MoleValley District Council

Agenda Item 8

Executive Member	Councillor Metin Huseyin – Executive Member for Finance & Corporate Services
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Date	31st October 2017

Ward (s) affected		**Key Decision**	Yes

Subject	Financial Scene Setting : 2018/19 To 2020/21

Recommendation

It is recommended that the Executive note the financial scene setting report as the starting point for detailed Business and Budget Planning for 2018/19.

Executive Summary

The Council approved a 7 year Medium Term Financial Strategy (MTFS) for MVDC in 2013. The purpose of this report is to update the MTFS for the period 2018/19 to 2020/21 in the light of the latest financial information, taking into account both national and local factors that will impact on MVDC's finances.

This report addresses the challenge of financial sustainability by updating the MTFS. It assesses the savings or extra income that the Council will require to set a balanced budget in each of the next three years.

The report comprises 5 sections:-

(A) Introduction & MTFS – re-stating the themes of the MTFS agreed in 2013

(B) National Factors – the factors that will determine the degree of change in local government financing in the next few years

(C) MVDC Funding Assumptions – the assumptions underlying the current forward planning income figures

(D) MVDC Spending Assumptions – the assumptions underlying the current forward planning spending figures

(E) Next Steps – the timetable for agreeing the detailed Business & Budget Plans for 2018/19

There are 3 appendices:-

(A) Appendix A : The Revenue Financial Plan 2018/19 to 2020/21

(B) Appendix B : The Capital Financial Plan 2018/19 to 2020/21

(C) Appendix C : The Fees & Charges Principles

The Executive has the authority to determine the Recommendations.

A. Introduction & MTFS

1. The Council's Medium Term Financial Strategy (MTFS), approved in 2013, set MVDC's approach to managing its financial position over the period 2014/15 to 2020/21. This report updates the assumptions underpinning the MTFS, to provide a context within which detailed budget proposals for 2018/19 can be formulated.

2. The themes of the Medium Term Financial Strategy adopted by the Council in 2013 are:

    - *Make best use of assets: we will progress projects that use our land and property to improve services and generate income.*
    - *Continue to focus on efficiencies: we have been successful in recent years in identifying and realising efficiency savings to help to balance the budget.*
    - *Optimise the level of fees and charges: we will continue to review our fees and charges annually, in accordance with our agreed Principles, recognising the potential impact of fee increases on demand.*
    - *Moderate increases in Council Tax: the level of Mole Valley's Council Tax increases in recent years has been well below the rate of inflation, but we recognise the detrimental impact on our base finances of continuing to opt for one-off grants over the medium term, rather than implement moderate Council Tax increases.*
    - *Improved returns on investment: without compromising unduly on the security and liquidity of our investments, we will seek to diversify in search of a better yield, with particular consideration of property and property related funds.*
    - *Capital spend to generate income: we will focus on opportunities to invest our capital in a way that generates benefits for our revenue budget.*
    - *Revenue contributions to capital: when circumstances allow, contributions will be reinstated from the revenue budget, to fund the repair and maintenance of assets within the capital programme.*

3. The underlying conclusion in the MTFS was that the Council needed to do more than incrementally increase its income sources (Council Tax, Business Rates, Fees & Charges) to keep pace with the increasing demands for service and the expected reduction in Government support. The Council has managed its finances over the last four years in a way that has been consistent with that conclusion and the individual themes set out in the MTFS.

4. There are a number of high-profile examples of action taken by the Council since the launch of the MTFS that are in line with the principal themes of making best use of assets to improve services, improving returns on investment and spending capital to generate income:-

    - Investment of £8m in the regeneration of Meadowbank
    - Investment of £4.5m in the refurbishment of Pippbrook
    - Purchase, through wholly owned company, of site of ASDA in Ystalyfera for 11m to provide £0.6m per year income stream
    - Purchase of Claire House and James House for £3.4m for the regeneration and transformation of Leatherhead
    - Purchase of Swan Centre, Leatherhead shopping centre leases for £8.6m for the regeneration and transformation of Leatherhead

- Utilising £4m of reserves to make early repayments of Pension deficit
- Investing £5m in properties through CCLA Investment Management Ltd (Churches, Charities & Local Authorities) for improved, longer term yields

5. The trend for reduced Government Grant, which was recognised in the MTFS, has been confirmed in the grant settlements since 2013. The Revenue Support Grant (RSG) has fallen away more quickly than was envisaged. The settlement in December 2015 announced an end to RSG for MVDC from 2017/18, confirming the imperative for the Council to take the compensating action prescribed.

