Financial Strategy

Introduction

The Council's Corporate Plan 2018-2021 was last approved by Council on 23 January 2018. The plan sets out the Council's priorities that represent the challenges and opportunities facing the District Council over the medium term.

Whilst the local elections in May 2019 have changed the political makeup of the Council, the corporate priorities remain unchanged and relevant. The biggest global event that has had a significant impact on the Council is the coronavirus pandemic. Since March 2020, this has had a major impact on service demand and delivery, and the Council's own financial position. Cabinet, Overview and Scrutiny and Council have received regular reports setting out the recovery plan and the way forward for the Council's financial planning.

Extract from Approved Corporate Plan

The Priorities are to:

- Improve the provision of and access to affordable housing;
- Support our communities;
- Manage our built and natural environments to promote and maintain a positive sense of place;
- Improve and support the local economy to enable appropriate local growth; and,
- Manage the Council's finances prudently and effectively.

Each of these priorities is underpinned by several objectives that set out what the Council aims to achieve. This includes specific objectives with more detailed actions to be undertaken to meet the Council's approved key priorities, including specific measurable targets, where appropriate.

Manage the Council's Finances Prudently and Effectively

The overall Financial Strategy is linked to the specific priority within the Corporate Plan that is to **manage the Council's finances prudently and effectively**; this has three overarching objectives, which are:

1. **Ensure prudent use of the Council's resources**.

    - Ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.
    - Manage rigorously the Council's risks.
    - Have sound governance arrangements in place approved by the Council's external auditors.

2. **Provide value for money through efficient and effective service delivery**

    - Maintain a programme of improvement reviews for our services to ensure that they are delivered effectively and efficiently. These reviews should challenge existing costs, service delivery mechanisms and consider using outside bodies where appropriate.
    - Ensure that where the Council has discretion over charging for services, service users should normally bear the full costs except where there are important community considerations.
    - Implement an investment strategy to preserve and improve the financial and other resources available to the Council.

3. **Maintain low rate of council tax while protecting services.**

    - Provide services without the use of reserves.
    - Require compensating savings before any new revenue expenditure is approved, including capital expenditure that has revenue consequences.
    - Continue to review the Council's costs in order to find further savings.
    - Continue to identify and develop income generating opportunities for the Council.

Approach and Approval Process

Linked to the main financial management objective:

1. The Council maintains a 5 year rolling medium term financial strategy model which is underpinned by the key financial principles.
2. The key financial principles, along with an annual position statement is reported to the Corporate Governance and Audit Committee for their consideration in relation to managing the strategic risk of financial resilience, and considering the minimum level of general fund reserves that should be held. The Committee's recommendations are incorporated into the annual Financial Strategy report, considered by both Cabinet and Council ahead of the budget report for the annual budget and council tax setting required prior to the start of the new financial year.
3. A statement of resources is maintained to identify the current level of reserves, the commitments against those reserves, and therefore the potential funds available for the Council to invest in new schemes.
4. In year quarterly revenue monitoring is undertaken to identify trends and cost pressures which will inform the revenue budget for the forthcoming financial year and beyond.

Under the umbrella of the Financial Strategy are other linked policies and strategies which assist with ensuring the robust financial management of the Council, including the Treasury Management and Investment Strategies and a Capital Strategy. The Capital Strategy gives a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local services and how the risks are managed by the Council.

The Council maintains a 5 year capital programme linking the available resources directly to corporate priorities and taking into account revenue implications within the 5 year Financial Strategy Model. There is also a 5 year planned programme to replace the assets used by the Council to deliver its services developed from the 25 year Asset Replacement Programme Model. This is updated annually as part of the budget cycle.

Medium Term Financial Plan

The aim of the plan is to ensure the financial stability and to support council services by regularly reviewing the key financial influences and identifying the associated risks.

1. Current Financial Position

   Whilst the Council set a balanced budget for 2020-21 in March, the Covid-19 pandemic has had a significant impact on the Council due to the loss of income from commercial and discretionary activities that underpin a balanced annual revenue budget. The settlement for 2020-21 was for one year only as the Fair Funding Review and localisation of the Business Rates was delayed until 2021-22. The Government has, however, had to push this back another year due to the pandemic and it is assumed that this will impact on funding from 2022-23 and beyond. The expectation is that local government will not fare well, especially at the shire district level. In 2016 a Deficit Reduction Plan to achieve further savings of £3.8m was approved by Council, and to date £3.5m has been achieved against the targets set, with further anticipated savings or additional income of £0.423m over the next 5 years.

