# Financial Strategy and Medium Term Financial Plan

*Executive Portfolio Holder:* *Peter Seib, Finance and Corporate Services*
*Director:* *Ian Clarke, Support Services*
*Service Manager:* *Catherine Hood, Finance Manager*
*Lead Officer:* *Paul Fitzgerald, S151 Officer, Finance*
*Contact Details:* *Paul.Fitzgerald@southsomerset.gov.uk or 01935 462226*

## Purpose of the Report

1. The purpose of this report is to obtain approval for the proposed Financial Strategy and provide Members with information regarding the initial Medium Term Financial Plan estimates for the period 2018/19 to 2022/23.

## Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of September 2017.

## Public Interest

3. This report outlines South Somerset District Council's overall budget strategy setting out how the Council proposes to manage its financial position over the medium term (three to five years) and beyond. It also provides an up to date set of estimates and assumptions regarding service costs and income, the funding available and the savings required each year to 'balance the books' over the same period.

## Recommendations

4. That the District Executive:

   a. Approve the Financial Strategy.

   b. Note the current position and timetable for the Medium Term Financial Plan and Budget estimates.

   c. Approve an allocation of £34,900 to passport Revenue Support Grant as Council Tax Reduction Grant funding to town and parish councils in 2018/19, and approve no passport of funds in 2019/20 when SSDC will no longer receive Revenue Support Grant income.

## Background

5. This report outlines the Financial Strategy, Capital Strategy, and latest Medium Term Financial Plan estimates. This report updates members of the current position and approach for achieving a balanced budget over the medium term.

6. The Financial Strategy outlines how the Council proposes to produce a balanced Medium Term Financial Plan (MTFP) over the medium to long-term. The MTFP at South Somerset spans three years with a further two years added to show the likely longer-term scenario. The Financial Strategy links the resources required to deliver the Council Plan, the Capital Strategy and the Council's other strategies and priorities as set out in the Council Plan agreed at Full Council in April 2017.

7. Providing an update of the MTFP estimates at this stage is important in providing a realistic and up to date assessment of the Council's financial forecasts to underpin important decisions in progressing the transformation of the council and other actions to close the Budget Gap in 2018/19 and beyond.

8. The forecasts have been reviewed and updated since February, reflecting as much as possible what is "known", and providing "best estimates" on areas of uncertainty. These will continue to be updated as new information emerges and further updates shared with Members at key points in the budget process.

## Financial Strategy Summary

9. The overall proposed financial strategy sets out to provide Members with options to respond to the ongoing and increasing financial challenges within the local government sector. This strategy builds on previous approaches agreed including the Efficiency Strategy agreed in 2016.

10. The key themes to the strategy can be summarised as:

    a) **Challenging existing costs** estimates and assumed "unavoidable" cost increases
    b) Ensuring **clear service priorities** that demonstrably align with corporate strategy and plans
    c) Maximising operational efficiency through **transformation** of services and ways of working
    d) Taking a more **commercial approach** and increasing income yield by 5% per year
    e) Increasing the **income yield from financial investments** as part of a prudent treasury management approach
    f) **Investing in property, energy and new services to generate additional income** that can be reinvested to maintain and improve services to our community

11. When Members approved the 2017/18 Budget the annual Budget Gap – the difference between projected costs and projected funding – was forecast to reach £2.7m by 2021/22, despite planned savings of more than £2m from Transformation.

12. .In April 2017 the full Council revised both the budget and the estimated MTFP savings associated with Transformation – now £2.5m per year. These changes have now been incorporated, reducing the gap in the longer term.

13. In addition to uncertainty over mid-term inflation, the Queen's Speech did not clarify the future of local government finance including Government proposals for Business Rate Retention, the Fairer Funding Review or New Burdens. It is proposed that the Financial Strategy prepares the Council to be ready to respond to further changes in funding, and sets an additional savings target of £0.8m by 2022/23, in addition to the £2.7m updated Budget Gap Savings Target and £2.5m Transformation savings, to provide some comfort that new pressures can be met.

14. It is therefore proposed to set a Savings Target of £3.5m by 2022/23, compared to the 2017/18 Budget. This is in addition to the £2.5m of Transformation savings which are now included in the financial plan.

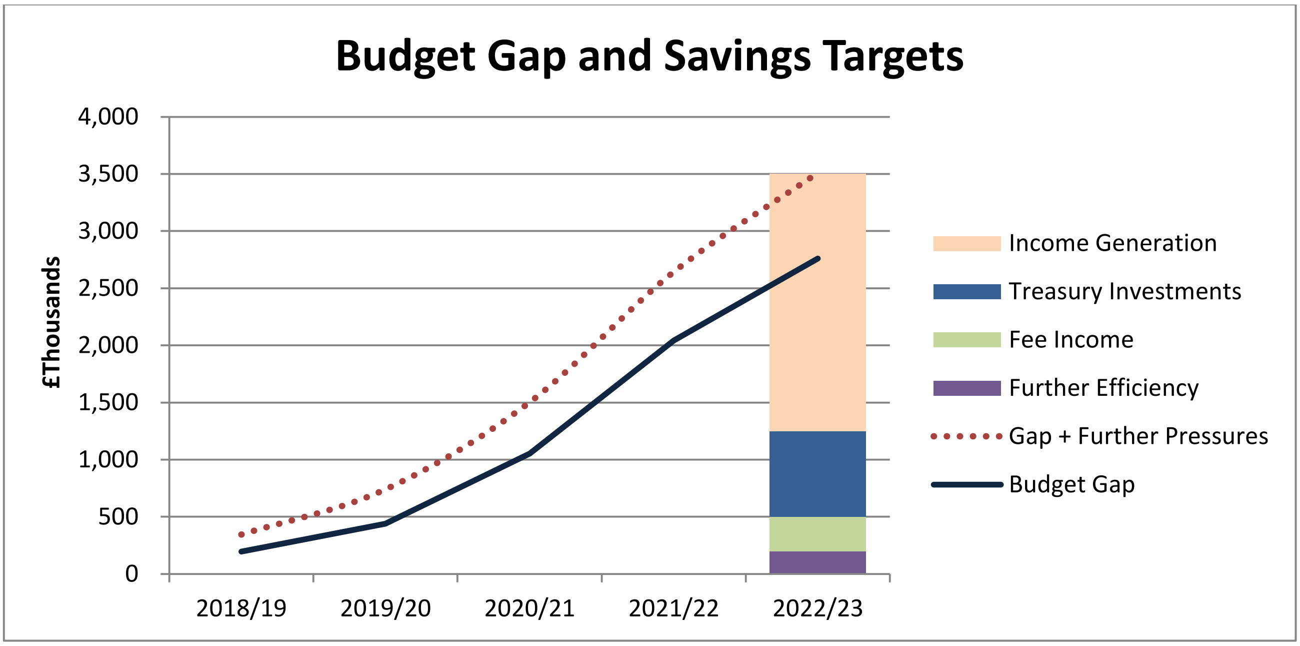
| **Savings Target:** | £m |
|---|---|
| To meet projected Budget Gap | 2.7 |
| Flexibility to respond to new pressures (not yet identified) | 0.8 |
| **Savings Target for MTFP 2018/19 to 2022/23** | **3.5** |
| *Transformation Savings already included in the MTFP* | *2.5* |
| *Total Savings requirement including Transformation by 2022/23* | *6.0* |

***Summary of Approach to Meet the Target***

15. The table below summarises the planned approach to meeting the savings target within the plan. This shows the ambitious target is to meet the £6m required, with a reasonable expectation that at least £5.3m will be delivered within the timescale.

| **Plan to Meet Savings Target** | **Financial Strategy Target £k** | **Prudent Financial Plan Assumption £k** |
|---|---|---|
| *Already included in the MTFP:* Transformation Business Case (approved April 2017) | **2,500** | **2,484** |
| *New Savings Target:* | | |
| Income generation (excluding fee income and treasury) net of delivery capacity costs | 2,250 | 2,000 |
| Transformation – Additional non-staff efficiency savings | 200 | 200 |
| Fee income yield | 300 | 250 |
| Treasury management investments | 750 | 400 |
| Service prioritisation | TBC | TBC |
| Sub-total | **3,500** | **2,850** |
| Overall Total | **6,000** | **5,334** |

16. The graph below presents an overview of the current MTFP budget gap with an indicative "guess" of potential further pressures, and how the financial strategy savings targets plan to cover this gap by 2022/23.




