APPENDIX A

Revision July 2018

MEDIUM TERM FINANCIAL STRATEGY

2018/19 – 2022/23

Date of publication July 2018

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WYCOMBE DISTRICT COUNCIL
MEDIUM TERM FINANCIAL STRATEGY 2018/19 – 2022/23

July 2018

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1. Introduction

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. In detailing the financial implications of the Corporate Plan over a five year period, the MTFS provides a reference point for corporate decision-making and ensures that the Council is able to optimise the balance between its financial resources and delivery of its priorities.

The MTFS informs the annual budget-setting process, ensuring that each year's budget is considered within the context of the Council's ongoing sustainability over the entirety of the planning period. The annual budget-setting process is detailed in Section 3.

In order to forecast the Council's future financial position, the MTFS contains a number of assumptions, the bases of which are detailed throughout the Strategy. It should be noted that these assumptions are subject to change. The Head of Finance & Commercial will report back to Cabinet as a matter of urgency if there are changes to key assumptions in the Strategy that threaten the sustainability of the approved MTFS.

2. Recommendations

a. The financial projections within the 5-year MTFS be noted, and the Strategy approved;

b. A revenue savings target of £331k be approved for the 2019/20 budget-setting process;

c. A further revenue savings target of £1.822m for the three years 2020/21, 2021/22 & 2022/23 be approved for the duration of this MTFS;

d. The Head of Finance & Commercial works with the Council's Strategic Management Board and Portfolio Holders to deliver options that will achieve the saving targets identified within the strategy;

e. The Budget Setting Process is approved to support the delivery of this process for 2019/20;

f. The Head of Finance & Commercial be requested to revise the MTFS and re-present to Cabinet and Council for approval if material changes to forecasts are required following future Government announcements; and

g. The revised Capital Plan incorporating the adjustments set out in section 8 of this report is approved.

h. The key principles, as set out in section 8.4 of this report, that any new Capital proposal needs to demonstrate that it provides Value for Money, is affordable within a prescribed Capital budget envelope, is clearly aligned with the Council's strategy, and, in the case of "Invest to Save" or investment proposals, delivers a return above a prescribed threshold, are approved.

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3. 2019/20 Budget Setting Process and Timetable

The Council's annual budget setting process ensures that revenue and investment plans are developed in tandem, and that the budgets approved by Council in February are developed within the context of longer-term sustainability.
The process also enables and demonstrates the consultation the Council undertakes with major stakeholders to achieve its aims.

Time	Activity	Who
June July	Provisional Outturn Report to Cabinet and the Final Outturn Report to Audit Committee for approval. MTFS refreshed incorporating impact of 2017/18 outturn position and recommended to Council for approval as the basis for setting the 2019/20 budgets Process commenced with discussion on timetables, targets, processes and milestones. First draft 2019/20 budgets made available to services by end July.	Cabinet Cabinet Officers
July/August	Review draft revenue budgets, including assessment of current Savings initiatives. Also review current Capital programme, in respect of scheme costs, profiling and funding. Develop new Savings proposals and Capital bids for financial years covered by the MTFP. Review service Fees and Charges, and propose changes for 2019/20. Default increase is inflation, RPI, with flexibility up to 5% where adequately supported, for example by benchmarking.	Officers
September	Review Savings proposals, Fees & Charges increases and prioritised Capital bids	SMB
October/ November	Proposed budgets scrutinised and challenged by Head of F&C and PH Finance & Resources Supported by Finance & Commercial team.	SMB & Cabinet
Beginning of November	Report to IRC to set up Budget Task and Finish Group (BT&FG) and scrutiny of capital bids and existing plans	IRC

November/ December	Draft budget proposals aggregated and considered by Cabinet. Feedback from BT&FG on capital programme considered by Cabinet, and incorporated into draft budget for Cabinet consideration.	Cabinet Finance team & BT&FG
December	Impact of Provisional Local Government Finance Settlement on Council's Finances First draft budget considered and Council Tax base and Collection Fund Surplus/deficit approved. Consultation events held with Town and Parish Clerks and Members, and with members of the public.	Officers Cabinet
December/January	Final revenue budget proposals considered. Major changes >c£250k	BT&FG
February	Final budget report presented to Cabinet for recommendation to Council. Council considers the recommendations of Cabinet for approval and sets the Council Tax for 2019-20.	Cabinet & Council
April	The new financial year begins, and the approved budget is then assessed under the in-year budget performance monitoring process.	Officers

4. Review of the Council's primary funding streams

The 2017 Local Government Finance Settlement

The announcement by the then Secretary of State for the Department for Housing, Communities and Local Government, Rt. Hon. Sajid Javid, MP in December 2017 offered few surprises as it followed on from the four-year funding agreement (2016/17 to 2019/20) in December 2015.