   Section 31 grants continue to play a part in giving the Council compensation for any Government policies which impact the business rates retention scheme for example small business rate relief etc.

   The approach taken for each of the key financial principles, a position statement and any further actions required, is detailed in Annex A.

   The approved 5 year capital and asset renewal programmes totalling £48.611m currently remains fully funded without the need to borrow from external sources and there is a balance of £13.88m uncommitted resources available for new projects and investment in services, having taken into account £8m allocated by Council in July 2020 to address the COVID 19 impact on the Council's budget. This balance includes anticipated capital receipts of £7.877m to be received over the next 5 years.

   Appendix 3 of the Strategy report shows the current level of resources and the current commitments. The Council's current approved programmes are available on its website at Annual budget: Chichester District Council.

2. 2021-22 Settlement

The provisional Financial Settlement for 2021-22 is expected to be announced by the Ministry of Housing, Communities and Local Government (MHCLG) in early December 2020.

As with 2020-21 it is expected that the settlement for 2021-22 will be for one year only. Further changes in Government funding due to the Fair Funding Review and the localisation of business rates will now be delayed until 2021, thereby coming into force from 2022-23.

The Government set the threshold which would trigger a Council Tax referendum annually. It is likely that for 2021-22 the threshold will be set at 2% or £5, whichever is greater. This information will be confirmed after the Government's technical consultation on the Local Government Financial Settlement 2021-22 in early December.

There continues to be economic uncertainty both due to COVID and also the on-going EU Transition negotiations. It should be noted that the Council currently relies on approximately £18m of income from its fees and charges to balance its budget, much of this is discretionary spend or linked to the economy. An allowance has been built into the 5 year model for a reduction in income from these sources for 2021-22, then recovering gradually, but not returning fully to the pre-COVID levels, as it is likely that trends such as home working and online shopping will continue after the pandemic has ended.

3. 5 year Financial Model

The 5 year financial model (appendix 2 of the Strategy report) has been updated to reflect the known changes for the forthcoming year, and forecasts for future years based on information currently available. This has been prepared with a prudent view in relation to service cost pressures and areas of financial risk. In addition the efficiency savings from the COVID recovery action plan have been built into the model, with a 25% contingency. This model is kept under review so that the Council has time to respond should the situation, and/or government funding be significantly different to that currently assumed.

The main assumptions in model are:

a. Uplifts for inflation are given in table 1 below. Inflation this year has been quite volatile. CPI started the calendar year at 1.8%, falling to 0.7% by May. It then climbed to 1.1% in July, before falling again to 0.7% in September.

   RPI has fallen from 2.7% in January to 1.0% in May, 1.6% in July, 0.5% in August and 1.1% in September. It has therefore been extremely difficult in formulating this year's strategy to predict inflation levels for 2021-22. The indices used for the financial model have therefore been the Bank of England target rate of 2% unless otherwise stated.

Table 1: Inflation Assumptions

	2021-22	2022-23	2023-24	2024-25	2025-26
Pay	1%	1%	2%	2%	2%
Pension	-1%	-1%	0%	0%	0%
General prices	2%	2%	2%	2%	2%
Income	2%	2%	2%	2%	2%

These assumptions are used for the strategic modelling, but where appropriate within the detailed annual budget, specific inflation assumptions are applied for utility and ICT support and maintenance agreements. Fees and charges income are also reviewed to identify those which could achieve an increase higher than the base inflation assumption.

The Bank of England Base Rate is currently 0.1% and the picture is far from clear as to what future rates will be. Expectation is that the Base Rate will remain flat for the near future, and could possibly reduce introducing the prospect of negative interest rates.

b. Service Cost Pressures have been identified and are set out in appendix 2 to the report. The most significant cost pressure relates to the reduction in income from sales, fees and charges. Whilst the Government have compensated Councils for some of their losses in the current year, the support only applies to 2020-21, and so a prudent estimate of the likely longer term impact has been built into the forecasts.

