

Medium Term Financial Strategy 2014/15 to 2017/18**General Fund**

	2014/15 Revised Budget £ 000's	2015/16 Original Budget £ 000's	2016/17 Forecast £000's	2017/18 Forecast £ 000's
Net Service Expenditure	6,717	6,720	6,730	6,576
To/(From) Reserves	(248)	(258)	(90)	(90)
Corporate Items:				
Pension Increase	0	0	79	81
Capital Financing	307	336	629	631
Investment Income	(65)	(30)	(30)	(30)
Recharge to HRA	(201)	(300)	(300)	(300)
Net General Fund Expenditure	6,510	6,468	7,018	6,868
Funding:				
RSG/NNDR Funding	(2,774)	(2,487)	(2,402)	(2,325)
CT Freeze Grant	(165)	(38)	0	0
Collection Fund Deficit	6	131	100	100
Other Grants	(60)	(373)	(360)	(360)
New Homes Bonus	(238)	(318)	(437)	(507)
Use of General Fund Balances	56	0	0	0
Council Tax Income	(3,335)	(3,383)	(3,451)	(3,520)
Funding Deficit/(Surplus)	0	0	468	256

Reserves/Balances

	2014/15 Revised Budget £ 000's	2015/16 Original Budget £ 000's	2016/17 Forecast £000's	2017/18 Forecast £ 000's
General Fund Balances				
Opening Balances	891	947	947	479
Surplus in Year	56	0	0	0
Funding Revenue Expenditure	0	0	(468)	(256)
Closing Balances	947	947	479	223
Earmarked Reserves				
Opening Reserves	5,640	4,159	3,574	3,709
Receipts in Year	470	225	225	225
From General Fund	402	0	0	0
From Revenue income	10	10	10	10
Funding Capital	(1,703)	(552)	0	0
Funding Revenue Expenditure	(660)	(268)	(100)	(100)
Closing Reserves	4,159	3,574	3,709	3,844

Changes – Year on Year

Assumptions

- Funding:

- A 1% increase in Council Tax base - £34k
- A 1% rise in Council Tax as dictated by the budget strategy (October 2014) - £34k
- A reduction in Revenue Support Grant of 8.75% per year - £99k
- A 1% rise in NNDR income per year - £14k
- The loss of the Council Tax Freeze Grant (inevitable if Council Tax is increased) - £38k
- The presumption that either the Government will continue to compensate council's for the loss of business rates income through Section 31 Grant or that council's will be able to collect the full rate - £360k

- The level of New Homes Bonus will be as detailed below in the table.

Growth Year End	2014/15 Actual £ 000's	2015/16 Actual £ 000's	2016/17 Actual £ 000's	2017/18 Actual £ 000's
Oct 10	73	73	73	0
Oct 11	6	6	6	6
Oct 12	98	98	98	98
Oct 13	61	61	61	61
Oct 14		75	75	75
Oct 15			124	124
Oct 16				143
Total	238	313	437	507

- Expenditure/Income:

- A 1% cost of living salary increase - £42k
- A 2% rise in employer's pension contributions - £79k
- A reduction in the leisure management fee for 2016/17 of £90k and a further reduction of £253k in 2017/18
- An increase in capital financing as a result of a statutory requirement to make a minimum revenue provision and interest on borrowing related to the new leisure facilities - £293k
- A reduction in recycling credit income receivable from Leicestershire County Council - £80k

Changes Resulting in an Improvement in the MTFS Position

- Business rates income holding up better than envisaged a year ago due to economic conditions
- The effect of balancing the budget for 2015/16 and no strong growth showing for 2016/17
- The latest estimates of new homes coming back into occupation have increased the level of New Homes Bonus. This is mainly due to the level of new building.
- Council Tax income is set to rise because of a rise in the Council Tax base and a rise in the Band D Council Tax of 1%

Risks

A risk and sensitivity analysis is attached at Appendix 2

The actual outturn position for the financial year 2014/15 will affect the level of reserves shown. This information will be available in late June (subject to audit).