



PART B:	RECOMMENDATIONS TO COUNCIL
REPORT TO:	POLICY AND RESOURCES COMMITTEE
DATE:	15 NOVEMBER 2018
REPORT OF THE:	CHIEF FINANCE OFFICER (s151) ANTON HODGE
TITLE OF REPORT:	RYEDALE'S FINANCIAL STRATEGY 2018-23
WARDS AFFECTED:	ALL

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

- 1.1 This report provides an update to members on progress towards refreshing the Council's Financial Strategy.

2.0 RECOMMENDATIONS

- 2.1 The Committee is asked to note the contents of this report, and in particular to note that it will continue to develop over the next few weeks as part of the timescales set out in Appendix 1. The committee is also asked specifically to note or comment on the assumptions made so far regarding:

- Confirmation of the Objective of the Financial Strategy (6.7)
- The preparation of 'best', 'mid' and 'worst' scenarios for future consideration by Members (6.8)
- Interest rates (7.1)
- Pay and Price Inflation (7.3 – 7.4)
- Transitional Grant (7.6)
- Business Rates (7.9 – 7.11)
- New Homes Bonus (7.15)
- Specific Grants (7.19)
- Council Tax (7.20 – 7.23)
- Service income (7.25)
- Pension Arrangements (7.27)
- Debt Charges (7.30 – 7.31)
- General Balances (7.32 – 7.33)
- Earmarked Reserves (7.35)
- Costs and income (section 8)

3.0 REASON FOR RECOMMENDATIONS

- 3.1 This report sets out some of the detail relating to work already undertaken in relation to issues that will impact on the Council's financial strategy. It also reminds members of the proposed timescale and plans for formal approvals and other proposals regarding ongoing budget monitoring.

4.0 POLICY CONTEXT AND CONSULTATION

4.1 The 2018-19 budget strategy was approved at Council in July 2017 and is a key document affecting all service delivery, linking to the Council Plan and all of the strategic plans as well as providing the means for attaining the Council's objectives and priorities.

REPORT

5.0 REPORT DETAILS

5.1 The remainder of this report is split into the following sections:

- Section 6 – Background
- Section 7 – Update on Financial Assumptions
- Section 8 – Revenue Budget Outlook 2019-20 to 2021-22
- Section 9 – Savings
- Section 10 – Capital Programmes
- Section 11 – Conclusions

6.0 BACKGROUND

6.1 This paper presents a refreshed Medium Term Financial Strategy to supplement the version that was approved by Council as part of the budget in February 2018. It considers the budget pressures and issues facing the Council over the next 3 years and beyond. It provides the framework for the forthcoming budget round and the longer term outlook to inform funding and investment decisions.

6.2 The Government's proposals for a reviewed Local Government funding system are emerging but there is still much to be settled. A number of consultations have taken place and the latest closed on 18th September, with the closing date for the next round of Business Rates Pool pilots a week later. We continue to await the outcome of the consultations on the fairer funding review to throw further light on the outlook for public sector finances.

6.3 As this strategy is being written, the impacts on public sector finances of the UK's exit from the European Union are still not clear.

6.4 The outlook for the devolution agenda also remains uncertain and at this stage the financial implications of devolution for Ryedale are not known and therefore cannot be taken into account in this refresh. It will be important to understand the on-going implications as part of any future decisions on forming a combined authority with other partners should this ultimately be an option.

6.5 Against this backdrop of uncertainty the key drivers for the financial strategy remain unchanged as the pressure on Local Government finance continues.

6.6 With this refresh comes the emphasis on financial self-sufficiency - aiming to secure the resources necessary to deliver the Corporate Plan, whilst managing the funding cuts we are facing – ultimately over the long term achieving a self-sustaining financial model which sees the Council free from reliance on central government funding by raising income locally through Council Tax and Business Rates as well as through charging appropriately for services, maximising investments and commercial activity.

