OADBY & WIGSTON COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY

2016/17 – 2020/21

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1 Introduction

The Medium Term Financial Strategy shows, at a high level, how the Council intends to address the financial challenges it faces in delivering its priorities.

Through corporate and service planning the strategy will be developed into a four year financial plan. Both the Corporate Plan and the Medium Term Financial Strategy have a time frame of four years but they are updated and approved at Council annually.

The financial plans for the first year of the strategy (i.e., 2016/17) are set out in detail in the suite of reports agreed by Council in February 2016. The remainder of this document sets out the Council's Medium Term Financial Strategy (MTFS) to cover the remainder of the planning period (2017/18 to 2020/21). It shows, at a high level, how the Council intends to address the corporate and service challenges identified in its Corporate Plan and the financial challenges identified in the Medium Term Financial Forecast (see Appendices A-C).

The MTFS presents the financial position captured at a point in time and therefore provides a reference point for corporate decisions and allows key messages regarding financial strategy to be communicated to staff and stakeholders. It does this by showing how the Council intends to align its financial resources to national and local priorities while balancing spending with available funding. The strategy assists the Council in setting financial targets and a direction of travel in performance for services over the three year planning period. This means that annual revenue budgets and capital investment plans are linked to, and informed by, the MTFS. This document looks to build on the assumptions of last year's MTFS and to reiterate the commitment to robust, prudent and sustainable financial management to meet the current and future needs of Oadby & Wigston.

2 The national financial context

The spending review and local government finance settlement

The November 2015 Spending Review set out the scale of the cuts local government faces over the course of the parliament, with the Chancellor making clear that local government will continue to play a major role in the government's deficit reduction plans and will see funding for the services it delivers cut significantly. Simultaneously, the Chancellor also delivered the annual autumn statement which provided details on a range of policies with implications for local government.

While the Spending Review provided the overall amount of funding local government can expect to receive, the actual impact for individual councils was set out in the local government finance settlement published in December 2015. For Oadby & Wigston the figures are as follows:

	2016/17	**2017/18**	**2018/19**	**2019/20**
	£m	**£m**	**£m**	**£m**
Settlement Funding Assessment of which:	2.13	1.80	1.62	1.42
Revenue Support Grant	0.72	0.36	0.14	NIL
Baseline Funding Level	1.41	1.44	1.48	1.53

The Spending Review means further increase in the uncertainty faced by the Council. Although the Chancellor stated that local government will spend the same level by the end of this Parliament in cash terms as it does today, this is unlikely to result in an improved outlook and the Council should prepare for further funding reductions beyond the current medium-term plan. Not only do the plans mean a reduction in real terms, but local government may have to fund functions which are currently funded by central government, for instance the administration of Housing Benefit for pensioners. It is unclear whether the further transfer of business rates will be sufficient to meet this spend.

Growth, forecast and debt

The Office for Budget Responsibility (OBR) forecasts GDP growth of 2.4% in 2015, 2.4% in 2016 and 2.5% in 2017. CPI inflation is forecast to be below target in 2016 and to remain below the 2% inflation target before returning gradually to 2.0% in 2019. Public sector net borrowing is forecast to fall to 3.9% of GDP in 2015/16 and then to fall each year for the remainder of the forecast period. The OBR forecasts that the public finances will return a surplus of £10.1bn in 2019/20.

Spending plans

In the July Budget, the Chancellor stated the government will make savings of £37bn over this parliament. Of this, a total of £12bn will come from welfare cuts and £5bn will come from tackling tax avoidance and tax planning, evasion and compliance, and imbalances in the tax system. This left £20bn of savings to be identified in the Spending Review.

The OBR forecast for public finances in November 2015 estimated:

- Increased revenue gross tax increases over the 5 year period (up to 2020/2021) total £28.5bn. These include the new apprenticeship levy (£11.6bn), higher council tax (£6.2bn), and the introduction of higher rates of stamp duty land tax for second homes and buy-to-let purchases (£3.8bn)
- Lower interest on the government debt – Spending on debt interest is lower in all years, reflecting a further fall in market interest rates.

Changes to the OBR forecast since July Budget 2015 meant that the remaining reduction in spending required was £18bn.

