HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
12 February 2019

Subject: **FINANCIAL STRATEGY 2019/20 TO 2028/29**

All Wards

Portfolio Holder for Economic Development and Finance: Councillor P R Wilkinson

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1.0 PURPOSE AND BACKGROUND:

1.1 The purpose of this report is to consider the Financial Strategy 2019/20 to 2028/29.

Financial Strategy 2019/20 to 2028/29

1.2 The Financial Strategy 2019/20 to 2028/29 is set out in Annex A and Annex A(1) and provides an analysis of the estimated financial position and the direction of the Council's financial resilience over the next 10 years. It takes into consideration Government funding, other funding resources, service pressures and priorities and is divided into the following sections:-

- Benefits of and principles underpinning the Financial Strategy for 2019/20 to 2028/29;
- The national economic context;
- Government policy;
- Local Government four year funding settlement 2016/17 to 2019/20;
- New homes bonus;
- Business rates;
- Council tax;
- Income generating revenue streams;
- Local income position;
- Spending pressures;
- Financial risk analysis.

1.3 The key issues for the Financial Strategy are:-

- The impact of the continued reduction in the funding settlement for Local Government from Central Government.
- The calculation of the New Homes Bonus grant and the longevity of this scheme.
- The implication of the new 75% Business Rates Retention Scheme to be introduced by Government in 2020/21 and how this will operate to potentially compensate for the loss of the Government funding settlement.
- The uncertainty of the 1 year Business Rate Retention Scheme Pilot to generate additional funding.
- Significant income streams to be generated by this Council from the commercial strategy, capital schemes and economic development projects across the council.
- The impact of the current economic uncertainty on the Bank Base Rate; being low but volatile and the ability of the Council to generate investment income from balances.
- Ongoing spending pressures and the need to realise efficiency savings, whilst continuing to provide a good level of services.

1.4 The Council's financial standing significantly deteriorated as a direct result of the Government four year funding settlement for 2016/17 to 2019/20 where revenue support grant and rural services delivery grant are to reduce to zero by the end of 2019/20. New homes bonus grant is also being closely monitored as in the Autumn of 2018 the Chancellor announced that the Government wasn't seeing the results of as many new homes being built as it would like to see and therefore the long term future of this funding is unknown. The 10 year financial strategy models the assumption that this grant will be significantly reduced.

1.5 The funding reflected in the financial strategy that Councils will rely on in future to support the delivery of services is Council tax, local income generating revenue streams and business rates.

1.6 The introduction of the new 75% Business Rate Retention scheme after 2019/20 remains undefined following the Secretary of States announcement in December 2017 that 75% of business rates would be retained in 2020/21 with the suggestion being that the local position will be fiscally neutral. Currently the Ministry of Housing Communities and Local Government (MHCLG) is consulting on the new Business Rates scheme where this Council will respond by 21 February 2019. The level of funding available to support Council's services in future and the 75% Business Rate Retention remains uncertain.

1.7 It should be noted that in September 2018, Cabinet confirmed that the Council would partake in the application to Ministry of Housing and Local Government for a 2019/20 75% Business Rate Retention Pilot Scheme which now encompasses North Yorkshire and West Yorkshire Councils. This pilot was approved in the December 2019 in the Local Government Finance Settlement and is for one year only. The pilot represents the potential future 75% Business Rate Retention scheme which is currently out to consultation and is beneficial to the Council where increased funding for one year is estimated to be achieved.

1.8 Current thinking around business rates indicates that due to the pressure on adult social care and children's services in the local government sector that a proportionately lower amount of business rates will be received in future with the remaining amount being provided to County Councils. This position is still uncertain and the picture will become clearer during 2019/20.

1.9 To maintain a robust Financial Strategy it is vital that the Council generates income using the commercial strategy, capital schemes and economic development projects across the Council. £9,400,000 is required over 10 years to support the Financial Strategy, starting with £400,000 in 2020/21.

1.10 In achieving these income generating revenue schemes it is anticipated that balances will remain stable throughout the Financial Strategy at between £8,011,500 and £11284,401, with the 10 year position showing a balance of £10,524,125.

2.0 <u>LINK TO COUNCIL PRIORITIES:</u>

2.1 The Financial strategy supports all the Council's priorities to ensure that all services can be delivered in a way that is affordable and sustainable.