6.7 Accordingly, the Financial Strategy seeks to achieve the following objectives:

1. Budgets are Prudent and Sustainable in the Long Term;
 2. Financial plans recognise corporate Priorities and Objectives;
 3. Significant risks are identified, and mitigation factors identified;
 4. The Capital Programme is planned over a 4 year period with no further borrowing planned beyond the £1.75m already undertaken for the Brambling Fields project;
 5. Constraints on capital and revenue resources, including the uncertainties around future government funding, are recognised and taken into account;
 6. Council Tax increases will be kept within the Government's expected upper level of increase, and the broad anticipated increase for future years will be set out within the Financial Plans, recognising that these increases may be subject to change;
 7. Prudent levels of general balances, reserves and contingencies are maintained in the context of an assessment of the risks facing the Council;
 8. Value for Money and achievement of improved efficiency and service delivery underpin the Financial Strategy;
 9. The Financial Strategy supports the achievement of Excellence in Financial Management and use of resources.
- 6.8 To support this paper and due to the expected volatility within the General Fund, three scenarios ('best', 'mid' and 'worst' case) are being prepared to cover the next 5 years from 2019-20 to 2023-24.

7.0 Update on financial assumptions

Economic Assumptions

Interest Rates

- 7.1 The bank base rate was increased by 0.25% to 0.5% in November 2017 and then raised again to 0.75% in August 2018. In the latest forecasts received from Link (the Council's treasury management advisors), rates are expected to rise steadily over the next few years. Forecast returns have been updated to reflect the latest profile.

Investment Income	2018-19	2019-20	2020-21	2021-22
Average rate %	0.75%	1.1%	1.25%	1.35%
Interest£000's	145	198	225	243

- 7.2 Rates will be kept under review and forecasts updated as necessary.

Pay and Price Inflation

- 7.3 Provision for the public sector pay award and changes to the NJC pay scale has been included within the MTFs based on the 2 year offer agreed in 2018. For 2020-21 onwards 2% is assumed.
- 7.4 As at May 2018 CPI inflation was running at 2.4% in contrast to average weekly earnings which rose by 2.5% in the 3 months to April 2018. The Bank of England forecast CPI to decline through 2018 to 2020, to just above their 2% target. However,

it remains to be seen how the UK's exit from the European Union will impact on the outlook for the economy and inflation. Given the continued cuts to central Government funding, the MTF5 assumption on inflation has been maintained at up to 3%.

Settlement Funding

- 7.5 This element of funding has seen the most significant changes in recent years following the localisation of Business Rates and Council Tax Support.
- 7.6 The 2017-18 Local Government Finance Settlement provided figures for Settlement funding through to 2019-20. Settlement Funding includes Revenue Support Grant (RSG) and Business Rates Baseline Funding (BRBF). In addition Rural Services Delivery Grant (RSDG) and Transitional Grant (TG) were included in the settlement. The Government has confirmed its intention to honour the multi-year settlement in its final year and has consulted on negative RSG (tariff adjustment), suggesting this may be removed from the 2019-20 settlement. At this stage it is assumed that this will be rolled into the new settlement from 2020-21 so any benefit is assumed to be for one year only.

Local Government Finance Settlement February 2018	2015-16 £000's	2016-17 £000's	2017-18 £000's	2018-19 £000's	2019-20 £000's	2020-21 £000's*
RSG	1,315	763	378	143	0	0
BRBF	1,487	1,500	1,531	1,576	1,611	1,643
Tariff adjustment					-120	-122
SFA	2,802	2,263	1,909	1,719	1,611	1,521
RSDG	109	568	459	572	459	0
TG	0	25	25	0	0	0
Total	2,911	2,856	2,393	2,291	2,070	1,521

**Multi-Year Settlement runs to 2019-20 – 2020-21 Estimated and inflationary rises assumed thereafter*

- 7.7 Subject to the removal of negative RSG, the settlement shows a funding reduction of approximately £840k from 2015-16 to 2019-20 with RSG being completely phased out over the period.
- 7.8 The Government has provided a multi-year settlement (2017-18 – 2019-20) to Local Authorities although has reserved the right to alter the figures due to unforeseen circumstances or 'shocks' in the system. The strategy assumes that the settlement stands but clearly this presents a risk.

