Agenda Item 5.

Finance Sub-Committee
31 January 2018

Medium Term Financial Strategy and Plan

Purpose of report

The purpose of this report is to set out the council's Medium Term Financial Strategy (MTFS) and Plan (MTFP) 2018/19 to 2021/22, outline the Revenue Budget 2018/19, Capital Programme 2018/19 to 2027/28 and Treasury Management Strategy 2018/19.

Attachment(s):

Appendix 1 – MTFS Summary 2018/19 – 2021/22
Appendix 2 – Revenue Budget Changes – 2018/19
Appendix 3a – Capital Programme 2018/19 – 2027/28
Appendix 3b – Capital Programme Funding Summary
Appendix 4 – Reserves and Purpose
Appendix 5 – Treasury Management Strategy 2018/19
Appendix 6 – Capital Strategy 2018/19
Appendix 7 – Fees and Charges 2018/19

1. Overview and context

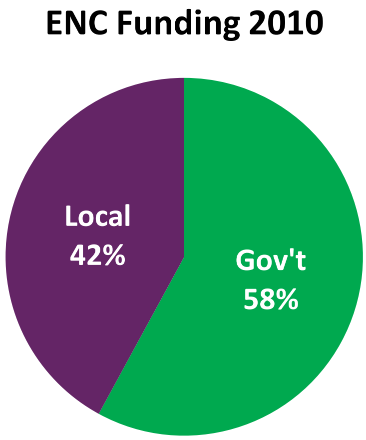
1.1. This report refreshes the Medium Term Financial Strategy 2017/18 to 2020/21 that was approved by Council in March 2017.

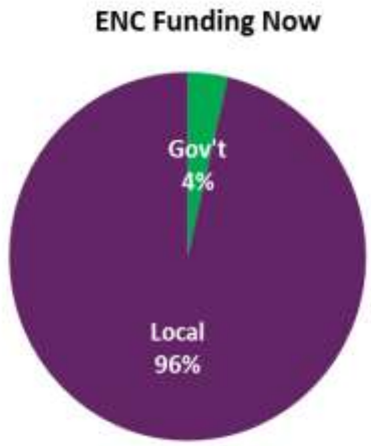
1.2. The MTFS 2018/19 to 2021/22 has been formulated since the announcement of the Autumn Statement 2017, which sets out how the government will address the ongoing national financial position over the medium term. While the government has taken some necessary steps to address a number of national changes, there was very little detail or support for local authorities in the announcements that could be incorporated into the financial forecast. This means that there still continues to be a considerable level of uncertainty surrounding key sources of funding the council will receive during this spending review period.

1.3. The MTFS was last approved in March 2017, when there were negative signs emerging surrounding the UK economy. Following the EU Referendum in June 2016, there has been a fall in interest rates, along with other economic changes, which have led to a negative impact on the outlook for the UK. Whilst the bank rate has now increased back to 0.5%, the current projections continue for subdued interest rates over a longer term with anticipation that world growth remains weak and inflation will continue to rise in the short term. The pressure and uncertainty on Local Government finances over the medium term is increasing.

1.4. The provisional Local Government Finance Settlement figures were announced on 19 December 2017. Changes since the draft Medium Term Financial Strategy are reflected in this final version.

1.5. Since 2010, the funding to councils has changed significantly. The graphs below demonstrate how the balance has changed between what is funded directly by the government versus what is raised locally. Funding from Central Government refers to grants and funding received directly from the government, such as Revenue Support Grant. Funding raised locally refers to funding generated directly within the district such as Council Tax, New Homes Bonus and Business Rates. This can be increased by stimulating economic growth within the district.





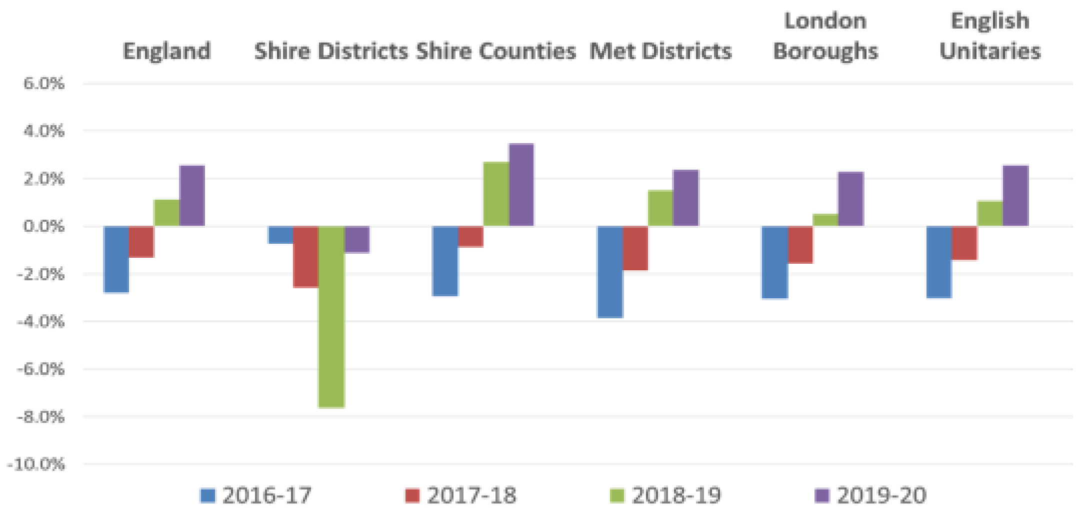
1.6. The government's changes around the Business Rate Retention Scheme and localisation of Council Tax Support are a major part of the reason for this shift in funding. At the end of MTFS period in 2020/21 it is forecast that 100% of the council's funding will be raised locally.

2. Long Term Financial Position

2.1. In the ongoing uncertainty around local government finances, the biggest risk facing the council is in assessing the financial implications of proposed changes over the longer term and being able to continue to provide services at current levels.

2.2. Since the Spending Review in 2010, the public sector has seen unprecedented reductions in funding and the Autumn Statement 2017 just serves to demonstrate that there are no plans to alleviate the financial pressure placed on local authorities in the short term and no indication as to how the uncertainty will be addressed beyond 2019/20.

2.3. Last year, funding of Adult Social Care was prioritised by the government, with additional funds being made available as well as a shift in funding from district councils to those councils with social care responsibilities. The following graph shows the year-on-year percentage change in Core Spending Power, which is the expected available revenue for local government spending, through to 2019-20, using Office of Budget Responsibility (OBR) estimates. This clearly demonstrates how local authorities' funding is estimated to improve in 2018/19 and 2019/20 with the exception of District Councils, where the position remains negative for the whole of the four year spending term, particularly in 2018/19:



2.4. The council suffered a reduction in New Homes Bonus funding following revisions introduced to the scheme in 2017/18. While the government wishes to introduce further amendments, these are put on hold for 2018/19. The government also recently announced that the move to 100% business rates retention will now be reduced to 75% business rates retention. However, no further announcements have been released on how this will operate. Further details are set out in section 4 of this report. These major uncertainties and changes are impacting on local government now and will continue into the longer term. The situation will be closely monitored and any risks and assumptions reviewed as necessary.

2.5. While it must be recognised that there is a lot of uncertainty, the preparations and setting of a MTFS and budget must still take place.

2.6. In addition to the uncertainty around the council's revenue budget over the longer term, the council still has some significant risks surrounding the future of the capital programme.

2.7. The capital programme is projected for a period of 10 years to help the council manage its assets. A large amount of work has been undertaken to assess the condition of the council's assets and ensure that their future life cycle costs are fully reflected in the capital programme.

2.8. The funding of the capital programme remains a risk, and approaches to manage this risk are reflected within this report.

3. Corporate Plan

3.1. The council has an ambition to continue to deliver growth throughout the District, to generate additional income and move away from the financial constraints under which it currently operates. The Corporate Plan reflects this and sets out a number of key priorities and outcomes on which to focus for the next four years to ensure that the District can thrive and prosper. These reflect a realistic balance between what the council would like to do and what is affordable, but also provide a basis for the council to plan its work and allocate its resources accordingly.

3.2. The council recognises that these ambitions are challenging within an environment where resources are limited, and has set out the following outcomes on which to focus over the medium term in order to achieve this vision:

	A good quality of life where the district will be:	Priority outcomes
Improvements for the community	**Prosperous**	**Regeneration and economic development**
	Sustainable	**Sustainable development** High quality built environment
	Clean	Effective management of waste Clean streets
	Healthy	High levels of participation in active recreation Improved housing Good public health
	Safe	Low levels of crime and anti-social behaviour
	Council services which provide good value for money	**Financial stability** Good value for money
Effective processes	**High quality service delivery**	**Customer-focused services**
	Effective partnership working	Strong strategic partnerships
	Effective management	Committed staff Good use of resources Legal compliance
How we learn and grow	**Knowledge of our customers and communities**	Customer and community insight
	Councillors and staff with the right knowledge, skills and behaviours	Continuous development Appropriate behaviours

3.3. These outcomes form the basis of the council's Corporate Plan and are linked to the setting of the MTFS. The links to the corporate outcomes are set out in section 21.

3.4. A review of delivery against the Corporate Plan has recently been undertaken. The status of each action has been updated along with an assessment of the latest estimated costs which require financial support over the medium term. These are as follows:

- 2018/19 £1,112k
- 2019/20 £1,208k
- 2020/21 £1,604k

3.5. In order to address the financial requirements, a number of different types of funding sources have been identified:

- Externally, through partner funding or grant
- Capital or earmarked reserves
- Existing revenue budget
- New growth item added to revenue budget
- New Homes Bonus - Community Facilities Fund (Stream 3)

3.6. It should be noted that there are some actions that are still to be decided. Some of these have costs against them (see section 5 for more detail) while there remain some actions which currently have no costs against them. Regular review of the Corporate Plan is undertaken by Corporate Management Team and updated accordingly. Additional costs and sources of funding will be determined as progress against each action is made.

4. Government Funding and Policy Changes

4.1. The changes to local government funding referred to in sections 1 and 2 of this report are set out in more detail below.

4.2. *Government Funding*

4.2.1 The government has continued to follow a policy of austerity. Despite the downward change in the economy as a whole, the government has not taken any action to ease the financial pressures faced by local government. While there has been a shift in funding towards social care, there is still no additional funding to ease the social care crisis. Besides the recent announcement by government to reduce the move from 100% to 75% business rates retention, the council still awaits further clarity on how this will operate so it remains difficult to predict the financial impact with any certainty.

4.2.2 Included within the provisional settlement for 2016/17 was an offer of a four-year funding settlement up to 2019-20 if the council published an efficiency plan. The council responded and submitted the efficiency plan by the deadline of 14 October 2016 in order to have some assurance on levels of funding over the medium term. The council is now entering into the third year of that plan in 2018/19.

4.2.3 The plan focussed on a number of work streams to close the funding deficit that was anticipated from 2018/19 onwards. The council has made good progress in delivering the plan. Further details of the efficiency plan can be seen at section 6.14.

4.3. *Changes to Business Rates*

4.3.1 The Business Rate Retention Scheme was introduced in April 2013 with a key aim to incentivise local business growth. The council currently works with other councils across Northamptonshire to maximise the benefits of a pooling arrangement. The current arrangement has increased the benefit to the council by £1.4m to date.

4.3.2 The government has undertaken a series of consultations since 2016 about changes to the local government finance system in preparation for the move to 100% business rates retention. As part of the consultation, consideration was given to the transfer to councils of additional responsibilities which aim to drive local economic growth and support the community. The outcome of the consultation and the transition to 100% business rates retention was delayed due to the General Election that took place in June 2017.