As announced at Summer Budget 2015, the government is introducing an apprenticeship levy which will be worth £3bn per annum by 2019/20.

The remaining £3bn is to be delivered through measures aimed at tackling tax avoidance.

The cut of £12bn to total departmental resource spending by 2019/20 is made up of £21.5bn of savings from unprotected departments, of which £9.5bn will be reinvested in the government's priorities which include:

- Spend 2% of Gross Domestic Product (GDP) on defence for the rest of this decade
- Spend 0.7% of Gross National Income on overseas aid
- Provide the NHS in England £10bn per year more in real terms by 2020/21 than in 2014/15
- Increase the basic State Pension by the triple lock in April 2016, so that it rises to £119.30 a week
- Protect overall police spending in real terms over the Spending Review period.

The scale of protection afforded to these departments and budgets means local government has to bear a larger proportion of funding cuts. The Council must be mindful that following the revision to forecasts in 2010 cuts to councils were subsequently increased to help meet deficit reduction targets.

Business Rates, Core Grant (RSG), and other funding changes

The government previously announced that by end of the parliament 'core grant' (Revenue Support Grant) would be phased out and councils would get to keep all business rates generated nationally. It is difficult to ascertain from the supporting information presented in the Review the exact funding position for the Council as the government has not set out clearly how much councils can expect to receive in each year.

The position regarding business rates remains unclear. In order to achieve the required cuts to achieve a surplus by 2019/20 the government is going to have to both 'substitute' business rates for existing sources of income (that is, allow us to retain rates in exchange for cutting other grants) and transfer over significant areas of new responsibilities. A number of these were mooted in the Review, such as the administration of Housing Benefits for pensioners and Public Health.

The position remains that under the reforms councils will have the power to cut but not raise rates, except in limited cases for elected mayors to raise rates following consultation with the business community in order to pay for infrastructure.

The doubling of small business rates relief has been extended to 2016/17. Eligible businesses will pay either no rate, or have their rate tapered. In the past councils have been recompensed for this with a specific 's31' grant, and it remains to be seen whether this will be the case for 2016/17.

The Spending Review announced other important changes to the local government funding. These include:

- New Homes Bonus – the government announced it will consult on reducing the length of payments from six years to four years. This would present a further funding cut for both capital projects and revenue.
- The Review stated that local authorities will have the flexibility to spend capital receipts excluding those from Right to Buy on the costs of service reform.
- The Chancellor also announced an increase to the Better Care Fund by £1.5bn to support integration between health and social care. In order to improve the integration further, every part of the country will have to set out a plan for the integration of services by 2017 and to be implemented by 2020.

Council Tax

The Spending Review announced that local authorities responsible for social care will be allowed collect a social care precept, giving them the power to raise new funding to be spent exclusively on adult social care. The precept will work by giving local authorities the flexibility to raise Council Tax in their area by up to 2% above the existing threshold, which was 2% in recent years, without the need for a referendum.

In previous years the Council has taken advantage of the ‘freeze grant’ offered to local authorities. This is no longer available and as a consequence Council Tax was increased by 1.99% in 2016/17. The MTFS anticipates a similar increase in each of the next three years.

Welfare

As expected, the Chancellor reversed plans to make changes to Working Tax Credit. To pay for the funding gap that this creates, he confirmed that the £12bn saving to the welfare budget would be met over a longer period. Current claimants will continue to retain their tax credit, with a “transitional period” when these claimants go over to Universal Credit. There will be tougher rules on new claimants.

The National Living Wage (NLW) announced in the Summer Budget will be £7.20 from April 2016. This is below the £9.20 wage currently advocated for by living wage campaigners. Based on the OBR’s earnings forecasts, the NLW will be over £9 by 2020.

The Personal Allowance (the earning threshold where people start to pay tax on) will be raised to £12,000 by the end of this Parliament.

Additional Discretionary Housing Payments (the fund used for Councils to mitigate the impacts of the welfare changes) will continue to be given to local authorities, although the level of funding is not yet clear.

Housing

As regards Housing Benefits, the Review announced limitations in social sector rents to the equivalent private sector rent. Social sector rents for tenants on Housing Benefit will be capped at the equivalent Local Housing Allowance (LHA) rate for new tenants from April 2016 and existing tenants from April 2018. The exact level of impact is currently being assessed.