Business Rates Retention

- 7.9 The Council is currently part of the 50% North Yorkshire Business Rates Pool and with business rates above our baseline funding level we retain our share plus a pool dividend (a share of the Government's levy foregone, across the pool).
- 7.10 The Government has announced a further pilot for Business Rates Retention (75% rather than 100%) prior to the system reset due from 2020-21. Work has been done to assess the issues and impacts with colleagues within the potential pilot (West Yorkshire, City of York and North Yorkshire Councils) and a bid for 75% pilot status was submitted on 25 September. The estimated benefit for Ryedale is £130k over and above the current benefits from the 50% pool. Should the application be successful, it is assumed the impacts will be for one year only and as such will not be included within

the Council's base budget assumptions. Our forecasts take account of the 2017 revaluation and latest intelligence on appeals:

Business Rates Income	2018-19 £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's
Baseline Funding	1,576	1,611	1,521	1,551
Share of growth	434	458	100	200
Pool dividend	256	320	50	100
Renewable energy	31	32	0	0
Total	2,297	2,421	1,671	1,851

- 7.11 These forecasts include reasonable provision for appeals but due to the potential volatility within the system they should be treated with caution. Any additional growth will be factored into our plans once a clear trend can be established and decisions on future allocations will need to be taken in light of the overall funding available and risk at that time.

New Homes Bonus

- 7.12 New Homes Bonus (NHB) is an incentive scheme which rewards housing growth. The scheme is funded partly by the Government and also by top-slicing the Local Government funding settlement. Ryedale achieved £1.676m p.a. when the scheme reached maturity for 2016-17 (year 6 of the scheme).
- 7.13 However, the Government's evaluation of NHB and consultation early in 2016 resulted in it being scaled back to a 4 year scheme with a 0.4% growth threshold – for 2018-19 £964k is expected.
- 7.14 New Homes Bonus funding is only secured to 2019-20 and latest intelligence suggests that this scheme will be replaced in its entirety from 2020-21 with the Government considering alternative ways to incentivise housing growth. Assuming a prudent level of growth in 2019-20 New Homes Bonus forecasts are:

New Homes Bonus	2018-19 £000's	2019-20 £000's	2020-21 £000's
Year 5	260		
Year 6	289	289	
Year 7	210	210	0
Year 8	205	205	0
Year 9		196	0
Total	964	900	0

- 7.15 Given the uncertain nature of NHB it is not advisable to rely on this to support the revenue budget and therefore the mid-case scenario presented to members for discussion will assume that the balance of NHB after applying £188k to fund capital expenditure, is transferred to reserves next year to help mitigate the risk of loss should the scheme ultimately be brought to a close:

New Homes Bonus	2018-19 £000's	2019-20 £000's	2020-21 £000's
Revenue	0	0	0
Capital	188	188	0
Balance to reserves	776	712	0
Total	964	900	0

- 7.16 Growth in receipts above these levels is currently assumed to be allocated to the New Homes Bonus Reserve.
- 7.17 The previous MTFs assumed that a growing proportion of NHB would be needed to support the revenue budget (£426k in 2019-20, £586k in 2020-21 and £642k in 2021-22) so cessation of the scheme would add a pressure to the Council's financial outlook.

Special and Specific Grants

- 7.18 The Council is in receipt of a number of additional grants for 2018-19 which may continue into the future. For 2019-20 the Local Government Finance Settlement included the following which are assumed to continue to 2020 in line with the multi-year finance settlement:

Specific Grants	2018-19 £000's	2019-20 £000's	2020-21 £000's	2021-22 £000's
New burdens – CTS Admin	50	49	0	0
Total	50	49	0	0

- 7.19 Future funding is dependent upon the outcome of the new Business Rates Retention system - beyond 2020 it is assumed that these will be rolled into Business Rates funding. These grants are not ring-fenced.