The largest source of central government funding is the Settlement Funding Assessment (SFA) which consists of two funding streams:

- Business Rates Retention and
- Revenue Support Grant (RSG).

Nationally, SFA reduced by 5.70% in 2018/19, down to £15.824bn.
Further reduction is planned for the final year of the settlement, down to £14.7bn in 2019/20. This gives an aggregate reduction of 22% for the four year period.

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Settlement Funding Assessment for Wycombe

As expected, the year on year reduction to the Council's **SFA** in 2018/19 was 11.3% (£0.424m) rising to 15.2% (£0.508m) in 2019/20, the last period of the four-year settlement. These are both notably higher reductions than the national average for district councils, i.e.: 7.9% for 2018/19 and 14.9% for 2019/20. See Table 1 below.

This discrepancy arises because grant reductions in the four-year settlement were based on Government's assessment of each council's '**Core Spending Power'**, which takes account of locally-raised income, Council Tax and New Homes Bonus.

As Wycombe is expected to generate more income locally through Council Tax and New Homes Bonus than most district councils, the 'Core Spending Power' model indicates the council can absorb a greater reduction in government funding.

The updated National Core Spending Power figures for the period 2015/16 to 2019/20 show an increase of 1.5% for 2018/19 and an overall increase for the period 2016/17 to 2019/20 of 2.1%. This increase is mainly represented by higher forecast increases to Council Tax revenue due to the increase in the Referendum limit to 3%.

The **Revenue Support Grant** for 2018/19 is £0.117m, a reduction of £0.518m (88%) from the £0.635m received in 2017/18. The trend of reducing RSG continues for the Council, down to below zero from 2019/20, in the form of Tariff adjustment, or negative RSG.

Baseline Funding is funded by Central Government through redistributed Business Rates, and the amount is determined by Government's assessment of need within Wycombe. The final settlement for 2018/19 is £3.219m compared to £3.125m in 2017/18.

Table 1

		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Government Funding							
National Core Spending Power	Increase %		1.5				
Settlement Funding Assessment - National	£m	16.8	15.8	14.7			
	Reduction %		5.7	12.3			
Settlement Funding Assessment - Wycombe	£m		0.424	0.508			
	Reduction %		11.3	15.2			
A. Baseline Funding	£m	3.125	3.219	3.290	3.356	3.423	3.423
B. Revenue Support Grant (RSG) / Tariff Adj / Negative RSG	£m	0.635	0.117	(0.462)	(0.528)	(0.595)	(0.595)
	Reduction %		-88%	-146%	-153%	-160%	-160%
	Reduction £m		0.518	1.097	1.163	1.230	1.230
A.+ B. TOTAL WDC FUNDING	£m	3.760	3.336	2.828	2.828	2.828	2.828

NB: Figures for 2022/23 have been assumed; no estimates are yet available

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Council Tax

In February 2018, Council approved an increase for 2018/19 in the council share of Council Tax for a Band D property of £5 (3.8%) to £136.99. The taxbase for the year is 68,084, based on a projected collection rate of 98.2%.

The proposed MTFS is modelled for illustrative purposes on no council tax increases for 2019/20 to 2022/23, and annual tax base growth of 1.3% per annum, equating to around 900 dwellings a year.
It should be noted that Government's calculation of Wycombe's four-year Settlement assumed annual Council Tax increases of £5, and tax base growth of 1.5% per year.

The Council Tax referendum threshold for district councils in 2018/19, as expected, was the higher of 2% or £5 on a Band D, and Government has said it will be held for 2019/20.

See 'Local Funding' table below.

New Homes Bonus (NHB)

The NHB allocation for Wycombe in 2018/19 is £1.560m. This is £0.753m (33%) less than the £2.313m received in 2017/18.

With the exception of £875k per year used for revenue budgets, the Council uses NHB to fund capital projects. This strategy has prevented the Council from becoming dependent on NHB for revenue budgets, as it is an unpredictable funding stream.

It is recommended that Members consider the strategy of retaining only £875k of NHB to support the provision of General Fund services.