3.0 <u>RISK ASSESSMENT:</u>

3.1 There are no risks associated in approving the recommendation.

4.0 FINANCIAL IMPLICATIONS:

4.1 The financial implications are detailed in the body of the report.

5.0 LEGAL IMPLICATIONS:

5.1 There are no legal implications associated with this report.

6.0 EQUALITY/DIVERSITY ISSUES

6.1 There are no equality and diversity implications associated with this report.

7.0 RECOMMENDATIONS:

7.1 It is recommended that Cabinet approves and recommends to Council the Financial Strategy 2019/20 to 2028/29 at Annex 'A' and 'A'(1) of the report.

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Background papers: None

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ANNEX 'A'

FINANCIAL STRATEGY 2019/20 TO 2028/29

1.0 PURPOSE OF THE FINANCIAL STRATEGY 2019/20 TO 2028/29:

1.1 The Financial Strategy is a key aspect of the Council's Budget Policy Framework. It aims to ensure that resources are aligned to the Council's corporate aims as set out in the Council Plan, as well as delivering customer focused outcomes and continual service delivery improvement. The Financial Strategy sets out the strategic financial position and the financial direction of the Council over the next 10 years taking into consideration the Council's strategic objectives, significant Government grant cuts, other resources and service pressures. The Strategy is regularly monitored and updated to reflect the relentless changes in public sector finance. The key objective of the Financial Strategy is to facilitate the strategic objectives of the Council whilst providing the assurance that the financial standing of the Council over the next 10 years maintains resilience.

2.0 BENEFITS AND PRINCIPLES UNDERPINNING THE FINANCIAL STRATEGY 2019/20 TO 2028/29:

2.1 The benefits of preparing and maintaining the Financial Strategy include that:-

- it provides financial parameters to assist with strategic planning to support the delivery of the Council's strategic objectives;
- it allows the Council to respond to internal and external financial pressures assisting with the development of a sustainable budget over the period of the Financial Strategy;
- it highlights financial risks and mitigating controls promoting the maximisation of resources and the delivery of value for money; and
- it reviews the Council's reserves policy to assist in planning against unforeseen events.

2.2 The principles underlying the Financial Strategy 2019/20 to 2028/29 are set out below:-

- the overall Financial Strategy will ensure the Council's resources are targeted towards meeting its strategic priorities;
- the Council Plan and associated activities will inform a review of the Financial Strategy on an annual basis. The annual review will include an update of the 10 year financial forecast, expected developments within the Council together with the anticipated financial impact of any legislative changes;
- the Council undertakes to maintain its level of expenditure within the boundaries set in the Annual Revenue Budget. If, following monthly budget monitoring, expenditure is expected to exceed original estimates, plans will be prepared detailing the actions required to ensure that spending at the year-end does not exceed the original estimate;
- the Council will maintain its General Reserve at an adequate level to cover any major unforeseen expenditure. The Council will aim to balance its revenue budget without reliance on the use of the General Reserve;

- the Council will maintain earmarked reserves for specific priorities that are consistent with its strategic objectives. The use of these reserves will be consistent with the principles set out in the Financial Strategy and will be reviewed annually;

- the Council will balance the need to increase Council Tax with the delivery of its priorities, taking into account the economic challenges facing its communities;

- opportunities to generate revenue and capital income streams will be sought, along with securing external funding. The implications of the cessation or withdrawal of funding will also be reviewed to ensure that options are considered prior to undertaking income generating and external funding schemes.

3.0 NATIONAL ECONOMIC CONTEXT:

Brexit

3.1 There are five areas that are most important to Local Government – Workforce, Devolution in the UK, EU Funding, The European Investment Bank and Customs and trading Standards – and further updates have been provided to Audit, Governance and Standards Committee. It is still an uncertain time with regards to Brexit with the current date (as at the end of January) for the UK to leave the EU is 29 March 2019. The council continues to consider the impact of Bexit on the financial strategy and in line with the announcement from Ministry of Housing, Communities and Local Government will receive a share of the £56.5 million that has been made available to Local Authorities to support planning at this time.