B. National Factors

6. This section considers the factors that, on a national scale, will impact on the Council's finances in the medium term.

EU Referendum

7. The prioritisation of BREXIT above all other Parliamentary business has had an impact on local authority procedures. In the last few months, regulation enabling a promised change that would have allowed councils to increase planning application fees by up to 20% (potentially worth £100,000 to MVDC) has been postponed to make room for BREXIT legislation. Also, the Government's original timetable for reform of business rates, which was expected to cause significant change to income levels from 2019/20, is running late.

Public Sector Pay

8. The Government has, in the last few months, slightly relaxed the 1% ceiling on public sector pay. Although MVDC is not bound by the Government's restrictions, having adopted a local agreement, the national awards provide the context within which local awards are agreed.

Inflation and Interest Rates

9. The rate of inflation has increased over recent months. The Retail Price Index currently stands at 3.9% while the Consumer Price Index is 2.9%. The Bank of England target for the latter is 2%. Its Monetary Policy Committee has recently confirmed the retention of interest rates at the current level of 0.25%, though the Governor of the Bank has made comments that suggest an increase is imminent.

Review of Business Rates

10. The Government announced, a year ago, its aim to establish "self sufficient local government" through allowing councils to retain 100% of business rates. A consultation on how this might be achieved was undertaken between July and September 2016. A number of pilot projects were set up in 2017/18. The Government has now invited applications for further pilots in 2018/19. Given the need to assess this second tranche, it is unlikely that a new system will be introduced before 2020/21 at the earliest.

New Homes Bonus Review

11. In December last year, the Government announced interim changes to the New Homes Bonus which rewards councils each year for the number of new homes within their boundaries. The changes resulted in a substantial reduction in the overall amount distributed through New Homes Bonus, as it reduced the number of years

reward per new home from 6 to 4 years. It also established a threshold for councils, at 0.4% of total dwellings, below which no bonus was paid. There may be further refinements for 2018/19.

Devolution Deals

12. Devolution deals with Government involve groups of public sector organisations bidding together for Government funds in return for collective action. While Whitehall deals primarily with BREXIT, there has been a pause in the negotiation of a number of these agreements.

C. MVDC Funding Assumptions

13. This section outlines the funding assumptions in the Council's updated MTFS for the period 2018/19 to 2020/21. The detailed figures are set out in the revenue financial planning appendix (A).

Council Tax

14. The assumption in the original MTFS was that Council Tax would increase by 2% each year with a marginal addition to reflect the anticipated increase in the number of houses. This has been updated in response to Government regulation on the maximum level of Council Tax increase that can be levied before a referendum is triggered. For smaller councils, where a £5.00 increase at Band D is greater than a 2% increase, then £5.00 is the new trigger level. This applies to MVDC and equates to a 3.1% increase in Council Tax. An annual increase of 3.1%, plus a small allowance for an increase in dwellings, has thus been built into the budget 2018/19 and projections for 2019/20 and 2020/21.

Revenue Support Grant (RSG)

15. The Government announced, in December 2015, that the level of RSG, including transitional relief, would be £0 for MVDC from 2018/19 onwards. The Government has been urged by Councils to extend the transitional grant beyond the current year but the assumption in MVDC's financial planning is that the grant level will remain at £0.

16. Government figures for forward planning of grant levels include a charge on the Council in the form of a "negative RSG" figure of £0.8m in 2019/20. This was to be implemented alongside new proposals for the retention of business rates (see below). The implementation of the new system, with the prospect of further pilots being run in 2018/19 and the requirement to assess those pilots in the following year, is not now expected until 2020/21 at the earliest. However, the £0.8m charge is still expected in 2019/20 and has been included in the Council's planning figures to 2020/21.