4.3.3 As part of the provisional finance settlement announcements on 19 December 2017, the government published a consultation on the future distribution of funding in local government, which proposes to introduce a new methodology for funding in 2020. It is not yet known how that mechanism will work.

4.3.4 It was also announced that in 2020 local government will retain only 75% of business rates and this would be used to fund existing grants received by councils, such as public health and revenue support grant. This is a change from the original policy of moving towards 100% business rates retention, which avoids the need for the primary legislation that would be required if the government wanted to devolve additional responsibilities to local government.

4.3.5 The government recently issued an invitation to local authorities to pilot 100% Business Rates Retention in 2018/19 and a pilot pooling proposal was submitted by all Northamptonshire pool member authorities on the basis that the pilot would benefit from additional financial resources to support business and housing growth within the County. The Provisional Local Government Finance Settlement announcements confirmed that the application was not successful and therefore no amendments to the MTFS have been made.

4.3.6 The council will continue to monitor and consider the implications of any proposed reforms as they are announced. Any risks or assumptions will be reviewed as necessary going forward as further detail becomes available. The pooling arrangement will also continue to be reviewed.

4.3.7 A revaluation was carried out by the Valuation Office and came into effect from 1 April 2017. This is where the government adjusts the level of business rates to reflect changes in the property market. The rateable value for properties in East Northamptonshire increased by less than 1% overall. The government also introduced a number of reliefs and grants to mitigate the financial pressure on local businesses.

4.3.8 The appeals process was also reformed to come into effect from 1 April 2017 alongside the new rating list. The aim is to provide a streamlined and efficient system in which key issues are identified early and resolved as quickly as possible.

4.3.9 The council currently has 168 appeals outstanding (based on the Valuation Office data provided at 31 December 2017 for the appeals listing), which are estimated to have a financial impact of £1.233m (of which ENC's share is £0.49m). The council expected the number to increase following revaluation. However, the Valuation Office has been significantly slow in responding to the number of outstanding appeals and as yet, no new ones have been passed through. It is expected that these will take a prolonged period going forward to resolve. In the meantime, the council will need to ensure that there are resources available to meet these costs through setting up sufficient provisions or reserves to help manage them.

4.4. ***Council Tax***

4.4.1 The council continues to have one of the lowest district council tax levels in the country. For 2017/18, the council ranked 21st lowest compared to its 200 district authority peers.

4.4.2 As part of the Provisional Local Government Finance Settlement for 2018/19, the Secretary of State proposed a core referendum principle of up to 3% with the flexibility that shire district councils could apply an alternative option to increase by £5, whichever is the higher. This is an increase of 1% from 2017/18. However, the £5 flexibility remains the higher amount for this council.

4.4.3 In order to provide local authorities with their indicative Settlement Funding Assessments for the remainder of the Parliament, the government made a number of assumptions regarding potential income fro core components that could be available to local authorities. The assumptions which have an impact on this council are set out as follows:

4.4.4 An average annual growth in the council tax base between 2013-14 and 2017-18 throughout the period to 2019-20

4.4.5 The potential additional council tax available from a £5 cash principle for district councils.

4.4.6 In 2017/18 the council applied a £5 increase to council tax to support its budget proposals. For 2018/19 the current assumption in the MTFS is a 0% increase. The council tax base has been set for 2018/19 at 31,348, with an estimated increase to the council tax base of 200 Band D-equivalent properties per annum thereafter.

4.5. *Local Council Tax Support Scheme*

4.5.1 The Local Council Tax Support Scheme was introduced in March 2013 after the Welfare Reform Act 2012 passed the responsibility to local councils to operate a local scheme, which replaced the national council tax benefit scheme that was previously in place. At that time the Government also reduced the funding for the scheme by 10% and the expectation was that this would be offset by reductions in expenditure.

4.5.2 The scheme currently adopted by this council allows for working age customers to pay at least 20% of their council tax liability and is built on the premise that council tax payers who are not in receipt of or exempt from council tax support do not subsidise those who receive it. This was following a consultation with the public to increase the council tax liability from 12.5% to 20% in 2016/17 where the majority of respondents were in support of the proposals.

4.5.3 The council currently has no plans to amend the rate of 20% for 2018/19, which will be confirmed at the Council meeting on 29th January 2018. However, it will continue to monitor and assess the outcome of any changes and the potential financial impact on the scheme on an annual basis to ensure the scheme continues to be self financing.

4.6. *New Homes Bonus*

4.6.1 In 2015/16 the Government consulted on reforms to the New Homes Bonus Scheme which would sharpen the incentive for additional housing growth. This resulted in the following outcomes:

- A reduction in the length of payments from six to five years in 2017/18 and then to four years in 2018/19
- A national baseline being set in 2017/18 at 0.4% where any growth below this baseline would not attract a bonus payment, with an option to make further adjustments to the baseline in future years
- Reducing the cost of the scheme by £800 million, which would be used to fund adult social care.

4.6.2 The Government recently consulted on further changes to the scheme for 2018/19 onwards. The proposals included the following:

- The baseline funding to be used for the 2018/19 allocations
- Linking bonus payments to housing delivery by reducing the payment in line with the number of homes allowed on appeal

4.6.3 The Provisional Local Government Finance Settlement announcement on 19 December 2017 confirmed the national baseline would be held at 0.4% and any other proposed changes would not be implemented in 2018/19. The MTFS has been adjusted for the provisional amount of New Homes Bonus that was released.

4.7. *Welfare Reform*

4.7.1 During the medium term planning period, more information and detail is being released about Universal Credit and other welfare reform initiatives, which will have an impact upon the current service provision by the council.

4.7.2 Universal Credit is being made available to people who are on a low income or are out of work. It aims to make the welfare system simpler by replacing a number of benefits and tax credits with a single monthly payment. It includes support for the costs of housing, children and childcare, as well as support for disabled people and carers.

4.7.3 The district currently has a ‘live service’ for Universal Credit, which means new claims are accepted along with some where circumstances have required a change. A full service was scheduled to be rolled out in the area from February 2018. Following the Chancellor’s Autumn Budget Statement, this has now been rescheduled for May 2018 with full migration of working age housing benefit cases scheduled to be completed in 2022.

4.7.4 The Chancellor set out a number of other changes as part of his Autumn Budget Statement:

- Short stays in temporary accommodation to be passed through Housing Benefit
- First assessment period of 7 days to be abolished
- Introduction of a transition housing payment of two weeks for transfer from Housing Benefit to Universal Credit to provide additional support to claimants and landlords in the first assessment period
- Period of repayment for new advances to be extended to 12 months and allow claimants to receive 100% of their notional entitlement

4.7.5 It is not clear whether these changes will impact the MTFS from the information that has been provided at this point in time. This will be reviewed as more information becomes available and any changes reflected in the MTFS going forward.

4.8. ***Disabled Facilities Grants (DFGs)***

4.8.1 Funding to help authorities meet the cost of providing DFGs for disabled people is currently paid by Department of Health (DH) as a capital grant. As part of the Spending Review and Autumn Statement 2015, the government announced an increase in funding to £500m by 2019/20 for the DFGs. This funding is provided as part of the Better Care Fund (BCF).

4.8.2 Demand for DFGs still continues in support of the aim to keep people living at home for longer. The council increased the annual budget for DFGs to £500k to respond to the increase in new referrals coming from NCC Occupational Therapists. Despite this additional funding, the council still faces ongoing issues in terms of delivering adaptions and reducing the waiting list due to available capacity of technical staff and contractors.

4.8.3 Councils will continue to receive DFG funding from the Better Care Fund pooled budget to enable them to continue to meet their statutory duty to provide adaptations to the homes of disabled people. The funding is paid directly to Northamptonshire County Council and, despite guidance on the funding amount to be paid to District and Borough Councils, NCC has previously held back a portion of the allocation. Following local lobbying from District and Borough Councils, the full entitlement was eventually released.

4.8.4 In the Autumn Budget 2017, the Chancellor announced an additional £42m of funding for DFG’s of which the council’s allocation is £41.9k. This is one off funding to be spent in full by 31 March 2018. Therefore, the same level of funding for 2017/18 excluding this additional sum has been assumed for 2018/19 in the absence of any further clarification from Government.

4.9. ***National Living Wage and Workforce***

4.9.1 Previous Government announcements included pay awards of 1% each year (up to 2020) as well as proposals to move towards a National Living Wage of over £9 by 2020.

4.9.2 The introduction of the government's National Living Wage (NLW) means wages for some individuals will rise by around 40% by 2020, making the indicative 1% limit no longer relevant. The Local Government Employers' organisation made a pay offer for 2016/17 and 2017/18 that was in excess of 1% for those pay points towards the bottom of the national pay scale.

4.9.3 In February 2016, the Council approved new pay scales based on the government's NLW legislation and the National Employers' pay offer, following a consultation process with staff. The financial implications of the revised pay scales are incorporated into the MTFS for each year.

4.9.4 There has been a recent announcement of a pay offer for local authorities of a 2% increase for 2018/19 and a further 2% in 2019/20, with a higher increase for those on lower pay scales. The estimated impact of this for 2018/19 is £29k and a maximum of £65k in 2019/20. The final outcome will depend on the acceptance of the offer and how the council decides to incorporate the proposed pay scales to align with the current approved pay scales. These assumptions have now been built into the draft MTFS. However, the budget will be held corporately and will be released following approval and confirmation of agreed pay scales for the council.

4.10. ***Housing and Planning***

4.10.1 The government continues to announce a range of new policy, financial support and grant measures to support the supply of new houses and home ownership as well as tackling affordability and homelessness. It is very clear that the government's main priority in the field of housing and planning is to increase the supply and construction of new houses.

4.10.2 The enactment of key areas of the Housing and Planning Act is starting to emerge, and this will impact on the council's need to consider a package of affordable and starter home packages on housing supply. The Homelessness Reduction Act is likely to increase the council's statutory duties in respect of homeless people and the council will need to consider options for addressing the potential financial impacts of this This council does not have its own housing stock, so affordable housing within the district is provided through a number of housing associations who may also be affected by potential legislative changes and welfare reform, and in particular the ability of tenants to meet their housing costs. The financial impact of these will be monitored during the year.

4.10.3 The council is engaged in the process of master planning for two major new development areas. The Rushden East Sustainable Urban Extension in the south of the district will deliver some 2,500 new homes along with community facilities and new employment opportunities. The Tresham Garden Village in the north of the district will deliver some 1,500 new homes and related facilities. In addition, the Priors Hall Park site (which falls within both Corby Borough Council and East Northamptonshire Council) now has new owners and it is expected that a fresh approach to master planning and delivery of this site will emerge.

4.10.4 These major developments are included in the North Northamptonshire Joint Core Strategy, which was adopted in July 2016. Further development opportunities will be identified in the emerging East Northamptonshire Local Plan and through the Neighbourhood Planning process. As part of this, the council will need to consider the impact on the mix in the housing supply. This may have a financial impact for the council, although at this stage it is unclear and will be subject to further work during the course of the financial year. Further detail is required before the council can assess what impact these changes will have on the MTFS.

5. Medium Term Financial Strategy

5.1. Each year the council reviews and considers its financial position and develops a model for forecasting the likely position over the medium term. The overall purpose of the MTFS is to enable the council to manage its future finances and ensure that its plans are sustainable. This has been increasingly difficult because of the severity of government spending cuts, previous freezing of Council Tax, government policy changes and some significant uncertainties over future costs and income. This report explores some of these details and sets out the MTFS based on a set of assumptions about those key variables.