Council Tax

- 7.20 A Council Tax Base of 21,581 is estimated for 2018-19 with a 1% rise forecast thereafter. Every 0.5% increase above this level would add approximately 108 Band D equivalents to our Tax Base which equates to around £21k p.a. at the current Band D charge.
- 7.21 The latest indications from central Government are that they are minded to allow district councils to increase their Band D charge by 3% or £5 whichever is the highest, without triggering a referendum and our current workings will include – for the illustration below – a £5 p.a. increase is used for 2019-20.
- 7.22 A £5 increase would equate to an increase of 2.62% or 10p per week for 2019-20:

	2018-19	2019-20
Tax Base with 1% growth	21,581.37	21,797.18
Band D Charge £	190.82	195.82
% Increase	2.56	2.62
Council Tax Income £000's	4,118	4,267

- 7.23 Should the Council wish to consider an alternative policy on Council Tax:
- a 3% increase would take the Band D charge to £196.55 (an increase of £5.73) and raise an additional £16k in 2019-20 - £84k over the life of the MTFs, if we assume a maximum increase in future years of 1.99%;
 - a freeze in 2019-20 would reduce income by £109k – a loss of circa £579k over the life of the MTFs, if we assume a maximum increase in future years of 1.99%

Service Income

- 7.24 The Council approved a Commercialisation and Income Policy in February 2018 which established full cost recovery as the minimum for all discretionary charges. A review of fees and charges is planned as part of our savings programme.
- 7.25 This strategy assumes that service income raised through discretionary fees and charges will increase in line with inflation although opportunities to maximise income will be sought as part of our overall approach to savings and efficiency – currently a £11k target for additional income is included within our approved savings plan for 2018-19. Prescribed planning fees increased by 20% from 17 January 2018. Other grants and subsidies are assumed to remain flat – any subsequent reductions will be managed within the overall base budget/savings requirement.
- 7.26 The table below shows the main service related income streams:

Service Income	2017-18 Actual £'000	2018-19 Estimate £'000	2019-20 Projection £'000	2020-21 Projection £'000	2021-22 Projection £'000
Court Fees Summon Costs	81	56	67	69	70
Local Land Charges	84	88	89	91	93
Waste Collection & Recycling	1,486	1,462	1,401	1,429	1,457
Regulatory Services	253	197	201	205	209
Planning	636	462	512	512	512
Economic Development	55	77	79	80	82
Parking Services	765	903	868	886	903
Lifeline Services	236	226	231	235	240
Other Rent Income	0	73	74	76	77
Miscellaneous Fees & Charges	187	182	176	179	183
Total Service Income	3,783	3,726	3,698	3,762	3,827
Income Growth included in MTFS update:					
Council Tax Recovery Costs		10			
Planning Income		50			
Car Parking Income		-53			
Garden Waste / Recycling credits		-90			
Market Rent Income		-10			
Total Target Income	3,783	3,633	3,698	3,762	3,827

Pension Assumptions

- 7.27 The Council's employers' contribution rate for the North Yorkshire Pension Fund is set every 3 years based upon actuarial assumptions and investment expectations. Like many other Councils Ryedale's pension fund has a historic deficit - £6.472m at 31 March 2016 when the last valuation was undertaken. The employers' rate is designed to cover future service costs and a contribution towards the historic deficit, which aims to balance the fund over the long term. Changes to the scheme benefits have also been introduced in order to reduce the costs of future pension payments. The next valuation is due as at 31 March 2019 – any subsequent increases in rates will be incorporated into our forecasts once they are known.