New Homes Bonus

17. To incentivise the provision of new and recovered housing, the Government introduced a New Homes Bonus for Local Authorities in 2011/12. For every net new home, the Government initially awarded the Council a bonus equivalent to the national average Council Tax for six years. In two tier areas, the billing authority retained 80% of this bonus.

18. The scheme was reviewed for 2017/18 with the reduction in reward reduced to four years. Also, a threshold of 0.4% of total dwellings was introduced. The bonus is only

received on houses beyond the threshold. The threshold in MVDC amounts to around 150 houses, which equates to the average number of new homes in the district since the bonus was introduced. MVDC will continue to receive the “tail” of previous bonuses, but only at four years’ worth rather than six. MVDC received £1m in New Homes Bonus in 2017/18 but, if the current scheme remains unchanged, this will reduce sharply to £0.4m in 2018/19, £0.3m in 2019/20 and will be £0.0m by 2020/21.

19. The Government will review the methodology for allocating this grant in advance of the 2018/19 financial settlement and may take a different approach, but the assumption in MVDC’s plan is currently that the bonus will diminish in line with last year’s scheme.

Business Rates (Non-Domestic Rates)

20. A proportion of Business Rates has been retained by local authorities since 2013/14. The authorities assume the risk of reductions in rates and retain the rewards of increases. A system of top-ups, tariffs, safety nets and levies has been added to ensure limitations on the extent of gains and losses.

21. Last year, the Government consulted on the future of business rates against the background of the previous Queen’s Speech commitment to 100% business rates retention and self sufficient local government. The timetable for implementation has slipped in the light of BREXIT, but the Government has run pilot schemes during 2017/18 and is intending a further round of pilots in 2018/19. MVDC, along with the County and all Surrey Districts and Boroughs, has applied for pilot status in 2018/19. If successful, a significant financial benefit is anticipated for one year only – or two if the pilot is extended. The Government decision on pilot status will be notified, along with the grant settlement, in December.

22. The prospect, therefore, is that the new Business Rates system will not be introduced until 2020/21 at the earliest. It is unclear whether MVDC will lose the £0.8m “negative RSG” and when that might happen. Our prudent assumption in the financial plan is that it will remain, as indicated in the four-year plan agreed with Government last year, as a deduction in 2019/20.

23. MVDC currently retains around 4% (£1.5m) of its total collected rates in the district (£38m). The principle of 100% retention is likely to apply in relation to local government as a whole rather than council by council and the 100% is likely to apply to marginal growth rather than overall rates income. A system similar to the current top-up and tariff adjustments will probably be maintained to reallocate the Council’s gross receipts. In the absence of detailed information on a replacement system, the planning assumption in the budget is that, for 2018/19 and 2019/20, the income will increase in line with the Government’s business rates baseline at 2% per year. The rates income estimate for 2019/20 is reduced by the “negative RSG” mentioned above.

Permitted Development

24. There is potential for a significant reduction in business rates as a result of the Government’s relaxation of planning requirements in relation to changes of use from business to residential. “Permitted development” in certain cases has been allowed since April 2015 and will impact on the Council’s revenues where business premises paying business rates convert to residential premises paying council tax. In most cases, the council tax receipt will be lower.

25. The latest position, assessing finalised developments as well as prospective ones, will be assessed as part of the detailed construction of the 2018/19 budget.

Interest on Financial Investments

26. The Council invests its reserves to maximise income. Rates of return are at an historic low. The average yield over recent years has steadily reduced to the reported level of 1.6% for 2016/17. These returns include, and are bolstered by, the investment of £5m in a property fund (with fund management organisation, CCLA) which has yielded 5% to 6% per year.

27. The Council borrows to fund capital expenditure. Financial reserves are now lower than in previous years. This has an adverse impact on investment income. The latest decision of the Bank of England Monetary Policy Committee to confirm rates at the level of 0.25% further reduces investment returns.

28. The revised financial plan assumes a low level of interest reflecting both the level of reserves and the minimal interest rates.

Fees & Charges

29. The Council levies a wide range of fees and charges for a variety of services, which are collectively MVDC's largest source of income. The full list contains over 300 items. In 2012, the Council agreed a revised set of principles for fees and charges which is included at Appendix C to this document. Business Managers review the level of their fees and charges annually, in line with these principles, to ensure that relevant costs are covered and income is optimised.