Bank Base Rate and Inflation

3.3 that the Monetary Policy Committee (MPC) came to a decision on 2 August 2018 to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November 2018 quarterly Inflation Report meeting, the Monetary Policy Committee (MPC) left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the Monetary Policy Committee (MPC) would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022. These continued low rates of interest have a significant impact on the Council's ability to generate investment income and will continue to be regularly monitored and revised

4.0 GOVERNMENT POLICY AND IMPACT:

4.1 Government policy for the provision of funding for local authorities has significantly changed since 2010 with the focus being on reduced Government grant funding, the drive for increased efficiencies and the development of alternative funding methods.

Spending Review 2010

4.2 The main emphasis of Spending Review 2010 was to significantly reduce public sector spending to facilitate a reduction in the UK's borrowing deficit. Based upon Spending Review 2010 the Local Government finance settlement for 2011/2012 and 2012/2013 was announced on 11 January 2011. This resulted in a reduced finance settlement for the Council of over £1.6m or 29% across the period.

Spending Round 2013

4.3 Spending Round 2013 was announced in June 2013, this set out in broad terms the funding envelope for Local Government for 2014/15 and 2015/16. It was estimated that the Council would lose an additional 21% of its funding from Central Government over the 2 year period. However, further cuts increased this to almost 25%.

Four Year Settlement March 2016

4.4 The announcement in the December 2015 autumn statement confirmed the Government would provide four year funding settlements for local authorities. This increases the certainty for Council's to plan for the medium term when there is continued deterioration in grant funding. The Financial Strategy estimated that this Council will lose 22.4% of its grant funding from Central Government excluding New Homes Bonus Grant over the 4 year period 2016/17 to 2019/20. In order to sign up for the four year funding settlement an Efficiency Plan had to be published by October 2016, this Council's Efficiency Plan was approved at Council in September 2016.

Autumn statement 2018

4.5 The funding settlement for the 2019/20 financial year was confirmed by the Ministry of Housing, Communities & Local Government on 29 January 2019. The headline Core Spending Power nationally is expected to increase by 2.8%, where the largest driver of this increase is the funding for the new adult social care grants. The Core Spending Power is the overall impact on local authorities of changes in funding and locally-raised council tax.

4.7 The Core Spending Power for this Council in 2019/20 has increased by 1% which is lower than the national average as the council wouldn't benefit from the adult social care grant. The 1% increase comes from new homes bonus grant and increase in council tax and the increase in the number of properties in the district.

5.0 <u>LOCAL GOVERNMENT FINANCE SETTLEMENT AND THE IMPACT OF THE NEW 100% BUSINESS RATE RETENTION SCHEME:</u>

5.1 The indicative four year funding settlement released by the Government in December 2015 provides details of the baseline funding allocations which supports local authorities – for this Council this is mainly revenue support grant, rural services delivery grant, new homes bonus, business rates and council tax which are collected locally. The four year financial settlement indicates that by 2020 revenue support grant and rural services delivery grant will cease, resulting a further reduction of funding to the council of £1.6m.

5.2 The business rates that are collected locally are one of the funding sources (along with government grants and council tax) that support the Council's net budget. The business rate retention scheme was part of the new funding mechanism introduced for Local Government on 1 April 2013 and it enables Councils to keep a proportion of the business rates collected locally, providing an incentive for Councils to grow their local economy.

5.3 The proportion of income retain under the Business Rate Retention funding model was in relation to business rates growth above the Government target where 40% was retained by the District Council, 9% by the County Council, 1% by the Fire Authority and 50% was returned to Government.

5.4 The scheme has developed since 2013 with the Government allowing the Council to enter a Business Rate Pool with other local councils in North Yorkshire (excluding Selby District Council and Harrogate Borough Council). The effect of this pool was that any business rates collected by pool members above the Government's target were retained by the pool, 50% was not forfeited to Central Government as described in the paragraph above.

5.5 With the loss of grant funding from Government, the business rate retention scheme is to be further developed by Government with the proposal that local authorities will retain 75% of business rates. The introduction of the new 75% Business Rate Retention scheme after 2019/20 remains undefined following the Secretary of States announcement in December 2017 that 75% of business rates would be retained in 2020/21 with the suggestion being that the local position will be fiscally neutral. Currently the Ministry of Housing Communities and Local Government (MHCLG) is consulting on the new Business Rates scheme where this Council will respond by 21 February 2019. The level of funding available to support Council's services in future and the 75% Business Rate Retention remains uncertain.