Table 2: Potential Loss of Income from Sales Fees and Charges

	2021-22 £'000	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26
Reduction in Income from Sales Fees and Charges	1,650	1,448	1,086	543	543

c. Saving targets from the COVID recovery plan for stage 1 – Efficiency, and stage 2 – Policy Options, have been identified and reflected in the Financial Model. These are set out in table 3. An allowance of 25% against these targets has been made since some of the savings initiatives are aspirational, and / or are based on income projections which are to some degree outside of the Council's control.

Table 3: Potential Saving Targets

	2021-22 £’000	2022-23 £’000	2023-24 £’000	2024-25 £’000	2025-26 £’000
Efficiency Review	(916)	(1,339)	(1,876)	(1,876)	(1,876)
Policy Options	(97)	(186)	(217)	(217)	(217)
Contingency	253	381	523	523	523
Total	(760)	(1,144)	(1,570)	(1,570)	(1,570)

d. The Financial Model has an assumed level of Council Tax increases at £5 per annum rather than 2%; although it is unclear at present whether the £5 increase for low taxing authorities such as Chichester will be allowed. The final decision for the Council tax increase for 2021-22 will be for Council to determine once the final settlement is known.

e. New Homes Bonus (NHB) is currently not used to support the revenue budget as this would be contrary to the Council’s key financial principles. NHB for 2020-21 was for one year only rather than legacy payments for four years.

Based on the assumptions contained in the model the Council is able to set a balanced budget by the end of year 5 but will need to use reserves while the COVID recovery plan savings are implemented. However, any additional increases in spending or reduction in planned income will impact on this position, both in the short and medium term. The Council will then need to take further action to maintain a balanced budget over the medium term.

Based on current forecasts the Council will need to use £2.1m of reserves to set a balanced budget for 2021-22.

4. Beyond 2020-21, the Risks and Opportunities

From 2021-22 there are a number of major changes which may affect the assumptions in the 5 year Financial Model, especially in relation to the external environment, that present further potential financial risks and instability to the Council’s finances:

- The Government’s Spending Review, including the Fair Funding Review, will assess the financial needs for local authorities for 2022-23 and beyond. The Business Rates Retention Scheme (BRRS) will also be part of these changes. The 5 year Financial Model assumes that the Council will receive less government funding in the future as the funding changes are expected to favour higher tier authorities with social care responsibilities. It also anticipated that the New Homes Bonus grant will cease as part of these reforms, and only legacy payments will be received for the allocations made in the years up to 2019-20. The 2020-21 allocation was a one year allocation only with no legacy payments.

- New BRRS may offer the opportunity to increase funding gained from the business rate growth in the longer term. However, in the short term there is concern about the resetting of the baseline as the growth achieved to date will be lost.

- The impact on the economy and the demand for services as a result of both COVID and the EU Transition. This may affect GDP and the outcome of the Spending Review, and consequently the financial settlement for local authorities from 2022-23 onwards. The Council has a high reliance on its fees and charges to balance the budget, especially those that are more volatile in any economic downturn. The experience in the current financial year shows that some income streams such as car parking charges have been badly affected. An assessment for future years has been built into the five year model. This is uncharted territory and only time will tell if the estimates are accurate.

- Demand on the Council Tax Reduction scheme is expected to increase next year, increasing costs to all precepting bodies.

- Receipts from Business Rates in 2021-22 are expected to reduce due to the pandemic.

- In the medium term there is still a budgetary risk in relation to the statutory override for the accounting treatment for treasury management investments under IFRS 9. This override, which means losses on certain investments are only recognised if the investment is sold, was given for 5 years until April 2023. Lobbying continues for this adjustment to be made permanent. Due to the impact of COVID, the Council is currently carrying £3.2m of potential losses.

- The impact of any funding reductions from other local authorities or funding partners.

5. Conclusion

The Financial Strategy and the 5 year Financial Model have been updated for cost pressures, income reductions, and increased Council Tax support claims, as well as a reduction in Government funding from 2022-23 due to the Fair Funding Review and the resetting of the Baseline for Business Rates.

The Council’s reliance on fees and charges to help balance the revenue budget will come under pressure as a result of both COVID and EU transition. The Council needs to take account of changes in people’s behaviour in relation to home working and shopping in the high street, both of which are having an impact on trends for car park income.

