

## APPENDICES October 2020

These appendices contain the detailed assumptions that underpin the Medium Term Financial Strategy (MTFS) projections and the detailed budget forecasts for the period stated.

These appendices will be formally updated each year as currently unknown data becomes certain, as Government policy becomes clearer and as the risks inherent in this Strategy are reviewed and reassessed.

This version of the appendices is up to date as at October 2020.

### Appendix A – Assumptions

The following assumptions have been made in preparing the budget forecasts shown in appendix B.

|                              | 2021/22 | 2022/23 onwards                                      |
|------------------------------|---------|------------------------------------------------------|
| Council tax charge increase  | £5      | £5 per year                                          |
| Increase in council tax base | 0*      | Annual increases based on Housing Delivery Test Data |
| Council tax collection rate  | 95%     | Annual increases to 98% by 2025/26                   |
| Business rates multiplier    | 2%      | 2% per year                                          |
| Pay inflation                | 2%      | 2%                                                   |
| General inflation            | 0.5%    | 2022/23 – 1.5% 2023/24 onwards – 2%                  |
| Fees and charges increase    | 2.5%    | 2.5%                                                 |

\* Any increase in the tax base from new housing developments is anticipated to be fully offset by the reduction in the base required as a result of the increase numbers of Council Tax Support claimants in the wake of Covid-19.

Alongside the general assumptions included in the above table, the following specific changes are built into the forecasts:

#### Pension contributions

The Local Government Pension Scheme is subject to a valuation every three years. Following this, employer pension contributions are fixed for the period until the next valuation. The next valuation is due in 2022/23 with new rates applying from the following financial year. Therefore, an increase in pension contributions of 4% is built into the projections in 2023/24.

#### Business rates growth

Other than one specific site (detailed below), zero growth in the business rates tax base has been assumed during the life of the MTFS. The Local Plan is anticipated to result in increases in commercial developments in the Borough, but the latest projections indicate that these will not be in place until after the period of the current financial projections.

Additional business rates receipts have been factored in from 2022/23 onwards as a result of the proposed data centre at the Maxwells site, on the A10, south of Cheshunt.

