Waveney District Council
Serving the Community

APPENDIX B

MEDIUM TERM FINANCIAL STRATEGY 2016/17 – 2019/20

1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. To ensure Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year these are:

- Midyear – as a framework for initial detailed budget discussions for the forthcoming financial year;
- January – an update to include additional information received at a national level and corporate issues identified through service planning, and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Business Plan, over the medium term.

1.3 The vision of the East Suffolk Business Plan is to "Maintain and sustainably improve the quality of life for everybody growing up, living in, working in and visiting East Suffolk". The MTFS underpins the **Efficiency Plan**, which outlines how the key Business Plan objective of Financial Self Sufficiency will be delivered.

1.4 The MTFS provides an integrated view of the Council's finances, recognising that the allocation and management of its human, financial and physical resources play a key role in delivering its priorities and ensuring that the Council works effectively with its partners locally, regionally and nationally.

1.5 The key underlying principles of the MTFS are:

- securing a balanced budget with a reduced reliance on the use of reserves and general balances to support its everyday spending;
- setting modest increases in Council tax when appropriate; and
- delivering service efficiencies and generating additional income where there are opportunities to do so.

1.6 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in Appendix B1.

1.7 The MTFS comprises of Sections 2 to 4 forecasting the financial challenge facing the Council, taking into account economic factors, the local government finance environment, and the Council's key funding streams. Also included is Sections 5 to 7, outlining how the Council will respond to the challenge, as expressed in terms of its Budget and strategies towards reserves and capital.

2 ECONOMIC INDICATORS

2.1 The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances.

2.2 The economic outlook has been characterised by uncertainty since the EU Referendum vote in June. At the time of the Bank of England's August Inflation Report, the Monetary Policy Committee (MPC) announced a package of supportive measures to balance a trade-off in the economic outlook between weakened economic growth and unemployment on the one hand, and rising inflation as a result of depreciation in sterling on the other. Since then, the near-term outlook for economic activity has been stronger, and household spending has grown faster than expected. By contrast, both investment intentions and commercial property have been subdued.

2.3 The Bank of England's latest projections for output, unemployment and inflation are set out in its November Inflation Report. Output growth is expected to be stronger in the near term but weaker than previously anticipated in the latter part of the forecast period, reflecting the impact of lower real income growth on household spending and uncertainty over future trading arrangements. The unemployment rate is projected to rise to around 5½% by the middle of 2018 and to stay at around that level throughout 2019. Largely as a result of the depreciation of sterling, CPI inflation is expected to be higher throughout the three-year forecast period than in the Committee's August projections. In the central projection, inflation rises from its current level of 1% to around 2¾% in 2018, before falling back gradually over 2019 to reach 2½% in three years' time. Inflation is judged likely to return to close to the target over the following year.

Gross Domestic Product (GDP)

2.4 The Bank of England's overall forecast for growth in Gross Domestic Product outlined in its November Inflation Report, are shown below, with the figures in brackets being the forecasts included in the August Inflation Report. Latest Office for Budgetary Responsibility (OBR) forecasts included in the November Autumn Statement is also shown.

	2016	**2017**	**2018**	**2019**
BoE	2.2% (2.0%)	1.4% (0.8%)	1.5% (1.8%)	1.60%
OBR	2.10%	1.40%	1.70%	2.10%

Consumer Pricing Index (CPI)

2.5 Regarding inflation, CPI inflation in November was 1.2%, compared with 0.9% in October. Inflation is projected to rise over the rest of 2016 and early 2017 as the drag from past falls in petrol, food and other goods prices diminishes, and the large fall in sterling pushes up the prices of those goods and services consumed in the United Kingdom that are imported or produced using imported inputs.

2.6 Consequently, the Bank of England's overall forecast for CPI in its November Inflation Report is:

2016 -Q4	2017 -Q4	2018 -Q4	2019 -Q4
1.30%	2.70%	2.70%	2.50%

Bank Interest Rate

2.7 Developments since the Referendum present a trade-off for the MPC between delivering inflation at the target and stabilising activity around potential. Given the extent of the likely weakness in demand relative to supply, the MPC judged it appropriate to provide additional stimulus to the economy in a package of measures designed to provide additional support to growth and to achieve a sustainable return of inflation to the target, including a cut in Bank Rate to 0.25%. Expectations at that time were that there may be a further cut in Bank Rate to just above zero. However, these have diminished, and it is now possible that the next move on interest rates could be upwards. A small movement in interest rates of, say, 0.25% would not entail significant movements on interest received by the Council.

2.8 The inflation rate impacts on the cost of services the Council purchases, as the Council delivers much of its service provision through contractual arrangements where inflationary pressures have to be negotiated and managed. Specific contractual inflation has been incorporated into the Council's financial position, where appropriate, based on the actual contractual indices

3 PUBLIC FINANCES

3.1 The Chancellor of the Exchequer gave his annual Autumn Statement to Parliament on 23 November 2016. The Autumn Statement provided a formal update on the state of the economy, and responded to the new economic and fiscal forecast from the Office for Budget Responsibility, which, as noted above, has forecast growth to slow and inflation to rise over the next two years. The Government has cut borrowing by nearly two-thirds since 2010, but will no longer aim for a budget surplus by 2019. New fiscal targets have been set intended to provide the flexibility to support the economy and create space for more investment in roads, rail, research, and housing. These targets aim for 2% underlying deficit and debt falling by 2020, and a balanced budget as soon as possible thereafter.

4 LOCAL GOVERNMENT FINANCE

Local Business Rates Retention

4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the government's programme of fiscal consolidation since 2010, have combined to both reduce the quantum of funding available to the Council, and to shift the balance of funding significantly away from central to local sources. The 2016/17 Final Local Government Finance Settlement, published on 8 February 2016, continued and accelerated this process, and was characterised by the following key points:

- Significant reductions in central Government funding over the medium term and progression towards 100% business rates retention – phasing out of Revenue Support Grant (RSG) and proposals for a 4-year settlement;

- Redistribution of central funding towards social care – RSG reductions and New Homes Bonus (NHB) proposals;

- Change in Government's approach to Council Tax – included in grant distribution calculations, assumption of increases, relaxation of police and social care referendum limits, scrapping of freeze grant, etc.

4.2 The overall impact of these proposals, and the exemplifications in the Settlement, indicated significant challenges to the Council's financial position. Reductions to RSG are now much larger and faster than previously forecast, as a result of building assumed council tax levels into the grant methodology, and redistributing funding towards social care authorities. The proposals for NHB in a separate consultation announced alongside the settlement could also potentially result in very significant funding reductions.

4.3 The following paragraphs provide some information on each of the Council's key funding sources, the most significant of these being the proposals to move to 100% business rates retention by the end of the Parliament.

Government Grant Funding

4.4 **Revenue Support Grant** (RSG) is one of the principal remaining sources of central Government funding to the Council, and has been substantially reduced in recent years. The Government's fiscal consolidation programme to reduce national debt, and public sector spending as part of that process, has resulted in large reductions to grant in recent years. .

4.5 Exemplifications for RSG up to 2019/20 were included in the Local Government Finance Settlement as shown below, and these figures indicate the scale of reduction on the 2015/16 level.

2015/16	2016/17	2017/18	2018/19	2019/20
£2.909m	£2.018m	£1.296m	£0.836m	£0.322m

4.6 Analysis of the settlement suggested that there were three key reasons for these large and rapid reductions in RSG:

- Assumptions on council tax income and increases now form part of the calculation of grant entitlement;

- Although not entirely transparent, there appeared to be a redistribution of resources towards social care authorities;

- Presumably as part of the Government's continuing deficit reduction strategy, the exemplifications showed a rapid phasing out of RSG prior to the introduction of 100% local business rates retention in 2020/21.

4.7 **Four-year Settlements** – The RSG exemplifications shown above constitute the Government's four-year funding settlement offer to councils, although there would still be some annual variation due to the interaction with the income figures in the business rates system, which are dependent on annual RPI figures. The government has made the point that the final year may be subject to the implementation of 100% business rates retention (see below).

4.8 The Secretary of State wrote to authorities in March to formally offer this multi-year settlement. The offer was subject to submission of an overall Efficiency Plan, of which this MTFS forms a substantial part, by 14 October 2016. Although the four-year settlement figures represent substantial reductions to the council's funding, there is no doubt that if the offer was not accepted, the alternative of annual settlements exposed to further funding cuts would be worse. The Minister's offer letter clearly states: "It is open to any council to continue to work on a year-by-year basis, but I cannot guarantee future levels of funding to those who prefer not to have a four year settlement." The four year settlement figures were confirmed in the provisional Local Government Finance Settlement announced on 15 December 2016.

Business Rates – 100% Business Rates Retention Proposals

4.9 In its 2015 Spending Review, the Government announced that the system for local government revenue funding would change and that local government would be allowed to retain 100% of its business rates income by the end of the current Parliament i.e. by 2020. There is some doubt as to whether this target means full implementation in 2019/20 financial year, or 2020/21 financial year.