The Review signalled a shift in Temporary Accommodation financing, taking it out of the welfare budget and with funds directly provided to Councils for homelessness work. Councils will receive at least the same amount of money initially (with £10m more nationally to be spent by authorities on homelessness) and have more control over where it is spent. From 2016/17 the costings anticipate considerable savings (£1bn to 2020/21) but it is unclear how these savings would be achieved.

There will be a new 3% surcharge on stamp duty for buy-to-let properties and second homes from April 2016, raising about £1bn. Receipts would not be reinvested locally.

The government intends for a large investment in delivery of homes, but sole focus is on ownership. Affordability covered through Starter Homes, Help to Buy and Shared Ownership. The targets are 400,000 affordable homes to include 200,000 Starter Homes (starting at £450,000), 135,000 Shared Ownership, 10,000 ‘rent to buy’ and 8,000 specialist homes for older people.

3 The local financial context

As shown above, the Council’s finances are influenced significantly by the national economy and Government policy on the share of public spending for local government and how that is then distributed to individual Councils in formula grant.

Local factors that influence available finance include:

- Council Tax and Business Rates levels.
- Council Tax and Business Rates collection.
- Movements in Council Tax and Business Rates base.
- Spending decisions.
- Levels of fees and charges.
- Revenue consequences of capital investment.

At a high level. Oadby & Wigston:

- Has the fourth lowest Council Tax in Leicestershire in 2016/17 (including precepts from parishes and town councils).
- Has broadly average funding per head of population from Government compared to other Councils.

Many of the cost pressures facing the Council over the next few years are the same as for most other local authorities:

- The need to find ongoing savings and the implications for services of the Chancellor's Autumn Statement and Budget.
- Interest rate rises once the Council needs to borrow to fund its capital programme.
- Possible shortfalls against the expected value of assets identified for disposal.
- The adequacy of contingencies to meet demographic and economic pressures.
- The impact of rent reductions over the next four years on the Housing Revenue Account.
- The effects of welfare reform on the communities the Council serves.

The Council also faces cost pressures because of its particular demographics:

- The investment required to maintain vibrancy in town centres.
- The limits on the ability to promote economic growth and thus benefit from increased business rate income.
- The limits on the ability to increase the supply of affordable housing and thus benefit from increased New Homes Bonus.
- Ageing population.

Significant savings in the running costs of day-to-day services will be required over the planning period and this will require a focus on new ways of working (e.g., accommodation strategy, procurement, enhanced internet capabilities, etc.). Some of these projects may require upfront investment in order to achieve ongoing savings.

Given the current economic outlook, there are significant uncertainties surrounding the future funding of local services and it remains important that the Council has a level of reserves that allows it to withstand any unanticipated financial impacts of future developments at the local and national level. These issues have been reflected in the Medium Term Financial Forecast and the Medium Term Financial Strategy.

4 The corporate, service and resource planning framework

The MTFS is an integral part of the Council's planning framework and is reviewed annually. As part of the roll forward of the MTFS, a review of the links between the Council's financial plans, its corporate plan and other key strategic documents (e.g., asset management, fees and charges, treasury management, risk register, reserves policy) has been undertaken to ensure that these are synchronised and support each other.

The corporate, service and resource planning framework delivers:

- The Council's aims and priorities in the medium to long term.
- The Council's priorities in the short term.
- Improved efficiency.
- Improved value for money.
- Effective use of available resources.

The MTFS provides the framework to set service and Council-wide financial strategy targets and a direction of travel for performance for the planning period to 2019/20. Targets for 2016/17 (in terms of treasury management, asset management, fees, charges and reserves) have already been agreed as part of the annual budget exercise.

The MTFS optimises resource allocation by balancing spending on services, community leadership and the management/professional capacity to improve services, efficiency and governance.

Each year the financial strategy targets are updated for inflation and for other changes in circumstances (e.g., to reflect the previous year's outturn; demographic changes). The allocation of capital resources is considered at the same time, although specific targets are not allocated to services. The General Fund forecast is attached at Appendix A and the Housing Revenue forecast is attached at Appendix B. The Reserves forecast is attached at Appendix C.