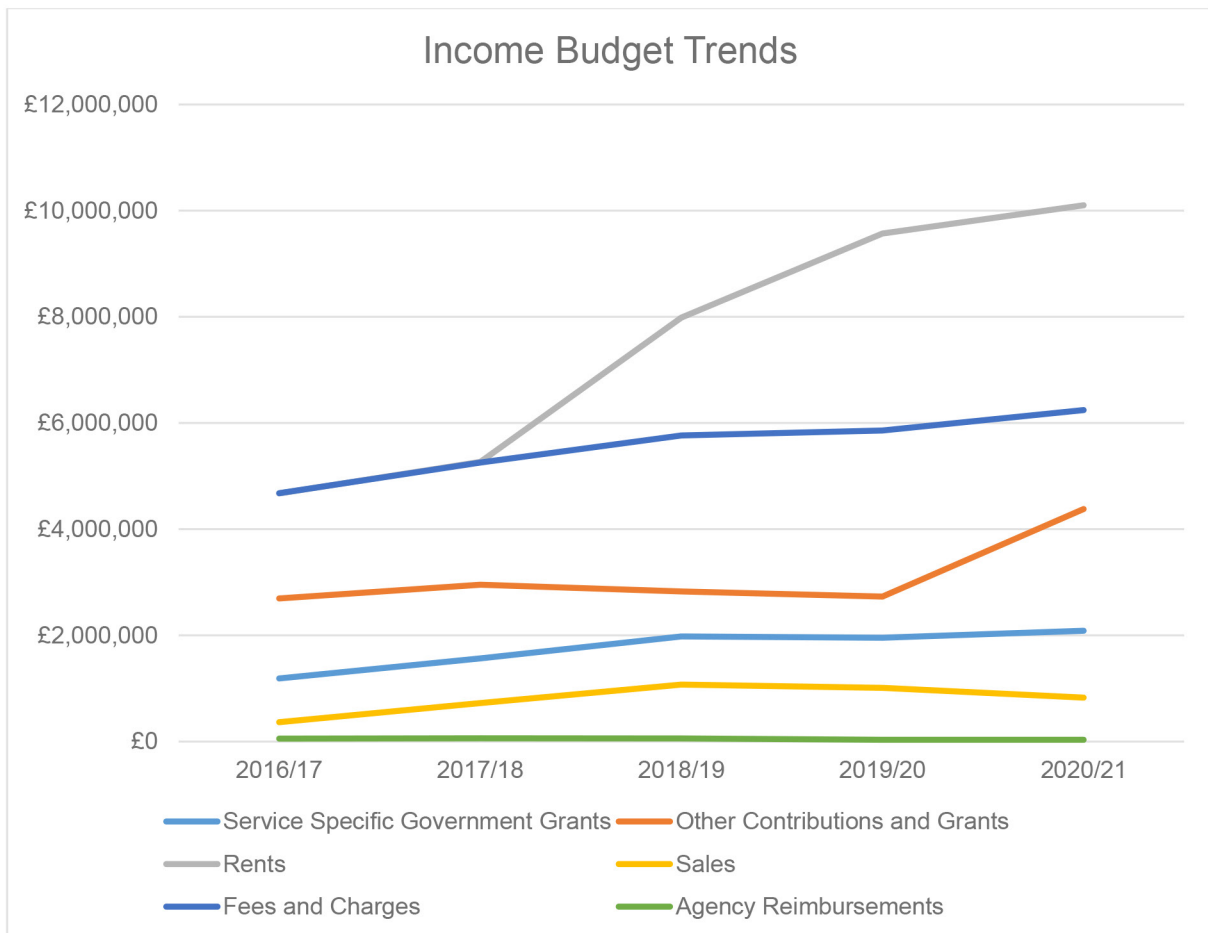
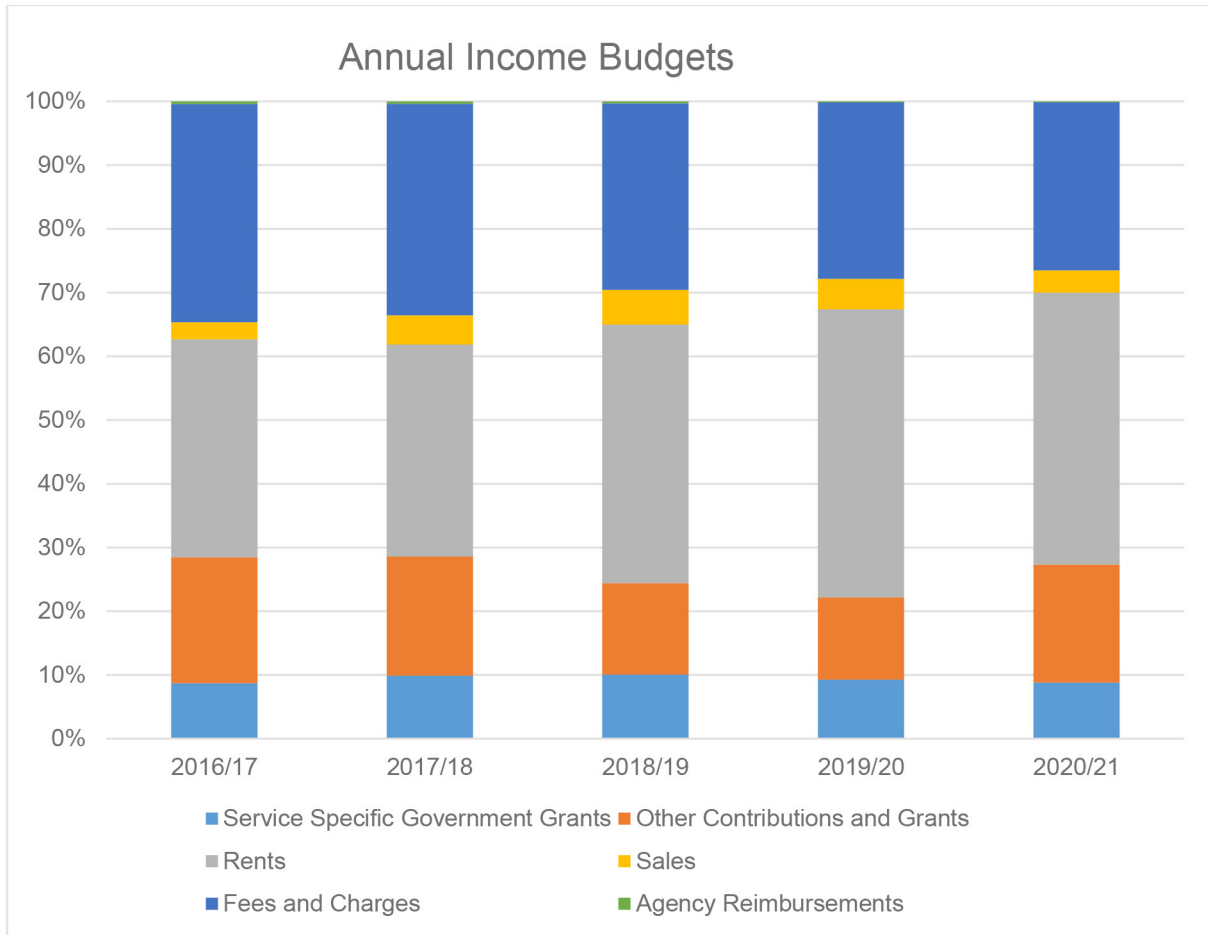
## Costs of borrowing