## Transformation – Operational Efficiency

17. A key part of the financial strategy is the realisation of operational efficiency savings through the implementation of the Future Operating Model, underpinned by investment in IT and 'new ways of working'. The Transformation Business Case was updated in April 2017, with a revised net

savings target rising to £2,483,925 by 2019/20. This is a savings increase of £539,800 compared to the original business case.

18. The Transformation Business Case focusses on staff and IT costs. It is proposed to update the overall target for efficiency savings within the financial strategy, to reflect a robust review of base budgets required for transformed services. The current savings set out in the Transformation business case only reflect staff cost savings. However, it is envisaged non-staff costs (e.g. overheads, travel, consumables, etc.) can also be reduced to reflect more efficient service delivery. Defining what is in scope will be important, to avoid double-counting with the commercial property strategy, however this is considered a realistic target.

| **Transformation Savings** | **2016/17 £** | **2017/18 £** | **2018/19 £** | **2019/20 £** |
|---|---|---|---|---|
| Business Case - Cumulative Annual Savings | 59,975 | -565,025 | -1,787,760 | -2,483,925 |
| Cumulative non-staff efficiency savings target (indicative) | | | -50,000 | -200,000 |
| Updated Cumulative Savings Target | 59,975 | -565,025 | -1,837,760 | -2,683,925 |

19. The Transformation Business Case report to Council in April 2017 identified updated estimated costs of transformation and the plans for funding these. There was a gap of £1.1m funding not immediately allocated from existing resources, with the proviso that this would be found from underspends and through future budget plans. This sum was reduced by £144k through use of 2016/17 revenue underspend, leaving £956k unidentified.

20. As part of the financial strategy and approach to budget setting for 2018/19 it is proposed that the residual £956k funding is secured prior to 2018/19, with resources identified through:

- Review of earmarked reserves and allocating surplus funds to transformation
- Review of minimum general reserves balance and allocating surplus funds to transformation
- Capturing in year savings / underspends in 2017/18
- Any residual shortfall to be funded from the MTFP Support Fund reserve

## Commercial Strategy and Income Generation

21. The Income Generation Board (IGB) is a non-decision making board, comprising members and senior officers, and provides a ‘think tank’ to consider and debate broader income generation ideas including external investment proposals and partnership working. Initially this Board sought to identify opportunities to deliver savings rising to £800,000 per year by 2020. This target for savings has been superseded by a new Commercial Strategy and related income target – see below.

22. As part of the wider transformation agenda the Council is developing a more commercial approach which aims to provide a strategic approach to commercial investment opportunities as well as a general principle for the council to be more business-like across all services - whilst remaining focussed on our core purpose to support and deliver for our communities.

23. The Council (August 2017) approved a new Commercial Strategy for 2017 to 2021 supplemented with a Land and Property Strategy. The aim is to manage our assets and investments well, with

- Clear policies on property asset classification and purpose – income generating, strategic value, operational need
- Achieving a balanced portfolio with risks effectively managed
- A significant investment fund supported by effective governance and appraisal processes

- Appetite to support capital investment through borrowing with the principle that investment returns fund the financing costs and provide a net return after borrowing costs for reinvestment in services
- Invest in operational capacity to deliver the strategy

24. As shown above the aim of the commercial strategy is to provide a net increase in income in excess of £2m per year by 2020/21, with a ‘stretch’ target of £3m per year.

## Service Prioritisation and Costs

25. The overarching aim of the financial strategy is to protect services in the face of reductions in government funding. Transformation seeks to ensure the cost of delivering services is more efficient and customer focussed. It remains important that prioritisation of spending and investment in services reflects current and future Council priorities. Such prioritisation is secured thorough ensuring budget decisions are clearly linked to the Corporate Strategy and Council Plan.

26. Currently the estimates for service costs and income are based on using the current base budget, adjusted incrementally for:

- Inflationary pressures on employment and contract costs
- “Unavoidable” cost increases (incremental c£300k+ per year)
- Savings plans
- Investment income changes
- Revenue costs of capital investment

27. As we move through Transformation, and we make improvements to performance management, we will be getting a richer set of data on services, costs, users of services and the outcomes delivered for the costs. Whilst it will be useful to have an initial set of service priorities, we can use this process to challenge the services being provided, their priority and the required service level.

28. Currently no savings target is identified for services, with the assumption that overall resources will be refocussed / reprioritised in line with priorities each year with some tolerance for unavoidable cost increases.

## Strategy for Service Income (Fees and Charges)

29. It is proposed to adopt an approach to Fees and Charges where locally set fees are increased each year at least in line with inflation, with an overall target of 5% per year increase in yield. This is not the same as increasing charges by 5% per annum but can be achieved through inflation uplift on standard fees, growing income through increased demand, identifying new fees for discretionary services, and potentially identifying ‘premium’ pricing for ‘premium’ services.

30. Care will need to be taken as certain services can only seek to recover costs under regulations (e.g. licensing), and it is feasible that in cases where operational efficiencies are delivered then fees will potential stand still or reduce, rather than increase. The approach will ensure compliance with the relevant regulations.

31. Adopting this approach is likely to generate additional income compared to current budgets in the range of £200k to £300k.

## Strategy for Business Rates Retention (BRR)

32. The budget set for Non Domestic Rates has historically been set around the central Government baseline. The most prudent level to set NDR for any authority is at the safety net level as this is the guaranteed level of income for any authority. However this could lead to the true business rates funding position being understated and place greater pressure than necessary to make savings in services. The proposed strategy for business rates funding is therefore to make a prudent but realistic estimate of projected income taking into account anticipated growth, appeals and refunds, to provide a budget forecast, and set aside appropriate provisions and reserves to mitigate potential funding volatility.

33. The 2017 Revaluation of business rates creates further uncertainty and instability within the budget forecasts, with a process of "tariff adjustments" being implemented during 2017/18, 2018/19 and 2019/20 in an attempt to neutralise the impact of the Revaluation on funding for individual authorities. The precise figures will not be known until the Finance Settlement is announced in December; however reasonable estimates have been included at this stage.

34. The BRR budget estimates are summarised below (see Appendix A, part 2 for further information):

| | 2017/18 £k | 2018/19 £k | 2019/20 £k | 2020/21 £k | 2021/22 £k | 2022/23 £k |
|---|---|---|---|---|---|---|
| Memo: BRR Forecast Feb 2017 (adjusted for cost of collection*) | 3,496.1 | 3,416.1 | 3,476.1 | 3,476.1 | 3,476.1 | N/A |
| Updated Estimates September 2017 | 3,496.1 | 3,958.1 | 3,845.1 | 3,927.5 | 4,009.7 | 4,092.1 |
| Difference | | 542.0 | 369.0 | 451.4 | 533.6 | N/A |

**The 2017/18 BRR Budget includes Cost of Collection income of £223.9k however this is being moved to the Revenues service budget with effect from April 2018 for accounting purposes, separating it from the BRR estimates.*

### Business Rates Funding Risks and Mitigation

35. As described above, there are a range of funding risks particularly in respect of appeals and other refunds. The Council maintains a Provision for Appeals and Refunds for the Collection Fund, which sets aside funding estimated to be needed to settle outstanding appeals. The balance of this provision at 1 April 2017 was £4.77m.