A new allocation protocol for NHB was included in the Local Government Finance Settlement in December 2016. The key changes are:

- Move to 5-year payments from 2017/18 and to 4-year payments from 2018/19;
- Introduction of a national baseline of 0.4% growth, below which no NHB will be paid; – i.e. Local Authorities will only receive NHB for growth in the number of dwellings above 0.4%.
- Government retained the option of making adjustments to the baseline in 2018/19 and future years in the event of significant and unexpected housing growth.

A further consultation took place in autumn 2017 on the approach of linking a reduction in the Bonus to the number of homes granted on appeal.
The outcome of this consultation is still awaited and also we are aware that LGA are consulting on potentially radical changes to the NHB scheme.

Over the medium-term (2019/20 to 2022/23), current NHB funding is projected at £5.6m.

Local Funding		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		Actual	Actual	Projected			
New Homes Bonus (NHB)	£m	2.313	1.560	1.346	1.514	1.280	1.479
Council Tax	£m		9.327	9.448	9.571	9.695	9.821

5. Review of MTFS assumptions

Update of budget assumptions from 2017/18 outturn

The basic principle of the MTFS model is to extrapolate the current year's approved budget, in this case 2018/19, over the next four years. The extrapolation process incorporates assumptions on government grant, inflation, changes in demand for services, changing legislation, and probable risks and opportunities.

The 2017/18 provisional outturn was approved by Cabinet at its meeting of 04 June 2018. A fundamental part of the outturn analysis is to focus on those areas where there were over- or under-spends in order to identify whether the budget assumptions could be updated in order to improve the accuracy of the MTFS.
Budgetary assumptions for 2019/20 and the years beyond have been reviewed where appropriate. There have been no material changes to the MTFS as a result of this review.

Update of MTFS assumptions based on other information

A range of information sources is used for the assumptions, shown in the following table, including sources and explanations.
New and updated information will be included as it becomes available.

INFLATION / ASSUMPTIONS	Note		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Income								
Council Tax	1			£5 Band D	0	0	0	0
Revenue Support Grant (RSG) / Tariff Adj / Negative RSG £m	2	£m	0.635	0.117	(0.462)	(0.528)	(0.595)	(0.595)
Business Rates Retained £m	3	£m	3.125	3.219	3.290	3.356	3.423	3.423
Fees & Charges %	4	%			3.00	3.00	3.00	3.00
Investment Income	5	%			0.00	0.00	0.00	0.00
Expenditure								
Pay settlement	6	%		2.00	2.00	2.00	2.00	2.00
Pension contributions	7	%		15.7	15.7	15.7	15.7	15.7
Pension contribution - Deficit	8	£m				0.400	0.400	0.400
Utilities	9	%		5.00	5.00	5.00	5.00	5.00
Supplies & Services	10	%		2.00	2.00	2.00	2.00	2.00

Notes:
1. Increase by £5 per Band D and 1.3% increase in tax base (see section 4).
2 & 3. Based on LG Futures model (see section 4).
4. RPI on controllable income; excludes Planning and Parking fees.

5. No inflation due to economic situation
6. NJC for 18/19 & 19/20
7 & 8. Triennial pension fund valuation; last one 2016. Next one 2019: impact £400k for 3 years from 2020/21.
9 & 10. Currently under review – historical assumptions used at present

Growth

Growth is defined as an increase in the expenditure, or the net expenditure, budgets of the Council. In the event that essential or unavoidable growth is required within a Service area, a business case outlining the requirements should be produced by the relevant Service Manager and Head of Service, and be signed off by the Corporate Director or Chief Executive and the S151 Officer, before being submitted for consideration by the Cabinet.

Growth in the income generating capacity of a particular Service does not mean that the additional income automatically accrues to that Service. All Council income, unless stated otherwise by statute, is considered corporate income and is used to finance the provision of all Council services. All requests from budget holders to retain additional income budget in order to finance increased expenditure are subject to the growth process outlined above.

If, during the budget-setting process, a budget holder reduces the cost of providing one of their services, the resultant saving does not automatically become available to them to finance the expansion of an alternative service area. All savings made across services constitute a contribution to the Council's corporate budgetary position. Any expansion of a Service area constitutes growth, which necessitates a separate growth bid

Fees and Charges Strategy

The fees and charges set by the Council are subject to annual review as part of the budget-setting process. Changes made between years are included within the annual Budget Report, and are subject to Council approval. The key principles behind charging are that:

- discretionary charges should recover costs unless the strategy is to provide a particular service at a subsidy;

- discretionary income should be optimised through appropriate commercial charges; and,

- robust systems of discounts or concessions should be in place for those who would otherwise find that they could not access services, where deemed appropriate.

