

General Fund Budget Parameters 2017/18 – 2021/22

February 2016 Assumption		Proposed Change
Costs		
Pay inflation	1.0% per annum onwards in line with government Announcements.	No Change.
National Insurance	Rates to be increased effective from April 2016 by 3.4%	No Change
General inflation	Only applied where contractually/statutorily required	No change
Staff vacancy savings target	2% p.a.	No change.
Pension Fund triennial revaluation March 2017	Reflects actuarial recommendations	No Change.
Income		
Fees & charges	Income budgets to increase in line with price inflation where possible and budgets increased accordingly	No Change.
Council Tax increase (for financial planning purposes only)	1.5% increase for each year across the MTFP period	Increase to 1.99% in line with Government Spending Power assumptions.
Investment interest rates	2016/17 0.49%	Will be reviewed during budget process but likely to reduce given further reduction on BoE base rate.
Other Assumptions		
Government Funding Revenue Support Grant increase	16.43% reduction in 2015/16, then 10% reduction in each of the following three years.	RSG will end – Government Funding Assumed to be aligned with 4 year funding offer

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	Likely to see zero RSG by end of the MTFS period with reliance purely on retained business rates for core funding.	made as part of the 2016/17 settlement.
Borrowing		
Prudential borrowing	HRA Business Plan principles reviewed to include non-repayment of debt. MRP to cover £2m borrowing per annum from 2013/14 incorporated in MTFP for Non Housing Capital Programme.	No change.
Transfer to/from Reserves - Insurance Fund	Annual contribution to Insurance fund increasing by £17k each year.	No Change.
General Reserves	No change, Minimum General fund balance to be maintained at £2.5m over the current MTFS Period to manage increased risks to be managed locally under Government plans on LGRR, CTB localism Act etc.	No Change.
Earmarked Reserves	One off contributions have reduced the requirement to repay to £165k over the planning period	No change