36. We also hold contingency funds in a BRR Volatility Reserve to help "smooth" any impact on the budget of excessive reductions in net BRR funding as well as accounting timing differences. The recommended strategy is to maintain a balance in this reserve approximately two times the difference between our BRR Budget and the Safety Net – therefore at least £0.85m based on 2018/19 provisional estimates (note that if the BRR Income budget increases so does the risk and therefore this minimum reserve balance would also need to be higher). The balance in this reserve at April 2017 was £1.31m.

### Business Rates Pooling

37. South Somerset, along with several other Somerset authorities, maintained a pooling arrangement for business rates retention funding during 2015/16 and 2016/17 financial years. The Pool was dissolved on 31 March 2017 as one of the authorities became part of a pilot area for 100% Retention. Due to ongoing concerns around funding risks (e.g. for NHS Trusts possible applications for mandatory relief), SSDC is no longer part of a pooling arrangement. This will be kept under review as the funding system and nature of risks and opportunities evolves.

## Future Policy Direction – 100% Business Rates Retention and Fair Funding Review

38. The Government has been consulting with local government regarding prospective changes to BRR with the implementation of 100% Retention and the Fair Funding Review. These were previously anticipated to be implemented in 2019/20 or 2020/21 however following the General Election in 2017, and omission of the Local Government Finance Bill from the Queen Speech in June 2017, it is unlikely this will be progressed within these timescales.

39. The MTFP is forecast on the assumption that the move to 100% will have a neutral effect on our Net Budget. In practice this will not be known with certainty until the system is fully implemented and the transfer of additional responsibilities is confirmed.

## Strategy for New Homes Bonus and the Council's Revenue Support Fund

40. New Homes Bonus (NHB) grant was introduced in 2011/12 with annual grant funding for district councils provided based on a sum equivalent to 80% of the national average annual council tax for every new home once occupied. This sum was payable for six years with an additional bonus of £280 (80% of £350) for every affordable home occupied. The grant aims to incentivise the delivery of housing growth, and is not ring-fenced.

41. The funding method changed in 2017/18, with the number of years 'rewarded' reducing from six to four by 2018/19. In addition no grant is now received on the first 0.4% of growth in housing, measured as 'Band D equivalents' (c.285 Band D equivalent in 2017/18). This is as a result of funding being redirected to social care within the local government sector. However the incentive currently remains strong and delivering housing growth will continue to generate substantial grant funding opportunities. Similarly, lower growth (and not meeting other conditions) could depress the amount of grant awarded each year. It is important that Members are aware of the risks.

42. The Council's current strategy is to utilise NHB income as mainstream funding for services, with a proportion deferred within an MTFP Support Fund earmarked reserve so that we can meet the requirement for NHB funding within the current year Budget plus a further two years. This approach is currently projected to be sustainable over the medium term, and provides some resilience to a reduction in grant in future. The grant projections will be finalised in November/ December. We will need to keep a 'watching brief' on future policy changes, and adapt our plans if the funding levels change significantly in future.

43. It is proposed to review the strategy for using NHB in future, as the transformation programme delivers efficiency savings and income generation provides additional funding to sustain existing services. Future options could include one or a combination of the following:

    - Providing funding for service related priority investment
    - Providing funding for growth, regeneration and infrastructure investment
    - Further investment in income generation schemes

44. The current strategy reduces reliance on NHB within the MTFP in response to the changes in funding method introduced in 2017/18, with grant requirement reducing by £250k per year from 2019/20, from the current £3m per year to £2m per year by 2022/23.

45. Further detail regarding New Homes Bonus is included in Appendix A, part 3.

## Council Tax

46. The setting of Council Tax is determined each year at Full Council. In 2017/18 the Council has utilised the option given to shire districts of increasing Band D council tax by £5. Currently the Medium Term Financial Plan reflects a financial planning assumption that Council Tax charges will increase by £5 each year in 2018/19 and 2019/20, and subsequently by 1.99% per year.

47. The basic annual tax rate set by SSDC for 2017/18 is £157.48 (excluding the SRA – see below). Total Council Tax income raised in 2017/18 is £9.23m.

48. The Council has also decided to use additional precepting permissions to raise funds through Council Tax on behalf of the Somerset Rivers Authority (SRA) since 2016/17. In 2017/18 the amount collected by SSDC equates to a £1.85 Band D charge, and has raised £109.7k in additional Council Tax which is paid over to the SRA. This helps to fund investment in the 20 Year Flood Action Plan that was developed following the severe flooding experienced in Somerset in early 2014. The intention is for the Government to establish primary legislation to allow the SRA to raise funds via a council tax precept in its own right – at this stage the timing is uncertain and the MTFP assumes the current arrangement will continue for the foreseeable future.

49. The Executive will recommend future council tax rates in February each year.

50. Further details regarding Council Tax and Somerset Rivers Authority are included in Appendix A, parts 4 and 5 respectively.

## Capital Strategy

51. This Capital Strategy outlines how SSDC will utilise its capital resources to deliver the Council Plan and key strategies. SSDC held £29.8 million in capital receipts at the end of the 2016/17 financial year. However, once commitments are taken into account the authority has approximately £12.5 million unallocated to invest in new schemes. Possible bids will be reviewed to determine an approximate need for future investment.

52. The authority has a considerable requirement for capital resources through its Transformation, Regeneration, and Income Generation Boards. Some of these require considerable revenue costs to set up as well as capital. It is therefore important that SSDC is able to take up the offer of "Flexible Capital Receipts" to ensure that its ambitions can be delivered. Therefore the strategy will be as follows:-

    - Each project will be reviewed initially on a commercial basis so that schemes will be considered utilising "Internal Borrowing" (from £1m internal borrowing reserve) where bids can be made for loans that repay both capital and interest at PWLB rates.

    - External borrowing will be considered on a project by project basis for commercial projects so they can in effect be "stand alone" repaying the capital sum and surplus return to SSDC that can be reinvested in services. The Treasury Management Strategy currently allows up to £12m in external borrowing, and this will need to be reviewed to allow greater flexibility to support future schemes.

    - SSDC will utilise the flexibility in 2018/19 to use new receipts from property, plant and equipment disposals for one-off revenue expenditure if required in delivering the Council's approved Efficiency Plan (this flexibility does not apply to ongoing service delivery costs

- The level of capital receipts will be monitored to ensure that community and non-commercial projects that benefit residents and businesses can continue to be funded from available resources.

53. District Executive has delegated authority to approve the use of up to 5% of capital receipts in any one year (approx. £900k). Approvals beyond this sum must be agreed through full Council.

54. The Council has approved a fund of £15m to support income generation schemes, to be funded either through borrowing or capital receipts reserves. We are proposing to adopt a new way of assessing capital schemes as part of the commercialisation strategy, to determine and evaluate schemes in the context of different priorities e.g. income generating, strategic priority, and so on. This will help to steer investment decisions within an agreed strategic framework.

## Treasury Strategy

55. The Council sets its Treasury Management Strategy, Annual Investment Strategy and approach to servicing capital debt ("Minimum Revenue Provision") annually and reviews this mid-year. The current strategy was agreed at Full Council in February alongside the Budget, and it is important to recognise that the financial strategies for revenue and capital resources and treasury management are intrinsically linked. The strategies reflect the ongoing challenging and uncertain economic times. The current economic outlook has several key treasury management implications:

    - Investment returns are likely to remain relatively low during 2017/18 and in the near term
    - Borrowing interest rates are currently attractive and are likely to remain low for some time
    - Approaches to financing capital investment plans should consider the economic outlook e.g. any potential advantages in borrowing "in advance of need" (i.e. before planned capital spending is actually incurred).