5.6 It should be noted that in September 2018, Cabinet confirmed that the Council would partake in the application to Ministry of Housing and Local Government for a 2019/20 75% Business Rate Retention Pilot Scheme which now encompasses North Yorkshire and West Yorkshire Councils. This pilot was approved in the December 2019 in the Local Government Finance Settlement and is for one year only. The pilot represents the potential future 75% Business Rate Retention scheme which is currently out to consultation and is beneficial to the Council where increased funding for one year is estimated to be achieved.

5.7 Therefore, in 2019/20 the Council will retain increased business rates of 52% with 22% being distributed to the County Council and 1% to the Fire Authority, with any further business rates growth that is made with the North Yorkshire and West Yorkshire Council's pilot being retained and benefiting all.

5.8 Current thinking around business rates indicates that due to the pressure on adult social care and children's services in the local government sector that a proportionately lower amount of business rates will be received by District Councils in future with the increase being provided to County Councils. This position is still uncertain and the picture will become clearer during 2019/20.

5.9 Alongside the 75% business rates retention scheme, to review the overall current financial position of all local authorities the Fair Funding Review consolation is also out until 21 February 2019. The fair funding review will set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence. A wide range of options for developing an updated funding formula are being considered by looking again at the factors that drive costs for local authorities and the consultation focuses on the approaches that have been identified to measure the relative needs of local authorities. In the development and changes of the 75% business rate retention scheme there will always be individual winners and losers and further details will be clarified during 2019/20.

5.8 The Financial Strategy attached at Annex A1 comprises the information provided by the provisional four year funding settlement, the 2019/20 75% business rate pilot and also makes prudent assumptions with regards to the 75% Business Rates Retention scheme for 2020/21 and beyond. From 2020/21 it is currently assumed that the Council's position will be fiscal neutral with increased responsibilities and burdens being somewhat matched with 75% business rates retention funding; growth to business rates has been estimated to increase by 21% in 2019/20 due to the 75% business rate pilot but then fall by 24% in 2020/21 at the start of the 75% business rate retention scheme as it is assumed as described above that increased business rates may be distributed to County Councils for adult social care and also children's services. Business rates then increase by around 1.5% on average each year with a fall in 5 years due to the potential baseline rest by Government. More will be known about this during the consultation and the finalisation of the 75% business rate retention scheme.

6.0 NEW HOMES BONUS GRANT SCHEME:

6.1 The New Homes Bonus grant scheme was introduced in 2011/12 and designed to create an effective fiscal incentive to encourage Councils to facilitate housing growth. The grant is not a ring-fenced grant and is intended to be part of the Council's core funding, as such the Ministry for Housing, Communities & Local Government intended the New Homes Bonus grant to be a 'permanent feature of the Local Government finance system'.

6.2 The Government then published a consultation paper in December 2015 "New Homes Bonus: Sharpening the Incentive" in order to make changes to the scheme from a system with few controls to one that is cash-limited each year. Key changes introduced from 2017/18 and which have remained for 2019/20 are:

- A move to 4-year payments in 2018/19 for both existing and future new homes bonus allocation which was a reduction from 5 years in 2017/18 and 6 years previously;
- Introduction of a national baseline of 0.4% of housing growth from 2017/18, below which allocations will not be made.
- Government will also retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. No changes were made in 2019/20 and the baseline remains at 0.4%
- Allocations will continue to be un-ringfenced grant

6.3 The changes were more punitive than expected. For example in the original consultation on New Homes Bonus, the national baseline that was expected was 0.25% for housing growth, below which no funding would be given. It is anticipated that in future te baseline will rise to encourage local authorities to generate housing growth.

6.4 Similar to the Business Rate Retention scheme there is a split of this income, with 80% retained by the District Council, 18% to the County Council and 2% to the Fire Authority. New Homes Bonus has up to 2019/20 represented an opportunity for Councils to generate significant levels of grant that can assist in dealing with the unprecedented levels of formula grant reductions facing the Council. However in the autumn 2018 statement the Chancellor announced that a review of the New Homes Bonus grant scheme would occur as nationally it does not seem to be facilitating housing growth as the Government envisaged. The future of New Homes Bonus grant is now uncertain.

6.5 Allocations regarding New Homes Bonus in the Financial Strategy for 2019/20 is as detailed in the funding settlement at £1,600,907. There after the assumption that significantly less New Homes Bonus grant will be received reducing to £400,000 from 2022/23 and this is included each year and reflected in the Financial Strategy at Annex A1.