30. Significant increases in these fees and charges, in excess of inflation, are unlikely to be sustainable and can, in some cases, actually lead to a lower total level of income, particularly where the Council is competing with other providers. For this reason, the fees and charges income is assumed to increase by an average of 1.5% per year over the medium term.

31. After 5 years, it is timely for the Fees & Charges Principles to be reviewed this year. A review will be built into the budget process.

Devolution Deal

32. The 3S partnership, comprising the counties of Surrey, East and West Sussex and the component Districts and Boroughs, is involved in an ongoing bid for devolved Government funding to preserve the economic vibrancy of the south east. With Whitehall distracted by BREXIT, the discussions have cooled and a “pause” has occurred. At this stage, nothing has been assumed in the financial plan.

Surrey County Council

33. MVDC's annual income includes substantial payments from Surrey County Council. These amounted to £2.7m in 2016/17, the major items being £0.8m in office rental payments, £0.8m in recycling credits and £0.6m in Disabled Facilities Grant. SCC has already notified the Council of intended, lower recycling rates for 2018/19 and these have been incorporated in the financial plan. The County's difficult financial position is likely to lead to further reductions in payments to MVDC.

D. MVDC Spending Assumptions

34. This section sets out the assumptions underlying the spending figures included in Appendix A.

Pay Inflation

35. The allowance for pay awards has been assumed at 2% in the MTFS. This remains the figure in the latest plan, though the recent announcement of relaxation of public sector pay ceiling by Government may have an impact. The 2% increase provides an aggregate figure for planning purposes and does not preclude the adoption of staggered or progressive pay awards which might vary across pay bands but will be contained within the total figure.

Price Inflation

36. The allowance for price inflation is informed by the current level and the projections of both the Government and Capita Asset Services, our Treasury Management Advisers. Currently, the Consumer Price Index is 2.9%. The Bank of England target is 2%, which has been used for MVDC's planning purposes.

	18/19	19/20	20/21
Price Inflation (%)	2.0	2.0	2.0

Pension Costs

37. The triennial actuary valuation of Surrey's Local Government Pension Fund (LGPF) took place during 2016/17 and was implemented on 1 April 2017. The contribution rate for MVDC as an employer reduced from 15.5% of pay to 15%.

38. The additional annual contribution, addressing the ongoing Pension Fund deficit, has reduced as a result of the early repayment, in September 2016, of £4m of the deficit. The change in the repayment schedule was approved by the Executive in July 2016 and was funded through the Council's reserves. The impact in 2017/18 and the following two years is a £0.4m reduction on the annual contribution towards the deficit.

Joint Waste Contract

39. MVDC will join the Joint Waste Initiative, with three other Surrey councils, from August 2018. A full year saving of £1.3m on this contract was built into last year's plan. The contract has already commenced in Elmbridge and Woking. Surrey Heath will be next to join. The commencement dates are dependant on existing contract duration. Some difficulties with the first part of the implementation in Elmbridge have led to revision of the savings forecast by 10%. £1.2m in reduced costs is now assumed, to be achieved partly in 2018/19 and partly in 2019/20.

40. The net cost of Waste has also been adjusted to reflect the latest information on recycling rates paid by Surrey CC. Each tonne of waste that MVDC recycles reduces SCC's landfill tax bill and generates a recycling credit from SCC. However, following analysis of its income and expenditure on Waste, the County is proposing to reduce the amount paid to Districts and Boroughs. Negotiations are ongoing, but the assumption built into the Mole Valley's MTFS is that income will reduce by £100K in 2018/19 and a further £80K in each of 2019/20 and 2020/21.

Other joint Ventures

41. The current assumption is that the Council's partnership arrangements on Building Control and Environmental Health, both established in the last few months, will have a neutral impact on the budget in their formative years.

Transform Leatherhead

42. The Transform Leatherhead initiative has led to a number of high profile purchases through the capital programme – Claire House, James House, the Swan Centre lease and Swan Centre Shopping Centre and Car Park improvements. The assumption going forward is that capital investment will continue with the prospect of good returns later in the process.