56. This Strategy looks to reduce exposure to risk and volatility at this time of significant economic uncertainty by:

    - Considering security, liquidity and yield, in that order
    - Considering alternative assessments of credit strength
    - Spreading investments over a range of approved counterparties
    - Only investing for longer periods to gain higher rates of return where there are acceptable levels of counterparty risk.

57. In the context of the wider Income Generation priority, the Council will work with its treasury advisors – Arlingclose – to identify options that seek to improve overall investment returns whilst maintaining compliance with the principles of the Prudential Code. The Council holds significant cash balances, and through reviewing the approach to investing there is the potential to use a wider range of investments with a different risk profile but with potential to increase yield whilst remaining true to the Treasury Strategy and Prudential Code. The strategy includes a potential projected increase of £400k per year.

58. The Council is also considering large-scale capital investment opportunities that seek to generate additional income to provide essential funds to sustain services in the face of ongoing reductions in government grant funding. This will require the Council to increase capital borrowing and plan for this as part of the treasury strategy moving forward.

## Strategy for Reserves and Balances

59. The approach to general reserves includes a regular review to ensure the level of reserves held are adequate in the context of the financial risks faced and other mitigations in place (e.g. provisions, earmarked reserves, insurances). We will maintain reserves at or above the assessed minimum requirement, and generally any planned use of reserves above the minimum will support one-off expenditure or "bridge" a gap for timing differences on planned delivery of savings / commercial income.

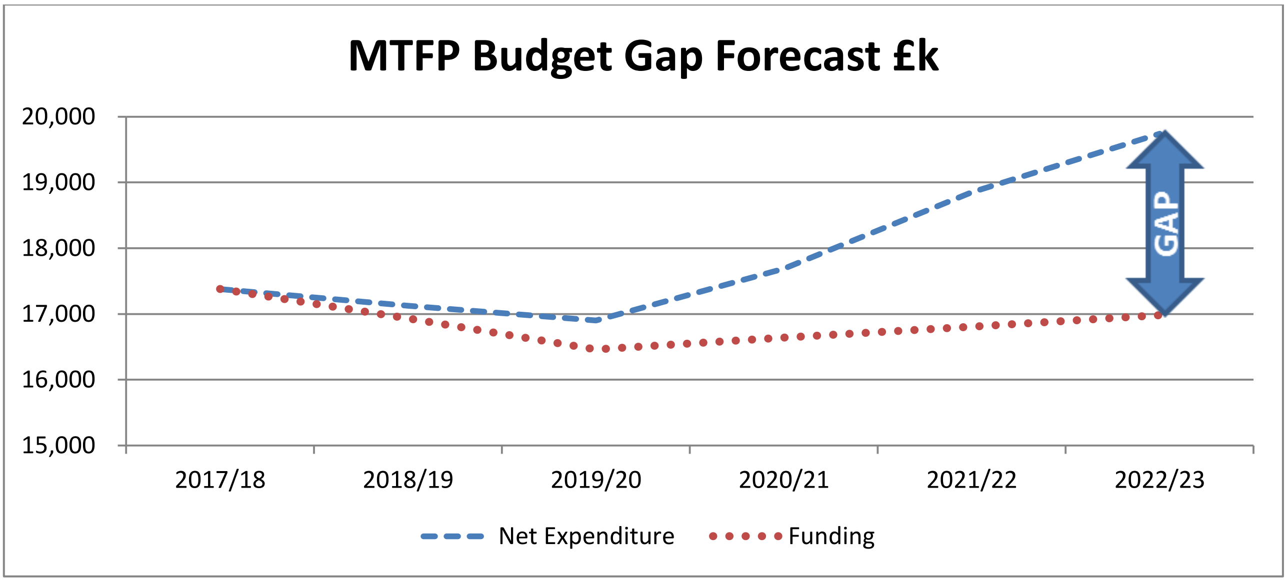
60. The current assessed minimum General Reserves requirement is £2.8m to £3.1m. This will be reviewed regularly to ensure the minimum balance reflects up to date and future risks. A significant element of this current minimum relates to contingency for transformation costs and business rates volatility. The uncommitted reserve balance is currently £3.4m (September 2017).

61. The council also holds earmarked reserves for specific purposes such as planned spending in future years and contingencies not included in general reserves. These will also be reviewed annually to ensure the requirement for the funds remains, with the potential for recommendations to release any surplus balances initially to fund transformation and then to general reserves, income generating investments, or alternative priorities.

62. Further information on reserves and balances in included in Appendix A, parts 6 and 7.

## Medium Term Financial Plan Summary and Budget Strategy

63. The following chart and table sets out a summary of the council's latest forecasts of costs and funding. This has been updated since Council approved the 2017/18 Budget in February 2017, to reflect subsequent decisions by the Council and updated financial planning assumptions. The table provides a summary of the MTFP showing forecast costs and funding. The chart shows pictorially the familiar trend of recent years in terms of the financial challenge faced by this council – no different to the majority of councils across the Country – with costs rising and funding declining to give a significant "budget gap".



**Initial Medium Term Financial Plan Estimates 2018/19 to 2022/23**

| | 2018/19 £k | 2019/20 £k | 2020/21 £k | 2021/22 £k | 2022/23 £k |
|---|---|---|---|---|---|
| **Base Budget** | **17,379.2** | **17,126.5** | **16,901.6** | **17,690.8** | **18,849.6** |
| Employment cost inflation | 701.2 | 349.4 | 340.1 | 341.1 | 364.5 |
| Inflation allowance on contracts | 163.4 | 166.8 | 170.0 | 173.5 | 177.0 |
| Unavoidable budget pressures | 309.7 | 261.3 | 321.3 | 670.3 | 321.3 |
| Investment Income | -40.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Planned savings | -1,266.2 | -1,009.1 | -72.5 | -20.2 | 0.0 |
| Revenue effects of Capital Programme | 103.1 | 6.7 | 30.3 | -5.9 | 30.3 |
| Once-off expenditure | -223.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | | | | | |
| **Total Budget Requirement** | **17,126.5** | **16,901.6** | **17,690.8** | **18,849.6** | **19,742.6** |
| **Funding** | | | | | |
| Revenue Support Grant | -268.9 | 327.3 | 327.3 | 327.3 | 327.3 |
| Less: Council Tax Reduction Scheme Grant to Town and Parish Councils | 34.9 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rural Services Delivery Grant | -102.6 | -133.4 | -133.4 | -133.4 | -133.4 |
| Transition Grant | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| New Homes Bonus Grant | -2,404.9 | -2,715.8 | -2,945.1 | -2,924.0 | -2,847.4 |
| Add/Less: Revenue Support Fund Transfers | -595.1 | -34.2 | 445.1 | 674.0 | 847.4 |
| Business Rates Retention | -3,958.1 | -3,845.1 | -3,927.4 | -4,009.7 | -4,092.0 |
| Collection Fund Surplus - Business Rates | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Add/Less: BRR Volatility Reserve Transfers | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Council Tax - SSDC | -9,636.8 | -10,059.8 | -10,405.1 | -10,740.5 | -11,084.0 |
| Council Tax - SRA | -111.0 | -112.4 | -113.9 | -115.3 | -116.6 |
| Less: Council Tax Paid to SRA | 111.0 | 112.4 | 113.9 | 115.3 | 116.6 |
| Collection Fund Surplus - Council Tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Sub-total: Funding** | **-16,931.5** | **-16,461.0** | **-16,638.6** | **-16,806.3** | **-16,982.1** |
| **Other Reserve Transfers** | | | | | |
| Other Earmarked Reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| General Reserves | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Sub-total: Net Reserve Transfers** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total Funding** | **-16,931.5** | **-16,461.0** | **-16,638.6** | **-16,806.3** | **-16,982.1** |
| **Budget Gap** | **195.0** | **440.6** | **1,052.2** | **2,043.3** | **2,760.5** |
| **Budget Gap Increase on Prior Year** | **195.0** | **245.6** | **611.6** | **991.1** | **717.2** |

64. The plan shows net costs reducing over the next two years as transformation savings are delivered, but the gap between costs and funding continues to increase year on year demonstrating that Members need to take further action and decisions to close the gap.

