

Best Case				
Figures are cumulative	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m
Current forecast budget deficit net of savings	6.0	1.9	0.3	0.3
Inflation	-4.8	-8.3	-11.8	-15.3
Demand & demographic pressures	-0.5	-3.5	-7.0	-10.9
Net cost of borrowing	-1.7	-3.7	-5.9	-8.2
Benefit from asset disposal programme	0.5	1.0	1.5	1.5
Government grants	-3.8	-5.3	-6.8	-8.3
Business Rates	-0.8	-1.6	-2.4	-3.2
Council Tax	-0.6	-1.2	-1.8	-2.4
Transformation	-1.0	-1.0	-1.0	-1.0
Savings	0.0	-7.5	-15.0	-22.5
Adjustment to net cost of borrowing re assumed use of capitalisation directives		-0.5	-2.4	-4.2
Net Change	-12.7	-31.6	-52.6	-74.5
Updated deficit net of savings	-6.7	-29.7	-52.3	-74.2
Current assumed capitalisation direction	38.0	38.0	38.0	38.0
Adjustment for best case surplus	-6.7	-29.7	-52.3	-74.2
Updated capitalisation directive	31.3	8.3	0.0	0.0
Best Case Assumptions				
1. Inflation - 1% less than main forecast.				
2. Demand & demographic pressures - part funding of 2023-24 growth (Finance) from reserves. Future years growth restricted to the level currently provided for 24-25 (below trend average)				
3. Net cost of borrowing - interest rate 1% less than 6% currently assumed				
4. Benefit of asset disposal programme - lower saving if 1% interest rate reduction assumed				
5. Government grants - New Homes Bonus Grant & Service grant of £4.6m currently modelled to cease in 2024-25. Best case assumes 50% (£2.3m) will continue. Also assume extra grant uplift of 2.5% in recognition of inflation.				
6. Business rates - assume extra 2% core growth in local retained business rates				
7. Council tax - assume extra 0.5% taxbase growth (in addition to trend growth of 1.18% currently modelled)				
8. Transformation - Reduction of £1m in £5m core budget - through cost control/use of reserves.				
9. Savings- increase target savings of £20m beyond 24-25 to 7.5% of the budget requirement				
10. Net cost of borrowing - the lower use of capitalisation directions feeds through to a lower net cost of borrowing. Modelled at 8% (2% minimum revenue provision & 6% interest) in the subsequent year				

Worst Case				
Figures are cumulative	2024-25	2025-26	2026-27	2027-28
	£'m	£'m	£'m	£'m
Current forecast budget deficit net of savings	6.0	1.9	0.3	0.3
Inflation	9.7	16.5	23.3	30.1
Demand & demographic pressures	3.0	6.0	9.0	12.0
Net cost of borrowing	1.7	3.7	5.9	8.2
Benefit from asset disposal programme	-0.5	-1.0	-1.5	-1.5
Government grants	1.4	2.8	4.2	5.6
Business Rates	5.5	5.5	5.5	5.5
Council Tax	1.2	2.4	3.6	4.8
Transformation	5.0	5.0	5.0	5.0
Savings	0.0	2.0	4.0	6.0
Adjustment to net cost of borrowing re assumed use of capitalisation directives		2.6	3.8	5.0
Net Change	27.0	45.5	62.8	80.7
Updated deficit	33.0	47.4	63.1	81.0
Current assumed capitalisation direction	38.0	38.0	38.0	38.0
Adjustment for worst case budget deficit increase	33.0	47.4	63.1	81.0
Updated capitalisation directive	71.0	85.4	101.1	119.0
Worst Case Assumptions				
1. Inflation - 2% more than main forecast. Variance greater than best case as an upside risk.				
2. Demand & demographic pressures - model 5% core growth for ASC rather than 4%				
An extra £2m for all other services.				
3. Net cost of borrowing - interest rate 1% more than 6% currently assumed				
4. Benefit of asset disposal programme - greater saving if 1% interest rate increase assumed				
5. Government grants - grant flatlines in response to government spending controls.				
6. Business rates - assume funded at the 'safety net level'. Risk of economic downturn				
7. Council tax - assume taxbase growth 0.5% lower than trend				
Collection rate reduced from 97.5% to 97% due to economic downturn risk.				
8. Transformation. Scale of budget challenge requires continuation at £10m per annum.				
9. Savings- allowance for 10% non-delivery				
10. Net cost of borrowing - the increased use of capitalisation directions feeds through to a higher net cost of borrowing. Modelled at 8% (2% minimum revenue provision & 6% interest) in the subsequent year				