The 5 year Financial Model anticipates that the Council is able to set a balanced budget for 2021-22 through the use of £2.1m of reserves, before returning to a balanced position by the end of the 5 years. This will however only be possible if the COVID recovery savings are delivered. The Council is legally required to set a balanced annual budget, any shortfall in the short term will need to be considered and addressed in line with the key financial principles and its key corporate plan objective for prudent and effective financial management. The use of reserves to balance the budget is not prudent or sustainable unless there is a carefully managed plan to steer the budget back towards being balanced without the use of reserves. The COVID recovery plan savings are considered to be adequate to deliver a balanced budget over the medium term.

Key Financial Principles

Linked to the Corporate Plan objectives are the Key Financial Principles that underpin the Council's Financial Planning approach as set out in the table below.

Principle	Narrative	Actions
Key Financial Principles		
1. **All key decisions of the Council should relate back to the Corporate Plan**.	The Corporate Plan is the driver for our decision making, including the allocation of resources, and sets the Council's work plan. Each year the Corporate Plan is reviewed. The affordability role of finance in the corporate planning process has evolved into an assessment of what resources are required to deliver the emerging Corporate Plan projects, whilst maintaining high quality provision of services wherever possible. So far, major service reductions have been largely avoided. However, with finite resources that are predicted to continue to reduce in the immediate future, the Council may not be able to deliver all of its aspirations whilst maintaining existing services to the current level provided. Members may have to make difficult decisions in the future about service provision and competing priorities.	Regular monitoring and reporting against the COVID recovery plan will be undertaken by officers & reported to members. New and emerging issues and service requirements will be considered by Strategic Leadership Team (SLT) and members during strategy planning events.
2. Ensure the revenue budget and capital programme remain balanced and sustainable over a rolling 5 year period.	There is a legal requirement to set a balanced revenue budget and ensure the capital programme is fully resourced. The reduction in Government funding since the banking financial crisis in 2009, has meant that the Council has needed to take action in order to balance the revenue budget without drawing on general reserves. The Statement of Resource Allocation demonstrates that the capital programme remains affordable. In July 2020 Council agreed to set the minimum level of General Fund reserves at £4m, and to release £8m to address the financial pressure caused by COVID. Whilst the intention is to set a balanced budget over the medium term, this finite resource remains available to support revenue while the COVID recovery plan is implemented.	The 5 year financial model will continue to be monitored and updated, and Cabinet is given regular briefings on this throughout the year. Senior managers will monitor delivery of the COVID Recovery Plan. Budget monitoring for revenue and capital schemes is completed quarterly by budget managers, and reported to all members on the Modern.gov website.

Principle	Narrative	Actions
	The 5 year financial risk model will be updated and reported to Cabinet in November with the forecast of the budget for the next five years.	To consider future Government funding in light of the fair funding review which will now impact settlements from 2022-23 and beyond, along with the resetting of the Baseline for Business Rates. Any funding gap based on current projections will need to be considered by SLT and members to ensure that an action plan is agreed.
3. Over the next five years return the Council to a position of non-dependency on reserves.	It is essential that the Council strives to return to a position of balancing its budget without the need to rely on reserves. However, in order to protect public services, Council has agreed to a phased approach to delivering the COVID Recovery Plan while using reserves to assist in the intervening years. Such an approach is only sustainable while projections indicate that a balanced position will be achieved over the medium term, and that there are sufficient uncommitted reserves to support such an approach. The 5 year model indicates that just over £8m of reserves will be required, and this has been reflected in the Resources Statement. Appropriate funding needs to be built into the revenue and capital budgets, taking into account the whole life cost of the assets. With reserves being largely committed, the revenue budget will need to make an appropriate contribution to reserves to fund any future capital commitments. Base budgets incorporate repairs and maintenance to council buildings, thereby removing dependency on reserves for what is a recurring revenue cost. Similarly, other recurring items still funded from reserves must be built into future revenue budgets. The capital accountant co-ordinates a full review of the existing asset base of the council with divisional and service managers to identify and assess	To keep under review the COVID Recovery plan, and the availability of reserves. These need to be considered regularly in the context of the 5 year model with the aim to achieve a balanced budget without use of reserves by 2025-26. To build future demands for recurring expenditure into the 5 year Financial Model, and thereby into any potential savings target. To avoid funding recurring expenditure from reserves as a key financial principle.