## Key Assumptions

65. The MTFP is based on reasonable estimates of costs and income over the period of the plan. These include:

*Service Costs and Income Assumptions*

- Staff pay awards are estimated at 2% annually – note Government has indicated its intention to limit civil service pay to 1% annually throughout the current Parliament.
- Inflation increases incorporated for main contractual arrangements (Waste partnership) and other smaller cost items.
- "Unavoidable" costs allowance included for items such as demographic growth reflected in demand for waste services, increased supported housing costs, etc.
- Employers pension contributions based on 16.1% of pay, based on the latest (2016) actuarial valuation.
- Pension Fund deficit recovery lump sum costs rising from £1.24m in 2017/18 to £1.83m in 2022/23, based on the latest 2016 actuarial valuation.
- Transformation savings of £0.565m included in 2017/18, rising to £1.84m in 2018/19 then £2.48m per year by 2019/20.

*Funding Assumptions*

- Business Rates Retention (BRR) will be set in line with annual rating income forecasts, projected to grow in line with inflation.
- Neutral impact on funding / costs through the implementation of 100% BRR, projected to be implemented by 2019/20 (subject to confirmation by new Government post-2017 General Election).
- General Government Grant – Revenue Support Grant, Rural Services Delivery Grant, and Transitional Grant – remains in line with the four year settlement agreed with Government in 2016.
- NHB Grant is projected based linked to local estimates of housing growth and applying the latest grant methodology from Government issued as part of the final settlement for 2017/18. As explained later in this report, the reliance on NHB is currently £3m per year, and this is planned to reduce by £250k per year from 2019/20, with surplus grant deferred to mitigate potential further reductions to the grant available in future.
- Council tax is forecast based on an assumed £5 increase per year in 2018/19 and 2019/20. Government has indicated all shire districts will have the option to increase Band D tax by £5 per year in 2018/19 and 2019/20 however this is subject to annual announcement by the Secretary of State.

66. The following are not currently reflected in the MTFP estimates:
    - Income generation targets – net income will be added to the MTFP as schemes are delivered
    - Costs of delivering the new Commercial Strategy – which will aim to be self-funding as part of the net income generation target
    - Revenue effects of approved capital schemes since February 2017 – with estimates of timing between financial years to inform detail to be included as part of detailed estimates preparation for 2018/19.

## Financial Planning Risks and Uncertainty

67. The main areas of risk and uncertainty within the financial plan are:
    a) Inflation – rising inflation could place additional pressure on pay settlements and prices for purchases of goods and services
    b) Delivery of savings – the MTFP includes transformation savings rising to £2.5m+ per year by 2019/20. If these savings are not realised either in total and/or within the planned timescales this will increase the budget gap

c) Demand volatility – fluctuation in costs and income as a result of changes in demand led services and usage (e.g. planning, building control, parking, garden waste)

d) Business Rates Retention – forecasts under BRR are notoriously difficult to predict with accuracy and can therefore change from year to year (e.g. for appeals, reliefs, etc.)

e) 100% BRR and Fair Funding Review – following the General Election and subsequent Queen's Speech the timing for progression of these developments are unknown; it is feasible this could be delayed by 1-2 years (or longer); and at this stage the MTFP assumes a neutral impact

f) New Homes Bonus – the rate of funding has reduced with rolled up grant reducing to 5 years in 2017/18 and then 4 years from 2018/19 onwards, together with change introduced in 2017/18 with only growth above 0.4% attracting grant funding. Although no firm plans have been announced it is possible the Government could change the funding methodology in future. The Secretary of State has indicated he will review the 0.4% growth presumption annually to ensure the overall scheme remains affordable.

g) Economic slowdown – impact on business rates and NHB as well as income from fees and charges

## Council Tax Reduction Scheme and Funding Passported to Town and Parish Councils

68. Members approved the current Council Tax Reduction Scheme in January 2017. The Finance and Legal Portfolio Holder will make recommendations to District Executive and Full Council of any proposed amendments to the 2018/19 scheme by the statutory deadline of the 31 January 2018.

69. The 'cost' of the Council Tax Reduction Scheme is reflected in the calculation of the Council Tax Base each year. The cost in 2016/17 (shared by the major preceptors) was £8.458m, and in 2017/18 is estimated to be £8.556m. Fluctuations in costs will influence the Collection Fund Surplus/Deficit estimates which will be reflected in the MTFP through the budget estimates process, and will also affect future tax base calculations.

70. Since the Government announced that all Revenue Support Grant will cease a letter has previously been sent to all of the Town and Parish Councils outlining that their grant will reduce to zero by 2019/20 to enable them to plan ahead for their budgets. The grant recommended to members to passport for 2018/19 is £34,900, which is a reduction of 67% – the same rate at which RSG is reducing next year – then zero in the following year. Members are requested to approve this final allocation to enable the Town and Parish Councils to have more certainty ahead of setting their budgets.

## Summary Budget Timetable

71. Below is a summary outline of the key budget reporting dates to Members.

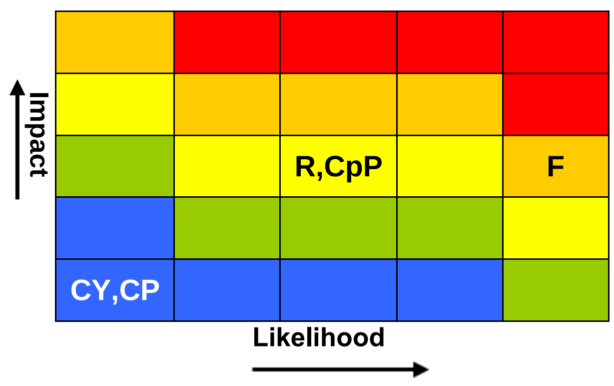
| | | |
|---|---|---|
| 5 September 2017 | Scrutiny | Financial Strategy and Initial MTFP Estimates |
| 7 September 2017 | District Executive | Financial Strategy and Initial MTFP Estimates |
| 5 December 2017 | Scrutiny | MTFP Update |
| 7 December 2017 | District Executive | MTFP Update |
| 25 January 2018 | Audit Committee | Treasury Management Strategy |
| 30 January 2018 | Scrutiny | Draft 2018/19 Revenue and Capital Budgets |
| 1 February 2018 | District Executive | Draft 2018/19 Revenue and Capital Budgets |
| 22 February 2018 | Council | 2018/19 Revenue and Capital Budgets<br>Council Tax Setting<br>Treasury Management Strategy |

## Financial Implications

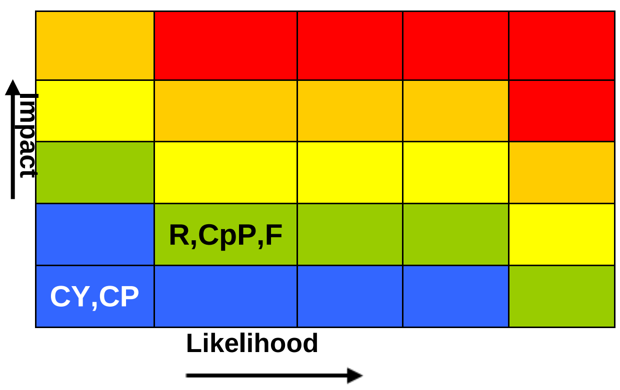
72. This is a finance focussed report with financial implications covered throughout.