Provision of many Council services is a statutory requirement and charges for access to these are determined as part of that requirement. The Council therefore has no discretion in setting these fees.

A thorough review of the true cost and effectiveness of providing statutory services must be undertaken on a regular basis to ensure that the fees charged meet the cost of service provision wherever possible. Where any review indicates an under recovery of cost, alternative methods of service provision and comparison with other comparable authorities must be undertaken to identify opportunities for minimising the liability to the Council.

The Local Government Act 2003 includes a general power for Councils to charge for discretionary services i.e. services that an authority has the power, but no obligation, to provide. Some discretionary charges are governed by alternative legislation, in which case this general power does not then apply.

Increases for the annual review of fees and charges have been included in the MTFS projections based on the percentages set out in Assumptions Table above.

General Fund Working Balances and Earmarked Reserves

The Council's Reserves Strategy is integral to the MTFS because it demonstrates how the Council augments its annual ongoing running costs with plans to finance specific items of one-off expenditure over the medium-term. The Strategy is reviewed annually, and was most recently approved by Council within the 2018/19 Budget Report, in February 2018.

The Council holds two types of reserve. These are:

a. **General Fund balances**, which are required as a contingency against unforeseen events and to ensure that the Council has sufficient funds available to meet its cash flow requirements. The Local Government Act 2003 requires the S151 Officer to report on the adequacy of financial reserves when setting the General Fund budget requirement for the year. This requirement was met within Appendix N of the Budget Report to Cabinet in February 2018.

b. **Earmarked reserves,** which are funds approved by Members to finance specific items of future expenditure. The Council's Financial Regulations dictate that Earmarked Reserves can be created only by Member approval, and that all subsequent transfers to and from those reserves also require Member approval.

The Council maintains adequate level of reserves and the policy was last approved by the Cabinet in February 2018 as part of the budget setting process.

6. Medium-term Savings Target

Based on the assumptions detailed throughout this Strategy, and the need to maintain the desired level of Reserves, the Total Savings Requirement over the life of this MTFS is £2.153m.

In 2017/18 the Council adopted a five-year Efficiencies plan to support their Transformation agenda, and secure the four-year government settlement.

The section below provides a breakdown of the savings requirement, with a brief explanation of each element.

Savings identified but still to be delivered – refers to savings initiatives identified by budget holders as deliverable in future years. These savings, particularly the £1,423k identified for 2019/20, must be considered high risk. These savings are already included in the MTFS.

Savings 2019/20		
Category	Description	£k
Employees	Transformation savings	62
	Fit For Competition	250
Income	New Property rentals	572
	Crematorium income	239
	HMO Licence	50
	Fit For Competition	250
		1,423

If delivery of these schemes is delayed, the savings target for 2019/20 will increase. To mitigate this risk, the Finance team already reviews budget holders' progress on efficiency savings. Updates are reported monthly to SMB, and to Members within the quarterly Budget Monitoring reports to Cabinet.

Savings still to be identified – refers to additional initiatives that must be put in place prior to April 2019 in order to meet the Total Savings Requirement. These initiatives will be identified through the annual budget-setting process detailed in Section 3.

7. Key Budget Risks

The following paragraphs outline some of the key financial risks facing WDC over the medium-term. These risks will be monitored and Members kept updated on the implications for the MTFS.

The Council has already signed up to the 4 year settlement funding offer made by the Government in 2016. For 2018/19 this has meant a reduction of £0.500m. The remaining year of the 4-year settlement will, subject to further Government announcements, see the Council's funding reduce further, from £3.336m in 2018/19 to £2.828m in 2019/20. (See Table 1 on Page 7).

There are significant areas of uncertainty around further cuts, the 100% retention of business rates, income streams, universal credits, homelessness and the degree of change occurring across the Council that needs to be mitigated.

In response to this challenge, the Council has adopted a rolling 5 year efficiency plan programme in order to plan savings initiatives several years in advance, thereby enabling longer lead-in times to be incorporated within a more robust programme.

Business Rates

The uncertainty risk to the economy from the ongoing Brexit negotiations compounds that from the Business Rates generation. If the Business Rates Retention scheme is to progress, it will link councils' financial sustainability to their ability to grow and retain rate-paying businesses and it is not yet known how multinational companies will view the UK's attractiveness as a base for investment as details of actual Brexit begin to emerge. There is a risk that demand for commercial property in the UK will fall as a result of the UK leaving the EU, resulting in reduced Business Rates and consequent funding pressures in the medium-term.