Debt Charges Assumptions

- 7.28 Management of the Council's debt is governed by the Treasury Management Strategy and Prudential Indicators which aim to ensure the Council's capital expenditure plans are prudent, affordable and sustainable, with decisions on borrowing taken in light of spending plans and available funding, cash flow needs and interest rates (current and future forecasts).
- 7.29 Borrowing enables the Council to spread the cost of capital expenditure over time. Generally speaking it gives rise to 2 charges against the revenue budget: Minimum Revenue Provision (MRP) and interest payable on debt.
- 7.30 MRP is an amount set aside to repay debt in accordance with the approved policy within the Treasury Management Strategy. The current policy is to charge MRP for assets included within the debt liability over the useful life of the asset or finance lease term. The current annual charge to General Fund balances is £35k. Given the high level of reserves held by the Council, one option might be to use these and therefore reduce the charge to the revenue budget. It is suggested that this is explored before finalising the 2019-20 budget.
- 7.31 The Council has resolved to fund the current capital programme through the use of grant funding and reserve balances, thus removing the need to borrow. However, should this position change, the current environment of low returns on cash investments means that it is more favourable to borrow internally (i.e. use available cash earmarked for future spend) than take out new external borrowing. This will be kept under review as part of monitoring the Council's Treasury activities.

Reserves and Balances Assumptions

General Balances

- 7.32 In accordance with the current strategy it is assumed that General Balances are **not** used to support the revenue budget.
- 7.33 General Balances are funding of last resort. Taking account of the size of the Council's revenue budget and risks being managed, a minimum working balance of £1m would seem appropriate.

Earmarked Reserves

- 7.34 The following sets out the rationale for each reserve and some initial assumptions for the future
- 7.35 A further detailed review will be undertaken as part of the budget process before final decisions are taken. The initial figures shown are as at 1 April 2018:
- **Capital Fund (£2,929k)** – this holds the resources from the revenue stream of funding to be applied to the capital programme. Expected movements in 2018-19 are shown below, with an initial **expected balance at 31 March 2019 of £4,486k**:
 - £100k contribution from revenue budget
 - £188k from NHB income
 - £2.5m from NHB reserve for Ryedale Hub
 - £1,231k initial funding of projects from reserves (although current estimates show that all of this is unlikely to be required)

- **Collection Fund Equalisation Reserve (£506k)** – this reserve currently evens out the financial impact of the Business Rates Retention System. Going forward it is assumed that additional receipts received above the previous MTFS assumptions will be transferred to this reserve for draw down in future years to balance the revenue budget after allowing for planned savings, should this be required. The mid-case scenario shows contributions of £1.438m over 2018-19 and 2019-20 and subsequent drawdown of £1.08m for 2020-21 to 2023-24. Contributions and drawdowns are subject to the actual receipts achieved following the system reset from 2020-21.
- **Ryedale Development Fund (£94k)** – this reserve was established from the balance of the 2012-13 New Homes Bonus. The fund offers financial assistance to a range of initiatives aimed at supporting the economy and employment within the Ryedale area. At 1 April 2018, £94k remains available for allocation.
- **Election Reserve (£61k)** – this reserve is used to equalise the effect of the four yearly district election costs. A review suggests that the current £20k p.a. revenue contribution is insufficient to cover current costs and therefore it will be proposed to increase annual contributions to £30k from 2019-20 which will have an impact on the revenue budget.
- **Council Tax Hardship Fund (£24k)** – this has been established to finance the cost of discretionary tax relief awarded. The reserve receives annual revenue contributions of £6k and at 1 April 2018 the balance stood at £24k.
- **New Homes Bonus Reserve (£3.698m)** – this reserve has been established to be utilised in line with Member priorities. At 1 April 2018 the balance on this reserve was £3.698m and £2.5m has been transferred to the Capital Fund for financing of the Ryedale Hub. In line with the assumptions set out in paragraph 2.16 above, contributions of £776k for 2018-19 and £712k for 2019-20 are assumed. From 2020-21 it is assumed the New Homes Bonus scheme ceases. In addition £286k is included in the 2018-19 revenue budget as a contribution to this reserve along with an additional £113k Rural Services Delivery Grant. This will produce a reserve of £2.373m by 31 March 2019.
- **Grants Reserve (£163k)** – the Council provides grants and loans to voluntary bodies and other organisations to help establish and improve a variety of facilities throughout the district. Grants are also issued to support rural community transport facilities. If budgeted funds are not fully utilised in year the remaining budget provision is transferred into this reserve to help off-set expenditure in future years should this be necessary.
- **IT Fund (£95k)** – £2k p.a. is currently set aside to sustain this important reserve, which provides the financial capacity to upgrade and replace our IT infrastructure, hardware and systems in accordance with our approved IT Strategy. The use of IT to support the Council's customer 'self-service' and channel shift agenda means that the financial capacity to invest in modern technologies is crucial to support future services and deliver savings. Fixed contributions allow the smoothing of these irregular costs to avoid peaks and troughs in funding requirements. Future spending will be reviewed and planned over a 10 year period allowing for known upgrades and system replacements. It is expected that significant investment will be required over the coming years and accordingly, linked to any decisions around the future main site of the Council