## Risk Matrix

**Risk Profile before officer recommendations**




**Risk Profile after officer recommendations**




### Key

| Categories | | | Colours *(for further detail please refer to Risk management strategy)* | | |
|---|---|---|---|---|---|
| R | = | Reputation | Red | = | High impact and high probability |
| CpP | = | Corporate Plan Priorities | Orange | = | Major impact and major probability |
| CP | = | Community Priorities | Yellow | = | Moderate impact and moderate probability |
| CY | = | Capacity | Green | = | Minor impact and minor probability |
| F | = | Financial | Blue | = | Insignificant impact and insignificant probability |

## Council Plan Implications

73. The MTFS and MTFP incorporate costs, income and funding implications directly related to the delivery the Council’s aims and priorities.

## Carbon Emissions and Climate Change Implications

74. Not applicable within this report.

## Equality and Diversity Implications

75. Not applicable within this report.

## Privacy Impact Assessment

76. There are no specific privacy impacts in respect of this report. Individual budget changes will be assessed and salient comments included in budget update reports through the budget setting process.

## Background Papers

77. The following reports may provide helpful background information in support of this report:

- Medium Term Financial Plan – 4 Year Settlement (Council 13 October 2016)
- Revenue Budget 2017/18 – Medium Term Financial Plan and Capital Programme (Council 23 February 2017)
- SSDC Transformation Programme (Council 20 April 2017)

## Appendix A – Additional Funding Information

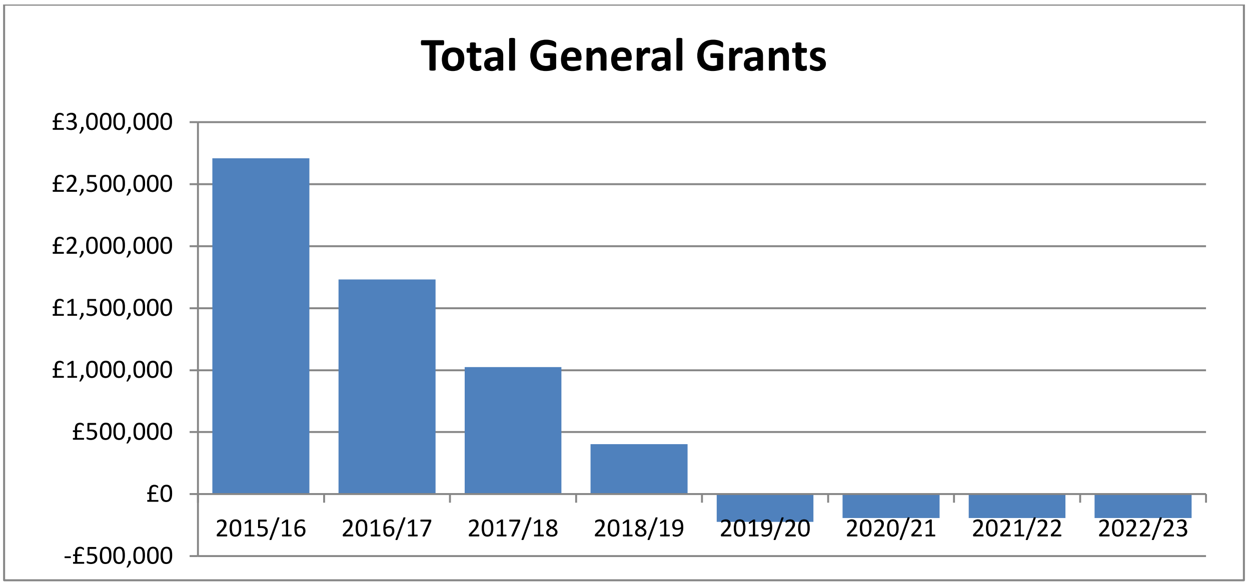
### 1 General Government Grant

1.1 Included within the four year funding settlement offered by government, commencing in 2016/17, are three general revenue grants.

1.2 The funding included in our MTFP, based on the four year confirmed allocations, are summarised in the table and graph below. This shows that grant has diminished over the period, and it is expected the small residual balance of rural services grant together with the "negative RSG" will be rolled into 100% Business Rates Retention if that is introduced.

General Revenue Grants

| | 2015/16 Actual £k | 2016/17 Actual £k | 2017/18 Actual £k | 2018/19 Estimate £k | 2019/20 Estimate £k |
|---|---|---|---|---|---|
| Revenue Support Grant | 2,709.4 | 1,675.5 | 802.6 | 268.9 | -327.3 |
| Transitional Grant | 0.0 | 57.2 | 57.0 | 0.0 | 0.0 |
| Rural Services Delivery Grant | 0.0 | 165.3 | 133.4 | 102.6 | 133.4 |
| Total General Grant Funding | 2,709.4 | 1,898.0 | 993.0 | 371.5 | -193.9 |




### 2 Business Rates Retention (BRR)

2.1 The approach to funding for local authorities changed in April 2013 with a move away from needs-based formula grant to a system that incentivises growth. This included the introduction of Business Rates Retention (BRR). The BRR scheme is based on 50% of business rates collected in the local area being retained by the Local Authorities (40% District, 9% County, 1% Fire).

2.2 Each Local Authority was allocated a Business Rates Funding Baseline by the Government based on the level of funding needed under the previous formula scheme. Under BRR, SSDC receives a "standard share" of 40% of business rates collected. However, because this a greater amount than the Baseline "need" we pay a Tariff to redistribute part of the funds to Top Up authorities whose standard share is below the Baseline "need". Any income collected over and above the baseline figure has a levy of 50% which is paid to Government with the other

50% retained by SSDC.

2.3 The BRR system is quite complex, and is susceptible to volatility and fluctuation based on inflation, rate of growth, appeals and refunds, bad debt, and changes in Government policy. Since the inception of the scheme the biggest area of risk, uncertainty and volatility relates to appeals and refunds. The Council mitigates this risk through a combination of:

- prudent forecasting through analysis of past trends, and future risks and opportunities
- budgeting for a provision for funding reductions in respect of appeals and refunds
- maintaining an earmarked "BRR Volatility" reserve to guard against large reductions in funding for services and also address accounting timing differences.

2.4 The initial BRR estimates for 2018/19 assume net funding growth is in line with inflation, with growth in rating income being offset by appeals and other reductions. These assumptions will be reviewed during the budget process in the autumn and reflected in budget estimates around October/November.

| | **2017/18 £k** | **2018/19 £k** | **2019/20 £k** | **2020/21 £k** | **2021/22 £k** | **2022/23 £k** |
|---|---|---|---|---|---|---|
| 40% Share of BR Income | | 15,555.4 | 15,878.8 | 16,202.2 | 16,525.6 | 16,849.0 |
| 100% Renewable Energy BR Income | | 468.7 | 478.4 | 488.2 | 497.9 | 507.7 |
| S31 Grant Income for Government-funded reliefs | | 1,163.9 | 1,187.0 | 1,215.2 | 1,243.3 | 1,271.5 |
| Tariff | | -13,077.6 | -13,699.1 | -13,978.1 | -14,257.1 | -14,536.1 |
| Levy cost | | -152.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Safety Net income | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Net Retained Business Rates Funding** | **3,496.1** | **3,958.1** | **3,845.1** | **3,927.5** | **4,009.7** | **4,092.1** |

**Managing risks including appeals and refunds**

2.5 As referred above, business rates retained funding can be volatile. The Council monitors changes in rateable values which are reported by the Valuation Office Agency (VOA) on a weekly basis. The risk of reductions due to appeals and other decreases in rateable value is significant, and where a reduction is backdated this can lead to large cash refunds as well as reducing future revenues. The Council has set aside a Provision for such costs, which as at April 2017 has a balance of £4.77m. As at 31 March 2017 there were 720 unresolved appeals registered (related to 417 accounts, so in some cases multiple appeals on a single account) with the VOA comprising a total Gross Rateable Value of £33.97m.