7.0 INCOME GENERATING REVENUE STREAMS:

7.1 In 2019/20, due to the reduction of Government grants, the council needs to look for other sources of funding to support the future revenue budget and the ongoing financial sustainability of the 10 year financial strategy. Therefore to continue to support services the financial strategy details from 2020/21 that external income will be generated. This does not affect the 2019/20 budget or the position on Council Tax 2019/20 but it should be noted that plans are in place to ensure the Council's future level of reserves. It is vital that these new income streams are generated as it is this source of income which enables the 10 year financial strategy to be sustainable.

8.0 LOCAL INCOME POSITION:

Council Tax

8.1 The Localism Act 2011 gives a provision for a referendum to veto excessive Council Tax increases. This effectively places a limit on the level of Council Tax set by the Council. If the Council exceeds the Government's prescribed limits the public would be able to vote to agree or veto any considered 'excessive' increase.

8.2 The potential additional cost of a referendum and re-billing would be significant and negate the benefit from the Council Tax increase. Therefore increasing Council Tax above the prescribed limits would require careful consideration.

8.3 The Government has currently prescribed, in December 2017, a limit for the increase in Council Tax at below 3% or £5 and this continues for 2019/20. The Financial Strategy assumes a prudent increase in Council Tax of £5 on a Band D equivalent property per annum for the duration of the Strategy.

Interest on Balances

8.4 Given the continued low Bank Base Rate, the revenue budget for interest on balances has been set at a prudent level. The Financial Strategy has been prepared on the basis that the Bank Base Rate will rise to 1.25% during 2019/20 with the level of interest rates remaining low but continuing to rise to 2% by 2020/21. This is consistent with the latest projections on the Bank Base Rate from the Bank of England and other City Institutions.

Fees and Charges

8.5 Fees and charges levied by the Council provide a significant source of income and facilitate reinvestment in Council services. The Financial Strategy assumes all fees and charges together increase by 2.18% in 2019/20 and then overall by 2% for the duration of Strategy. In future years the Council will give consideration to the impact on its services, local economic circumstances and the Financial Strategy in applying appropriate fees and charges.

Capital and Prudential Borrowing

8.6 All revenue implications associated with the capital programme are considered when setting the capital programme and revenue budget 2019/20. The Council has taken the decision to fund the Capital Programme via reserves with the exception of potentially borrowing £36.2m to finance the funding provided to the local Housing Association and the Business Improvement District as part of the development of the Dalton Bridge Scheme and also £40m for the commercial portfolio. The borrowing will be funded through a mix of using internal borrowing - the Council's own resources - and external prudential borrowing. This mix will ensure the maximum interest receipt return to the Council whilst maintaining a robust cash flow.

Reserves and Balances

8.7 The Local Government Finance Act 1992 requires Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. In establishing reserves the Council must comply with the Code of Practice on Local Authority Accounting in the United Kingdom.

8.8 The provision of an appropriate level of reserves and balances is a fundamental aspect of prudent financial management. Their purpose is to provide for unexpected adverse changes in income and expenditure levels and to provide funding for specific initiatives. This is consistent with the Reserves and Balances Policy adopted by the Council in setting the 2019/20 Council Tax in February 2019.

8.9 The detailed Financial Strategy Annex A(1) shows that the financial resilience of the Council is underpinned by a number of factors:-

1) maximising income generating projects - the interest receipt from the loan to the local Housing Association, charging for green waste, increase in car park income and the potential investment in the £40m commercial portfolio;
2) revenue levels will be maintained as far as possible to maximise interest income and maintain borrowing at low levels to support the revenue budget through the tax-payers reserve;
3) generating significant income streams from 2020/21 in accordance with the commercial strategy;
4) the New Homes Bonus Grant will continue to be paid throughout the 10 years but at a much reduced level by 75%;
5) the 75% business rate pilot estimated level of business rate for 2019/20;
6) the reduced level of business rates in line with current thinking around the 75% business rate retention scheme from 2020/21;
7) a prudent increase in Council Tax of £5 on a Band D equivalent property per annum is included for the duration of the Strategy

8.10 It is anticipated in the Financial Strategy for 2018/19 the Council will have Reserves and Balances of £11,509,765. This provides the Council with a strong financial position to deal with the future financial challenges it is facing.