4.10 Under the proposed system all business rates income (currently £26 billion per year) will be retained by the local authority sector, although Central Government will continue to operate formulae which determine local needs and redistribute the money between local authorities. Revenue Support Grant (RSG) which central Government currently pays to local authorities (from its share of business rates) would disappear completely.

4.11 Under the current system roughly £12 billion per year of business rates income is kept by central Government to fund local authority services not forming part of RSG funding. When, in future, this sum is retained by local authorities, new burdens of a broadly similar value will be passed across to the sector. So the sector will not initially, at least, have more funding: over the longer term that will depend on whether business rates grow faster or slower than local authority service demands and costs.

4.12 The Government is currently starting to work on the detail of 100% business rates retention in conjunction with the LGA and local government finance representatives, and published the Local Government Finance Bill in January. As part of this process, the Government issued a Consultation Paper on Business Rates Retention, and a Discussion Paper was also issued for comment on Fair Funding Review. These documents are likely to be followed up with more technical consultations.

Business Rates Income Forecasts

4.13 **Appeals** - Variances between estimated and actual business rate income, primarily as a result of appeals, are realised in the form of deficits or surpluses on the business rates element of the Collection Fund. For each year, the amount of business rates income credited to the General Fund is the amount estimated on the National Non Domestic Rate (NNDR1) return to Government submitted in January in the preceding year, including a calculation of the estimated Collection Fund deficit or surplus to be charged to the General Fund. As a result, in practice, variances between business rates estimates and actual figures are reflected as an element of the Collection Fund deficit or surplus two years after they take place.

4.14 Gross business rates income was nearly £1.8m lower in 2015/16 than in the 2015/16 NNDR1, largely as a result of changes in the appeals provision and the deletion of some properties. In respect of the Waveney share of this, the bulk of this reduction in income was reflected in the 2016/17 NNDR1 and in an estimated Collection Fund deficit to the General Fund included in the Budget for 2016/17. The 2015/16 variances, combined with monitoring during 2016/17, also impact in 2017/18 with a deficit of £966k accounted for in the 2017/18 Budget. Partly offsetting this, the position on renewables business rates, which are 100% retained by Waveney District Council, is £244k (£121k compared to £365k) better than originally estimated in 2017/18.

4.15 The Collection Fund position outlined above illustrates the volatility and uncertainty associated with business rates as an income source. There are also a number of issues in the medium term which mean that business rate income remains an uncertain income stream that cannot necessarily be relied upon.

4.16 **Revaluation 2017**- Following a national revaluation of business rates, a new valuation list will come into effect from 1 April 2017. Revaluation is intended to be financially neutral as far as local authorities are concerned, and the scheme has been recalibrated for 2017/18, with tariffs and top ups being revised in the 2017/18 Local Government Finance Settlement. Baseline funding will not be revisited until reset of the system in 2020. The valuation list will continue to be changed until April 2017, and revaluation will inevitably trigger a large number of appeals, leading to a great deal of further uncertainty in the system and the need for significant appeal provisions to be made.

4.17 **Suffolk Pool**- In order to reduce the amounts paid to Government in levy, in 2012, all Suffolk Councils agreed to enter a pooling arrangement which would allow them to retain a larger proportion of their share of growth by reducing their individual rate of levy. Waveney continues to be a member of the Suffolk Pool in 2016/17, and has both made a substantial contribution to the Pool and received benefits from the Pooling arrangements in previous years. The Council will continue to be a member of the Pool in 2017/18. The estimated Pooling benefit for 2017/18 is dependent on all of the NNDR1 returns by the Suffolk Councils being prepared and collated by Suffolk County Council. As at the time of preparing this report the NNDR1 returns are yet to be collated by Suffolk County Council. Therefore, the figure shown for pooling benefit in 2017/18 onwards is the original estimate, and this will be updated once Suffolk County Council have received and modelled all of the NNDR1 returns. This should be known early February 2017.

4.18 The following table provides a summary of key Business Rate movements and assumptions as included in the MTFS. It should be noted that with the introduction of 100% Business Retention in 2019/20 (or 2020/21), these figures are indicative based on the current system:

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
Net Business Rates Income	(3,346)	(3,293)	(3,391)	(3,493)	(3,598)
Business Rates - Renewables	(244)	(365)	(208)	(214)	(220)
Business Rates - Suffolk Pool Benefit*	(276)	(150)	(150)	(150)	(150)
Collection Fund - Deficit	657	966	0	0	0
Section 31 Grant (Business Rates)	(738)	(885)	(911)	(939)	(967)

*Original estimates from 2017/18 onwards are to be updated once Suffolk County Council has modelled all of the Suffolk Councils NNDR 1 returns for 2017/18.

Council Tax

4.19 Council tax is one of the Council's most important and stable income streams, funding nearly 50% of the net budget. In a Technical Consultation on the 2017/18 Local Government Finance Settlement, the Government proposed that the 2016/17 Council Tax increase referendum limits would be continued in 2017/18, with shire districts able to increase council tax by a maximum of £5 or 2% in 2017/18, whichever is the greater. This proposal is now built into Government's assumptions in future years of the core spending power available to local authorities, and was confirmed in the Provisional Local Government Finance Settlement. The MTFS reflects a strategy of increasing council tax year-on-year at the maximum referendum limit levels for shire districts of £5 per annum (around 3.3% in 2017/18).

4.20 The Spending Review and the 2016/17 Local Government Finance Settlement indicated a clear change in Government policy towards council tax. Rather than there simply being an emphasis on restriction and freezing of tax levels, council tax is now clearly seen as a funding stream that will be allowed to increase at above inflation levels in order to address priority spending areas.

4.21 **Council Tax Taxbase** – Some growth in the number of properties in the tax base means that overall the estimated tax base (to be confirmed) has increased by 239.48 from 35,386.24 D equivalents in 2016/17 to 35,625.72 Band D equivalents for 2017/18. This equates to around £37k additional council tax income to the Council based on the current District Band D Council Tax of £152.46. The tax base for 2017/18 is summarised by parish in Appendix B2.

4.22 **The Council Tax Collection Fund** is monitored closely throughout the financial year, and an estimated surplus generated from the Collection Fund of £89k in 2016/17 is included in the budget for 2017/18.

4.23 The Council's MTFS has been updated to reflect the following assumptions regarding the council tax:

	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Council Tax Base	(5,225)	(5,406)	(5,609)	(5,819)	(6,037)
Council Tax Base Increase of 0.05% from 2018/19	0	(27)	(28)	(29)	(30)
Council Tax Increase of £4.95	(170)	(176)	(182)	(189)	(196)
Council Tax Income - (New Baseline)	**(5,395)**	**(5,609)**	**(5,819)**	**(6,037)**	**(6,264)**

New Homes Bonus

4.24 The Government has established the New Homes Bonus, which is funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the New Homes Bonus is to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.

4.25 Over the past few years, NHB has become an extremely important source of incentivised income. The NHB allocations for 2016/17 (Year 6) have been made on the same basis as previous years, with Waveney receiving a Year 6 allocation of £168k and a total allocation of £1.700m. The Council Tax Base (CTB1) return to Government provides the basis for the following year's NHB allocation.

4.26 **Consultation** - The Government issued a separate consultation on the future of NHB from 2017/18 onwards alongside the Settlement with a closing date for responses of 10 March 2016. The proposals in the consultation had the objectives of diverting at least £800m of funding to Social Care (the Better Care Fund), and of sharpening the incentives for authorities.

4.27 In summary, the proposals for reducing the level of NHB funding reduce the number of allocation years from 6 to 4, including the previous year 1 to 5 rounds. The Government's preferred option was for 2017/18 to be a transition year with a reduction to 5 years, with 4 years thereafter.

4.28 The proposals to sharpen incentives entailed limiting allocations if an authority has not produced a Local Plan; reducing allocations in respect of properties developed after appeal; and only allocating NHB for properties above a baseline growth threshold of 0.25%.

4.29 **The Government's response to the Consultation** and the NHB allocations for 2017/18 were published alongside the provisional Local Government Finance Settlement on 15 December 2016. Key features in the new NHB allocations include:

- The allocation period is being reduced from 6 to 4 years in 2018/19, with 2017/18 as a transition year with a 5 year allocation.
- No reduction is being made in 2017/18 for properties allowed on appeal, but this is still under consideration for 2018/19.
- No reduction is being made for authorities without a local plan, but this is also under review next year.
- The threshold for baseline growth has been set at 0.4% of growth in the number of properties, to remove "deadweight" growth that would occur normally without active delivery by councils – councils will only receive NHB for new properties above this level.