For the General Fund, there is a funding gap of £0.86m in 2017/18 and net savings required over the planning period of £1.4m.

As regards the Housing revenue Account, the MTFS forecasts that sufficient revenue will be generated in 2016/17 to contribute £0.494m towards capital expenditure, and a total contribution to capital outlay of £1.311m over the planning period.

The Council's reserves are forecast to reduce from £4.041m at the beginning of financial year 2016/17 to £3.332m by the end of financial year 2019/20. This is before decisions are made about utilising some of these reserves to fund long-term investment in infrastructure, housing, etc. which would have the effect of reducing the need to borrow to fund the Council's capital programme.

The Council's proposed capital programme for the current and future years is summarised below:

	2016/17	**2017/18**	**2018/19**	**2019/20**
Fund	**£'000**	**£'000**	**£'000**	**£'000**
General Fund	2,405	499	499	499
Housing Revenue Account	3,919	2,065	1,273	1,305
Total Capital Programme	**6,324**	**2,564**	**1,772**	**1,804**
Funding				
Borrowing	4,019	1,114	262	262
Grants and Contributions	182	177	177	177
Capital Receipts	60	60	60	60
Major Repairs Reserve	1,214	1213	1273	1305
Use of Reserves	849	0	0	0
Total Funding	**6,324**	**2,564**	**1,772**	**1,804**

The Council's capital programme is currently fully funded and has been prepared based on the level of borrowing the Council can support, as well as the level of notified grants, prudent assumptions regarding the level of other grants and the timing and valuation of asset disposals. The impact of borrowing costs on the Council's revenue budgets are reflected in the forecasts included in this strategy.

The adequacy of Council reserves was reviewed as part of the budget setting exercise for financial year 2016/17 and Council agreed the following strategy:

- An absolute minimum level of General Fund reserves of 5% of annual net expenditure that is maintained throughout the period between 2016/17 to 2019/20;

- An optimal level of reserves of between 5% and 10% of annual net expenditure over the period 2016/17 to 2019/20 to cover the absolute minimum level of reserves, in-year risks, cash flow needs and unforeseen circumstances;

- A maximum recommended level of reserves of 10% of annual net expenditure for the period 2016/17 to 2019/250 to provide additional resilience to implement the Medium Term Financial Plan;

- A Reserves Strategy to maintain the recommended optimal level of reserves within the relevant period (2016/17 to 2019/20);

- In relation to the Housing Revenue Account (HRA) my recommendation is that reserves be maintained at a minimum of £300,000.

The Reserves Strategy will be reviewed annually and adjusted in the light of the prevailing circumstances.

The estimated level of unallocated General Fund reserves at 31 March 2016, based on current projections is 15.8% depending on final spending, which remains above the maximum recommended level.

The Council's corporate, service and resource planning framework requires service managers, SMT and lead members to develop revenue and capital investment proposals within the financial envelope set out in the MTFS. There is some latitude for SMT and lead members to agree individual service guidelines as long as the overall financial targets are met.

5 Corporate Plan

The latest Corporate Plan was agreed by Council in February 2016 and the MTFS reflects the Plan's priorities:

Protect the Borough

a. The Council will resist any attempt by either the City or County Councils to impose their control over the Borough.

b. The Council will work cooperatively and consensually with all the other Councils in Leicester and Leicestershire in order to form a Combined Authority and to seek the devolution of powers with the corresponding financial support from central government without the loss of its sovereignty.

Maintain Front Line Services

a. The Council is committed to free shoppers' car parking and weekly collection of waste and recycling.

b. No major changes would ever be made to these services without consultation.

Offering Choice when Possible

a. The Council will offer choice whenever possible.

b. When major decisions affecting front line services need to be considered the Council will ensure that all the options available are explained clearly and listen and respond to residents.

Save Money through Service Redesign

a. The Council will look at all its services and redesign those that can be improved and cheaper to run.

b. The main focus of this redesign will be the better and wider use of ICT, Council assets and procurement.