Borrowing

Continued economic uncertainty may further impact UK investment and lead to an increase in the cost of government borrowing. This would likely impact the lending rates available to the Council through the Public Works Loan Board (PWLB).

Based on the currently approved Capital Programme such an increase would directly impact the revenue cost of funding future Capital spend.

Pensions

Changes to the Council's contributions are triggered by the recommendations of the Pension fund's triennial actuarial valuation review, the last of which was in December 2016. This review required the Council to increase its employer's contribution rate to 15.7% from 2017/18 in order to meet the likely future costs for current employees. There is also a need to fund the pension fund deficit which is likely to arise from the next valuation review in 2019. To this end annual charges of £400k to a Pension reserve are included from 2020/21.

Staffing pressures

The current MTFS assumes pay inflation of 2% per annum based on the last nationally agreed pay award for the current year and the next year. If the current national debate on shifting the increase to track inflation were to gather momentum, there is a risk that the Council could face pressure to increase salaries by more than the 2% assumed within the MTFS. This would result in an increased annual budgetary pressure of c£150k for each additional 1% increase.

Modernising Local Government (MLG)

The Council is currently waiting for the Minister to consider the representations submitted in May 2018. The current MTFS does not make any specific provision for any costs incurred for MLG. An earmarked reserve was created and considered by members as part of the Provisional Outturn report for 2017/18.

New Homes Bonus Funding

This funding stream has been difficult to predict with certainty since its inception in 2011. Government significantly reduced it within the current 4 year funding settlement. And there are now concerns in local government circles that it may, in the medium term, be reduced to zero.

This would impact both Revenue and Capital funding for the Council.

Investment Income

Due to uncertainty around Brexit negotiations and the current economic climate, there is a risk around investment income and counter parties with whom the Council makes deposits. This is mitigated by diversifying the investment portfolio using counter parties with good credit ratings and limiting amount of deposit with each counter party.

In addition, there is also uncertainty around the accounting for the investment in the property pooled fund in which Council has invested £7.5m. Following the introduction of International Financial Reporting Standard 9 (IFRS9) for Financial Instruments we are awaiting both from Housing Communities and Local Government and CIPFA for guidance on the treatment of unrealised gains or losses from this investment. It is expected that there will be no impact of this on the Council Tax.

8. Capital Resources

8.1 Capital expenditure is defined as expenditure incurred on the acquisition or creation of assets needed to provide services, such as houses, vehicles, public buildings, play areas, ICT, etc.

8.2 Capital grants and borrowing can only be spent on capital items and cannot be used to support revenue budgets. However, it should be noted that revenue funds can be used to support capital expenditure. Under the Local Government Act 2003, each council can determine how much it can borrow within prudential limits. All borrowings must be financed from the total available resources of the Council.

Flexible use of capital receipts

8.3 Within the 2016 Settlement, Government provided new flexibility for local authorities to use capital receipts from the sale of property, plant and equipment to support upfront revenue expenditure on transformational projects that will deliver ongoing efficiency savings. Councils can only use capital receipts from sales made since the date of this announcement, and cannot use existing capital balances for revenue spending. The Council has not used any CR to fund revenue expenditure and does not foresee to use this in the future.

8.4 At present, the Council’s forecast capital receipts are fully committed to financing the approved Capital Programme. All new capital proposals need to follow a rigorous budget process to ensure they provide Value for Money, are aligned with the Council’s strategy, and in the case of invest to save or investment proposals, deliver a return above the required threshold.

Capital Spending Plans 2018/19 to 2022/23

8.5 The revised Capital Programme is set out in **Table 1** below. Cabinet are asked to approve the revised Capital Plan which has been reviewed by officers in detail and has been adjusted to reflect final slippage from 2017/18, budget reprofiling where better knowledge of scheme progress is now available, approved additions and changes since the February Plan was published, and some corrections to the opening budget including ICT revenue items had been included in error, the Broadband scheme which had been omitted, and prior year underspend for a CIL scheme that had not been fully taken into account.

Project Leads are currently forecasting the 2018/19 outturn to the revised plan and this will be reviewed, updated and reported to Cabinet quarterly.

The detailed budget movements by scheme are set out in **Appendix CAP 1**.