- **Improvement, Contingency and Emergency (ICE) Fund (£807k)** – this is available for a number of purposes that include meeting the cost of unexpected significant revenue items and initial financial support to achieve efficiency savings. The reserve is topped up from in-year surpluses should these be available and needed.
- **Local Development Framework Reserve (£50k)** – delivery of a district wide local plan requires a significant and sustained resource input over a relatively long period of time, which can put pressure on in-year budgets when peaks in work occur.
- **Operational Reserve (£648k)** – this reserve has been used to allow service units to set aside a proportion of savings in their budgets for use in later years. It also includes service specific revenue grants with no conditions that have been recognised in the Comprehensive Income and Expenditure Account but not yet applied. The MTFS includes £6k p.a. contribution to this reserve and an estimate of £4k being used.
- **Restructure Reserve (£402k)** was established to cover the set-up costs associated with the restructure of the Council.

Capital Reserves

- **Useable Capital Receipts (£222k)** – generated through the sale of Council assets. These receipts can only be used to fund capital expenditure and are allocated in light of our capital investment plans.

7.36 At 1 April 2018 reserve balances were £12.8m. Members are asked to note that a further detailed review will be undertaken as part of the budget process before final decisions are taken

8.0 Revenue Budget Outlook 2019-20 to 2021-22

Costs

- 8.1 It is assumed that on average costs will increase in line with inflation. Whilst cuts in general grant continue, demand-led cost pressures must be contained within the net revenue budget. The strategy will include inflation and cost pressures over the five years, taking into account (for example):
- Additional costs (full year impact) of the waste transfer station £62k (£227k less than the previous estimate for 2019-20);
 - A reduction in green waste recycling credits paid by NYCC - £90k;
 - A continuing shortfall in car parking income £53k.
- 8.2 The single largest cost to the Council is its employees. In 2018-19 the Council's payroll budget is approximately £5.5m. A 2% pay award is included in our budget forecasts - an increase of around £110k p.a. – although rising inflation is putting this under pressure. We also need to take account of the new pay award from April 2019.
- 8.3 It is recommended that an amount for the Apprenticeship Levy is also factored into our future payroll costs – at this stage, an estimated cost of around £10k p.a.

Income

- 8.4 Service related income levels are helping to support our savings plan although some areas are under pressure. Opportunities for growing income generation remain a priority and proposals for commercialisation will continue to be developed. A strategic review of income generation is planned as part of our savings work.
- 8.5 The growth in Business Rates income continues to have a positive impact on our General Fund financial position at least in the short term but we will need to keep this under close review post the system reset from 2020-21.
- 8.6 Whilst the Government's offer of a multi-year settlement provides a degree of certainty (notwithstanding the impacts of the UK's exit from the EU) this is a diminishing proportion of overall funding. Due to the uncertainty of Business Rates and New Homes Bonus it is difficult to predict the level of resources we can expect beyond 2019-20 with confidence.
- 8.7 Initial indications suggest that while there will be budget surpluses in 2018-19 and 2019-20, after that a number of cost pressures may arise, caused by:
- reset of the Business Rates Retention system
 - ending of the Rural Service Delivery grant
 - ending of New Homes Bonus comes
- 8.8 Over the coming 5 years, new business rates growth will help to bolster our funding, although this will be subject to the rates retention system and future business growth. The Business Rates Equalisation Reserve smooths the impact of the funding changes providing resources to call on as savings plans are brought to fruition.
- 8.9 The Council's healthy reserves position provides resources for future investment but the on-going risk to the Council's funding means that we will need to strike a careful balance between savings and investment. We will continue to strive for more efficient and effective services and maximising income where possible and appropriate, which in turn will enable the financial capacity for investment in corporate priorities.