4.30 The table below illustrates the 2017/18 NHB allocation for all Suffolk councils:

Suffolk Councils – 2017/18 allocation	**Year 7 Payments (£'000)**	**Total payment in year, inc previous delivery (£'000)**
Babergh	63	1,212
Forest Heath	70	1,278
Ipswich	314	1,619
Mid Suffolk	247	2,028
St Edmunds bury	358	1,553
Suffolk Coastal	509	2,071
Waveney	56	**1,225**

4.31 The table below provides updated forecasts based on the likely methodology for 2018/19 onwards.

	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Waveney NHB allocation - MTFS	1,700	**1,225**	610	342	233

5 MEDIUM TERM FINANCIAL POSITION AND GENERAL FUND BUDGET 2017/18

Budget Planning Assumptions

5.1 **Goods & Services** - The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. This will be kept under review to ensure this planning assumption remains adequate. This does not impact on inflation for specific contracts where the budget planning assumptions reflect specific contract increases.

5.2 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.

5.3 **Fees and Charges** are based on the Council's agreed principles of increasing existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum, fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate. Proposed fees and charges were agreed by the Cabinet in November.

5.4 **Public Sector Pay** - In the Summer Budget in 2015, the Chancellor imposed further restraint on public sector pay, setting increases of 1% for a further 4 years from 2016/17, although the Government does not set pay increases for local government employees. The MTFS assumes a 1% increase in pay for 2016/17 onwards. Members would be interested to note that a 1% increase in pay equates to approximately £90k. In addition to pay increases, pay costs include incremental progression and on-costs such as employer national insurance and pension contributions. Further growth for increments is assumed in each of the future years, with additional funding for the equalisation of pay between the two councils following the implementation of shared services.

5.5 **Local Government Pension**-The Pensions Act 2014 received Royal Assent in May 2014 and introduced a new Single Tier Pension from April 2016. This has ended the practice of contracting-out whereby Local Government Pension Scheme (LGPS) employers and their employee pension scheme members pay a lower rate of National Insurance Contributions (NICs). The impact of this change is around £200k pa, and has been included in the MTFS from 2016/17 onwards.

5.6 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31st March 2016. To ensure the Council stays in line with the policy of aiming to have its share of the pension fund fully funded within the next 20 years, the employers pension contribution rate for 2017/18, 2018/19 and 2019/20 will increase from 16.% to 22.9%. At the same time, the annual pension back funding amounts have reduced from £2.250m to £1.6m in 2017/18, and reduced from £2.4m to £1.5m and £1.4m in 2018/19 and 2019/20 respectively. Overall, these changes represent a 1% reduction in total cost in 2017/18, with a further 1% reduction in 2018/19 and a further 1% reduction in 2019/20, which reflects how well the Suffolk County Pension Fund is funded. The next review will be carried out during 2019/20 with an effective date of 31st March 2019.

5.7 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year's outturn position.

5.8 The Council's financial planning assumptions are shown in the table below:

	2017/18 %	**2018/19 %**	**2019/20 %**	**2020/21 %**
Goods and Services	0	0	0	0
Fees & Charges	Sep RPI	Sep RPI	Sep RPI	Sep RPI
Pay	1.0	1.0	1.0	1.0
Utilities and energy	3.0	3.0	3.0	3.0

5.9 **Other Pressures –** Ranging from increased demand for services or changes in national policy, the Council's MTFS has been adjusted to reflect the financial implications of these changes. A summary analysis of these movements has been provided in the following table and detailed analysis in Appendix B3 of the report**.**

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
National Policy	(50)	42	52	57	58
Operational Requirement	208	237	231	180	277
Community Investment	333	199	161	163	164
Community Governance Arrangements	82	(1,000)	(1,000)	(1,000)	(1,000)
Correction to Baseline	333	126	(19)	339	261
Operational Efficiency	(1,362)	(1,760)	(1,039)	(1,202)	(1,124)
Operational Requirement - Staffing	464	602	603	636	742
Additional Income	(652)	(1,014)	(1,210)	(1,230)	(1,230)
Partnership	(59)	(331)	(541)	(604)	(511)

MTFS Forecasts 2016/17 to 2020/21

5.10 The table below outlines the updated MTFS Forecasts for 2016/17 to 2020/21. These are attached in more detail as Appendix B3. These forecasts have been updated in respect of the external funding issues referred to in previous sections, ongoing budget monitoring during the course of 2016/17, and the output of the detailed budget process. From 2018/19 onwards, these forecasts represent a base MTFS position giving the underlying budget gap. The present base MTFS position does not take account of the following major issues in this timeframe:

- the possible merger of the council with Suffolk Coastal District Council with effect from April 2019;

- the implementation of 100% Business Rates Retention in 2019/20 or 2020/21;

- any other actions or use of balances to address the currently forecast budget gap.

MTFS Forecast

	2016/17	2017/18	2018/19	2019/20	2020/21
	£'000	£'000	£'000	£'000	£'000
February 2016	0	2,339	4,071	4,771	
September 2016	40	3,080	4,756	5,566	5,877
January 2017	0	0	1,350	1,881	2,009

5.11 Appendix B3 provides a summary of the budget changes, current MTFS forecasts and funding sources. Appendix B4 provides an analysis of the key budget changes included in the above forecasts for 2016/17 and 2017/18. Appendix B5 presents General Fund Budgets for 2016/17 to 2020/21 summarised at Portfolio level.

5.12 To deliver a balanced and sustainable budget for 2017/18 and beyond, the Council will be adopting and working through the strategy outlined in the Efficiency Plan.

6 RESERVES AND BALANCES

6.1 In order to manage its financial affairs soundly, the Council needs to hold an appropriate level of reserves and balances. These allow it to:

a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;

b) deal promptly and efficiently with emergencies if they occur, as this year;

c) take previously unseen opportunities to secure benefits that may arise during the year;

d) mitigate reliance on volatile sources of funding

e) set money aside for known events but where the timing or precise amount required is not yet certain; and

f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.

6.2 In addition to the General Fund Balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.

6.3 The Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves to mitigate potential future risks. As issues arise, the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated, and throughout the annual budget monitoring process as risks arise or become clearer.

General Fund Balance and Earmarked Reserves

6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves, to both create, or change earmarked reserve levels and to also release reserves which are no longer required, to become one-off resources for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure. At 31 March 2016, General Fund balances stood at £4.159m.

6.5 One of the key underpinning financial principles of the MTFS is to not use the Council's Reserves (and other one-off resources) as a primary method to balance the ongoing pressures in the budget. Earmarked Reserves are now used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

6.6 The current projected position on Reserves and Balances is set out in Appendix B6 and is summarised in the following table. Sections 6.7 to 6.27 below provide further detail on the movements on reserves:

	Actual April 2016	Projected April 2017	Projected April 2018	Projected April 2019	Projected April 2020	Projected April 2021
Reserve	**£’000**	**£’000**	**£’000**	**£’000**	**£’000**	**£’000**
General	4,159	4,159	4,159	4,159	4,159	4,159
Earmarked	6,582	6,278	5,718	5,791	5,689	5,772

Earmarked Reserves – Revenue

6.7 This section of the report provides further details on the movements to and from Earmarked Reserves as set out in Appendix B6.

6.8 The 2016/17 budget includes £10k transfer from the Actuarial Contributions Reserve to meet expected costs of redundancies and early retirements during the year.

6.9 In support of Community Health projects, £85k is planned to be used in 2016/17 from the Community Health Reserve.

6.10 The Council has recently received £343k from DCLG Community Housing Fund. This funding is to help local Councils tackle the problem of high levels of second homeownership in their communities. In 2016/17 this funding will be transferred to a new Community Housing Fund Reserve to be available to support delivery of the initiative.

6.11 The revenue budgets include a sum of £60k set aside each year to the District Elections Reserve to fund Council Elections, with £65k planned to be used from this reserve in 2019/20.

6.12 In 2016/17 £39k is planned to be used from the Economic Development Reserve to fund Business activities.

6.13 £29k is planned to be used from the Enterprise Zone Reserve to support the Enterprise zone project.

6.14 In the 2016/17 budget, £21k is planned to be used from the Flood Prevention Reserve to provide support for businesses and to enhance the area for tourism in respect of flood prevention.

6.15 £58k is planned to be transferred to the Housing Benefit Administration Reserve in 2016/17 from unused grant received during the year.

6.16 The Homelessness Reserve is used to set aside funding received in respect of Homelessness Prevention work. There is planned used of this reserve in 2016/17 and 2017/18 of £15k and £16k respectively.

6.17 The House Condition Survey Reserve is to meet the cost of the periodic survey of Private Sector Housing. This is planned for 2017/18 with £25k planned to be used from the reserve to fund this.

6.18 In 2015/16 an In-Year Savings Reserve was set up of £500k. This is planned to be used to balance the 2017/18 budget.

6.19 In 2016/17, £83k is planned to be used from the Major Projects Reserve to support projects and initiatives for the Area Action Plan. A further £16k is planned to be used from the reserve in 2017/18.