Interest rates are currently low and this is forecast to be the case for the foreseeable future. An increase in borrowing costs of 0.15% per year has been built into the projections.

## Appendix B – Budget and Funding Forecasts 2021/22 to 2025/26

Based on the assumptions detailed in appendix B and other known one-off items of income and expenditure, the forecast budget and savings requirement is shown below.

|                                                          | 2021/22      | 2022/23      | 2023/24      | 2024/25      | 2025/26       |
|----------------------------------------------------------|--------------|--------------|--------------|--------------|---------------|
|                                                          | £000         | £000         | £000         | £000         | £000          |
| <b>Opening budget requirement</b>                        | <b>7,495</b> | <b>7,800</b> | <b>8,243</b> | <b>8,670</b> | <b>9,742</b>  |
| Salary inflation (assumed 2%)                            | 151          | 154          | 157          | 160          | 163           |
| General inflation                                        | 264          | 312          | 342          | 351          | 362           |
| Costs of borrowing to finance income generating assets   | 128          | 80           | 80           | 80           | 80            |
| Additional income - car parking increases - 10p per year | (39)         | (39)         | (39)         | (39)         | (39)          |
| Additional income - Green Waste charges                  | (87)         | -            | -            | -            | -             |
| Additional income - fees and charges                     | (92)         | (63)         | (65)         | (66)         | (67)          |
| Additional income - The Pavilions                        | (1,350)      | -            | -            | -            | -             |
| Additional income - Brookfield                           | -            | -            | -            | (263)        | (262)         |
| The Pavilions - management fees and contractual payments | 538          | -            | -            | -            | -             |
| Increase in tipping charges                              | 90           | -            | -            | -            | -             |
| Allowance for increased costs                            | 200          | 850          | 252          | 200          | 200           |
| Use of reserves                                          | -            | (650)        | -            | 650          | -             |
| Additional staff                                         | 250          | -            | -            | -            | -             |
| Loss of leisure management fee                           | 519          | (200)        | (300)        | -            | -             |
| Collection Fund Deficit spread over three years          | 248          | -            | -            | (248)        | -             |
| Use of reserves to smooth collection fund losses         | (248)        | -            | -            | 248          | -             |
| Savings already identified                               | (268)        | -            | -            | -            | -             |
|                                                          |              |              |              |              |               |
| <b>Anticipated budget 2019/20</b>                        | <b>7,800</b> | <b>8,243</b> | <b>8,670</b> | <b>9,742</b> | <b>10,179</b> |
|                                                          |              |              |              |              |               |
| <i>Funded by:</i>                                        |              |              |              |              |               |
| Council tax                                              | 4,918        | 5,226        | 5,614        | 5,981        | 6,255         |
| Business rates                                           | 2,500        | 2,400        | 2,500        | 2,600        | 2,600         |
| Additional business rates - Maxwells Data Centre         | -            | 244          | 753          | 768          | 783           |
|                                                          |              |              |              |              |               |
| <b>Total funding</b>                                     | <b>7,418</b> | <b>7,870</b> | <b>8,867</b> | <b>9,349</b> | <b>9,638</b>  |
|                                                          |              |              |              |              |               |
| (Headroom)/Shortfall                                     | 382          | 373          | (197)        | 394          | 541           |





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