2.6 Where BRR funding is over-estimated this creates a budget pressure, as it will lead to a deficit in the Business Rates Collection Fund. We will need to cover 40% of the deficit from the General Fund (with the rest being a cost to Government, the County Council and Fire Authority). We therefore set aside funds in a "BRR Volatility Reserve" to cover possible deficits and therefore mitigate sharp reductions in General Reserves or annual budgets. Our financial strategy aims to maintain the Volatility Reserve balance at around two times the funding risk between the BRR Budget and the Safety Net. This risk equates to approximately £1.9m in 2017/18, reducing to c£1.85m in 2018/19. The current projected reserve balance is £2.85m in 2018/19, which provides a comfortable level of contingency to mitigate future volatility. This balance will be regularly reviewed to ensure funding risks are kept to a minimum and the reserve balance is neither too high nor too low.

**Business Rates Smoothing Reserve Estimates**

| | 2017/18<br>£k | 2018/19<br>£k | 2019/20<br>£k |
|---|---|---|---|
| Balance brought forward | 1,309.1 | 2,855.4 | 2,855.4 |
| Original budget transfers | 1,546.3 | TBC | TBC |
| Funding previous year deficit | 0 | TBC | TBC |
| **Balance carried forward** | **2,855.4** | **2,855.4** | **2,855.4** |

## 3 New Homes Bonus

3.1 The New Homes Bonus (NHB) Grant is a grant from the Government which 'rewards' housing growth. The NHB Grant is not ring-fenced, which means the Council is free to decide how to use it based on local priorities.

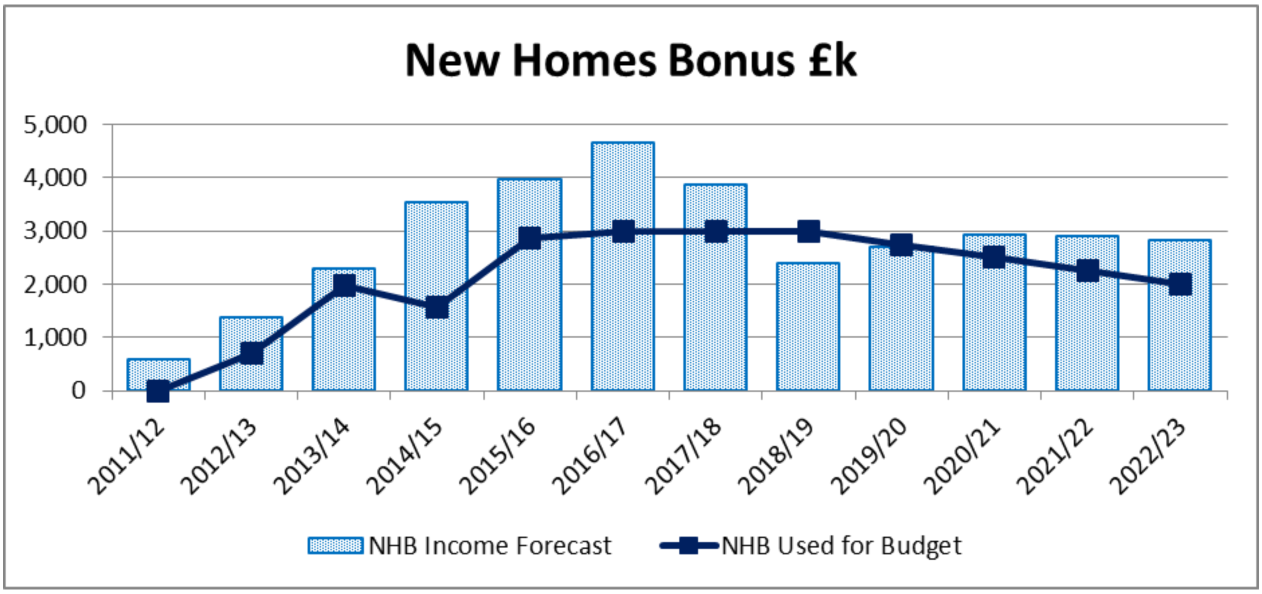
3.2 The calculation of the grant has changed from 2017/18 onwards, as the government has redirected funding available under NHB to the Better Care Fund in support of social care funding pressures. The scheme was originally designed such that each year of housing growth attracted funding for 6 years; therefore in 2016/17 we received 6 years' worth of grants. As part of the Finance Settlement for 2017/18 the Government confirmed this would reduce to 5 years' worth in 2017/18 and then 4 years' worth from 2018/19. In addition, no grant would be paid on the first 0.4% of Band D equivalent growth each year from 2017/18 onwards.

3.3 The current strategy is based on a proportion of NHB income being deferred in an "MTFP Support Fund" to ensure we have sufficient funding in hand to cover the current year plus two years of NHB funding needed for the MTFP.

3.4 The table below summarises the grant calculations and estimates from 2016/17 onwards, and the following graph also includes the total grant received since the NHB grant was introduced in 2011/12. This is then shown in graph format, followed by a projection of the MTFP Support Fund balances.

New Homes Bonus Projection

| | **Actuals** | | **Estimates** | | | | |
|---|---|---|---|---|---|---|---|
| **Allocations in respect of:** | 2016/17<br>£k | 2017/18<br>£k | 2018/19<br>£k | 2019/20<br>£k | 2020/21<br>£k | 2021/22<br>£k | 2022/23 |
| 2011/12 | 601.1 | | | | | | |
| 2012/13 | 790.3 | | | | | | |
| 2013/14 | 915.9 | 915.9 | | | | | |
| 2014/15 | 1,243.7 | 1,243.7 | | | | | |
| 2015/16 | 440.1 | 440.1 | 440.1 | | | | |
| 2016/17 | 667.1 | 667.1 | 667.1 | 667.1 | | | |
| 2017/18 | | 621.1 | 621.1 | 621.1 | 621.1 | | |
| 2018/19 | | | 676.6 | 676.6 | 676.6 | 676.6 | |
| 2019/20 | | | | 751.0 | 751.0 | 751.0 | 751.0 |
| 2020/21 | | | | | 896.4 | 896.4 | 896.4 |
| 2021/22 | | | | | | 600.0 | 600.0 |
| 2022/23 | | | | | | | 600.0 |
| **Total** | **4,658.2** | **3,887.9** | **2,404.9** | **2,715.8** | **2,945.1** | **2,924.0** | **2,847.4** |
| **NHB in MTFP** | **3,000.0** | **3,000.0** | **3,000.0** | **2,750.0** | **2,500.0** | **2,250.0** | **2,000.0** |




**MTFP Support Fund Forecast**

| | 2017/18 £k | 2018/19 £k | 2019/20 £k | 2020/21 £k | 2021/22 £k | 2022/23 £k |
|---|---|---|---|---|---|---|
| Balance Brought Forward | 6,396 | 5,776 | 5,181 | 5,147 | 5,592 | 6,266 |
| NHB Projected Income | 3,888 | 2,405 | 2,716 | 2,945 | 2,924 | 2,847 |
| Sub-total | 10,284 | 8,181 | 7,897 | 8,092 | 8,516 | 9,113 |
| Allocated to Budget | -3,000 | -3,000 | -2,750 | -2,500 | -2,250 | -2,000 |
| Allocated to Transformation | -1,508 | | | | | |
| Balance Carried Forward | 5,776 | 5,181 | 5,147 | 5,592 | 6,266 | 7,113 |

3.5 Based on the current strategy the Fund would need to maintain a balance carried forward of at least £4m (2 x £2m) from 2022/23. This would indicate the potential for surplus funds in future years, however this is dependent on several factors and not certain at this stage.