6.20 Following a review of reserves it has been considered that the funding set aside within the NDR Administration Reserve is not required. The balance of £14k on the reserve has been brought back into the General Fund.

6.21 The position regarding the New Homes Bonus reserve is referred to in sections 4.24 to 4.31 of the report. The reserve summary in Appendix B6 shows the full allocation of NHB being used in all years.

6.22 The Private Sector Housing reserve is being used to set aside repaid Disabled Facilities Grants (DFG's) to be used for Empty Property/Home improvement initiatives. £9k is planned to be transferred to the reserve in 2016/17.

6.23 From a review of the Rent Guarantee Reserve it has been considered that a balance of £10k is sufficient to cover potential landlord claims. Therefore the balance on this reserve is planned to be reduced from £30k to £20k in 2017/18.

6.24 The Repairs and Maintenance Reserve was created to provide a source of finance for backlog of repairs and maintenance on corporate buildings. With the move to the new office accommodation this reserve is considered no longer necessary. The balance on this reserve of £80k is planned to be brought back into the General Fund in 2016/17.

6.25 The Southwold Beach Huts Reserve is ring fenced for work relating to Southwold assets. There is £35k planned to be used from this reserve in 2016/17 towards the costs of repairs to Southwold Harbour wall.

6.26 In 2016/17 and 2017/18 there is planned use of the Transformation Reserve of £157k and £102k respectively. This is to provide a source of finance for costs associated with the Community Governance Review, the proposed new East Suffolk Council and IT development projects.

Earmarked Reserves – Capital

6.27 The Short Life Assets Reserve reflects usage over the duration of the Capital Programme. This reserve funds the purchase of short life assets such as vehicles and IT equipment. Contributions are made into the reserve each year of approximately £600k. For 2016/17 £815k is planned to be used from this reserve.

7 CAPITAL PROGRAMME STRATEGY

7.1 The Council is taking a more focussed look at its long-term asset management strategy, which will take into consideration the infrastructure investment needs to drive growth and generate income.

7.2 The Council continues to improve its framework for the planning and management of its Capital Programme and long-term investment needs and available resources.

7.3 The Council will continue to develop its strategic approach to the capital programme based on detailed asset management plans to ensure that the strategic investment needs of the Council, together with the ongoing maintenance demands of the assets are being addressed.

7.4 The Council agrees a medium-term rolling capital programme each year as part of the budget process. The items included in the programme must provide value for money, by delivering outputs that best match the Council's priorities set out in the Corporate Business Plan and meeting statutory requirements such as the provision of health and safety regulations.

7.5 The revenue implications of capital projects are identified through the project appraisal process, and fed into the Council's revenue assumptions in the MTFS to ensure that all revenue implications are taken into account.

7.6 Value for money is sought through:

- Efficient procurement of facilities through competitive processes and partnership working.
- Scrutiny of the project business case to ensure that outcomes from the scheme contribute directly to the Council's aims.
- Pre-project planning with identification of defined and measurable benefits, along with a post-project benefits review.

7.7 The Council's capital programme process ensures that managers define the outputs and benefits from their schemes as part of the development of the project. There is careful scrutiny of possible projects at the appraisal stage, and they are prioritised according to the extent to which the outcomes they promise to deliver match the priorities of the Council.

8 FLEXIBLE USE OF CAPITAL RECEIPTS AND EFFICIENCY STRATEGY

8.1 Alongside the Settlement, the Government issued Guidance on the Flexible Use of Capital Receipts. Over the period 2016/17 to 2018/19, capital receipts can be used to finance the initial revenue costs of projects generating ongoing revenue savings or transforming service delivery. This flexibility is dependent on the authority approving an Efficiency Strategy (which can be as part of budget) outlining the projects proposed for funding by this method. There is no formal process for this, and no check on eligible projects is intended by DCLG.

8.2 Any proposal would need to be considered in the context of revenue and capital financing strategies, and in practice would also depend upon there being capital receipts available. However, given the financial position faced by the Council, and the potential need for radical re-shaping of services, it was considered appropriate for the Council to be in a position to take advantage of this additional flexibility. Consequently, an Efficiency Strategy meeting the requirements of the Guidance was approved by Full Council together with the Budget in February 2016. The Guidance allows for the Strategy to be revised during the course of the year.

8.3 An updated Efficiency Strategy for 2017/18 is attached as Appendix B7. At present, it is not proposed that any use of the flexibility on capital receipts should be made in 2016/17.

WAVENEY DC MEDIUM TERM FINANCIAL STRATEGY - KEY PRINCIPLES

1 PRIORITIES, AIMS AND OBJECTIVES

1.1 The **East Suffolk Business Plan** provides the overarching vision for East Suffolk of both Waveney and Suffolk Coastal District Councils. In fulfilment of the Plan, the Council makes use of significant resources to achieve its aims including money, people, property and technology. In order to allocate resources to competing demands, achieve effective and efficient use of its resources, best value and ultimately achieve its vision, the Council has several strategies and plans which give a clear sense of direction and underpin the deployment of those resources. The **Medium Term Financial Strategy** sits under the **Efficiency Plan,** and combined with other strategies and plans, they support and embrace the strategic direction of East Suffolk.

2 STRATEGY OBJECTIVES

2.1 The Council's MTFS aims to ensure the provision of the best quality services possible within the resources available. To do so it must maximise the use of its resources to ensure they are used efficiently and effectively to support the development of longer term sustainable objectives.

2.2 The specific objectives of the MTFS are to:

a) ensure that the Council sets a balanced, sustainable budget year by year, so that forecast spending does not exceed forecast resources available to it;

b) plan for a level of council tax that the Council, its residents and Government see as necessary, acceptable and affordable to ensure that it has the financial capacity to deliver the Council's policies and objectives;

c) redirect resources over time to adequately support and resource the priorities of the both the Council and the wider community; and

d) maintain sufficient reserves and balances to ensure that the Council's long term financial health remains sound.

3 STRATEGY PRINCIPLES

3.1 The principles set out below provide a framework within which the Council will develop its detailed financial plan over the medium term.

General

There are a number of overarching principles that will apply across the Council's detailed financial accounting, planning and monitoring:

a) that the Council's budgets, financial records and accounts will be prepared and maintained in line with approved Accounting Standards, the CIPFA Code of Practice on Local Government Accounting, the CIPFA Prudential Code and the relevant sections of the Council's Constitution and Finance Procedure Rules;

b) prior to setting a budget, the Council will always analyse potential risks and ensure these are minimised in line with its Risk Management Strategy;

c) that the Council's Corporate Management Team will review the budget proposals for reasonableness and adherence to corporate policies and objectives prior to the budget being submitted to Cabinet;

d) the Council will monitor its revenue and capital budgets effectively. Monitoring will be undertaken monthly by Heads of Service together with their portfolio holders, and integrated quarterly monitoring reports will be reported to Cabinet. In cases of significant financial and service performance that deviates from that planned, action plans setting out corrective action will be drawn up by Heads of Service / Portfolio Holders and reported to Cabinet as appropriate;

e) that the Council's Corporate Management Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses throughout the Council thereby ensuring that budget and other decisions are taken on a sound basis; and

f) the Council will seek to maximise external contributions towards revenue and capital spending for example through bidding for specific grants, attracting levered funding, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate.

General Fund (Revenue)

3.2 In relation to its revenue budgets the Council will:

a) set a balanced budget each year that will be constructed to reflect its objectives, priorities and commitments. In particular, the budget will influence and be influenced by the Business Plan, the Organisational and Development Strategy, Capital and Asset Management Strategies, the Risk Management Strategy, its Comprehensive Equality Scheme and its Consultation and Engagement Strategies;

b) within the constraints of the resources available to it, set a sustainable budget each year that meets on-going commitments from on-going resources. The Council will continue to aim to maintain its level of general balances when it sets its revenue budget each year now that a prudent level of balances has been achieved;

c) seek to identify annual efficiency savings through business process improvement, shared service initiatives, service best value reviews and benchmarking and strategic partnering opportunities within and across county borders;

d) review the appropriateness of service delivery between the Council, parishes and other partners;

e) increase existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate; and

f) within Government guidelines, set a level of council tax that the Council, its residents and Government see as necessary, acceptable and affordable to deliver the Council's policies and objectives.

Capital

3.3 When considering its capital investment the Council will:

a) maximise the generation of capital receipts and grants to support its planned investment programmes;

b) enhance its capital investment by applying specific grants and contributions, capital receipts, earmarked reserves and revenue contributions, with any balance being met by external borrowing;

c) not recognise capital receipts until there is certainty that the receipt will materialise, and will not be earmarked against specific developments without express Cabinet approval;

d) allocate its capital resources in line with its Capital Strategy and Asset Management Plan whilst recognising that other priorities may emerge that may require those plans to be amended and resources to be diverted;

e) annually review and prioritise capital schemes in accordance with Council objectives having regard to:

f) the business case for any given project; asset management planning; and

g) affordability in line with the application of the Prudential Code.

