

Medium Term Financial Strategy

Financial Forecasts 2023/2024 to 2027/2028

For Information

	2022/2023 £'000
Council Tax	10,489
Retained Business Rates	9,760
Revenue Support Grant	-
New Homes Bonus (NHB)	2,376
Rural Services Grant/Lower Tier Grant	432
Section 31 Grant	4,667
Collection Fund Surplus/(Deficit)	(2,591)
Total Resource	25,133

Net Budget Requirement: Before Adjustments	
Budget Pressures *	
Savings/Income Identified	
Borrowing Cost Changes	
Other Base Budget Changes **	
Net Operating Expenditure *	24,527

Net Resource Position	606
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2023/2024 £'000	2024/2025 £'000	2025/2026 £'000	2026/2027 £'000	2027/2028 £'000
11,193	11,824	12,468	13,051	13,618
10,804	11,530	5,613	5,693	5,767
-	-	754	766	781
1,800	1,000	-	-	-
440	440	137	137	137
-	-	-	-	-
(364)	-	-	-	-
23,873	24,794	18,972	19,647	20,303

24,527	23,979	22,438	22,233	22,566
323	99	22	-	-
(2,327)	(1,125)	-	-	-
1,809	(748)	50	150	100
(353)	233	(277)	183	9
23,979	22,438	22,233	22,566	22,675

(106)	2,356	(3,261)	(2,919)	(2,372)	(6,302)
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* Further service pressures will, however, exaggerate the funding gap and, wherever possible, should be managed within existing cash limit budgets.

** Other base budget adjustments include investment income variations and pay and price inflation.

MTFS: Key Assumptions

The assumptions made in determining the financial forecasts can be summarised as follows:

- (a) Council Tax: An increase in Band D Council Tax of the higher of £5 or 1.99% in each year, together with £35,000 additional income from the sharing agreement with Neighbouring Councils in 2034/2024 rising to £105,000 in 2025/2026.
- (b) Council Tax: The increase in the Council tax-base is calculated using the Council's housing trajectory which results in a Council tax-base increase of between 1.6% and 3.6% per annum.
- (c) Business Rates: Income from Business Rates in 2023/2024 and 2024/2025 is based upon modelling provided by Pixel Financial Management but includes Section 33 compensation grants. In 2025/2026 the level of income is assumed to drastically reduce due to the expected implementation of a new distribution scheme following the Fair Funding review.
- (d) Business Rates: The current provision for existing Appeals is sufficient and there are no further significant changes to valuation schemes resulting from Tribunal or Court decisions or to the levels of rate reliefs.
- (e) New Homes Bonus: A consultation on a potential replacement scheme has concluded but the expected replacement scheme from 2022/2023 did not materialise. A realistic level of bonus has been assumed in the period to 2023/2024 and 2024/2025 before being phased out.
- (f) Other Base Budget Changes: Allowance has been made for the following:
 - The revenue impact of the latest Capital Investment Programme needs and priorities has been included in the projections.
 - Interest rate forecasts have been assumed to continue at relatively low levels for the duration of the MTFS.
 - Investment income has been determined having regard to the level of expected balances, including capital receipts and expenditure, together with Reserves held.
 - An allowance has been included for projects related to the reduction in the Council's carbon footprint in line with the Council's aspiration to be carbon neutral by 2050.
 - An allowance has been made for inflation on the Council's key contracts; and fees and charges. Allowance for a pay award and pay increments (including National Living Wage increases) over the period has also been included.
 - An estimate of the impact of the Welfare Benefit Reforms and, in particular, the impact of the Housing and Council Tax Benefit Grant has been included.
 - The MTFS incorporates estimated income from Ermine Street Housing Limited for the repayment of loans to reflect the commitments made in the Capital Programme.