5.2. The council's financial strategy for the medium term is to:
"Ensure the financial position is stable and sustainable with resources focussed on its priorities".

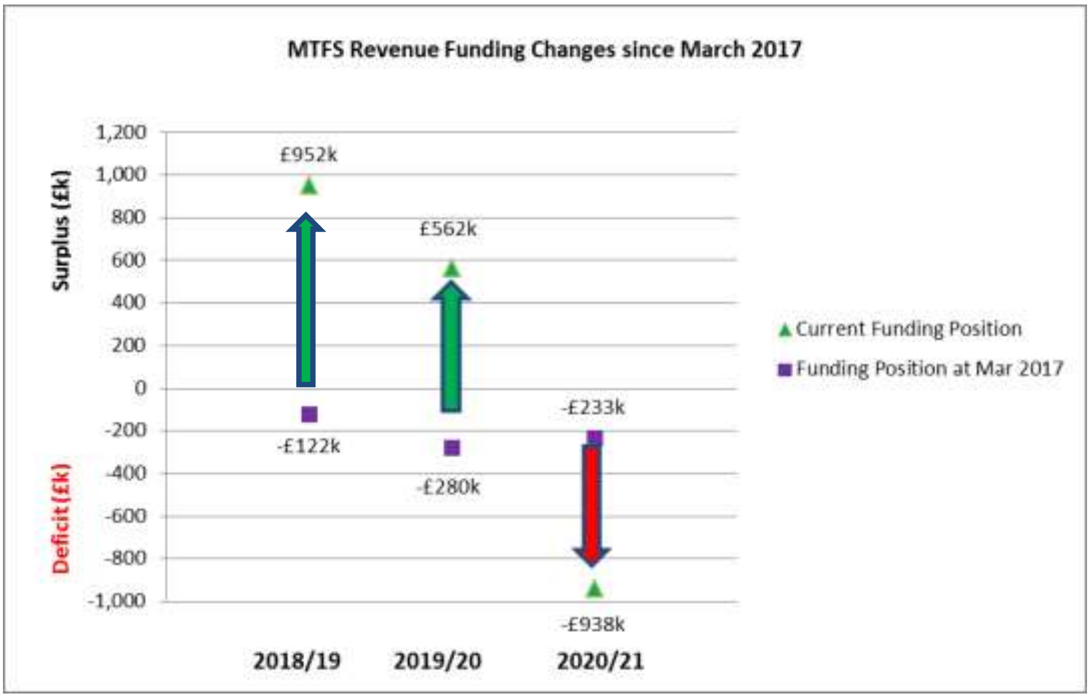
5.3. The MTFS and Budget 2018/19 set out in this report have been developed to address the financial challenges identified above. The MTFS also includes the council's capital spending plans as these have a direct and sometimes significant impact on revenue expenditure.

5.4. The MTFS includes:

- receipts from central government in the form of core funding, through Revenue Support Grant;
- estimated income from Council Tax, based on our estimated Council Tax base and assumptions as to the level of Council Tax increases over the period;
- estimated income from business rates;
- estimated income from charges and rents; and
- transfers to or from the council's revenue reserves

5.5. This report updates the MTFS that was set for 2017/18 - 2020/21, which was approved by Council on 1 March 2017. At that time it had been identified that, over the medium term, there was likely to be a funding gap between what the council expected to spend compared to funding that was anticipated to be received.

5.6. The graph below demonstrates the improvement to the projected funding gap of the revenue budget over the medium term since March 2017. Further detail on the breakdown of the changes can be seen at paragraph 6.14.6:



5.7. The graph demonstrates that the financial position for the revenue budget is stable for the next two years. However, there are still challenges to be addressed beyond 2020/21.

5.8. In addition to the estimated revenue budget gap, the revised capital programme also shows that, over the medium term, capital reserves will be exhausted by 2021/22. There is the potential for this to slip if all schemes within the development pool are not progressed but it is now certain that this position is getting closer. It is important that the MTFS reflects the likely investment required to ensure service levels are delivered. Further detail on the capital programme can be seen in section 10.

5.9. The Corporate Plan is also linked to the MTFS as there is a clear link to delivering the key priorities and outcomes and ensuring that they are achievable and affordable. Paragraphs 3.4 to 3.6 set out the current estimated financial requirements for delivering the Corporate Plan. There are some elements of the Corporate Plan which are still to be decided which have costs against them. The source of funding for these has not been identified at this stage.

5.10. The following table summarises the estimated shortfall in the MTFS which the council will need to focus its attention on going forward:

	2018/19 £k	**2019/20 £k**	**2020/21 £k**	**2021/22 £k**
Revenue Budget Gap (current estimate)	0	0	938	1,084
Capital Programme (balance to be funded)	0	0	0	212
Corporate Plan (balance to be funded)	0	105	130	130
Total	**0**	**105**	**1,068**	**1,426**

5.11. In summary, the council is in a stable financial position in the short term. However, it is clear that beyond this, there are financial challenges which still need addressing.

6. Review of Assumptions

6.1. In order to maintain the financial position, officers and members continue to monitor and review the assumptions that were made. All assumptions have been reviewed and challenged, and where amendments have been made these are outlined below.

6.2. The key assumptions in the MTFS are as follows:

Revenue Budget	• The council will spend around £10m (net) each year • There is no reliance on one-off funding from reserves in the first year of the MTFS period. Savings will need to be identified to address the projected shortfall from 2020/21
Council Tax	• It is assumed that there is no increase to council tax over the MTFS period. • Council tax is assumed to be £133.65 for a Band D property for 2018/19 and subsequent years • Lowest council tax in the county
Government Funding	• Continue to maximise the proportion of business rates growth retained locally by "pooling" its business rates with other councils in Northamptonshire whilst this is available • Reductions in government funding each year over the medium term reflecting amounts as per 4 year settlement offer by government

Capital Programme	• Invest up to £11.9m over 10 year MTFS period • Requirements to look into other capital funding sources over the medium term • Continue with current asset management strategy • Continue with implementation of capital governance arrangements
Reserves	• Maintain a minimum level of reserves of £1.5m to ensure the council can meet unforeseen costs in the long term, and manage the shorter-term risks

6.3. ***Employee Costs***

6.3.1 Pay inflation equates to around 1.5% each year, which is based on modelling assumptions around the 1% pay inflation announcements last year as well as the implementation of the new National Living Wage, as set out in Section 4.9 above.

6.3.2 Vacancy factors were incorporated into the 2017/18 budget and MTFS. These were based on a previous assessment where a prudent level of 3.5% (£200k) was set. The council will continue to include the vacancy factor at this level from 2018/19 onwards whilst the current levels are achievable.

6.3.3 With reducing workforces across many organisations, the ability to provide for the future pension liability through pension contributions from the reduced workforce is extremely difficult. The process for recovery of pension deficit costs changed in 2011/12 as a result, which put additional pressure on budgets.

6.3.4 The employer's pension costs are paid to the Local Government Pension Scheme (LGPS). A review of the pension fund was carried out during 2016/17. Estimates received to date indicate that from 1 April 2017 the future service costs (% of payroll costs) will increase but the deficit (lump sum) cash payment will reduce. Costs are expected to remain at these levels until the next review is carried out in 3 years time. In 2019/20 an estimated 1% increase has been incorporated into the MTFS.

6.4. ***Contract Costs***

6.4.1 Contractual commitment costs have reduced in previous years. However, with new and renewed contracts being procured, it is noted that prices have now reached a stable position with some contracts now pricing for increases. The majority of contracts have been in place for a number of months or years and there is some certainty when forecasting future inflationary increases, especially in the short to medium term when inflation is anticipated to remain low.

6.4.2 Contractual inflation has only been built into the MTFS where it is mentioned within the contract.

6.4.3 The current contract for waste, which ends in July 2018, uses the Building Contractor Information Service (BCIS) indices. These take account of fluctuations for labour, plant and fuel costs. As there are some known increases in staff costs (minimum wage and National Insurance contributions) and fuel costs have fluctuated widely over the last three years, the council has assumed a small increase (average of 2%) to take account of all these factors for the remainder of the contract. The contract is due for renewal in 2018/19 and it is anticipated that the same BCIS indices will continue to be used.

6.4.4 However, it should be noted that the council is anticipating a significant increase in the cost of the contract during 2018/19 following renewal, which has been reflected in the MTFS. The council is exploring ways to mitigate this cost, including the option to purchase a fleet of refuse vehicles directly, which could potentially reduce the annual revenue cost of the contract. The contract is currently out to tender. It is possible that the financial position may be updated in the final budget presented to Council on 26 February 2018.

6.4.5 It has been assumed that all other contracts will be maintained within current levels of expenditure.

6.5. *ICT Transformation*

6.5.1 East Northamptonshire Council and the Borough Council of Wellingborough have a shared ICT Service which has been in operation since 2008. Since then, the service has continued to deliver progress with various investments and improvements. However, alongside this there have been changes to both councils' operating models and significant advances in technology.

6.5.2 In recognising that ICT is both the foundation and a key enabler to transform the way we work, the council developed and approved a new ICT Strategy in October 2016 which would be delivered through an ICT Transformation Programme. The council agreed to invest £450k (50% share) which would result in achieving an estimated £274k savings per annum by 2019/20.

6.5.3 The programme is now part way through delivery and is making significant progress. The anticipated savings in 2018/19 are £254k with the full £274k to be achieved in 2019/20. Whilst there is still £67k of savings to be identified for 2018/19, it is anticipated that these will be identified by the end of the financial year.

6.6. *General Inflation*

6.6.1 As part of the review of assumptions, general inflation has been removed. Only pay, contractual and utilities inflation is assumed within the MTFS.

6.7. *Fees and Charges*

6.7.1 A review of fees and charges has been undertaken by each service area. Amendments to fees and charges have been made where appropriate. Fees and charges continue to be reviewed at least annually and changes are incorporated into the MTFS accordingly.

6.8. *Investment Income*

6.8.1 The current low level of interest rates has resulted in lower returns from investing our income. It is anticipated that investment returns will continue to remain low and as a result the anticipated average return on investment for 2018/19 is estimated to be around 0.56%, increasing to around 1.25% by 2021/22. There are significant risks in estimating the rate at which the economic position will improve, and we have taken a relatively cautious view based on overall performance against the bank rate as well as advice from our Treasury Management advisors, Link Asset Services.

6.8.2 The following table shows the impact on the council's return on investment if the interest rate altered by 0.25% or if the amount invested changed by £1m:

	2018/19	**2019/20**	**2020/21**	**2021/22**
Increase/Decrease of 0.25%	£40,000	£32,500	£30,000	£25,000
Increase/Decrease of £1m	£ 5,625	£8,125	£11,250	£12,500

6.9. *Council Tax Base*

6.9.1 The assumptions relating to the Council Tax Base have been reviewed. The estimated Billing Authority tax base for 2018/19 is 31,348 compared to 30,871 for

2017/18 which is a 1.5% increase. The increase in the tax base is attributable mainly to new property completions and the reduction in Council Tax Support expenditure. This is illustrated in the table below. The proposed tax base for 2017/18 also takes into account other discounts and exemptions, anticipated additional new properties and a small provision for non-collection.

2017/18 Tax base estimate	**30,871**	
17/18 adjustment	217	Actual new property occupations in addition to the 342 included in the original 2017/18 estimate.
New Properties	231	Anticipated number of new property occupations in 2018/19 (adjusted for anticipated relief and discount levels)
Council Tax Support	102	Significant reduction in CTS expenditure due to reduction in caseload as a consequence of welfare reforms.
Discounts & Exemptions	(73)	Increase in exemptions and single occupier discounts.
2018/19 Tax base estimate	**31,348**	

6.10. ***Council Tax***

6.10.1 It has been assumed within the MTFS that Council Tax will remain unchanged for 2017/18 and subsequent years.

6.10.2 As explained in paragraph 4.4.2, a core referendum principle of no more than 3% is proposed for 2018/19 (1% increase from 2017/18) as well as the option to increase the Band D council tax by £5, whichever is the greater.

