

GENERAL FUND FORECAST ASSUMPTIONS

APPENDIX F

The following assumptions have been made as part of delivering a balanced budget in 2018/19 as well as reducing the deficit to £1.65m and £2.27m in 2019/20 and 20/21 respectively.

Key Assumption	18/19	19/20	20/21	Comment
INCOME/FUNDING				
Increase in Council Tax	2.99%	2.99%	2.00%	These increases are in line with the referendum limits outlined in December's provisional finance settlement
Growth in Council Tax Base	1.89%	1.5%	1.5%	A prudent estimate based on housebuilding in prior years
Growth in Retained Business Rates	0%	0%	0%	Revaluations, appeals and possible changes to the baseline mean that the Council assumed no growth in the business rates base
Additional Business Rates - Lancashire Pooling arrangement or equivalent business rates retention regime	(£0.716m)	(£0.560m)	(£0.316m)	The pool is likely to continue until 2019/20 however what replaces it in 2020/21 is uncertain. An assumed £156k and £400k increase in the tariff is assumed in 19/20 & 20/21 respectively.
Reduction in revenue support grant or equivalent increase in business rates tariff	£0.435m	£0.299m	-	The revenue support grant is removed in 19/20 and replaced with an assumed £156k increase in business rates tariff
Total Forecast New Homes Bonus	£2.989m	£2.753m	£2.156m	The reduction in New Homes Bonus is primarily due to the assumption that the number of large developable sites in the borough will become increasingly scarce

Key Assumption	18/19	19/20	20/21	Comment
Increase in Planning Fee Income	£10k	£10k	£10k	A 20% increase in fees has been permitted by the Government. However the budget only assumes a 1.5% increase (£10k) as it is assumed the number of applications being requested will fall over the coming years due an increased scarcity of sites.
Increase Parking Income	£0	£0	£180k	Parking charges were reduced in 2017/18 as the town centre is significantly redeveloped. The charges are assumed to increase back to previous levels in 2020/21
Income from Lancashire County Council (LCC)	£96k	£96k	£96k	All grant funding from LCC has been cut with the exception of an allocation towards the maintenance of highways

EXPENDTIURE

Key Assumption	18/19	19/20	20/21	Comment
Pay Award	2%	2%	2%	Based on current information, a 2% pay increase has been assumed for 2018/19 to 20/21. The increase is much higher for staff on lower grades and this is accounted for in the budget.
Vacancy Saving	£200k	£150k	£150k	The council has achieved larger savings in vacancies in prior years,
Future Service Pension Rate	14.4%	14.4%	14.4%	The triennial pension review of 2017 announced an increase in employer pension contributions for 2017/18 to 2019/20. It is assumed this rate will continue in 2020/21.
Pension Fund Deficit Recovery	£0.841m	£0.966m	£1.016m	The deficit recovery period is assumed to be made over 19 years however CFOs in Lancashire have raised queries to the LCPF as to whether this should be extended over a longer period.
General Price Inflation	Approx. 4%	Approx. 3%	Approx. 3%	Inflation forecasts from the Office of National Statistics (ONS) have been used to inform the budget over the coming 3 years. This will be reviewed annually to ensure budgets are sufficient to meet inflationary pressures.