Leisure and Cultural Services price freeze	85	42		
Local Plan Development and Examination	80	40		
HLF - Bid for the corinimum Museum	16	16	18	
HLF - Bid for the Old Prison			50	
Alterations to Commercial space/Trinity Road	70	55		
Funding for flood works - allocations 14/15, 15/16, 16/17	100			
Revenue contribution to 2020 Vision Programme	593	380	202	10
<b>Closing balance</b>	<b>(1,813)</b>	<b>(1,180)</b>	<b>(810)</b>	<b>(700)</b>
<b>Other Earmarked Reserves (excluding CPF)</b>				
Opening balance	(1,379)	(495)	(675)	(920)
<b>Income</b>				
Contribution from General Fund to Business Rates Smoothing		(250)	(250)	(250)
<b>Expenditure</b>				
Building Maintenance	30			
Waste Depot future service growth	20			
Cotswold DMO (Tourism)	47			
Homelessness	65	70	5	5
Business Rates Smoothing Reserve	650			
Other expenditure funded from reserves	72			
<b>Closing balance</b>	<b>(495)</b>	<b>(675)</b>	<b>(920)</b>	<b>(1,165)</b>
<b>Total of Earmarked reserves</b>	<b>(2,308)</b>	<b>(1,855)</b>	<b>(1,730)</b>	<b>(1,865)</b>
<b>General fund working balance</b>				
Opening balance	(2,562)	(2,776)	(3,165)	(3,508)
Revenue budget (surplus)/deficit for the year	(214)	(389)	(343)	(290)
<b>Closing balance on the General Fund</b>	<b>(2,776)</b>	<b>(3,165)</b>	<b>(3,508)</b>	<b>(3,798)</b>
<b>Total of Council revenue reserves (GF and Earmarked Reserves)</b>	<b>(5,083)</b>	<b>(5,019)</b>	<b>(5,238)</b>	<b>(5,662)</b>

**MTFS and Budget Strategy 2016/17 - Risk Analysis**

**Budget Risks**

	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Mitigation</b>
Impact of changes to New Homes Bonus Scheme increases Council savings targets over the medium term	4	4	16	MTFS reflects illustrative figures provided by DCLG. Respond to the government consultation document. Review final central government decisions and model financial impact.
Movement to 100% Business Rates Retention has a negative financial impact - additional responsibilities cost more than the increase in retained business rates	5	3	15	Once final scheme is announced, consider any mitigating action e.g. Local Plan progress, minimise risk of planning applications being successful upon appeal. MTFS assumes a cash neutral position as the government plans to have completed its austerity measures by the time this comes into effect. Continue to monitor government details as they are announced and respond to consultation.
Successful business rates appeals impact upon locally retained business rates.	3	5	15	A provision for successful business rates appeals has been created. Regular updates on business rates appeals available from VAO. Regular liaison with VAO regarding national trends, local matters.
Impact of business rates reset in 2020	5	3	15	Monitor DCLG communications. Update to MTFS in autumn 2016 will include modelling of potential implication
Local Land Charge Register transfer to Land Registry impacts upon income from land charges.	4	3	12	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. Monitor government communications on the change and reflect within updates to MTFS as appropriate. Respond to any consultation and lobby to protect Council's position. Local Government Association and Local Land Charges Institute working with local authorities during the transition.

**MTFS and Budget Strategy 2016/17 - Risk Analysis**

<b>Budget Risks</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Mitigation</b>
The Council is part of the Gloucestershire Business Rates Pool. This increases both the risks and rewards available from the business rates scheme.	3	4	12	The pool has been re-constituted in 2016/17 to exclude Tewkesbury Borough Council because of the risk associated with the Virgin Meadia listing.
Impact of unforeseen legislative changes on financial resources	4	4	16	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. Horizon scanning. Preparation of Local Plan is top task.
The impact of devolution on the Council's resources	3	3	9	Strategic Director representation on the devolution project team. Cabinet member involvement in governance arrangements. Gloucestershire Chief Finance Officer support to project. Effective Programme governance via Joint Committee.
Failure of 2020 Vision to deliver savings	3	3	9	Review of business case to enable Councils to take decision to move to company structure - Summer 2016. Business case based upon efficiency gains achieved through previous sharing of management and services.
Increases to LGPS contributions resulting from tri-ennial review of GCC pension fund exceed provision for growth in MTFS	3	3	9	Growth in MTFS based upon past experience of pension fund contribution increases. Regular liaison with actuary through Gloucestershire County Council Pension fund data on active members cleansed 2020 Vision business case will include modelling on impact upon LGPS contributions.
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 pilot project established to identify potential fraudulent activity across the Council.
Unavoidable budget pressures exceed provision	3	2	6	This will be monitored as part of the annual update to the MTFP and as part of regular budget monitoring
Housing and Planning Bill potential impact upon capital right to buy receipts	3	2	6	Monitor situation, update MTFS as appropriate.
Unable to achieve budgeted salary underspend	2	3	6	Budgetary control processes 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 2016/17 - Risk Analysis**

<b>Budget Risks</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Mitigation</b>
Unable to meet savings targets	3	2	6	MTFS and budget process 2020 Vision governance
Failure to meet income budgets	2	2	4	Budgetary control processes Appropriate marketing of services and consideration of effective charging levels
Legal challenge leading to financial implications	2	3	6	Effective engagement with key stakeholders over key decisions. Controls over preparation and authorisation of Member/Officer decision making reports Role of Monitoring Officer
Level of pay inflation exceeds provision in the MTFS	2	2	4	Government has announced intention to cap public sector pay awards at 1% per annum for next four years. Provision incorporated within MTFS, however, this has not been agreed with the Unions. Improving economic conditions has led to a lower cost of the scheme in recent years.
Demand for Local Council Tax Support increases reducing the value of the council tax base	3	2	6	Housing growth in the District will help to offset the impact of any increases in LCTS. Robust processes for collection of council tax debt in place, collection fund has produced surpluses for the past few years and future surplus may be available to offset future costs arising from the LCTS. The MTFS contains provision for inflationary increases on contacts such as the environmental services contract with Ubico Ltd.
Expenditure Risk	2	3	6	There are areas of expenditure that the Council has no direct control over, either the take up or the cost of the service. The only areas of concern relate to Ubico Ltd employee costs (due to increasing market hourly rates) fuel costs (given the recent collapse of fuel prices this is unlikely to lead to near term pressures) and Local Council Tax Support (which is currently reducing).