6.10.3 The table below shows the additional income that would be raised if the council were to increase council tax up to the 3% referendum limit:

	2018/19 **£**	**2019/20** **£**	**2020/21** **£**	**2021/22** **£**
Total (per year)	125,271	130,639	136,192	141,936
Total (Cumulative)	125,271	255,910	392,101	534,038
Increase in %	2.99%	2.99%	2.99%	2.99%
Pence per week	7.7	7.9	8.2	8.4

6.10.4 The table below shows the additional income that would be raised if the council were to increase council tax using the alternative option of £5:

	2018/19 **£**	**2019/20** **£**	**2020/21** **£**	**2021/22** **£**
Total (per year)	156,740	158,740	160,740	162,740
Total (Cumulative)	156,740	315,480	476,220	638,960
Increase in %	3.74%	3.61%	3.48%	3.36%
Pence per week	9.6	9.6	9.6	9.6

6.10.5 The figures above are based on the latest information provided on proposed referendum principles and are subject to change pending further announcements as part of the Final Local Government Finance Settlement.

6.11. ***Council Tax Support Funding***

6.11.1 ENC will receive Council Tax Support Funding through the Revenue Support Grant (RSG) allocation in 2018/19. This funding is not ring-fenced and can be used to support any spending the council incurs. However, the level of funding included within RSG is not clear. As RSG funding disappears in future years, it becomes increasingly necessary to develop an alternative method of assessing how the Local Council Tax Support Scheme is calculated going forward (section 4.5).

6.11.2 The Government has indicated that a proportion of Council Tax Support funding could be passported to local precepting authorities at the council's discretion; this is similar to previous years. Further to previous decisions of the council, the MTFS assumes that the grant will not be passported in 2018/19 or thereafter.

6.12. ***Business Rates***

6.12.1 An officer working party comprising staff from Planning, Revenues and Finance teams monitors business rate activity with the aim of increasing business intelligence and understanding, and to forecast growth for future years.

6.12.2 Following a recent review of business rates, officers have been able to revise growth rates across the district with some certainty. This has resulted in incorporating this growth into the budget in an accelerated timescale.

6.12.3 The MTFS currently includes an element of growth relating to further development of the Rushden Lakes retail site. There is an associated risk that the timing of this could be different to the timescales that have been estimated within the MTFS. Other growth across the district also remains speculative at this stage. Therefore, due to timing and uncertainty, no other growth has been factored in. The latest estimate for growth of Rushden Lakes is as follows :

- Rushden Lakes (Phase 1 - remaining) £160k
- Rushden Lakes (Phase 2) £480k

6.12.4 The table below shows the financial impact if the forecast growth increased or decreased by 10%:

	2018/19	2019/20	2020/21	2021/22
Increase/Decrease of 10%	£16,000	£64,000	£32,000	£32,000

6.12.5 Revaluation came into effect on 1 April 2017. This is where government adjusts the value of business rates to reflect changes in the property market. Revaluation schedules have shown an increase in the rateable value of properties in the district of less than 1% overall. The MTFS does not include assumptions on changes to the property market as the government advised it would be cost neutral to the council. Growth estimates are being reviewed alongside the revaluation schedules and will be refreshed with any changes incorporated into the MTFS as required.

6.12.6 The council has a significant number of outstanding appeals which are estimated to increase as a result of the revaluation in April 2017. These are expected to take a while to resolve. The council will need to ensure it has sufficient resources available to meet these costs.

6.13. ***Government Funding***

6.13.1 The MTFS incorporates a reduction in government funding ranging between 12% and 19% per annum. This is based on the provisional funding allocations that were published as part of the four year settlement offer which the council accepted. The last year of this agreement is 2019/20 and beyond this, the council has no certainty on what or how much funding it will receive.

6.13.2 In addition to this, the Government is undertaking an assessment of the relative needs of local councils as part of the reforms to move to the newly revised 75% business rates retention in 2020. The Fair Funding Review will conduct a thorough review of what the needs assessment formula should be when local government spending is funded by local resources rather than central grant. There is a risk that the outcome will result in more funding being diverted from District and Borough Councils to those with social care responsibilities. The situation will be closely monitored as more detail is released.

6.13.3 The Provisional Local Government Finance Settlement figures for 2018/19 have been incorporated into the MTFS. Any changes arising from the final Local Government Finance Settlement will be incorporated into the MTFS where possible before it is approved by Full Council on 26th February 2018.

6.14. ***Implementing the Efficiency Plan and refreshing the Revenue Section of the Medium Term Financial Strategy***

6.14.1 As mentioned at 4.2.2, the council submitted its efficiency plan in October 2016 in order to take advantage of the four year settlement offer by DCLG and achieve some level of certainty on funding sources over the medium term.

6.14.2 The efficiency plan outlined a number of work streams for the council to focus on, which would reduce the estimated funding gap from 2018/19 onwards. The council aimed to achieve at least a balanced revenue budget position by the end of the spending review period.

6.14.3 The council made significant progress in delivering the efficiency plan and by June 2017 was able to demonstrate a surplus position. The revised revenue position is shown in the table below:

	2018/19 £000	2019/20 £000	2020/21 £000
Starting position - (surplus)/deficit as at Mar 2017	**278**	**437**	**391**
Delivering the Efficiency Plan:			
Additional Council Tax Income	(155)	(155)	(155)
Commercial Income (Rushden)	(276)	(276)	(276)
Revised position - (surplus)/deficit as at Jun 2017	**(153)**	**6**	**(40)**

6.14.4 One of the work streams within the plan was for the Council to adopt a “More Commercial Approach”, one element of which was by replacing the reduction in government funding with new sources of funding. At the start of the financial year, the council took the opportunity to invest in the acquisition of a retail site in Rushden, which now generates a significant additional source of income to the council annually.

6.14.5 While the council endeavours to keep Council Tax as low as possible, members also recognised the financial challenge ahead, which led to the decision made at Full Council in March 2017 to increase Council Tax by the permitted £5.

6.14.6 Since making these changes, a number of additional pressures have come forward as part of formulating the MTFS for 2018/19. A large portion of these are in relation to anticipated increases in contract costs. Whilst some of this is offset by savings and efficiencies identified across the council, the key areas to mitigate these will be from additional business rates income and a potential reduction arising from the way in which we procure our fleet of refuse vehicles. Further detail can be seen in the table below:

	2018/19 £0	2019/20 £0	2020/21 £0
Revised position - Funding (surplus)/deficit as at Jun 2017	**(153)**	**6**	**(40)**
MTFS Growth/Pressures			
Increase in contract costs	257	394	394
ICT shared service income reduction (reflects savings following ICT Transformation)	121	121	121
Housing Benefit assumption changes	107	107	107
Rushden East Masterplan	100	0	0
ICT Strategy savings allocation	67	67	67
Technical Adjustment (new cost centre in 2017/18)	62	62	62
Business transformation savings now built into relevant budgets	58	58	58
Contribution from reserves removed - no longer required	49	49	49
Northamptonshire Domestic Abuse contribution	37	37	37
Electoral registration - annual canvass	34	34	34
Insurance costs following insurance tender	30	30	30
Twywell Hills and Dales funding (requires P&R decision)	25	25	25
Data Centre rental cost	24	24	24
Corporate/IT Training courses	37	37	37
Pay Offer of 2% - net cost (to be approved)	29	94	95
Internet related costs of upgrade (plus loss of income from Corby)	20	20	20
Maintenance of leisure sites	15	15	15
Exchange licences	13	13	13
Reduction in pest control income	11	11	11
Destination Nene Valley contribution and rented space	10	10	10
Members allowances	10	10	10
Legal shared service budget increase	10	10	10
Provisional Settlement Changes - Business Rates Baseline	5	36	36
Other small increases (below £10k)	74	64	92
Interest received from cash investments	0	17	0
Pension Increase estimated at 1%	0	0	58
Removal of assumption on inflation to business rates baseline	0	0	72
Total Growth/Pressures	**1,204**	**1,344**	**1,486**
MTFS Savings/Income:			
Estimated increase in business rates income	(1,350)	(1,350)	(50)
New Homes Bonus - net increase in grant	(210)	(210)	(106)
Collection Fund Surplus	(85)	0	0
Planning fee income (government increase not yet finalised)	(80)	(80)	(80)
Commercial income	(54)	(54)	(54)
Various savings in Licencing	(57)	(57)	(57)
Estimated increase in council tax (council tax base)	(37)	(37)	(37)
Efficiency savings following mid year review	(35)	(35)	(35)
Staff budget changes	(25)	(25)	(25)
Printing savings following business transformation project	(17)	(17)	(17)
Court fees/enquiry agent savings	(12)	(12)	(12)
Rural Services Delivery Grant	(6)	0	0
Various small changes	(35)	(35)	(35)
Total Savings/Income	**(2,003)**	**(1,912)**	**(508)**
Updated position - (Surplus)/Deficit	**(952)**	**(562)**	**938**

6.14.7 The effect of the changes outlined above has improved the projected funding surplus within the MTFS for 2018/19 and 2019/20, which is also outlined in the graph at paragraph 5.6. However, for 2020/21 the position has worsened.

6.14.8 In summary, the council made good progress on delivering against the efficiency plan target in 2017/18. However, it is recognised that work must continue to address the position in 2020/21 and beyond.

7 Medium Term Financial Strategy (MTFS)

7.1 The MTFS revenue position for 2018/19 – 2021/22 is shown in **Appendix 1**.

7.2 Work will continue around delivering the efficiency plan to identify and create further savings or efficiencies in addition to those shown above.

7.3 Items which continue to be reviewed include:

- Business Rates
- Waste Management
- ICT Transformation
- Business Transformation Projects
- Contracts
- Fees and charges
- Asset Management

8 Risks and Opportunities

8.1 *Government Funding*

8.1.1 The MTFS assumes reductions in Government funding ranging between 12% and 19% each year in accordance with the Provisional Local Government Finance Settlement allocations and four year settlement offer.

8.1.2 Not all detail on funding resources has been released and the council awaits further announcements. As mentioned throughout the report, until further detail is announced, specifically around Business Rates Retention and the future of New Homes Bonus payments, there remains uncertainty in trying to predict future levels of Government funding. The council will review the MTFS regularly and update it accordingly.

8.1.3 As outlined in paragraph 6.11.2, the MTFS assumes that Council Tax Support Grant will not be passported to precepting Town and Parish Councils in 2018/19. There is a risk that the Government could still legislate to force the payment for this to Town and Parish Councils. Were this to happen, the cost to the council would originally have been around £195k. However, this will have reduced thereafter in line with cuts in government funding.

8.2 *New Homes Bonus*

8.2.1 The government has released the provisional allocations for New Homes Bonus following consultation on further changes to the scheme from 2018/19 onwards as set out in Section 4.6. The key changes impacting the council are set out in section 4.6.3.

8.2.2 The MTFS assumes a level of New Homes Bonus funding for future years (2019/20 onwards) in line with the current scheme. However, future allocations will be dependent on whether the government proceeds with those proposed changes, which were consulted on but have since been put on hold.