Table 1

Capital Plan Summary 2018/19 - 2022/23

Area	Original Budget 2018/19	Adjts Sub Total 2018/19	Reprofiling 2018/19	Revised Budget 2018/2019	Projected Outturn 2018/2019	Draft Prog 2019/2020	Draft Prog 2020/2021	Draft Prog 2021/2022	Draft Prog 2022/2023	Total Budget 2018/19 - 2023/24
	£000	£000	£000	£000		£000	£000	£000	£000	£000
Community	**2,111**	**17**	(755)	**1,373**	1,373	2,767	145	145	145	**4,575**
Economic Development & Regeneration	**17,856**	**4,426**	696	**22,978**	22,978	8,979	2,000	2,000	2,000	**37,957**
HR, ICT & Customer Services	**1,148**	**(334)**	(19)	**795**	795	919	210	100	225	**2,249**
Leader	**463**	**-**		**463**	463	400	-	-	-	**863**
Housing	**5,038**	**(9)**	(1,673)	**3,356**	3,356	4,240	4,165	800	800	**13,361**
Planning & Sustainability	**153**	**-**		**153**	153	15,000	15,000	15,000	-	**45,153**
CIL, S106, HIF, LGF & other external funding	**18,589**	**1,652**	(8,158)	**12,083**	12,083	10,619	14,234	11,015	3,190	**51,141**
Capitalised Staff Costs		**308**		**308**	308	308	308	308	308	**1,540**
Grand Total	**45,358**	**6,060**	**(9,909)**	**41,509**	41,509	**43,232**	**36,062**	**29,368**	**6,668**	**156,839**
Plan Published in February Cabinet	**45,358**					**37,812**	**31,353**	**29,458**	**6,758**	**150,739**
Overall Change in Budget from February Plan						**5,420**	**4,709**	**(90)**	**(90)**	**6,100**

Comprising:

2018/19 Changes: Slippage c/f, reprofiling and other adjts	6,060
(Please refer to Appendices M3 and CAP1 for detailed movements by area and scheme)	
2019/20 Correction of Broadband (added)	400
Removal of £398k per annum IT 2019/20+ (revenue)	(1,592)
Addition of £308k 2019/20+ for capitalised staff costs	1,232
Note: Virements will net to nil if within the same Area	**6,100**

8.6 Please note that within the ‘Adjustments to Original Budget column in **Appendix CAP1** the £600k, relating to s106 funding shown against Baker St Phase 3 Des Box has already been approved in the March 2018 Cabinet Report, together with the £650k funding shown under virements. The £600k has been split out into Adjustments for clarity. The same column also shows £700k for the HWTC Master Plan. This corrects the HWTC Master Plan budget to the approved total of £4,601k - the correction arises from slippage from 2016/17 which was not included in the 2017/18 capital plan. There is also an annual addition of £308k relating to the currently unbudgeted capitalisation of project management and other staff costs directly related to bringing the schemes into use. The remaining adjustments to the original budget, as set out in **Appendix CAP 1,** are of low value and reflect adjustments to the carry forward amounts from 2017/18 which were based on estimates at the time of the February 2018 Cabinet.

8.7 The Capital plan includes a number of schemes which will deliver investment income which has been incorporated into the MTFS. A schedule showing the expected income is provided in the confidential **Appendix CAP 2**. Please note these income streams are in many cases some time away and will be subject to negotiation nearer to completion of the projects.

8.8 **Appendix CAP 3** provides a summary of the expected capital receipts, over the period 2018/19 to 2023/24, giving a range of possible outcomes. The [February 2018 Cabinet Report] reported total receipts of £33.1m over the same period, which has now increased to £37.1m, with individual schemes being re-evaluated and re-phased.

General Fund

8.9 As set out in the February 2018 Cabinet Report the Council's Capital Programme is currently fully funded, with the majority of schemes funded through the use of capital receipts, CIL, external grants and reserves, together with the expectation of the need for external prudential borrowing of c.£22m from 2020/21. The total cost of the external borrowing to the General Fund is estimated at £1.250m per year and has been factored into the MTFS.

8.10 The borrowing requirement has accelerated by a year from 2021/2022 to 2020/21 from the last reported MTFS to Cabinet in February 2018. The February 2018 capital programme reflected historic slippage experience, however further work has been carried out and this has now been replaced by the principle of living within the envelope and the prioritisation and scoring of projects. Additional work will be carried out between now and February 2019 and there will have to be either a reduction in the capital programme or a significant re-profiling if the Council decides to maintain no borrowing position.