43. Pump priming and feasibility assessments, in advance of capital projects, will have an impact on the revenue budget. A £1m reserve was ring-fenced for Transform Leatherhead last year and allocations of the bulk of this have been agreed in relation to the development of Claire House and James House. A separate budget for Transform Leatherhead will be set for 2018/19 in line with Executive approvals of specific projects. Expenditure against that will be monitored through the regular budget monitoring process.

Asset Investment Strategy

44. The Council's Asset Investment Strategy (AIS) was introduced during 2016/17. It proposed capital expenditure of £48m on investment properties over three years to yield additional annual income of £0.75m. The first purchase was completed earlier this year. Following the first year of operations, the Strategy will be reviewed over the next few weeks to determine whether the methodology and criteria are still appropriate. The potential for extending the approach and targeting more revenue savings for future years will also be explored while interest rates remain low.

45. The AIS is funded by borrowing. The need to borrow in 2018/19, which is currently estimated at around £20m, will impact on the revenue account through the statutory requirement of making a Minimum Revenue Provision (MRP) of 2% and repayment of interest on the loan. Current Public Works Loan Board (PWLB) rates enable fixed interest loans to be taken out at around 2.5%.

Budget Monitoring 2017/18

46. The monitoring of the revenue budget during 2017/18 has reported a projected overspend of £0.5m due mainly to two items - Waste Collection (around £270K) and Planning Development Management (£210K).

47. The Waste overspend is due to the costs of the current contract alongside preparatory costs for the new contract. The current contract will terminate in 2018/19 and the running costs of new joint contract will be substantially cheaper. A full year saving of £1.2m is forecast. The assumption in the forward plan is that the new contract will address the current budget problems in Waste.

48. On Planning Development Management, the overspend is due to staffing costs incurred through the appointment of relatively expensive agency staff covering vacancies in the team at a time when recruitment is difficult. These agency appointments are necessary to maintain the section's current good performance. There is also a shortfall in income due partly to Government regulations relating to the level of application fee that can be levied against a "permitted development" and partly to the delay in Government enactment of a promised 20% increase in the level of general application fees.

49. There is no easy solution to this issue. The subject of the Planning Development Management budget will be assessed in the coming months as the detailed budget is prepared. At this stage, it is assumed that Planning will develop a solution within current budgetary constraints, assisted by increased income, but the position will be

examined before the final 2018/19 budget is decided.

Savings Requirement

50. The analysis above and in Appendix A indicates that the medium term position for MVDC is a balanced budget in 2018/19 followed by a shortfall of £0.4m in 2019/20 and £0.7m in 2020/21. The deficit in the second and third year is estimated if the "negative RSG" of £0.8m remains in the Government proposals. The prudent assumption is that it will. The position may be clearer following the Government's Autumn budget and the financial settlement in November and December.

51. Two initiatives are being progressed to increase income to MVDC and address the budget deficit in years 2 and 3. The first is the application for pilot status on the Government reform of business rates which, if successful, is likely to bring a significant financial benefit through reduced payment of the government levy on business rate income. The second is through review of the Asset Investment Strategy and a potential increase in the amount of income generated through increasing the size of the loan and investment. Precise income figures cannot be put against either of these initiatives at present, pending the necessary approvals at Council and Government level.

General Fund Revenue Reserve

52. The level of the Council's Revenue Reserve was £2.2m on 31 March 2017, reduced, mainly as a result of the early Pension Fund from £5.5m the year before. The Council has operated a "guideline" minimum level of revenue reserves of £1.3m in recent years, as advised by the s151 Officer.

Capital Programme

53. The existing proposals for the Council's capital programme over the term of the MTFS are set out in Appendix B.

54. The Council has substantially increased its capital investment plans over recent years. Major, multi-million-pound projects have been included in the programme in respect of Pippbrook, Meadowbank, Deepdene, Claire & James House, the Swan Centre and ASDA, Ystalyfera.

55. The circumstances under which new projects are added to the programme, are as initially outlined in the MTFS:

- To comply with a statutory or Health & Safety imperative
- When a full business case demonstrates a positive return on the investment
- When the project is related to maintenance and improvement of an existing MVDC asset, protecting its value and condition and prolonging its useful life.