9.0 SPENDING PRESSURES:

Pay

9.1 The National Employers, who negotiate pay on behalf of 350 local authorities, have suggested that the majority of employees should receive a 2% increase f for 2019/20. Those workers on lower salaries would receive higher increases. For fulltime equivalent employees currently on the bottom of the pay scale, the offer would increase their hourly rate from £7.78 in 2017/18 to £9.00 in April 2019. National Employers said it would add another 5.6% to the national pay bill over the two years covered by the offer. This has been built into this Council's Financial Strategy.

Pensions

9.2 The actuarial review of the North Yorkshire Pension Fund has been undertaken at 31 March 2016 which provides the pension cost information for three years to 2019/20. The Pension Fund appointed a new actuary – Aon - for the recent actuarial review whereby assumptions for contributions in the past and for current contributions to be made have changed. The approach taken has reduced the deficiency contribution payments which are necessary to be made for the past but also the current contribution rate has increased. Overall, taking deficiency payments and current contributions into consideration, the budget position for the Council and financial strategy have not changed. With the completion of the actuarial triennial review of the North Yorkshire Pension Fund in December 2016, the Council also made the decision to make a lump-sum contribution with regards to the deficiency payment; this will reduce the annual revenue payments from 2017/18 to 2019/20 by a total of £36,000.

Recycling Contract

9.3 The recycling market is volatile with the Chinese market reducing the amount of plastic recycling it accepts. The council's recycling contractors have been aware of this since the summer 2017 and therefore have been utilising alternative sipping channels other than China to reduce the effect on the council. The quarterly movement of the recycling market is continually being reviewed and the effect taken into account during quarterly monitoring reports. The Financial Strategy has assumed that this position will not improve going forwards.

Energy prices

9.4 Energy and vehicle fuel prices continue to be particularly volatile. Prudent provision has therefore been included for continued annual increases in charges for gas, electricity and vehicle fuel for the period of the Financial Strategy.

Capital Programme

9.5 The Financial Strategy provides an estimate of the capital resources that will be required between 2019/20 and 2028/29. The Programme has been constructed to ensure that expenditure is not only maintained within existing resources but that there are capital resources available at the end of the Strategy to provide for the future.

10.0 FINANCIAL RISK ANALYSIS:

10.1 The key financial risks and associated implications for the Financial Strategy are detailed below, a score of high, medium or low has been given to the likelihood of each risk occurring and the impact of risk on the Financial Strategy should it occur:-

Risk	Implication	Prob*	Imp*	Total	Preventative action
Reduction in Government Funding	Loss of income	4	5	20	Lobby Government and respond to any consultations. Budget planning and efficiency savings.
Central Government Policy changes e.g. changes to New Homes Bonus Grant, and 75% Business rate Retention and Fair Funding review for local government.	Loss of income	4	5	20	Engagement in consultation and Government policy creation. Communicate to senior management and members the financial impact of changes via the Financial strategy.
Under the Business Rate Retention scheme failure to meet the target for business rate collection set by Government represents a cost to the Council. Also, under this scheme the Government has transferred the risk of business rate no payment to the Council.	Loss of income	3	5	15	Monitor business growth and reduction through collection rates. Act as an enabler with partners on economic development initiatives.
New Homes Bonus grant is pivotal to the resilience of the Financial Strategy. Failure to increase the tax base year on year would significantly impinge on this resilience.	Loss of income	3	5	15	Use the Council's powers to encourage house building.
Council Tax income levels are not as projected and linked to Government referendum limits.	Loss of income	3	5	15	Monitor Government policy and lobby as required. Financial Strategy seminar to Members so they are clearly informed regarding the impact of

Risk	Implication	Prob*	Imp*	Total	Preventative action
					alternative decisions.
Implications of Devolution and Combined Authority – deal not finalised.	Loss of income	3	5	15	Engage in all discussions, be aware of current thinking.
Inability to find new income generating revenue streams.	Loss of Income	3	5	15	Work started already to find alternative income sources. Future changes built into the Financial Strategy.
A continued low Bank Base Rate beyond 2019 would impact on the Council's ability to generate investment income from balances.	Loss of income	4	3	12	Look for other investment opportunities.
Fees and charges should be set at a level to maintain a balance between service use and income generation.	Loss of income	4	3	12	Set fees and charges at a fair and reasonable level
Inflationary pressures	Increase in Expenditure	4	3	12	Budget reporting process