Balances and Reserves

3.4 In relation to its balances and earmarked reserves, the Council will:

- each year, maintain the level of General Fund balances at around 3% - 5% of its budgeted gross expenditure. This would lead the Council to maintain a General Fund balance in a range of around £2.5m to £4m.

- have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.

- review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and

- return reserve balances no longer required to the General Fund or Housing Revenue Account as appropriate.

Treasury Management and Investment

3.5 The Council will:

a) having regard to risk, maximise investment income and minimise borrowing costs within the overall framework set out in the Council's annual Treasury Management and Investment Strategy; and

b) secure the stability of the Council's longer term financial position rather than seeking to make short-term one-off gains which may lead to higher costs in the long term.

c) having regard to risk, seek to diversify its investment portfolio; maximise investment income; and deliver economic development objectives through the Asset Investment Strategy (in development).

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

a) the base budget position for the current financial year, adjusted for in year grant changes;

b) the Council's medium term priorities;

c) the refocusing of service expenditure through transactional, shared services and other efficiencies to support the achievement of its medium term priorities and satisfy Government funding changes;

d) demographic and welfare changes;

e) consultation outcomes; and

f) fiscal matters including:

g) price inflation

h) the effect on the level of General Fund balances and reserves

i) the impact of any changes to the capital programme on the potential costs of borrowing

j) triennial revaluation of the pension fund

k) ongoing commitments, arising in part, from initiatives that have previously been funded from specific grants

l) achieving budgeted savings from outsourcing, shared services and service reviews

m) the likely passporting of some Government departmental savings targets to councils

RISKS	PROBABILITY HIGH MEDIUM LOW	IMPACT HIGH MEDIUM LOW	MITIGATING ACTIONS
Strategic Risks			
The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.	L	H	Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.
Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.	L	H	Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.
Government is continuously reducing its departmental spending budget. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.	M	H	Take advantage of the Council's growth opportunities to reduce dependency on government funding. align service delivery to funding levels, improve exist strategy to minimise risk.
Budget pressures arising from housing and economic growth and other demographic changes.	H	H	Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.
Financial			
Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. business rates and New Homes	M	H	Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision

RISKS	PROBABILITY HIGH MEDIUM LOW	IMPACT HIGH MEDIUM LOW	MITIGATING ACTIONS
Bonus,			**making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.**
Successful implementation of the Community Governance Review.	**L**	**L**	**Consultation process with the community within the review area and other stakeholders. Timely briefings and updates to Members and the community to facilitate the decision making process. Engagement of temporary resources on implementation of the new arrangements. Inclusion of budget contingencies in new parish council budgets.**
Uncertainty surrounding the Government's change agenda including business rates and welfare reform over the medium term.	**M**	**H**	**Constantly monitor information from Government and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Lobby through the LGA as appropriate.**
Budget pressures from demand led services and income variances reflecting the wider economy.	**M**	**M**	**Monitor pressures throughout the budget process and take timely actions.**
Costs arising from the triennial review of the Local Government Pension Scheme	**H**	**M**	**Review and monitor information from Government and actuaries. Update forecasts as necessary.**
Interest rate exposure on investments and borrowing.	**L**	**L**	**Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.**

RISKS	PROBABILITY HIGH MEDIUM LOW	IMPACT HIGH MEDIUM LOW	MITIGATING ACTIONS
The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.	L	M	Key assumptions made are regularly reviewed from a variety of sources. Update forecasts as necessary.
Operational			
The Council has entered into a number of strategic partnerships and contracts and is therefore susceptible to price changes.	M	H	Effective negotiation, sound governance arrangements and regular reviews of performance and partnership risks.
There is a potential risk to the Council resulting if there is a financial failure from an external organisations, providing services to the public on behalf of the Council	L	H	Ensure rigorous financial evaluations are carried out at tender stage. Follow up with annual review of the successful organisation's Accounts, and review any external auditor comments.
People			
Loss of key skills, resources and expertise.	L	L	Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through PDP are satisfied.
Regulatory			
Changes of responsibility from Government can adversely impact on service priorities and objectives.	L	L	Sound system of service and financial planning in place. Lobby as appropriate.

RISKS	PROBABILITY HIGH MEDIUM LOW	IMPACT HIGH MEDIUM LOW	MITIGATING ACTIONS
Reputation **Loss of reputation if unforeseen resource constraints result in unplanned service reductions.**	**L**	**H**	**Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.**

PARISH	2016/17 Taxbase	2017/18 Taxbase
Somerleyton, Ashby and Herringfleet	154.58	156.03
Barnby	207.52	208.20
Barsham and Shipmeadow	126.44	127.08
Beccles	3,055.52	3,108.69
Benacre	33.40	33.84
Blundeston and Flixton	428.96	435.73
Blyford and Sotherton	69.23	71.58
Brampton with Stoven	137.21	140.50
Bungay	1,547.95	1,575.36
Carlton Colville	2,595.90	2,602.69
Corton	409.02	544.34
Covehithe	10.28	10.35
Flixton, St. Cross S E and St. Margaret South Elmham	158.81	162.08
Frostenden, Uggeshall and South Cove	162.33	164.27
Gisleham	240.50	240.50
Halesworth	1,616.86	1,639.19
Henstead with Hulver Street	133.34	135.96
Holton	283.08	290.55
Homersfield	59.53	60.01
St. Andrew Ilketshall	110.04	110.26
St. John Ilketshall	20.23	19.45
St. Lawrence Ilketshall	57.45	58.39
St. Margaret Ilketshall	69.56	69.87
Kessingland	1,343.69	1,372.54
Lound	113.43	116.24
Mettingham	78.37	79.60
Mutford	178.59	180.67
North Cove	142.28	142.86
Oulton	1,177.42	1,263.76
Redisham	52.59	53.11
Reydon	1,146.46	1,157.72
Ringsfield and Weston	210.97	212.34
Rumburgh	113.02	113.82
Rushmere	32.24	32.13
Shadingfield, Sotterley, Willingham and Ellough	179.68	174.88
All Saints & St. Nicholas, St. Michael and St. Peter S E	103.16	101.86
St. James South Elmham	84.17	85.06
Southwold	1,044.25	1,052.56
Spexhall	77.18	75.81
Wangford with Henham	247.78	248.39
Westhall	128.43	129.46
Wissett	121.41	121.21
Worlingham	1,256.04	1,255.75
Wrentham	353.77	359.63
Lowestoft	15,513.57	12,173.90
Oulton Broad		3,157.50
Total	**35,386.24**	**35,625.72**

Waveney District Council
General Fund Medium Term Financial Strategy - Updated January 2017

	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	
Total Net Budget Expenditure February 2016 - Forecast	**13974**	**15287**	**15902**	**15998**	**15998**	
National Policy						**Reason for variance**
Apprenticeship levy from 17/18	0	37	37	37	38	Introduction of levy charged to all UK employers to fund apprentices
Investment income	(30)	20	20	20	20	Higher investment rates maintained for 16/17, following years impact from reduction to base rate
PWLB Interest costs	(30)	(30)	(30)	(35)	(35)	Impact from reduction to base rate
HRA contribution to interest costs	10	15	25	35	35	Impact from reduction in interest rates means the contribution from the HRA has reduced
	(50)	**42**	**52**	**57**	**58**	
Operational Requirement						**Reason for variance**
Member Training	0	0	0	15	5	New members & training towards the Member Development Charter
Customer Services Bank fees	30	30	30	30	30	Increase in online/card/Post Office payments
Britten Centre Car Park	30	30	30	30	30	Increased service charge
ARP ICT support costs	22	22	25	25	25	Ongoing IT support costs
Other net variances	(43)	18	16	(48)	51	various other smaller budget changes
Admin Buildings	99	78	71	69	77	Occupation of Cannning Rd, and additional FM Rates at Riverside Rd, partly offset by some savings from Town Hall site
Maintenance Costs Sparrows Nest/Belle Vue Park	0	23	23	23	23	Costs are part of transfer of assets and service sunder Community Governance Arrangements below
CCTV service	0	36	36	36	36	Costs are part of transfer of assets and service sunder Community Governance Arrangements below
Indoor Leisure	70	0	0	0	0	Loss of income during Bungay Pool & Gym refurbishment and loss of income from consultancy work
	208	**237**	**231**	**180**	**277**	
Community Investment						**Reason for variance**
Enabling Communities	28	25	25	25	25	New Community Enabling Fund
East Suffolk Partnership	0	50	0	0	0	WDC contribution
East Suffolk Project	0	27	39	40	41	Costs associated with the East Suffolk merger proposal
Homelessness Prevention Grant	97	97	97	98	98	The grant is now included in the overall Central Government grant pot
Devolution costs	10	0	0	0	0	Support resource
Womens Tour 2016	25	0	0	0	0	Council support for the Womens Tour
Holy Trinity Church Bungay Wall - needs urgent repair	60	0	0	0	0	Revenue cost of capital projects
Neeves Pit	20	0	0	0	0	Revenue cost of capital projects
Waveney Valley Pool	21	0	0	0	0	Revenue cost of capital projects
CCTV	72	0	0	0	0	Service review and alternative service delivery will be provided
	333	**199**	**161**	**163**	**164**	
Community Governance Arrangements						**Reason for variance**
Community Governance review (funded from Transformation reserve)	82	0	0	0	0	Associated review costs
Community Governance Arrangements	0	(1,000)	(1,000)	(1,000)	(1,000)	Transfer of assets and services
	82	**(1,000)**	**(1,000)**	**(1,000)**	**(1,000)**	