Capital Reserves

56. The level of capital reserves at the end of 2016/17 was £12.3m. The anticipated level of capital investment in the 2017/18 programme (see Appendix B) will trigger the need for further borrowing before the end of the year. So far, £20m has been borrowed from the Public Works Loan Board (PWLB) at a fixed interest rate of around 2.5%. The precise requirement will depend on the pace of spend on the ongoing projects and the progress on the Asset Investment Strategy.

E. Next Steps

57. This scene setting report marks the start of the Business and Budget Planning process for 2018/19. The key events and approximate dates are set out in the table below.

Event	Date	Purpose
All Member Seminar	24 October 2017	Briefing for members on the financial outlook
Government pilot on new Business Rates system.	27 October 2017	Deadline for joint application with Surrey CC and all Districts and Boroughs
Standing Budget Panel	9 November 2017	Scene setting for Budget and Business Planning 2018/19
Government's Autumn Budget	22 November 2017	Outlook and broad plans for Government spending
Standing Budget Panel	13 December 2017	Scrutiny of proposals for fees and charges.
Grant Settlement announced	Mid December 2017	Confirmation of grant allocation, New Homes Bonus methodology and Business Rates Pilots for 2018/19
Standing Budget Panels	8 & 11 January 2018	Discussion of service budgets
All Member Seminar	16 January 2018	Seminar on Business & Budget Planning 2018/19
Consultation	January 2018 (dates tbc)	Consultation with Parish Councils, Resident Associations and Business Representatives
Scrutiny Committee	23 January 2018	Business and Budget Planning 2018/19 and Council Tax Resolution
Executive	6 February 2018	Business and Budget Planning 2018/19 and Council Tax Resolution
Council	20 February 2018	Business and Budget Planning 2018/19 and Council Tax Resolution

Legal Implications

Relevant legal implications have been taken into consideration but there are no direct legal implications arising as a result of this report.

Financial Implications

This report is financial in its nature, and the financial issues and implications are considered as part of the report.

Options

The Executive has two options for consideration

Option One – to agree to the recommendations contained in this report.

Option Two – To make alternative recommendations.

Corporate Implications

Monitoring Officer Commentary

The Monitoring Officer is satisfied that all relevant legal implications have been taken into account.

S151 Officer Commentary

The S151 Officer confirms that all financial implications have been taken into account.

Risk Implications

One of the strategic risks in the register is the failure to deliver the Medium Term Financial Strategy and a mitigating control is undertaking the annual business and budget setting process.

Equalities Implications

There are no equalities implications arising as a direct consequence of this report. An Equality Impact Assessment will accompany the Business and Budget 2018/19 report to Executive in February 2018.

Employment Issues

There are no employment implications arising as a direct consequence of this report.

Sustainability Issues

There are no sustainability implications arising as a direct consequence of this report.

Consultation

There are no consultation issues arising directly from this report, although the 2018/19 service plans and budget will be shared with parish councils, residents associations, the business community and other partners at a later stage in the process.

Communications

Background Papers

None

APPENDIX A

UPDATED MEDIUM TERM FINANCIAL PLAN

REVENUE BUDGET 2018/19, 2019/20 & 2020/21

	BASE BUDGET 2017/18 £000	**INDICATIVE BUDGET 2018/19 £000**	**INDICATIVE BUDGET 2019/20 £000**	**INDICATIVE BUDGET 2020/21 £000**
1. **FUNDING**				
Council Tax	-6,650	-6,866	-7,090	-7,320
Business Rates	-1,596	-1,628	-637	-650
Government Revenue Support Grant (RSG)	0	0	0	0
Government Transitional Relief	-71	0	0	0
New Homes Bonus	-988	-388	-264	-33
Interest on financial investments less interest payments (outside Asset Investment Strategy)	-124	75	75	75
TOTAL INCOME	**-9,430**	**-8,808**	**-7,916**	**-7,928**
2. **SPENDING**				
Previous Year Base Budget				
- pay	10,498	10,801	11,025	11,169
- contracts and other costs	12,476	12,765	13,031	13,703
- income from fees & charges, specific grants and recharges	-13,002	-14,136	-15,293	-16,557
	9,972	**9,430**	**8,763**	**8,315**
Inflation - pay, price and fees & charges	193	259	252	249
Technical amendments and changes (unavoidable or due to previous year commitments)	-47			
2018/19 Changes				
- Revenue implications of Pippbrook & Meadowbank capital	-271	-70	0	0
- Waste : adjusted Gate Fees and Recycling Credits		100	80	80
- Contribution to capital from revenue	-400	100	0	0
- Joint Waste Contract	80	-725	-408	0
- Family Support Programme	13	8	4	
- Local Plan consultancy and Inquiry	80		-80	
- Insurance cost reduction following re-tender		-80	0	0
Asset Investment Strategy				
- capital financing costs	510	715	815	0
- gross additional rent from asset investments	-700	-975	-1,115	0
TOTAL SPENDING	**9,430**	**8,763**	**8,315**	**8,644**
3. **TO BALANCE BUDGET**				
Surplus / Savings Required (-)	**-1**	**45**	**-400**	**-717**

