



Medium Term Financial Plan 2019/2020 – 2021/2022

Purpose of a Plan

1. The medium term financial plan has the following objectives
 - Identifying expenditure trends
 - Identifying income streams
 - Identifying funding gaps and opportunities
 - Provides a budget strategy to help the Town Council plan service changes and projects over more than one financial year
 - Provides a budget strategy to help the Town Council achieve the objectives set out in its Strategic Plan
 - Even-out expenditure plans

Trends

Expenditure

2. The following broad assumptions are used to model expenditure:
 - Static provision of services
 - Agreed pay rises e.g. increments, nationally agreed inflation related pay increases
 - Expenditure estimates are based on previous outturn.

Income

3. The following broad assumptions are used to model income
 - The council tax base is calculated using the 19/20 figure of 2,056.57
 - 2019/20 will be the first year that the Town Council does not receive any Revenue Support Grant funding
 - The Town council's main sources of income is the precept
 - Income from the market, cemetery lodge and the cemetery remains steady
4. The model starts by assuming no change to the services currently delivered by the Town Council and estimated income is then factored into the model. The result enables examination of the Town Council's capacity to change service levels, priorities and expenditure.
5. Projected expenditure change based on the information referred to above is as follows:

Financial Year	2018/19	2019/20	2020/21
Gross expenditure			
Year on year expenditure growth (%)			

Earmarked Reserves

6. The Town Council "saves" money every year towards the cost of replacing items. In simple terms when an expensive item is bought a decision is made as to expected life; the cost of the item plus a small inflation allowance is then divided by the number of the years the item is expected to last and that amount of money is then budgeted / saved every year so that there will be

sufficient money saved in the earmarked reserve to purchase a replacement when it is needed.

7. During the financial year 2018/19 the earmarked reserves have reached a level where it is felt there is sufficient flexibility to be able to develop a capital programme using the earmarked reserves as a funding source for smaller items.

Ring Fenced Budgets?

Should we have budgets where any expenditure should be matched by the income generated - probably only applicable to the market?

Capping

8. The Secretary of State annually publishes the principles which will be used to decide whether or not an authority's council tax level is excessive; exceeding the set threshold triggers a local referendum on the council's budget plan. The Government's technical consultation, published in July 2018, regarding the 2019/20 thresholds proposes that no threshold be set for town and parish councils.
9. **Risk Management**
The Town Council has an agreed risk management policy and strategy. The risk assessments associated with the Medium Term Financial Plan are detailed in the table below.
10. The Medium Term Financial Plan is supported and complemented by the Town Council's capital programme and investment strategy

Strategy

11. For financial planning purposes, the principle is applied that the precept demand will rise by 3 %
12. That the outline income and expenditure estimates in Appendix XXXX for the 3 years starting 2019/20 are used by the Town Council to assess the viability of providing new or changed services during the life-time of the medium term financial plan.

Appendix

Insert simple tables

Expenditure Heading	Agreed Budget 2018/19	Estimated Budget 2019/20	Estimated Budget 2020/2021	Estimated Budget 2021/2022
TOTALS				

Income Heading	Agreed Budget 2018/19	Estimated Budget 2019/20	Estimated Budget 2020/2021	Estimated Budget 2021/2022
TOTALS				

SURPLUS / DEFECIT

2018/19

2019/20

2020/21

2021/22