Waveney District Council
General Fund Medium Term Financial Strategy - Updated January 2017

	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	
Correction to Baseline						**Reason for variance**
Internal Audit staffing	0	0	0	77	79	Budget correction
Counter Fraud	0	0	0	52	55	Budget correction
Britten Centre Market income	40	40	40	40	40	Reduced income due to transfer
Parks & Gardens	150	150	150	150	150	Budget adjustments and service review
District Council Elections	0	0	(145)	83	0	Election costs profiled incorrect year (18/19) - moved to 19/20
Land Charges staffing	18	18	18	19	19	shared service recharge adjustment- savings to SCDC
HB Subsidy	125	(82)	(82)	(82)	(82)	Change to the methodology used to estimate the subsidy figures for budgeting purposes
	333	**126**	**(19)**	**339**	**261**	
Operational Efficiency						**Reason for variance**
Development Control staffing	(80)	(12)	(6)	(4)	0	Budget reallocation - Development Control, Planning Policy & Building Control (below) and Planning Applications (above)
Planning Policy staffing	(50)	(25)	(24)	(21)	(15)	Budget reallocation - Development Control, Planning Policy & Building Control (below) and Planning Applications (above)
Building Control staffing	(81)	(30)	(31)	(31)	(26)	Budget reallocation - Development Control, Planning Policy & Building Control (below) and Planning Applications (above)
Customer services staffing	(43)	0	0	0	0	Vacancies held during the year. Additional resource required going forward. See above.
Asset Management staffing	(62)	0	0	0	0	Team has now been restructured - see above
External Audit fees	(65)	(65)	0	0	0	Reduction in audit fees
Procurement staffing	(87)	(69)	(69)	(69)	(69)	Vacancy held ahead of restructure- see increase in contractor cost above
Legal staffing	(37)	(57)	(59)	(58)	(56)	This is now a shared service, team restructured
ICT staffing	(34)	(5)	(25)	(21)	(16)	This is now a shared service
Environmental Protection staffing	(28)	(14)	(14)	(15)	(12)	Staff redundancy
Committee Admin staffing	(48)	(44)	(43)	(44)	(43)	Vacancy saving funding Electoral Registration above
Battery Green MSCP -rental charge	(54)	(54)	(54)	(54)	(54)	Savings on rental cost
Southwold TIC	(34)	0	0	0	0	Closure of TIC a year realised earlier than anticipated
East Point Pavilion TIC	(39)	0	0	0	0	Closure of TIC a year realised earlier than anticipated
Admin building repairs and maintenance	(30)	(30)	(30)	(30)	(30)	Emergency repairs budget for previous office accommodation
Establishment vacancy allowance (2%)	(200)	(200)	(200)	(200)	(200)	Based on previous years' outturn
MRP review	(364)	(714)	(402)	(379)	(358)	Review of current financial accounting arrangements
Superannuation (Employer Contributions & Backfunding)	0	0	(155)	(210)	(207)	Actuarial triennial review
Indoor Leisure	(223)	(286)	(279)	(418)	(390)	Additional income from gym refurbishment & additional income from 19/20 re Bungay as out of contract with Pulse
HB overpayments recovered	(17)	(267)	250	250	250	Adjustment to the budget to reflect the level of HB payments recovered, contingency for 18/19 onwards
Savings contingency	214	112	102	102	102	Savings contingency
	(1,362)	**(1,760)**	**(1,039)**	**(1,202)**	**(1,124)**	

Waveney District Council

General Fund Medium Term Financial Strategy - Updated January 2017

	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	
Operational Requirement - Staffing						**Reason for variance**
Pay and incremental progressions	0	0	0	0	73	Initial roll forward of 2019/20 establishment budgets
Procurement Contractor (met from vacancy savings)	69	69	69	69	65	This cost has moved from permanent vacancy ahead of a restructure - see savings below for Procurement staffing
Electoral Registration staffing	0	26	31	34	37	Funded from Committee Admin staff saving - see below
Economic Development staffing	0	49	65	87	94	Restructuring of the team
Historic Buildings consultants	11	11	11	11	11	This is funded from a reduction in the Development Control staffing costs-see below
Planning Application staffing	144	159	161	163	165	Increased staffing, partly offset by Development Control, Planning Policy, and Building Control below
Private Sector Housing staffing	(8)	11	12	12	16	Restructuring of the team
Legal contract staffing	19	0	0	0	0	One off costs to cover vacancy in the Legal Team
Asset Management	150	150	150	150	150	Assumed savings now to be allocated towards increased capacity
Customer Services staffing	0	40	44	47	60	Two officers moved from ARP to assist with the increased number of calls
Asset Management - Consultancy	30	0	0	0	0	Additional support whilst vacancy held for Head of Operations
Asset Management staffing	0	30	37	40	47	Restructuring of the team and now a shared service
Caravan and Camping staffing	49	57	23	23	24	Includes Southwold harbour fixed term post for two years
	464	**602**	**603**	**636**	**742**	
Additional Income						**Reason for variance**
WN - fuel rebate	(44)	0	0	0	0	Additional income
WN managed income	180	(327)	(347)	(367)	(367)	In line with new MTFS
Lowestoft Caravan Park (Tingdene)	(149)	0	0	0	0	Additional income
Private Sector Leasing	(15)	(15)	(15)	(15)	(15)	Additional net income
Green Waste income	(493)	(493)	(493)	(493)	(493)	Higher take up of the scheme
Additional Government Grant funding	(82)	(66)	0	0	0	DWP for UC, transparency code, NHB returned funding
Seafront Assets	0	(105)	(105)	(105)	(105)	New beach developments
Seafront Assets	0	0	(250)	(250)	(250)	Move to lease model (beach huts)
HB and LCTS Admin Grant	(49)	(8)	0	0	0	Admin grant due higher than original expected
	(652)	**(1,014)**	**(1,210)**	**(1,230)**	**(1,230)**	
Partnership						**Reason for variance**
WN partnership fee	50	(231)	(335)	(384)	(291)	Operational savings target with no reduction to services
WN profit share	(55)	(20)	(40)	(60)	(60)	Increased in line with new MTFS
ARP partnership fee	(54)	(80)	(166)	(160)	(160)	Cost savings across the partnership and increased bailiff income
	(59)	**(331)**	**(541)**	**(604)**	**(511)**	
Total	**13,271**	**12,388**	**13,140**	**13,337**	**13,635**	

Waveney District Council

General Fund Medium Term Financial Strategy - Updated January 2017

	Budget 2016/17 £'000	Forecast 2017/18 £'000	Forecast 2018/19 £'000	Forecast 2019/20 £'000	Forecast 2020/21 £'000	
Reserves and Contingencies						**Reason for variance**
In-Year Savings reserve	0	(500)	0	0	0	Use of in-year savings from previous year
Transfer to Short Life Asset reserve	69	140	135	106	128	IT costs for mobile working
Transfer from Repairs and Maintenance reserve	(80)	0	0	0	0	Reserve no longer required
Transfer from Transformation reserve	(82)	(27)	0	0	0	Community Governance Arrangements, East Suffolk merger proposal
Transfer from District Elections reserve	0	0	0	(65)	0	To support Election costs
Transfer from Planning and Building Control	100	0	0	0	0	Transfer not required
Transfer from Business Rate Equalisation reserve	0	(55)	0	0	0	Transfer to meet Business Rates income budget adjustments
Total movement in reserves	**7**	**(442)**	**135**	**41**	**128**	
Total Budget Expenditure after Reserve Movements	**13,278**	**11,946**	**13,275**	**13,378**	**13,763**	
Core External Funding						
New Homes Bonus Allocation Received	(1,708)	(1,225)	(610)	(342)	(233)	
Revenue Support Grant	(2,018)	(1,296)	(836)	(322)	(322)	
Net Business Rates Income	(3,346)	(3,293)	(3,391)	(3,493)	(3,598)	
Retained Business Rates - Renewables	(244)	(365)	(208)	(214)	(220)	
Business Rates - Suffolk Pool Benefit	(276)	(150)	(150)	(150)	(150)	
Section 31 Grant (Business Rates)	(738)	(885)	(911)	(939)	(967)	
Collection Fund Deficit / Surplus - Business Rates	657	966	0	0	0	
Council Tax Base	(5,225)	(5,406)	(5,609)	(5,819)	(6,037)	
Council Tax Base increase (0.05%)	0	(27)	(28)	(29)	(30)	
Council Tax Increase of £4.95	(170)	(176)	(182)	(189)	(196)	
Collection Fund Surplus - Council Tax	(210)	(89)	0	0	0	
Total Core External Funding	**(13,278)**	**(11,946)**	**(11,925)**	**(11,497)**	**(11,754)**	
Reported Budget Gap	**0**	**0**	**1,350**	**1,881**	**2,009**	