## 4 Council Tax Base and Council Tax Band D Rate

4.1 The Council Tax Base on which the Council generates its local tax revenue is the sum residential properties expressed as Band D equivalents. It reflects adjustments for reductions including Single Person Discount and Local Council Tax Support as well as assumptions around net growth and collection rates. The Tax Base is increasing each year by between approximately 1% and 1½%. The actual tax base for 2018/19 will be determined in December 2017.

4.2 The Council Tax Base for 2017/18 is 59,313.04 Band D Equivalent properties. The 2017/18 Band D tax rate is £157.48:

| | |
|---|---|
| SSDC Basic Tax | £155.63 |
| SRA precept | £1.85 |
| Band D Tax Rate | £157.48 |

4.3 Each 1% increase equates to approximately £93k additional income.

4.4 A £5 increase in 2018/19 equates to 3.18%, and together with the tax base increase has added £300k additional income within the current MTFP estimates for 2018/19.

4.5 The following table summarises the projected Council Tax Base and income budget estimates within the Plan (including SRA precept).

| | 2018/19 Estimate | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate |
|---|---|---|---|---|---|
| **Council Tax Base** | | | | | |
| Increase % | 1.15% | 1.24% | 1.39% | 1.19% | 1.16% |
| Increase in Band D Equivalents | 681.0 | 742.5 | 845.3 | 731.2 | 725.3 |
| Tax Base | 59,994.0 | 60,736.5 | 61,581.8 | 62,313.0 | 63,038.3 |
| **Council Tax Rate** | | | | | |
| Increase % (MTFP assumption) | 3.18% | 3.08% | 1.99% | 1.99% | 1.99% |
| Increase £ | 5.00 | 5.00 | 3.33 | 3.40 | 3.47 |
| Band D Rate £ | 162.48 | 167.48 | 170.81 | 174.21 | 177.68 |
| **Council Tax Income** | | | | | |
| Increase due to Tax Base £k | 107.2 | 120.7 | 141.7 | 124.9 | 126.1 |
| Increase due to Tax Rate £k | 300.0 | 303.7 | 205.1 | 211.9 | 218.7 |
| Total Council Tax Precept £k | 9,747.8 | 10,172.2 | 10,519.0 | 10,855.8 | 11,200.6 |

## 5 Somerset Rivers Authority Precept

5.1 The Somerset Rivers Authority (SRA) was created following the severe flooding that hit the area in the winter of 2013/14. It has developed a 20 Year Flood Action Plan which will target long term investment to develop improved flood prevention and resilience when flooding is unavoidable. In 2015/16 through a combination of Government funding and contributions from local authorities in Somerset, the SRA had a budget of £2.7m to progress the Action Plan. In future the SRA will be able to set its own Precept to raise Council Tax income to help deliver the Plan.

5.2 In 2016/17 the County Council and the five district Councils in Somerset had the opportunity to raise additional council tax funding, based on 1.25% of the 2015/16 Council Tax rate, to raise funding the Somerset Rivers Authority pending its establishment as a precepting body. For SSDC this equates to £1.85 a year on a Band D.

5.3 In 2017/18 the Council Tax raised and passed on to the SRA is £109.7k.

5.4 The overall opportunity across Somerset aims to raise £2.7m in funding for the SRA in 2017/18. The SRA Board met on 8 February 2017 to consider and approve its 2017/18 budget – see http://www.somersetriversauthority.org.uk/about-us/board-meetings-and-papers/ – where the £2.7m has been prioritised to progress the five key workstreams within Somerset's 20 Year Flood Action Plan. These are:

- dredging and river management
- land management (including natural flood management)
- urban water management
- resilient infrastructure
- building local resilience

5.5 More can be read about the approach the SRA has taken to developing its programme of works for 2017/18 at

http://www.somersetriversauthority.org.uk/about-us/board-meetings-and-papers/sra-board-meeting-16-january-2017/

5.6 The Government has previously committed to implementing the necessary legislation to allow the SRA to precept in its own right. The timing of this is uncertain, and the MTFP assumes the current arrangements remain in place for the foreseeable future.

## 6 General Reserves

6.1 The Council's uncommitted General Reserves balance as at 1 April 2017 is £5,078k. This is above the recommended minimum balance provided some resilience to unforeseen costs if required in the short term.

| General Reserves | Estimated Balance £k |
|---|---|
| Balance 1 April 2017 | 5,078 |
| Area & Economic Development Balances | (124) |
| Support for 2017/18 Budget | (789) |
| 2016/17 Carry forwards | (246) |
| Previously approved commitments not yet drawn from reserves | (103) |
| 2016/17 net underspend to Transformation Reserve | (145) |
| Utilisation of general fund for transformation | (231) |
| Estimated overspend at 30th June 2017 | (122) |
| **Estimated uncommitted balance March 2018** | 3,318 |

## 7 Earmarked Reserves

7.1 In addition to General Reserve balances, the Council holds funds in a range of Capital Reserves and Revenue Earmarked Reserves. These are held for a range of purposes including:

- Grants received in advance of spending
- Capital receipts not yet spent
- Revenue budgets set aside where spending is planned in future years
- Contingencies for specified financial risks (such as business rates volatility)

7.2 The following table summarises the main capital reserves and earmarked reserves held as at 31 March 2017.

| Useable Reserves | Balance as at 31/3/17 £k |
|---|---|
| Useable Capital Receipts | 29,053 |
| Internal Borrowing Reserve | 799 |
| Capital Reserve | 1,244 |
| Cremator Replacement Capital Reserve | 651 |
| Internal Borrowing Repayments | 23 |
| Election Reserve | 149 |
| Risk Management Reserve | 11 |
| Wincanton Sports Centre Reserve | 21 |
| Local Plan Enquiry Reserve | 71 |
| Yeovil Athletic Track Repairs Fund | 125 |
| Planning Delivery Reserve | 26 |
| Bristol to Weymouth Rail Reserve | 11 |
| Local Authority Business Growth Initiative Reserve | 27 |

| **Useable Reserves** | **Balance as at 31/3/17 £k** |
|---|---:|
| Yeovil Vision | 120 |
| IT Replacement Reserve | 17 |
| Insurance Fund | 53 |
| Transformation Reserve | 782 |
| Treasury Management Reserve | 100 |
| Local Plan Implementation Fund | 125 |
| Revenue Grants Reserve | 672 |
| MTFP Support Fund | 6,624 |
| Council Tax/Housing Benefits Reserve | 675 |
| Closed Churchyards Reserve | 3 |
| Health Inequalities | 31 |
| Deposit Guarantee Claims Reserve | 6 |
| Park Homes Replacement Reserve | 165 |
| Planning Obligations Admin Reserve | 35 |
| LSP | 24 |
| Artificial Grass Pitch Reserve | 85 |
| Business Support Scheme | 158 |
| Infrastructure Reserve | 932 |
| NNDR Volatility Reserve | 1,309 |
| Ticket Levy Reserve | 6 |
| Waste Reserve | 230 |
| Community Housing Fund | 263 |
| **Balance March 2018** | **44,626** |