8.2.3 If the government retained the scheme in its current format, the council could benefit from further income for the development of homes in excess of the proposed 200 Band D equivalents that is estimated for in the budget. The following table shows how the council has performed in previous years against what was originally calculated based on previous MTFS assumptions:

	2015/16	2016/17	2017/18	2018/19 (Estimate)
Council Tax Base (Equivalent Band D) in MTFS	28,553	29,597	30,284	31,071
Council Tax Base Equivalent Band D) Actual	29,397	30,084	30,871	31,348
Difference	844	487	587	277

8.2.4 The council remains committed to funding Community Projects and therefore the MTFS assumes that 50% of New Homes Bonus will continue to be set aside for this purpose. The council will continue to review the financial impact against future allocations as they are announced, and will consider further whether the allocation to Community Projects is appropriate and affordable in future years.

8.3 ***Waste Cost Mitigation***

8.3.1 There is a pressure from 2018/19 onwards due to the renewal of the waste contract, which is currently out to procurement, as well as changes to waste regulations. This has resulted in significantly increasing the costs for waste within the MTFS whilst options are evaluated. The council is exploring ways to mitigate this cost where one option is to purchase the fleet of refuse vehicles ourselves which would reduce the annual revenue cost of the contract. This is also reflected in the MTFS. While it is noted that there still remains a risk that costs could be higher than budgeted, there is also the chance that they may not be as high as anticipated and some of the anticipated pressure can be removed. More will be known as the procurement process is concluded.

8.4 ***Pension Contributions and third party liabilities***

8.4.1 There is a risk that the pension liability for the council could increase as a result of the government's changes to how pension funds are managed going forward. However, a review of the pension fund was carried out during 2016/17 which resulted in a change in our pension contributions from 1 April 2017 where future service costs (% of payroll costs) increased but the deficit (lump sum) cash payment was reduced. Costs are expected to remain at these levels until the next review is carried out in 2 years' time. However, following this, an estimated 1% increase has been incorporated into the MTFS.

8.4.2 Any changes to pension costs within the current contract for waste are borne by the current provider. However, any future costs or implications under the new contract will need to be reviewed and incorporated into future years when the position becomes known.

8.5 ***Pressures from Other Public Sector Bodies***

8.5.1 The forecast continued reduction in public sector funding is expected to see further changes implemented by other public sector bodies as they reduce their levels of spending. Some of these could have an adverse impact on this council's budget, either directly or indirectly. Particular areas of risk are where there are links with the County Council or Health.

8.5.2 Northamptonshire County Council (NCC) has already issued a number of proposals to close its budget gap for 2018/19 onwards and has announced that there are further proposals to come before the budget can be approved in February/March 2018.

8.5.3 On 9 January 2018, the Secretary of State announced an inspection of NCC to specifically look at whether the council was complying with its ‘best value’ duty, which is a legal requirement to ensure good governance and effective management of resources. It is anticipated that the financial challenges currently facing NCC will continue into future years due to the financial challenges NCC is currently facing.

8.5.4 The council will continue to review any budget announcements made by NCC in order to assess the likelihood of risk or impact to the district, including the allocation of the Better Care Fund. It is recognised that this cannot be quantified until the County Council approves its final budget in February/March 2018.

8.6 ***Business Rates***

8.6.1 Changes to businesses’ circumstances can affect the income due to the council from Business Rates. Changes that can occur include appeals, demolitions, changes in use, and business rate reliefs. There are also changes by Government such as the recent revaluation implemented from 1 April 2017, as mentioned at paragraph 6.12.5. These changes can be significant and are often difficult to predict. The council takes action to ensure any potential changes are closely monitored and analysed to ensure that forecasting of future business rate income is robust and accurate.

8.6.2 The council takes a prudent approach to growth assumptions for business rates in the MTFS. This is because of the volatility outlined above, coupled with the uncertainty around government changes to business rates retention in future years. However, through regular monitoring and review there may be an opportunity to increase business rates growth in future years as more certainty can be placed on the timing and level of funding to the council.

8.7 **Other Opportunities**

8.7.1 The council is also open to exploring other opportunities which may generate additional income or efficiencies to help mitigate the reduction in funding from government. An example of this is the acquisition of a retail site in Rushden which now generates £280k income per annum and has been built into the budget going forward.

8.7.2 Suitable proposals will be given consideration and appropriate due diligence will be carried out before these are reflected in the budget going forward.

9 Revenue Budget 2018/19

9.1 ***Revenue Outturn 2017/18***

9.1.1 The council is committed to focusing its resources on its priorities and will continue to drive out efficiencies to help meet the financial challenges over the medium term.

9.1.2 The 2017/18 budget was set with a surplus of £604k, which will contribute towards reserves at the end of the financial year.

9.1.3 Budget monitoring is currently showing a forecast underspend of £24k. This demonstrates that the council is managing within current resources. A significant underspend is attributable to the additional commercial income following the council’s purchase of the retail site in Rushden, as mentioned earlier in this report, which is now incorporated in the budget from 2018/19 onwards. However, planning income is currently not on target to be achieved and there is also a delay in the delivery of some savings from the ICT Strategy; these items are impacting on the underspend that could have been achieved. Further detail is provided in a separate budget monitoring report for the period to 31 December 2017.

9.1.4 At present the £24k underspend will form a contribution to revenue reserves at the end of the financial year along with the £604k surplus mentioned above.

9.2 ***Revenue Budget 2018/19***

9.2.1 The council needs to spend £10.0m in 2018/19 to maintain current services. A summary of the revenue budget for 2018/19 is set out below:

2017/18 £		2018/19 £
1,405,946	Customer and Community Services	1,521,138
0	Economic and Commercial Regeneration	298,460
2,696,290	Environmental Services	3,356,720
856,453	Information Technology	728,703
1,737,664	Resources and Organisational Development	1,499,800
1,402,983	Planning Services	1,519,304
1,080,390	Corporate and Democratic Core	1,120,080
9,179,726	**Total Net Expenditure**	**10,044,205**
604,292	Transfer to Earmarked Reserves	951,685
1,126,664	Community Projects	1,161,592
(100,000)	Net Interest (Received) / Paid	(90,000)
10,810,681	**Budget Requirement**	**12,067,482**

9.2.2 The total net service expenditure in the revenue budget for 2018/19 is £0.7k higher than the approved budget 2017/18. This is due to the following changes:

	£k
Revenue Budget Net Service Expenditure 2017/18	9,180
Service Pressures and Budget Increases	1,530
Savings and Additional Income (excl. Government Funding and Council Tax)	(666)
Revenue Budget Net Service Expenditure 2018/19	**10,044**

9.2.3 A full analysis of the revenue budget changes is shown at **Appendix 2**.

10 Capital Programme 2018/19 to 2027/28

10.1 The capital programme is split into two sections – the approved capital programme, for those schemes that have specific funding which has been released; and the development pool of proposed schemes. Proposed schemes will remain within the development pool until such time as funding becomes available, at which point a request is made to Finance Sub-Committee for approval to move these schemes into the approved capital programme.

10.2 During 2017/18 a review of the capital programme was carried out between members and Heads of Service, where a number of recommendations for amendment to the programme were put forward and approved. Also, during the year a number of capital schemes were released into the approved programme following approval by Finance Sub Committee. These were as follows:

- Acquisition of two houses in Rushden
- Acquisition of a retail site in Rushden
- Additional wheeled bins purchased
- Boiler replacement
- Various ICT projects including licences

10.3 In October 2016 the ICT Strategy was approved by Full Council, and work is progressing well to deliver the ICT Transformation Programme that underpins the implementation of that Strategy.

10.4 The programme has also been revised to take account of changes to other projects including a refresh of the asset management plan. There are proposals for a major refurbishment of council offices in order to bring working practices up to date. An estimate of costs is reflected in the Development Pool. It is expected that this will be paid back over 2-3 years by leasing the remainder of the red brick building.

10.5 The significant changes to the programme relate to bigger projects where the council is looking to attract external funding in the form of:

- Housing Infrastructure Fund (£13m and £10m) to support delivery of housing projects including Tresham Garden Village and Irthlingborough West, which would unlock housing development opportunities

- European Regional Development Fund (£4m) to support the development and building of a new Enterprise Centre in the district which would help to create more jobs and increase skills within the district

10.6 It should be noted that the larger projects carry higher risks. These are:

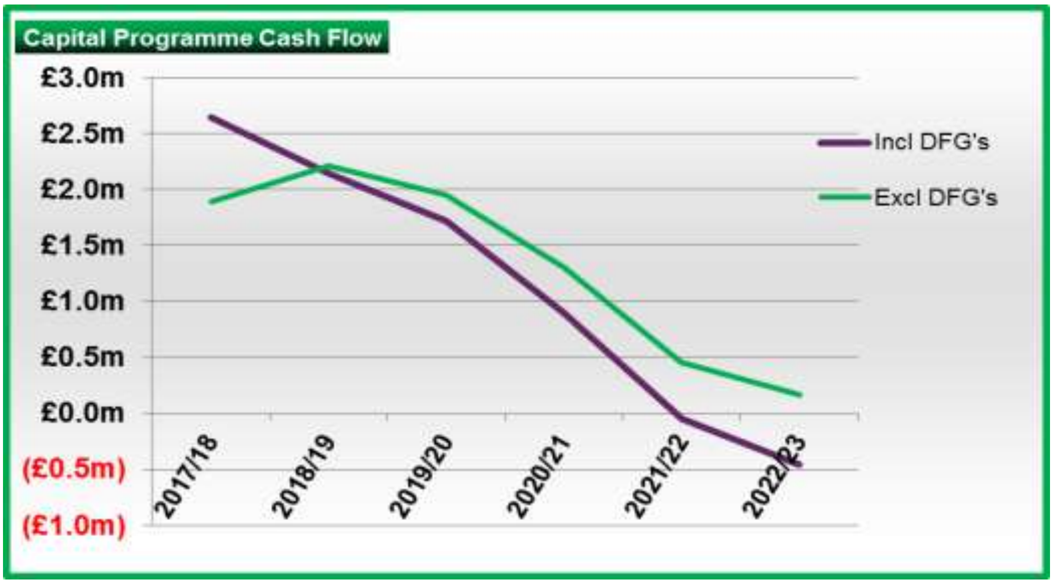
- The council currently does not have any confirmation of external funding which would impact decisions to take these projects forward.

- The timing around delivery is estimated and is subject to change going forward as each project progresses.

- There is a requirement for 50% match funding from the council which is a strain on resources in the current economic climate

10.7 Any changes that impact on the capital programme will be reported back accordingly and will follow the usual governance process for approval if needed.

10.8 The latest position on the capital cash flow is shown below:



10.9 The graph shows the cash flow over the medium term based on the current capital programme and development pool. It is currently anticipated (based on all schemes being approved) that during 2021/22 the council will run out of capital resources and will be required to seek alternative options for financing capital expenditure. This position is being proactively mitigated through the MTFP.

10.10 The graph also shows the impact to the capital programme if disabled facilities grants were not included. On this basis the resources are expected to run out during 2023/24.

10.11 Due to declining capital resources and significant changes to the programme, a further review of the programme will be carried out with Members of the Finance Sub Committee and CMT to ensure that there is sufficient justification for all items to be included in the Capital Programme going forward. The outcome of the review will be reported back to Finance Sub Committee with recommendations for any changes if required.

10.12 ***Capital Outturn 2017/18***

10.12.1 The capital programme 2017/18 is currently forecasting an underspend of £84k. This is mainly attributable to Disabled Facilities Grants and is a reflection of the difficulties in progressing applications in the district due to capacity issues with technical staff and contractors. There is also a further £20k forecast for additional spend on wheelie bins, which is not budgeted for and which is anticipated to be funded from revenue budget, subject to approval by Council.