Business Rates Pilot
If MVDC is successful in its bid, with all other Surrey Authorities, for pilot status on Business Rate reform, the Council will retain a greater share of its business rates for the one or two years of the pilot. This can be invested in economic regeneration and sustaining financial stability.

APPENDIX B

UPDATED MEDIUM TERM FINANCIAL PLAN

CAPITAL PROGRAMME 2017/18 - 2020/21

	2017/18	2018/19	2019/20	2020/21
	Updated Capital Programme £000	Capital Programme £000	Capital Programme £000	Capital Programme £000
MAJOR PROJECTS				
1. CAPITAL PROJECTS				
Emergency Accommodation (Phase 1 & 2)	1,700			
Swan Centre Leatherhead - purchase of lease				
- purchase of lease	8,619			
- car park refurbishment	330			
- development of Centre	885			
Pippbrook HQ refurbishment	4,587			
Meadowbank, Dorking - regeneration	8,502			
Deepdene Trail (HLF funded)	929			
Leatherhead Youth Football Club	942			
Leatherhead High Street (Developer Contributions)	696			
Carbon Reduction Project	124			
Church Gardens, Dorking - refurbishment	260			
2. CAPITAL BLOCK SUMS				
Disability Adaptations	665	665	665	665
Affordable Housing	1,970	500	500	500
Developer Contributions (s106 / CIL)	-	250	250	250
Community Grants	74	74	74	74
Playground Refurbishment	87	60	60	60
Capitalised salaries	229	234	238	243
Telecare Equipment (multi-year allocation)	151			
Dial-A-Ride Vehicle Replacement (multi-year allocation)	200			
Property Projects	150			
TOTAL MAJOR PROJECTS	31,100	1,783	1,787	1,792
MINOR CAPITAL PROJECTS	1,057	700	700	700
ASSET INVESTMENT STRATEGY	48,530			
TOTAL CAPITAL	**80,687**	**2,483**	**2,487**	**2,492**

APPENDIX C

Fees and Charges Principles

Contribution to the Corporate Plan and Finances	1. Charges should maximise income unless there is a clear decision not to do so. 2. Discretionary services should be charged on the basis of full cost recovery. If not, any subsidy from the tax payer should be the result of a decision to financially support the cost of providing the service. 3. Fees and charges policies will reflect key commitments, corporate priorities and fit with the Council's Medium Term Financial Strategy. 4. The Council will take a firm stance on fee dodgers 5. Payment in advance and non cash payments will be encouraged to ease collection and minimise collection costs. 6. Fee and charge levels should not be providing subsidies to commercial operators from council tax payers. 7. Where considerations are solely commercial, the budget manager should be free to set charges to maximise income.
Concessions	8. Concessions for services should be justifiable and consistent 9. Council controlled concessions should have regard to Council objectives 10. Council controlled concessions offered to commercial operators or other local authorities should be tightly controlled
Consistency	11. Where the impact of increases in charges is high, consideration should be given to phasing over time. 12. Charges should be determined in the context of those levied by other similar providers. 13. Charges should be reviewed and revised, at a minimum, annually 14. There should be consistency between charges for similar services 15. There should be a rational scale in the charge for different levels of the same service