The medium term financial plan is a forecast of the potential financial position of the Council for the period 2004/5 to 2007/8 taking into account the following factors:

1. Inflation - estimate of annual inflation on supplies and services, energy costs and non domestic rates (2.5%) per annum.

2. Pay awards - assumption for increased cost of employee related expenditure (3% per annum).

3. Single status - potential cost of single status review of pay and conditions which places all employees on one single pay scale, subject to policy guidance.

4. Capital salaries charged to revenue - the effect of employee costs charged to revenue upon completion of capital schemes e.g. Recreation Centre refurbishment.

5. Insurance premiums - potential additional cost of insurance premiums resulting from the tendering exercise to be undertaken by 1st April 2005 reflecting the hardening of the insurance market.

6. Increased waste management costs - potential increased costs arising from increased government recycling targets, reduction in waste recycling credits and increases in land fill tax.

7. Additional service growth / Corporate Plan objectives - potential additional cost of fulfilling the aims of the Council’s medium term strategy and service changes to meet public demand.

8. Centralised purchasing - savings that may be realised by the development and implementation of a corporate procurement strategy and centralised purchasing.


10. Recreation Centre internalisation - anticipated reduction in cost of managing the Recreation Centre following the decision to bring the management contract back under the Council in April 2003 and potential increased profitability of a newly refurbished facility.

11. Fees and charges inflation - assumption of additional income from charging for Council services based on an annual 2.5% increase.

12. Land charges search income - the National Land Information System (NLIS) will take away part of the function of land searches from local councils to a centralised point with the loss of fee income to local councils.

13. Licensing charges - currently the Council sets its own level of charges for bars, restaurants and night clubs. The government is proposing to introduce standard charges across the country which is likely to result in a loss in income for Cheltenham as these charges may be significantly lower than at
14. Pension fund contribution - increase in contributions to meet potential pension fund shortfall following fall in stock market values and phasing out of the current use of reserves in this area.

15. Property repair and renewal fund contributions - increasing fund to deal with backlog of maintenance on council owned buildings e.g. Town Hall, Art Gallery, parks and gardens infrastructure.

16. IT repairs and renewals fund contributions - increased costs of replacement and upgrade of the Council’s computer systems.

17. Plastic wallets - increasing contribution to replacement programme for plastic swipe cards for council tax payers

18. Increased contribution to Capital - revenue contribution to capital to replace diminishing funds, necessary to finance capital projects, subject to review of strategy.

19. Fallout of interest equalisation reserve - the Council has a reserve to help cushion fluctuations in interest rates which is currently being eroded due to sustained low interest rates.

20. IBS contribution - fallout of the repayment from revenue to the capital reserve in lieu of up front funding of IBS computer system from the capital reserve.

21. Minimum Revenue Provision (MRP) / Loss of commutation - the Council has to set aside a fixed percentage of revenue to pay for debt repayment annually. Currently the Council is allowed to reverse this through a commutation adjustment relating to the up front payment of improvement grants. When this arrangement runs out the Council will need to set aside additional revenue to repay debt.

22. Projected net cost of services - projected cost of providing services taking into account additional costs and savings.

23. Government Grant support - estimated level of government grant and share of the national non domestic rates pool, assuming a 2.5% annual increase.

24. Collection fund surplus - surpluses from past higher than anticipated rate of collection of the council tax collection rates. This fund may be depleted over the next 2 years as a result of an increased budgeted level of collection and falling community charge arrears, hence may reduce the income to offset against service expenditure.

25. Income from council tax - income assuming an annual rise of 5%.

26. Savings / Gap funding - required to contain tax at the projected 5%.