10.12.2 The 2017/18 capital programme is summarised in the table below:

	2017/18
Approved Capital Programme	£6,101,714
Total Expenditure	**£6,101,714**
Funded by:	
Revenue Contribution	£79,000
External Contributions (Incl DFG – Better Care Fund)	£434,086
Capital Reserves	£951,749
Earmarked Reserves	£4,636,879
Total Funding	**£6,101,714**

10.12.3 Due to the capital cash flow position outlined in the graph above, any capital underspend for 2017/18 will reduce the need to borrow (use surplus cash reserves) in the short term and would not be a benefit to the reserves position.

10.12.4 There have been no further requests for transfer of projects from the Development Pool into the Approved Capital Programme at this point. It is now likely that the majority of Development Pool budget of £772k will not be spent during the remainder of the financial year. These schemes will be reviewed before the year end to understand the financial implications for 2018/19.

10.13 ***Capital Programme 2018/19 and beyond***

10.13.1 The main aim of the Capital Programme 2018/19 to 2027/28 is to set out a programme which is affordable, ensures business continuity for the council's services and enables investment in council priorities. To achieve these, often competing, objectives, the council's capital spending must be reviewed and scrutinised in the same way as revenue expenditure to ensure the schemes put forward meet the council's priorities and are affordable.

10.13.2 While the programme has been focussed on maintaining business continuity, meeting statutory obligations and investing in assets to improve revenue income streams, there is also now a strong focus on the developing opportunities as outlined in 10.5.

10.13.3 The development pool has been reviewed and updated by CMT in line with current and future service planning. Further information about individual schemes can be requested from the relevant Head of Service. The revised position is shown in **Appendix 3a**.

10.14 ***Revised Capital Position***

10.14.1 After taking into account the proposed changes to the capital programme, the revised programme is as follows.

	2018/19	%	Future Years	Total
Approved Capital Programme:				
Disabled Facilities Grant	£500,000	77.5%		
Purchase of Wheeled Bins	£80,000	12.4%		£645,000
Stanwick Lakes – Infrastructure	£65,000	10.1%		
Development Pool	£22,510,660		£20,553,141	£43,063,801
Total Expenditure	£23,155,660		£20,503,141	£43,708,801
Funded by:		Future funding streams will be agreed annually as part of the budget setting process		
Capital Reserves (including Proceeds from Asset Sales)	£694,914			
Earmarked Reserves	£3,526,660			
Grant and Revenue Contribution	£18,934,086			
Total Funding	£23,155,660			

10.14.2 The revised programme above reflects the capital investment needs over the longer term and reflects what investment is likely to be required to maintain the current service levels. Further detail on funding the capital programme can be seen at **Appendix 3b.**

11 Reserves and Balances Strategy

11.1 The council does not use reserves to fund the council's capital and revenue spending as it recognises that this is not sustainable on an on-going basis. The aim is to achieve a balanced budget (i.e. no draw on reserves) over the period of the MTFP.

11.2 ***Minimum Level of Reserves***

11.2.1 There is a regulatory requirement to set a minimum level of reserves.

11.2.2 Having considered the risks facing the council in the short, medium and long term, it is proposed to maintain the minimum level of reserves of £1.5m as follows:

- An underlying minimum level of £1m for the long term, and
- In the short to medium term to maintain the minimum level to £1.5m to reflect the uncertainties currently facing the council

11.2.3 There remain a number of uncertainties, including:

- currently unaffordable capital programme over the medium/longer term
- mitigating the expected medium term cost pressures on the waste service
- delivery of a cost reduction / income generation programme to ensure on-going revenue spending is sustainable

11.2.4 In order to fully capture and manage the risks and their impact on reserves, a reserves matrix is used. This is a grid which sets out the risks facing the council and applies a financial probability to each risk. The matrix will assist the council in determining the correct level of minimum reserves required.

11.2.5 The table below sets out the council's forecast reserves position with further detail for each reserve shown in **Appendix 4**:

	31/03/18 £000	31/03/19 £000	31/03/20 £000	31/03/21 £000	31/03/22 £000
Contribution to reserves:					
Budgeted contribution to reserves	*602*	*602*	*602*	*602*	*602*
Forecast year end position (latest outturn report)	*24*	*24*	*24*	*24*	*24*
Estimated Contribution to Reserves Total	***626***	***626***	***626***	***626***	***626***
Earmarked Reserves - Delivering the Corporate Plan:					
Delivering the Corporate Plan	*863*	*863*	*863*	*863*	*863*
Community Projects	*2,591*	*3,752*	*4,868*	*5,880*	*6,826*
Elections Reserve	*94*	*124*	*34*	*64*	*94*
Earmarked Reserves - Delivering the Corporate Plan Total	***3,547***	***4,739***	***5,765***	***6,807***	***7,784***
Earmarked Reserves - Delivering the MTFS/Efficiency Plan					
Projects & Other Investment Opportunities	*863*	*863*	*863*	*863*	*863*
Earmarked Reserves - Delivering the MTFS/ Efficiency Plan Total	***863***	***863***	***863***	***863***	***863***
Earmarked Reserves for Managing Risk:					
MTFS Cashflow/timing of savings	*700*	*700*	*700*	*700*	*700*
BRR Reserve	*600*	*600*	*600*	*600*	*600*
Capital Financing	*387*	*387*	*387*	*387*	*387*
Insurance Reserve	*112*	*112*	*112*	*112*	*112*
Legal Costs	*150*	*150*	*150*	*150*	*150*
Earmarked Reserves for Managing Risk - Total	**1,950**	**1,950**	**1,950**	**1,950**	**1,950**
Total Earmarked Revenue Reserves	**6,986**	**8,178**	**9,204**	**10,246**	**11,223**
Underlying minimum level of reserves	1,000	1,000	1,000	1,000	1,000
Enhanced minimum level of reserves	500	500	500	500	500
Total Revenue Reserves	**8,486**	**9,678**	**10,704**	**11,746**	**12,723**
Capital Reserves	1,388	1,388	1,388	753	(213)
Capital Receipts Reserve	1,255	660	182	0	0
Total Capital Reserves	**2,643**	**2,048**	**1,570**	**753**	**(212)**
Total Reserves	**11,130**	**11,726**	**12,274**	**12,499**	**12,511**

11.2.6 The table above assumes that all capital schemes within the development pool would be moved to the approved pool in each year. Capital reserves would be utilised by 2021/22, as shown in the chart at paragraph 10.8.

11.2.7 There is currently £250k in reserves that is set aside for professional advice around property investment. This is so that the council has resources available to enable it to evaluate opportunities within the time constraints that are associated with commercial investments. A number of projects are progressing which will now draw down on this funding. This may mean that the reserve requires some additional monies to top it back up to maintain a sufficient resource for this type of activity. This will be monitored and reported back in due course.

11.2.8 There are a number of projects where the source of funding could be met from earmarked reserves. These are subject to decisions around the outcome of the procurement of the waste contract and the development of the Enterprise Centre as mentioned earlier in this report. The potential amounts are estimated as follows:

- Purchase of fleet of refuse vehicles £3m
- Design and development of Enterprise Centre £4m (equates to approximately 50% match funding)

11.2.9 This would reduce the level of reserves significantly. It is therefore important that the council can develop other sources of income in future years to ensure its finances are sustainable into the longer term.

11.3 ***Future use of reserves***

11.3.1 The MTFS proposes a minimum level of reserves of £1.5m. The remaining level of reserves has been earmarked for future use.

11.3.2 It is important to review the use of earmarked reserves regularly to ensure they meet the needs and priorities of the council.

12 Treasury Management Strategy 2018/19

12.1.1 The CIPFA Code of Practice on Treasury Management, adopted by the council in April 2002, requires the preparation of an annual Treasury Management Strategy Statement (TMSS). The 2003 Prudential Code for Capital Finance in Local Authorities introduced requirements on how capital spending plans should be considered when determining the council's Treasury Management Strategy for the next four financial years.

12.2 The Treasury Management Code provides a framework for effective treasury management in public sector organisations and was last updated in 2011. Since the last update, the landscape for public service delivery has changed significantly following a sustained period of reduced public spending and the developing localism agenda. In response to this, CIPFA released consultations on a number of proposals to amend both the Prudential Code and the Treasury Management Code.

12.3 The Treasury Management Strategy currently considers the following matters:

- The institutions the council will invest money with
- The types of investment instruments that will be used
- The limits that are placed on either the institution or the instrument used
- The underlying economic environment that will affect the types of investment the council will use and the duration of these investments

12.4 The TMSS also includes details of the treasury management practices that are carried out by the council. These practices are designed to effectively manage risk within treasury management activities.

12.5 A key proposal arising from the changes to the Treasury Management Code is intended to clarify that it covers all investments held primarily for financial returns and may include some service investments. It was proposed to introduce a new treasury management practice (TMP13) and a requirement to maintain a schedule of non-treasury management investments alongside the Treasury Management Strategy. This is referenced within the revised TMSS but the requirements are more relevant to the Capital Strategy so it will be included there for completeness.

12.6 Officers have updated the Treasury Management Strategy to reflect these additional requirements. This is included at **Appendix 5.** The treasury management practices are set out in Appendix A of the TMSS.

12.7 The TMSS sets out the council's authorised limits and operational boundaries. These are set out within Appendix B of the Treasury Management Strategy.

12.8 Each year the council reviews the investment limits set for each counterparty. The limits are dependant on the credit rating for each counterparty and the type of investment. These can be seen in Appendix E of the Treasury Management Strategy.

13 Capital Strategy 2018/19

13.1 Other key proposals arising from the changes to the Prudential Code were focussed around longer term planning and the requirement for the council to consider both capital and investment decisions in line with service objectives, which also takes account of stewardship, value for money, prudence, sustainability and affordability.

13.2 The Capital Strategy will allow consideration of borrowing for capital investment alongside more commercial and third party type investments so the overall impact on affordability and risk on financial sustainability can be identified and understood. The importance of this is highlighted due to increasing commercialisation as all potential liabilities and risks should be considered to ensure activity remains proportionate.

13.3 The council has developed its first Capital Strategy, which is designed to align with both the Treasury Management Strategy and the Commercialisation Strategy. These documents will require annual review and approval by Full Council alongside the Medium Term Financial Strategy.

13.4 The Capital Strategy considers the following areas:

- The framework and process to be adopted for capital investment, including the scope and principles
- Prioritisation and evaluation of capital projects and proposals
- Capital funding options
- Performance measurement and risk management, including governance

13.5 The Capital Strategy can be seen in detail at **Appendix 6.** There has not been much in the way of any detailed guidance on what should be included in the Capital Strategy and consequently some parts of the Strategy require further input. A revised version will be brought back to Council for approval during the year. The Commercialisation Strategy is being submitted to Council as a separate agenda item.

14 Fees and Charges 2018/19

14.1 Fees and charges have been reviewed and amended where appropriate. The MTFS assumes increases in line with the Retail Price Index (RPI) where applicable.

14.2 The council implemented a 20% increase in planning fees on 17 January 2018 following parliamentary approval on 20 December 2017 of 'The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017'. These changes have now been reflected within the fees and charges schedule for 2018/19.

14.3 A document listing all fees and charges applicable to 2018/19 is set out in **Appendix 7.**

15 Equality and Diversity Implications

15.1 There are no equality and diversity implications arising from this report.

16 Legal Implications

16.1 There are no known legal implications arising from this report.

17 Risk Management

17.1 The risk register includes the corporate risk of “Medium Term Financial Strategy assumptions become inaccurate (Risk FIN 002)”. The purpose of the MTFS is to ensure that this risk is anticipated and addressed.