Involve Residents and Partners

a. The Council is committed to continue with the town forums and to develop other community engagements systems.

b. The Council will work with and continue to support partner

Economic Development

a. The Council recognises the need to develop both housing and the town centres.

b. This will be done with the maximum of public involvement and at minimum cost to the green spaces in the Borough

Greening the Borough

a. The Council will continue to invest in and encourage activities which result in a greener Borough

b. The prioritising of the protection of trees will be a cornerstone of this commitment.

Improving the Health of Residents

a. The Council wants to ensure residents live a full and healthy life.

b. The Council will continue to develop its relationship with partners in order to develop and implement appropriate outcomes that attempt to achieve this.

Value for Money

a. The Council will always accept any council tax freeze grant offered by the Government.

b. The Council will endeavour to benchmark its services against the “most like” authorities to ensure transparency and demonstrate value for money.

6 Delivering the Medium Term Financial Strategy

To become more efficient and effective the Council will need to ensure that it is budgeting for and spending on priorities; continuing to improve the management information available on productivity, quality and performance; considering alternative methods of service delivery, including collaboration and joint working to deliver services; and identifying opportunities for generating income streams. Inevitably this will require difficult decisions to be taken and developing new approaches to find further ways to increase efficiency and reduce net spending.

Most Councils will need to increase significantly the level of savings made – this will not be unique to Oadby & Wigston. Strong leadership from both elected members and officers will be paramount in continuing to challenge, monitor and support the Council to deliver the ongoing efficiency and productivity improvements required.

In drafting the MTFS the policies set out in the budget report to Council in February 2016 have been extended over the planning period:

- More active asset management.
- Service review and redesign placing residents at the heart of the process.
- ‘Invest to save’ schemes, where one-off expenditure achieves continuing revenue savings or additional income.
- Never adopting any schemes, projects or services that are not first demonstrated to be at least cost neutral and therefore will not be an additional burden to local Council Tax payers.
- Commitment to building more houses.

7 Corporate assurance and risk management

The table overleaf identifies the key financial risks and sensitivities that the Council faces over the period to March 2020. It highlights the assumptions to be made in the budget and forward forecast for the period, areas of possible divergence from these assumptions, the likelihood of an alternative outcome and the financial impact of such outcomes. It concludes by identifying the control mechanisms for each of the risks and sensitivities.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
Pay Inflation	Mainly not.	1% per annum.	National settlement at higher level.	Nil for 2016/17; unlikely over the planning period.	A 1% pay rise equates to a £60k in the annual salary bill.	Sufficient balances exist to cover pay increases.
Pay Inflation	No.	Only contractually agreed increases have been included in the 2016/17 budget.	That price rises are greater than assumed.	The retail and consumer price indices for December 2015 were 1.2% and 0.2% respectively. However, these indices are not generally reflective of local government expenditure.	Greater price inflation would put pressure on the use of balances as reserves as funding is fixed.	Budgetary control, virements, contingencies and service level adjustments.
National Economic Climate	No.	Cautious provision made.	Greater demand for services; reduced resources.	Scope and depth of current economic climate unknown.	Examples included in report and S151 Assurance Statement.	Budgetary control, virements, contingencies, reserves and service level adjustments.
New Legislation	No.	Impacts of the Local Council Tax Support	Increase in costs to ensure compliance.	Unknown.	Unknown – dependent on the impact of	Constant monitoring, contingencies,

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		scheme, Universal Credit, local retention of NNDR, New Homes Bonus and reduction in housing rents have been included for 2016/17.			changes.	reserves and service level adjustments.
Changed Council Priorities	Yes.	Budget strategy is linked to corporate plan.	Changes after budgets are set.	Low, provided budget strategy and corporate plan are aligned.	Cost of new priorities unknown at this stage.	Published plan.
Level of Government Funding	No.	Overall reduction in Revenue Support Grant included in budget for 2016/17. Further reductions to NIL by 2020 anticipated.	Lower grant level than expected.	The Treasury has set out provisional RSG reductions to 2020.	Council to be self-financing by 2020.	Increase in Council Tax, budget reductions, efficiency savings, alternative funding streams.
VAT Partial Exemption	Partly.	No immediate impact on	Exceed 5% *de minimis*	Low.	Additional cost dependent on	Use of consultants for