Waveney District Council
General Fund MTFS Key Movements and Variances

	£'000
Budget Requirement 2016/17 (February 2016)	**10,825**
Unavoidable Growth/Pressures	
Admin Buildings	99
ARP ICT support costs	22
Asset Management	150
Asset Management - Consultancy	30
Britten Centre Car Park service charge	30
Britten Centre Market income	40
Caravan and Camping staffing	49
CCTV - service review & alternative service delivery	72
Costs associated with Community Governance review	82
Customer Services Bank fees	30
Enabling Communities	28
HB Subsidy	125
Holy Trinity Church Bungay Wall	60
Homelessness Prevention Grant	97
Indoor Leisure income	70
Land Charges staffing	18
Legal contract staffing	19
Neeves Pit	20
Other net variances	51
Parks & Gardens	150
Planning Application staffing	144
Procurement Contractor (met from vacancy savings)	69
Waveney Valley Pool	21
Waveney Norse managed income	180
Waveney Norse partnership fee	50
Womens Tour 2016	25
Savings/Efficiencies	
Admin building repairs and maintenance	(30)
Battery Green MSCP -rental charge	(54)
Committee Admin staffing	(48)
Development Control staffing	(80)
East Point Pavilion TIC	(39)
Establishment vacancy allowance (2%)	(200)
Planning Policy staffing	(50)
Asset Management staffing	(62)
Building Control staffing	(81)
Customer services staffing	(43)
Environmental Protection staffing	(28)
External Audit fees	(65)
ICT staffing	(34)
Indoor Leisure	(223)

Waveney District Council
General Fund MTFS Key Movements and Variances

Savings/Efficiencies	**£'000**
Legal staffing	(37)
Minimum Review Provision (MRP) review	(364)
Procurement staffing	(87)
PWLB Interest costs	(30)
Southwold TIC	(34)
Saving targets	214
Additional Income	
Additional Government Grant funding	(82)
ARP partnership fee	(54)
Green Waste income	(493)
HB and LCTS Admin Grant	(49)
Investment income	(30)
Lowestoft Caravan Park (Tingdene)	(149)
Waveney Norse - fuel rebate	(44)
Waveney Norse profit share	(55)
Reserves	
Transfer from Business Rates Equalisation Reserve	700
Transfer from Repairs and Maintenance Reserve	(80)
Transfer from Transformation Reserve	(82)
Transfer to Short Life Asset Reserve	69
Budget Requirement 2016/17 (January 2017)	**10,832**

Waveney District Council
General Fund MTFS Key Movements and Variances

	£'000
Budget Requirement 2016/17 (Original Budget)	**10,825**
Unavoidable Growth/Pressures	
Admin Buildings	78
Apprenticeship levy from 17/18	37
ARP ICT support costs	22
Asset Management	150
Britten Centre Car Park	30
Britten Centre Market income	40
Caravan and Camping staffing	57
CCTV Service	36
Customer Services Bank fees	30
Customer Services staffing	53
Economic Development staffing	57
Enabling Communities	25
HB Admin Grant	56
Homelessness Prevention Grant	97
Investment income	20
Maintenance Costs - Sparrows Nest/Belle Vue Park	23
New Homes Bonus	475
Other net variances	59
Parks & Gardens	150
Planning Application staffing	159
Procurement Contractor (met from vacancy savings)	69
PWLB Interest costs	10
Rent Rebates (HB Subsidy)	135
Superannuation - Triennial review	115
Community Governance Review	(1,000)
Savings/Efficiencies	
Admin building repairs and maintenance	(30)
ARP partnership fee	(66)
Battery Green MSCP -rental charge	(54)
Building Control staffing	(25)
Committee Admin staffing	(40)
Establishment vacancy allowance (2%)	(200)
External Audit fees	(65)
Legal staffing	(54)
MRP review	(783)
Procurement staffing	(67)
Saving targets	112

Waveney District Council
General Fund MTFS Key Movements and Variances

	£'000
Additional Income	
Additional Government Grant funding	(66)
Green Waste income	(493)
Seafront Assets	(105)
Section 31 Grant	(147)
Waveney Norse managed income	(263)
Waveney Norse profit share	(20)
Reserves	
Transfer from In-Year Savings Reserve (17/18)	(500)
Transfer from Business Rates Equalisation Reserve (16/17)	645
Transfers from Planning and Building Control Reserve (16/17)	100
Transfer from Short Life Asset Reserve	96
Transfer to Short Life Asset Reserve	53
Budget Requirement 2017/18	**9,836**

Waveney District Council
General Fund Revenue Budget Summary

	2016/17 Original £	2016/17 Revised £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £
Community Health & Safety						
CCTV	245,000	317,100	0	0	0	0
Community Safety	74,200	73,800	76,900	77,100	77,600	78,200
Emergency Planning	55,000	54,900	56,600	56,700	56,900	57,300
Food & Safety	389,200	386,800	412,300	422,700	429,900	434,400
Footway Lighting	129,800	119,800	126,200	132,400	134,600	135,700
Licencing	(15,300)	(14,200)	(9,600)	(7,300)	(6,100)	(8,400)
Taxi Licensing	15,200	16,100	19,300	20,100	20,600	21,100
Community Health & Safety Total	**893,100**	**954,300**	**681,700**	**701,700**	**713,500**	**718,300**
Customers & Communities						
Community Development	195,800	196,700	209,100	211,300	213,700	215,600
Revenue Grants	140,800	166,100	164,300	167,300	170,300	170,800
Customers & Communities Total	**336,600**	**362,800**	**373,400**	**378,600**	**384,000**	**386,400**
Housing						
Homelessness	458,100	480,700	492,600	516,900	517,500	523,600
Housing Advances	8,300	8,300	0	0	0	0
Housing Benefits Admin	636,400	477,600	615,000	656,600	671,100	676,300
Housing Strategy	27,900	63,300	67,000	63,300	64,700	59,600
Private Sector Housing	306,600	225,900	258,400	263,500	268,100	272,400
Rent Allowances	(85,200)	(126,700)	(320,900)	196,500	196,500	196,500
Rent Rebates	0	152,700	135,100	135,100	135,100	135,100
Housing Total	**1,352,100**	**1,281,800**	**1,247,200**	**1,831,900**	**1,853,000**	**1,863,500**
Leader						
Corporate Management	54,000	88,200	74,900	43,400	45,100	45,500
Democratic Services	835,500	814,300	820,000	828,700	853,300	825,000
Electoral Services	338,600	367,500	462,100	469,200	492,200	477,500
Legal	0	0	0	0	0	0
Leader Total	**1,228,100**	**1,270,000**	**1,357,000**	**1,341,300**	**1,390,600**	**1,348,000**
Operational Partnerships & Lowestoft Rising						
Cemeteries	70,800	162,600	99,400	102,500	105,100	108,700
Environmental Protection	456,300	442,700	469,200	477,900	481,100	485,100
Markets	(26,100)	23,800	12,700	13,600	14,300	14,700
Parking Services	(687,100)	(723,800)	(982,500)	(972,700)	(950,400)	(916,200)
Public Conveniences	374,200	423,800	361,000	366,000	371,600	376,600
Residents Parking	2,000	2,000	(4,100)	(3,800)	(3,600)	(3,100)
Street Scene	747,700	767,900	743,900	754,500	773,200	779,700
Waste Management	2,252,900	1,985,200	1,749,600	1,742,300	1,913,200	2,038,000
Operational Partnerships & Lowestoft Rising Total	**3,190,700**	**3,084,200**	**2,449,200**	**2,480,300**	**2,704,500**	**2,883,500**
Planning & Coastal Management						
Building Control	111,300	174,200	292,900	299,900	306,400	306,600
Development Control	468,900	413,850	566,700	581,000	593,800	603,100
Drainage & Coastal Management	1,416,700	1,409,000	1,742,700	2,064,500	2,324,900	2,336,200
Footpaths	2,000	2,200	1,700	1,700	1,800	1,100
Planning Development & Policy	573,700	528,600	566,200	577,500	586,700	594,800
Planning & Coastal Management Total	**2,572,600**	**2,527,850**	**3,170,200**	**3,524,600**	**3,813,600**	**3,841,800**