17.2 The key risks relating to the MTFS are:

- Delivery of an affordable capital programme with more certainty over funding sources over the medium term
- Major uncertainty regarding future Government funding levels
- Uncertainty around levels of growth, nationally and locally
- Inability to deliver cost reduction / income generation programme
- Uncertainty around grant income for major projects

18 Resource and Financial Implications

18.1 This report is of a financial nature and the implications are set out within the report.

19 Constitutional Implications

19.1 This report is of a financial nature. There are currently no direct implications impacting on the Constitution.

20 Implications for Our Customers

20.1 This report is of a financial nature. There are no direct implications impacting on our customers.

21 Corporate Outcomes

21.1 This report links to the following Corporate Outcomes:

- Good Quality of Life
  Ensuring the financial sustainability of the council to maintain and improve upon service levels contributing to a better quality of life

- Effective Management
  MTFS allows the council to manage and review its financial performance. Financial forecasting and horizon scanning contributes to the effective management of the council

- Good Value for Money
  The MTFS ensures that services provided are at the lowest possible cost as well as high quality and strive to continually improve

- High Quality Service Delivery
  Ensuring financial sustainability via the MTFS allows high quality services to continue to be delivered

22 Recommendations

22.1 **TO FINANCE SUB-COMMITTEE:-**

1. That the content of the report be noted
2. That the Committee decides which Members will review the Capital Programme and Development Pool with CMT
3. That the report be referred to the Policy and Resources Committee for consideration at its meeting on 12 February 2018.

(Reason: To ensure that the Sub-Committee is aware of the forecast financial position; so that in due course the council complies with its constitution in setting its budget)

22.2 **TO POLICY AND RESOURCES COMMITTEE:-**

That the Committee recommends that Full Council invites the Leader of the Council to propose the approval of the following as part of the budget setting process:

- Medium Term Financial Strategy (MTFS)
- Revenue Budget 2018/19
- Approved Capital Programme for 2018/19 (Development Pool items are subject to the review set out within the report)
- Minimum level of Reserves and Earmarked Reserves
- Treasury Management Strategy 2018/19
- Capital Strategy 2018/19
- Fees and Charges 2018/19

(Reason: To ensure that in due course the council complies with its constitution in setting its budget)

22.3 **TO COUNCIL**
(*To be proposed by the Leader of the Council)*

That, subject to the determination of the level of Council Tax for the 2018/19 financial year, Council approves the following as part of the budget setting process:

- Medium Term Financial Strategy (MTFS)
- Revenue Budget 2018/19
- Approved Capital Programme for 2018/19 (Development Pool items are subject to the review set out within the report)
- Minimum level of Reserves and Earmarked Reserves
- Treasury Management Strategy 2018/19
- Capital Strategy 2018/19
- Fees and Charges 2018/19

(Reason: To ensure that the council complies with its constitution in setting its Budget)

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<tr><td colspan="5">Other considerations: Localism Act 2011, Local Government Act 1988</td></tr>
<tr><td colspan="6">Background Papers:</td></tr>
<tr><td colspan="6">Person Originating Report: Michelle Drewery, Finance Manager,
☎ 01832 742267 ✉ mdrewery@east-northamptonshire.gov.uk</td></tr>
<tr><td colspan="6">Date: 19.01.2018</td></tr>
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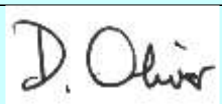
23/1/18</td><td></td></tr>
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Medium Term Financial Strategy 2018/19 to 2021/22 **Appendix 1**

2017/18 Revised Budget £		2018/19 Indicative Budget £	2019/20 Indicative Budget £	2020/21 Indicative Budget £	2021/22 Indicative Budget £
1,405,946	Customer and Community Services	1,521,138	1,378,206	1,388,396	1,398,709
0	Economic and Commercial Regeneration	298,460	304,004	309,685	315,506
2,696,290	Environmental Services	3,356,720	3,686,856	3,685,317	3,683,829
856,453	Information Technology	728,703	710,533	712,387	714,265
1,737,664	Resources and Organisational Development	1,499,800	1,505,377	1,521,070	1,526,880
1,402,983	Planning Services	1,519,304	1,429,369	1,439,589	1,449,969
1,080,390	Corporate and Democratic Core	1,120,080	1,191,441	1,255,395	1,261,944
9,179,726	**Total Service Expenditure**	**10,044,205**	**10,205,786**	**10,311,838**	**10,351,102**
	Other Expenditure/Adjustments				
604,292	Transfer to Earmarked Reserves	951,685	562,259	0	0
0	Contribution towards capital programme	0	0	0	52,248
1,126,664	Community Projects (New Homes Bonus)	1,161,592	1,115,902	1,012,052	945,919
(100,000)	Net Interest Received / Paid	(90,000)	(105,625)	(135,000)	(125,000)
1,630,955	**Total Other Adjustments**	**2,023,277**	**1,572,536**	**877,052**	**873,167**
10,810,681	**Total Budget Requirement**	**12,067,482**	**11,778,322**	**11,188,890**	**11,224,269**
	Sources of Funding				
(133,011)	Transfer From Collection Fund	(84,871)	0	0	0
(2,253,327)	New Homes Bonus	(2,323,183)	(2,231,804)	(2,024,103)	(1,891,838)
(705,377)	Revenue Support Grant	(413,931)	(88,394)	0	0
(27,042)	Rural Services Delivery Grant	(27,042)	(27,042)	(27,042)	(27,042)
(2,250,546)	Business Rates Retention Baseline	(2,318,159)	(2,369,574)	(2,369,574)	(2,369,574)
(959,059)	Business Rates Retention Growth	(2,171,952)	(2,287,680)	(1,053,270)	(1,053,270)
(356,411)	Business Rates Retention Pooling Benefit	(538,683)	(557,438)	(534,164)	(528,596)
(6,684,772)	**Total Funding**	**(7,877,821)**	**(7,561,932)**	**(6,008,153)**	**(5,870,320)**
4,125,909	**Amount being raised through Council Tax**	**4,189,660**	**4,216,390**	**4,243,120**	**4,269,850**
30,871	**Council Tax Base**	**31,348**	**31,548**	**31,748**	**31,948**
133.65	**Equivalent Band D Tax**	**133.65**	**133.65**	**133.65**	**133.65**
	% change in Council Tax	**0.00%**	**0.00%**	**0.00%**	**0.00%**
0	**Savings to be identified**	**(0)**	**(0)**	**(937,617)**	**(1,084,099)**

Revenue Budget Changes 2018/19 **Appendix 2**

Service Area	Change	Salary Incr./(Decr.)	Contract Inflation	Service Pressure	Efficiency	Additional Income	Service Reduction	Net Change
		£000	£000	£000	£000	£000	£000	£000
Customer & Community Services	Salaries	(3)						(3)
	Changes to housing benefits budget			106				106
	Maintenance of leisure facilities			9				9
	Court fees and enquiry agent savings				(12)			(12)
	Miscellaneous advertising saving				(9)			(9)
	Various small changes (below £10k)				(1)			(1)
	Northamptonshire Domestic Abuse			37				37
	Twywell Hills contribution			25				25
Environmental Services	Staff Budget Changes	90						90
	Net increase in contract costs			649				649
	Garden waste subscriptions income					(38)		(38)
	Green waste credits					(31)		(31)
	Reduction in commercial collections income			10				10
	Loss of pest control income as per new contract arrangements			11				11
	Various small changes (below £10k)			13	(14)	(10)	(6)	(17)
Information Technology	Staff Budget Changes	(339)						(339)
	Efficiency savings target reduction (ICT)			76				76
	Income reduction from BCW to reflect overall savings within the ICT shared service			84				84
	Reduction due to implementation of network upgrade (MPLS)				(45)			(45)
	Data circuit lines (replaces private circuit lines)			58				58
	Licence savings following change in solution (Kaspersky)				(44)			(44)
	Training requirements following technological changes and re-structure			9				9
	Strategy/technical advisory consultancy budget			20				20
	Various small costs / savings (below £10k)			11	(17)			(6)
	Capita remote support contract costs (7 mths)			14				14
	Telephone maintenance contract			22				22
	Data Centre costs			24				24
Resources and Organisational Development	Staff Budget Changes	71						71
	Corporate training costs			20				20
	Contribution from reserves removed			14				14
	Legal shared service budget increase			10				10
	Members allowances			10				10
	Electoral registration - annual canvass			34				34
	Various small changes (below £10k)			18	(1)			17

Service Area	Change	Salary Incr./(Decr.)	Contract Inflation	Service Pressure	Efficiency	Additional Income	Service Reduction	Net Change
		£000	£000	£000	£000	£000	£000	£000
Head of Planning Services	Staff Budget Changes	60						60
	Contract inflation increase		11					11
	Planning fee income - based on 20% increase announced by government					(80)		(80)
	Removal of reserve contribution connected to salaries/20% income changes			35				35
	Various small costs							0
	Various small savings (below £10k)				(2)	(9)		(11)
	Rushden East masterplan consultants, legal support and viabilitiy study			100				100
Corporate and Democratic	Staff Budget Changes	44						44
	Procurement share service		1					1
	Net impact of 2% pay proposal			4				4
	Business transformation savings now reflected within other budgets				58			58
	Insurance costs following insurance tender			30				30
	Internal and external audit fee reduction				(11)			(11)
	Increase in bank charges			5				5
	Credit card surcharges - loss of income following change in legislation			7				7
	Reduction in the apprenticeship levy budgeted				(6)			(6)
	Legal costs - complaints and investigations increased volume			5				5
	Creation of full time Director/CFO post as per P&R 06/11/17	57						57
Head of Economic & Commercial Development	Staff Budget Changes	42						42
	Increased building occupation at Rushden					(32)		(32)
	Progress Schools rental income					(32)		(32)
	Additional work from leisure sites			7				7
	Eaton Walk rental income					(280)		(280)
	Reduction for NNDC contribution						(15)	(15)
	Reduction to fund democratic post and budget transfer to tourism cost centre						(10)	(10)
	ENC contribution to Destination Nene Valley (£5k) and budget transfer			10				10
	Various small costs (below £10k)			9				9
	Efficiency savings				(10)		(8)	(17)
Total Revenue Budget Changes		22	13	1,495	(113)	(512)	(39)	866

East Northamptonshire Council Capital Programme **Appendix 3a**

Capital Programme	2017/18 Current Budget £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	Total 2018/19 to 2027/28 £
Disabled Facilities Grants	**630,565**	500,000	-	-	-	-	-	-	-	-	-	**500,000**
Housing Projects	**156,400**	-	-	-	-	-	-	-	-	-	-	**-**
Commercial Property	**3,900,000**	-	-	-	-	-	-	-	-	-	-	**-**
Leisure and Tourism Projects	**165,000**	65,000	-	-	-	-	-	-	-	-	-	**65,000**
Environment Projects	**280,000**	80,000	-	-	-	-	-	-	-	-	-	**80,000**
Corporate Systems	**583,749**	-	-	-	-	-	-	-	-	-	-	**-**
Superfast Broadband	**300,000**	-	-	-	-	-	-	-	-	-	-	**-**
Asset Management Plan	**86,000**	-	-	-	-	-	-	-	-	-	-	**-**
Total	**6,101,714**	**645,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**645,000**