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		budget.	threshold and incur costs in irrecoverable VAT.		extent to which the limit is exceeded.	VAT advice, revise plans for delivery of schemes, use of reserves.
Capital/Borrowing	Yes.	Effect of prudential borrowing on revenue positions.	Impact on revenue. Political risk and Member aspirations. Balance of investment and sustainability.	Low.	Unknown.	CFO reporting to Council under statutory duties and the setting of appropriate prudential indicators.
Interest Rates	No.	Base rates of 0.5% have been used in preparing the estimates for 2016/17.	Higher rates would impact on both the General Fund and the HRA borrowing (adversely) and on investments (favourably).	Medium, given the uncertainties in the market especially because of continuing global economic and fiscal difficulties.	In the medium term the impact of a rise would be minimal as the majority of the Council's borrowing is at fixed rates.	Adjust Treasury Management Strategy and other budgetary controls based on CIPFA's best practice guide.
Investment Practice	Mostly.	Counterparty list per approved Annual Investment	Counterparty default.	Low.	Potential loss of full amount invested and reduced investment	Investment strategy, credit rating watch, use of external financial advisers.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		Strategy criteria.			income.	
Pension Contributions	No.	Known increases in employer's contribution and actuarial strain payments included in estimates.	Market conditions and demand on the Pension Fund including those resulting from the new automatic enrolment and workplace pension reform.	Medium.	Unknown but could be significant.	Forecast/forward strategy with Leicestershire County Council; monitoring interim evaluation results.
Changes in Consumer Expectations/Demand	No.	Budgets based on existing approved service levels.	Potential loss of income or increase in expenditure to meet demand.	Medium, but risk potentially increased due to impact of austerity.	Directly dependent on increases or reductions in demand.	Customer/resident consultation and performance monitoring.
Demographic Population Growth	No.	Service levels are based on 2012 Census report and other statistical information.	Additional demand, insufficient resources.	Low.	Unknown but could have significant effect.	Knowledge of trends in local demography, housing/planning delivery strategy, budget adjustment, Council and Business Rate income.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
Interaction with Leicestershire County Council and other partners	Yes.	Financial support from LCC, central government other partners and stakeholders.	Adequacy of control and administration of partners; residual costs falling on OWBC as accountable body; budget cuts proposed by LCC for 2016/17 and beyond.	Medium.	Unknown but could have significant effect.	Financial regulations, other codes of governance, due diligence and regular monitoring.
Council Tax Level	Yes, up to a maximum increase of 2% in any year.	Increase of 1.99% in 2016/17.	A high Council Tax increase would result in the triggering of a referendum. A low Council tax leads to pressure on the delivery of existing services.	Medium.	1% movement in Council Tax equates to £37,000.	Advice of S151 Officer in liaison with Members; appropriate use of reserves and balances; targeted efficiency savings.
Savings and Efficiency Targets	Yes.	Savings and efficiencies have been included in the	Savings and efficiencies are not achieved or are reduced by	Medium.	The extent to which targets are not met.	Budget monitoring to ensure early detection of plans going off target.

Factor	Directly Controllable by OWBC?	Base Assumption	Key Risks	Likelihood of Different Outcome	Financial Implications	Controls and Mitigation
		budget for 2016/17 and support the Council's wider and longer term transformation plans.	budget pressures.			Use of Equilibrium Reserve.
Failure in Budgetary Control	Yes.	Income and expenditure will be as set out in the budget.	Higher expenditure. Lower income. External events outside the Council's control.	Low, given budget monitoring processes and the Council's track record on financial management.	A 1% variance in net General Fund budget is equivalent to 1.8% on the Council Tax.	Budgetary control, virement, contingency provision, use of reserves, service adjustments.

Whilst the above points may seem like a long list, inevitably the Council's financial forecasts have many inherent risks attached to them. Clearly demand led activities are subject to market pressures; other areas of spending/income generation will be influenced by internal factors such as competing work pressures and standards of financial management. Also major capital schemes or developments bring with them financial as well as other risks that could have revenue implications. The Council's financial monitoring arrangements will ensure that these risks are contained and service performance management will provide additional support. The national economy and Government's other plans can have a marked impact on financial planning. Inevitably further changes to the financial projections will arise in producing detailed annual budgets.