Waveney District Council
General Fund Revenue Budget Summary

	2016/17 Original £	2016/17 Revised £	2017/18 Budget £	2018/19 Budget £	2019/20 Budget £	2020/21 Budget £
Resources & Welfare Reforms						
Corporate Management	522,200	496,700	521,100	580,700	563,700	560,200
Council Tax	381,000	441,000	525,900	544,400	556,300	564,400
Council Tax Benefits Admin	947,200	860,000	878,700	917,300	939,500	953,700
Direct Revenue Financing	605,000	815,000	529,000	550,000	700,000	600,000
Interest Payable	660,000	630,000	650,000	665,000	675,000	675,000
Interest & Investment Income	(200,000)	(230,000)	(180,000)	(180,000)	(180,000)	(180,000)
Land Charges	(34,100)	(16,300)	(13,800)	(13,200)	(12,800)	(12,400)
Management & Support	189,500	50,900	154,300	154,500	162,600	225,700
Miscellaneous Property	(336,300)	(302,100)	(291,600)	(291,200)	(288,100)	(287,500)
NNDR	(116,700)	(158,400)	(156,900)	(154,200)	(153,000)	(152,400)
S31 Grant	(738,000)	(738,000)	(885,000)	(911,000)	(939,000)	(967,000)
New Homes Bonus	(1,700,000)	(1,708,500)	(1,225,000)	(610,000)	(342,000)	(233,000)
Non-Service Area Specific Grants	(97,300)	(7,700)	0	0	0	0
Partnership Profit Share	(240,000)	(295,000)	(260,000)	(280,000)	(300,000)	(300,000)
Other Financial Transactions	(1,133,800)	(909,900)	(1,307,700)	(1,383,700)	(1,656,600)	(1,613,400)
Precepts & Levies	22,400	24,900	24,900	24,900	24,900	24,900
Reserves	(822,500)	(431,200)	(518,000)	75,000	(104,000)	18,000
Resources & Welfare Reforms Total	**(2,091,400)**	**(1,478,600)**	**(1,554,100)**	**(311,500)**	**(353,500)**	**(123,800)**
Tourism, Economic Development & Rural Affairs						
Active Sports	0	25,500	0	0	0	0
Arts, Heritage & Museums Development	40,500	40,200	30,600	31,400	32,200	32,400
Beach Chalets & Shops	41,000	17,100	(54,400)	(299,600)	(295,300)	(295,800)
Beach Management	44,400	49,100	42,700	42,900	43,100	43,400
Caravan & Camping Sites	(327,600)	(421,600)	(234,100)	(264,600)	(260,500)	(258,500)
Concessions	(72,600)	(58,000)	(21,600)	(14,500)	(7,500)	(7,500)
East Point Pavilion	79,300	25,200	20,700	21,100	21,500	21,700
Economic Regeneration	798,900	906,700	937,000	898,600	907,300	915,900
Events	(4,100)	(10,600)	0	0	0	0
Harbours & Yacht Stations	54,300	42,100	79,900	82,800	84,900	86,400
Indoor Leisure	932,700	281,300	126,200	125,900	(12,100)	16,800
Industrial Estates	(341,100)	(330,100)	(316,900)	(308,200)	(300,300)	(298,900)
Leisure Development	128,700	129,800	130,100	130,200	130,400	130,600
Marina Theatre	199,900	208,800	42,100	39,300	39,500	39,700
Outdoor Leisure	9,000	28,250	14,200	14,700	15,000	15,100
Parks & Gardens	1,472,600	1,635,200	1,085,000	1,083,000	988,900	998,400
Playing Fields & Sports Grounds	55,000	56,200	37,500	38,900	39,100	39,600
Tourism Development	180,700	177,500	178,000	171,100	151,200	152,400
Tourist Information	51,800	27,200	14,100	14,100	14,200	14,300
Tourism, Economic Development & Rural Affairs Total	**3,343,400**	**2,829,850**	**2,111,100**	**1,807,100**	**1,591,600**	**1,646,000**
Net Budget Requirement	**10,825,200**	**10,832,200**	**9,835,700**	**11,754,000**	**12,097,300**	**12,563,700**
Financed By:						
Revenue Support Grant	(2,018,200)	(2,018,200)	(1,295,700)	(836,000)	(322,500)	(322,500)
Council Tax	(5,395,000)	(5,395,000)	(5,609,000)	(5,819,000)	(6,037,000)	(6,264,000)
Council Tax Surplus	(210,000)	(210,000)	(89,000)	0	0	0
Business Rates*	(3,202,000)	(3,209,000)	(2,842,000)	(3,749,000)	(3,857,000)	(3,968,000)
	(10,825,200)	**(10,832,200)**	**(9,835,700)**	**(10,404,000)**	**(10,216,500)**	**(10,554,500)**
Reported Budget Gap	**0**	**0**	**0**	**1,350,000**	**1,880,800**	**2,009,200**

* It should be noted that with the introduction of 100% Business Retention in 2019/20 (or 2020/21), these figures are indicative based on the current system.

Waveney District Council Reserves
2016/17 to 2012/21

	Closing Balance 31/03/16	BUDGET 2016/17 Movements Transfers In	Transfers Out	Closing Balance 31/03/17	BUDGET 2017/18 Movements Transfers In	Transfers Out	Closing Balance 31/03/18	BUDGET 2018/19 Movements Transfers In	Transfers Out	Closing Balance 31/03/19	BUDGET 2019/20 Movements Transfers In	Transfers Out	Closing Balance 31/03/20	BUDGET 2020/21 Movements Transfers In	Transfers Out	Closing Balance 31/03/21
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue Balances:																
General Fund	4,159			4,159			4,159			4,159			4,159			4,159
General Fund Balance	*4,159*	*0*	*0*	*4,159*	*0*	*0*	*4,159*	*0*	*0*	*4,159*	*0*	*0*	*4,159*	*0*	*0*	*4,159*
Earmarked Reserves - Revenue:																
Actuarial Contributions	173		(10)	163			163			163			163			163
Benefit Verification	253			253			253			253			253			253
Business Rate Equalisation	1,476			1,476		(55)	1,421			1,421			1,421			1,421
Community Development & Safety	60		(2)	58			58			58			58			58
Community Health	107		(85)	22		(8)	15			15			15			15
Community Housing Fund	0	343		343			343			343			343			343
Customer Services	34			34			34			34			34			34
District Elections	190	60	(50)	200	60		260	60		320	60	(65)	315	60		375
Economic Development/Regeneration	64		(39)	148			148			148			148			148
Enterprise Zone	172		(29)	61			61			61			61			61
Flood Prevention	37		(21)	16			16			16			16			16
Homelessness	87		(15)	72		(16)	56	8		63	7		70	6		75
Housing Benefit Administration	75	58		133			133			133			133			133
House Condition Survey	30			30		(25)	5			5			5			5
In-Year Savings	500			500		(500)	0			0			0			0
Land Charges	135			135			135			135			135			135
Lowestoft Ogogo	43	17		60	10		70		(70)	0			0			0
Major Projects - AAP	141		(83)	17		(16)	1			1			1			1
Municipal Mutual Insurance	56			56			56			56			56			56
NDR - Administration	14		(14)	0			0			0			0			0
New Homes Bonus	1,079	1,700	(1,700)	1,079	1,225	(1,225)	1,079	610	(610)	1,079	342	(342)	1,079	233	(233)	1,079
Planning & Building Control	402			402			402			402			402			402
Planning Policy	236			236			236			236			236			236
Private Sector Housing	15	9		24			24			24			24			24
Rent Guarantee	30			30		(20)	10			10			10			10
Repairs & Maintenance	80		(80)	0			0			0			0			0
Southwold Beach Huts	243		(35)	208			208			208			208			208
Transformation	333	7	(157)	183		(102)	81			81			81			81
Earmarked Reserves - Revenue sub-total	6,065	2,194	(2,320)	5,939	1,295	(1,967)	5,267	678	(680)	5,265	409	(407)	5,267	299	(233)	5,332
Earmarked Reserves - Capital:																
Coast Protection	156	0	0	156	0	0	156	0	0	156	0	0	156	0	0	156
Short Life Assets	361	637	(815)	183	621	(509)	295	625	(550)	370	596	(700)	266	618	(600)	284
Earmarked Reserves - Capital sub-total	*517*	*637*	*(815)*	*339*	*621*	*(509)*	*451*	*625*	*(550)*	*526*	*596*	*(700)*	*422*	*618*	*(600)*	*440*
Total Earmarked Reserves	6,582	2,831	(3,135)	6,278	1,916	(2,476)	5,718	1,303	(1,230)	5,791	1,005	(1,107)	5,689	917	(833)	5,772