9.0 Savings Progress

- 9.1 This 2018-19 budget is expected to achieve an in-year surplus and this is masking the initial savings programme. The Financial Strategy agreed in February 2018 assumed additional savings in future years and these are being reviewed as part of the current work on refreshing the strategy.

10.0 Capital Programmes

- 10.1 The Council's Capital Programme is split into 5 themes:
- Asset management
 - Priority aims
 - Major schemes
 - Externally funded schemes
 - Others
- 10.2 Schemes relating to Asset Management comprise all those that will result in the Council's assets being substantially enhanced. These can include works to land and buildings as well as IT upgrades of either hardware or software.

- 10.3 Schemes under Priority Aims are those where the Council has taken a deliberate decision that these will help satisfy its corporate objectives/key priorities.
- 10.4 The value of the current approved programme to 2021-22 is £4.429m, which is primarily funded by earmarked reserves and Government (MHCLG) grants.
- 10.5 Capital Programme proposals will be considered as part of the forthcoming budget round and borrowing requirements will be kept under review.
- 10.6 It also recommended that monitoring arrangements for capital are refreshed alongside those for the revenue budget.

11.0 Conclusions

- 11.1 This paper illustrates the “live” nature of the Medium Term Financial Strategy. A number of assumptions are included in this update but there will be further information shared with Members in the coming weeks.
- 11.2 At this stage, it is important to highlight the risk within the Business Rates retention scheme as we approach the system reset from 2020-21 and in particular it is not known if similar levels of growth as to those experienced to date can be expected going forward.
- 11.3 There is also uncertainty over New Homes Bonus, the economic situation, income generation and delivery of savings. The Council's longer term financial position is heavily reliant upon overall resources keeping pace with inflation and costs being contained within base budget.
- 11.4 Currently, New Homes Bonus is crucial to our capacity to invest in Ryedale District. Whilst it continues, it will be earmarked for future investment and not used to support the Council's base budget (which could create a 'cliff edge' if the scheme ultimately comes to an end).

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Background Papers: Report to Resources Working Party 12 July 2018, 27 September 2018

APPENDIX 1

The following table sets out some key dates for the budget process:

Date	Meeting	Details
3 Oct	Members' Development	Budget Planning Process
22 Oct	Group Leaders' Briefing	Update on Budget Strategy
1 Nov (rescheduled to 8 Nov)	Resources Working Party	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
15 Nov	Policy and Resources Cttee	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
6 Dec	Council	Update on Strategy <ul style="list-style-type: none"> - Budget Monitoring 2018-19 - Key budget issues/initial proposals for 2019-20 and beyond
7 Jan	Group Leaders' Briefing	Preparing for final stages of budget process
9 Jan	Members' Development	Review of budget issues and any proposals
17 Jan	Resources Working Party	Draft Budget Strategy 2019-23
27 Jan	Overview and Scrutiny Cttee	Treasury management statement and Investment Strategy 2019-20
7 Feb	Policy and Resources Cttee	Budget Strategy 2019-23
21 Feb	Council	Budget Strategy 2019-23, including <ul style="list-style-type: none"> - approving 2019-20 revenue and capital budgets - setting Council Tax 2019-20 - Treasury management statement and Investment Strategy 2019-20