Capital Project	2017/18 Current Budget £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	Total 2018/19 to 2027/28 £
Disabled Facilities Grants	**630,565**	500,000	-	-	-	-	-	-	-	-	-	**500,000**
Disabled Facilities Grants	**630,565**	**500,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**500,000**
CPO Carnegie Street - P&R 10/10/16	**129,400**	-	-	-	-	-	-	-	-	-	-	**-**
Housing Investment - Duck St.	**27,000**	-	-	-	-	-	-	-	-	-	-	**-**
Housing Projects	**156,400**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1-6 Eaton Walk & 103 High St.	**3,900,000**	-	-	-	-	-	-	-	-	-	-	**-**
Commercial Property	**3,900,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Freedom Leisure	**140,000**	-	-	-	-	-	-	-	-	-	-	**-**
Stanwick Lakes - Infrastructure	**25,000**	65,000	-	-	-	-	-	-	-	-	-	**65,000**
Leisure and Tourism Projects	**165,000**	**65,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**65,000**
Purchase of Wheeled Bins	**280,000**	80,000	-	-	-	-	-	-	-	-	-	**80,000**
Environment Projects	**280,000**	**80,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**80,000**
EDRMS - Planning Portal/RKYV	**74,569**	-	-	-	-	-	-	-	-	-	-	**-**
Data Infrastructure Equipment	**39,362**	-	-	-	-	-	-	-	-	-	-	**-**
Licences	**105,675**	-	-	-	-	-	-	-	-	-	-	**-**
CRM Upgrades	**70,000**	-	-	-	-	-	-	-	-	-	-	**-**
Telephony System	**60,000**	-	-	-	-	-	-	-	-	-	-	**-**
SQL Consolidation	**-**	-	-	-	-	-	-	-	-	-	-	**-**
ICT Service Desk	**21,992**	-	-	-	-	-	-	-	-	-	-	**-**
ICT Transformation Programme - Data Infrastructure/ICT Systems	**-**	-	-	-	-	-	-	-	-	-	-	**-**
ICT Transformation Programme - Programme Resourcing	**-**	-	-	-	-	-	-	-	-	-	-	**-**
ICT Transformation - Capital Projects	**113,150**	-	-	-	-	-	-	-	-	-	-	**-**
Revs & Bens EDRMS Solution	**99,000**	-	-	-	-	-	-	-	-	-	-	**-**
Corporate Systems	**583,749**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Superfast Broadband	**300,000**	-	-	-	-	-	-	-	-	-	-	**-**
Superfast Broadband	**300,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
AMP - East Northamptonshire House Boiler replacement	**86,000**	-	-	-	-	-	-	-	-	-	-	**-**
Asset Management Plan	**86,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total approved capital programme	**6,101,714**	**645,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**645,000**

Development Pool	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £		Total 2018/19 to 2027/28 £
Disabled Facilities Grants	**-**	**-**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**4,500,000**
Housing Projects	**13,000**	**18,000,000**	**5,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,000,000**
Commercial Property	**-**	**1,000,000**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,000,000**
Leisure and Tourism Projects	**-**	**-**	**-**	**-**	**-**	**15,000**	**-**	**57,000**	**-**	**-**	**-**	**72,000**
Environment Projects	**-**	**-**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**720,000**
Central Services Projects	**-**	**-**	**24,000**	**20,000**	**30,000**	**-**	**-**	**-**	**-**	**-**	**-**	**74,000**
Corporate Systems	**505,489**	**235,000**	**225,000**	**234,650**	**271,800**	**256,800**	**216,915**	**280,480**	**240,480**	**226,108**	**226,108**	**2,413,341**
Essential Property Maintenance	**253,400**	**249,000**	**167,000**	**516,000**	**601,000**	**165,000**	**100,000**	**120,000**	**110,000**	**90,000**	**90,000**	**2,208,000**
Vehicle Replacements	**-**	**3,026,660**	**16,600**	**-**	**16,600**	**-**	**16,600**	**-**	**-**	**-**	**-**	**3,076,460**
Total	**771,889**	**22,510,660**	**12,012,600**	**1,350,650**	**1,499,400**	**1,016,800**	**913,515**	**1,037,480**	**930,480**	**896,108**	**896,108**	**43,063,801**

Development Pool	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	Total 2018/19 to 2027/28 £
Disabled Facilities Grants		-	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	**4,500,000**
Disabled Facilities Grants	**-**	**-**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**500,000**	**4,500,000**
Housing Investment-Duck St. (P&R 11/07/16 + Council 18/07/16)	**13,000**	-	-	-	-	-	-	-	-	-	-	**-**
Irthlingborough West Housing Development	**-**	5,000,000	5,000,000	-	-	-	-	-	-	-	-	**10,000,000**
Tresham Garden Village	**-**	13,000,000	-	-	-	-	-	-	-	-	-	**13,000,000**
Housing Projects	**13,000**	**18,000,000**	**5,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**23,000,000**
Enterprise Centre	**-**	1,000,000	6,000,000	-	-	-	-	-	-	-	-	**7,000,000**
Commercial Property	**-**	**1,000,000**	**6,000,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,000,000**
AMP - Pemberton Centre	**-**	-	-	-	-	-	-	10,000	-	-	-	**10,000**
AMP - Nene Centre	**-**	-	-	-	-	15,000	-	-	-	-	-	**15,000**
AMP - Splash Centre	**-**	-	-	-	-	-	-	47,000	-	-	-	**47,000**
Leisure and Tourism Projects	**-**	**-**	**-**	**-**	**-**	**15,000**	**-**	**57,000**	**-**	**-**	**-**	**72,000**
Purchase of Wheeled Bins	**-**	-	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	80,000	**720,000**
Environment Projects	**-**	**-**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**80,000**	**720,000**
Print Room Asset Management	**-**	-	24,000	20,000	30,000	-	-	-	-	-	-	**74,000**
Central Services Projects	**-**	**-**	**24,000**	**20,000**	**30,000**	**-**	**-**	**-**	**-**	**-**	**-**	**74,000**
End User Devices (Desktops, Laptops, Tablets, Scanners)	**72,160**	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	**250,000**
Replacement Printers & Scanners	**4,194**	-	-	-	-	-	-	-	-	-	-	**-**
Data Infrastructure Equipment (Data Centre & Council Offices)	**7,375**	5,000	5,000	30,000	55,000	5,000	5,000	55,000	5,000	5,000	5,000	**175,000**
Security Systems	**-**	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	**50,000**
Licences	**-**	170,000	170,000	174,650	176,800	176,800	181,915	185,480	185,480	191,108	191,108	**1,803,341**
Replacement Hardware	**-**	-	-	-	-	-	-	-	-	-	-	**-**
Committee Management System	**18,000**	-	-	-	-	-	-	-	-	-	-	**-**
CRM Replacement	**-**	-	20,000	-	-	20,000	-	-	20,000	-	-	**60,000**
Network Refresh	**130,000**	-	-	-	-	-	-	-	-	-	-	**-**
Meeting Room AV Equipment	**30,000**	-	-	-	-	-	-	-	-	-	-	**-**
Business Transformation Resource	**114,100**	-	-	-	-	-	-	-	-	-	-	**-**
Project Resources (Telephony Project initially)	**10,000**	-	-	-	-	-	-	-	-	-	-	**-**
Telephony System	**-**	-	-	-	-	-	-	-	-	-	-	**-**
ESRI - GIS Upgrade	**-**	10,000	-	-	10,000	-	-	10,000	-	-	-	**30,000**
Oracle Licensing & Physical servers	**-**	-	-	-	-	-	-	-	-	-	-	**-**
Mobile Working Solution	**69,660**	-	-	-	-	-	-	-	-	-	-	**-**
Revs & Bens EDRMS Solution	**50,000**	-	-	-	-	-	-	-	-	-	-	**-**
Website Replacement	**-**	-	-	-	-	25,000	-	-	-	-	-	**25,000**
Replacement Finance System	**-**	20,000	-	-	-	-	-	-	-	-	-	**20,000**
Corporate Systems	**505,489**	**235,000**	**225,000**	**234,650**	**271,800**	**256,800**	**216,915**	**280,480**	**240,480**	**226,108**	**226,108**	**2,413,341**

AMP - Rushden Centre	**103,000**	-	-	50,000	90,000	-	-	30,000	-	-	-	**170,000**
AMP - East Northamptonshire House	**27,000**	140,000	70,000	76,000	411,000	-	10,000	-	20,000	-	-	**727,000**
AMP - Stanwick Lakes - Infrastructure	**-**	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	**630,000**
AMP - Twywell Hills	**-**	29,000	7,000	-	10,000	75,000	-	-	-	-	-	**121,000**
AMP - Industrial Units	**-**	60,000	-	300,000	-	-	-	-	-	-	-	**360,000**
AMP - Eaton Walk	**-**	-	-	-	-	-	-	-	-	-	-	**-**
AMP - High St	**73,400**	-	-	-	-	-	-	-	-	-	-	**-**
AMP - Polebrook Cemeteries	**-**	-	-	-	-	-	-	-	-	-	-	**-**
AMP - Village Drains	**-**	-	-	-	-	-	-	-	-	-	-	**-**
AMP - Public Car Parks	**30,000**	-	-	-	-	-	-	-	-	-	-	**-**
AMP - Contingency	**20,000**	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	**200,000**
Essential Property Maintenance	**253,400**	**249,000**	**167,000**	**516,000**	**601,000**	**165,000**	**100,000**	**120,000**	**110,000**	**90,000**	**90,000**	**2,208,000**
Replacement Dog Warden Vans	**-**	-	16,600	-	16,600	-	16,600	-	-	-	-	**49,800**
Refuse Vehicles	**-**	3,026,660	-	-	-	-	-	-	-	-	-	**3,026,660**
Vehicle Replacements	**-**	**3,026,660**	**16,600**	**-**	**16,600**	**-**	**16,600**	**-**	**-**	**-**	**-**	**3,076,460**
Total Development Pool	**771,889**	**22,510,660**	**12,012,600**	**1,350,650**	**1,499,400**	**1,016,800**	**913,515**	**1,037,480**	**930,480**	**896,108**	**896,108**	**43,063,801**
Expenditure (Approved Capital Programme & Development Pool)	**6,873,603**	**23,155,660**	**12,012,600**	**1,350,650**	**1,499,400**	**1,016,800**	**913,515**	**1,037,480**	**930,480**	**896,108**	**896,108**	**43,708,801**
Income (Grants and External Receipts):												
Disabled Facilities Grant	434,086	434,086	434,086	434,086	434,086	434,086	434,086	434,086	434,086	434,086	434,086	4,340,860
Grants - Other	196,479	-	-	-	-	-	-	-	-	-	-	-
Right to buy receipts	200,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	1,000,000
European Regional Development Fund - Enterprise Centre	-	500,000	3,000,000	-	-	-	-	-	-	-	-	3,500,000
Housing Infrastructure Fund (Marginal Viability - Irthlingborough West	-	5,000,000	5,000,000	-	-	-	-	-	-	-	-	10,000,000
Housing Infrastructure Fund (Marginal Viability - Tresham Garden Village	-	13,000,000	-	-	-	-	-	-	-	-	-	13,000,000
Income (Grants and External Receipts) Total	**830,565**	**19,034,086**	**8,534,086**	**534,086**	**534,086**	**534,086**	**534,086**	**534,086**	**534,086**	**534,086**	**534,086**	**31,840,860**
Net Total (Approved Capital Programme and Development Pool)	**6,043,038**	**4,121,574**	**3,478,514**	**816,564**	**965,314**	**482,714**	**379,429**	**503,394**	**396,394**	**362,022**	**362,022**	**11,867,941**

Net total cost will be funded internally as follows:	**£**
Earmarked Reserves (subject to approval)	6,526,660
Capital Reserves	5,341,281
Total	**11,867,941**