Principle	Narrative	Actions
	the need to reinvest in our existing essential assets. This is updated annually to ensure the current asset base remains affordable over the long term.	
4. In order to maintain a balanced budget in a climate of reduced funding, savings in the revenue budget or external funding will need to be identified before any new revenue expenditure, including capital expenditure that has revenue consequences, or any reduction in planned income is approved.	The Council needs to have certainty about capital and revenue funding before entering into new commitments. This will require robust project management processes to ensure the full consequences of embarking on particular projects are known and understood from the outset for both revenue and capital. The whole life costs of the project must be considered. Where projects are dependent on match funding, the funding partner may impose certain conditions. The Council needs to clearly understand what those conditions are and their possible financial consequences. Projects should only proceed once all funding has been secured, and the conditions have been assessed and evaluated. The relevant service should also consider, in advance, any costs that may arise at the end of the project and prepare an exit strategy so that the full consequences are known in advance. Whole life costing should be used. Copies of all funding agreements should be copied to the Financial Services Division to ensure all possible future liabilities are considered and documentation retained. Where new spending priorities or income reduction are to be introduced into the revenue budget, corresponding savings or additional income / funding will need to be identified.	All Project Initiation Documents (PIDs) are to be based on whole life costs, and include an exit strategy. New investment proposals should be linked to the Corporate Plan, and assessed to ensure they represent for value for money.
5. Review costs in response to changes in service demands.	The call upon council services is fluctuating more during a period of economic and financial uncertainty. Whilst short-term variances in demand can be accommodated, any longer term trends, i.e. beyond one year, will require the Council to respond by redirecting its resources in line with changes in demand. This is a key principle as future changes in demand on services are bound to occur. Prioritising the Council's services will enable scarce resources to be directed	Essential services that experience an increase in demand will be recognised and supported. However, where there is an on-going reduction in demand beyond one year resources should be reviewed in order to realign resource allocation.

Principle	Narrative	Actions
	to areas of need and priority over the medium term.	
6. Where the Council has discretion over charging for services, consideration needs to be given as to the extent to which service users should bear the costs, and the proportion, if any, that should be met by Council Tax.	The Council has limited discretion to set fees and charges for some services. Clearly, the setting of charges should have regard to community needs for those services as well as affordability. Traditionally, many fees and charges have increased in line with inflation. The Council has a Fees & Charges Policy. This requires services that have discretion to charge do so in an attempt to at least break even, unless there is a clear approved policy reason for not doing so. The underlying principle is that the service user should pay the full cost of the services received.	Service managers need to consider their fees & charges in advance of the start of each financial year. Any individual services operating at a deficit should aim to break even unless there is an approved policy to support their on-going subsidy. This should be based on the whole cost of delivering the service, including use of assets.
7. Continue to review the Council's costs in order to find further savings.	The Council has already achieved significant savings over recent years. However, the Council will continue to seek further efficiencies to help free up resources, ensure services are as efficient and effective as possible and support the community. The focus is to ensure services are delivered to an appropriate standard at a competitive unit cost. Council agreed the COVID Recovery Plan in July 2020. This tasked officers to identify efficiency savings as the first stage in a three stage programme to address the budget position. Aside from formal service reviews, service managers should normally be considering the best and most cost effective procurement methods in their service areas.	The challenge now is to implement the savings that have been identified. This will be achieved through the governance arrangements that Council also approved in July 2020, with the Organisational Recovery Group having immediate oversight, reporting into the Leader and Chief Executive and monitored by Overview and Scrutiny and Cabinet.
8. Match Council Tax increases to a realistic and affordable base budget.	The objective is to limit increases in Council Tax to modest and affordable levels over the next 5 years, whilst accepting that such an objective may be impacted by national government policy. In 2018-19 and 2019-20 the Government changed the threshold for triggering a requirement to hold a referendum for council tax increased to over 3%, previous years this was 2%. District councils were permitted to	Assumptions are made in the 5 year financial strategy model for council tax increases. The model will be updated as necessary once the Government's criteria is known.

Principle	Narrative	Actions
	raise their council tax by the highest of the 3% or £5, which aids those with a low tax base. In effect this rule change has permitted this council, since it has one of the lowest Council Tax levels, to increase its Council Tax by £5. The threshold for 2020-21 reverted back to 2% or £5. The Government will confirm what rules will apply for 2021-22 in early December.	
9. Budgets should be pooled with other service providers to achieve more effective and cost efficient outcomes for the community.	It is likely that in future the Council will become more involved in new ways of working, including greater partnership working, devolved budgets and pooling resources with other agencies. It is important that strategic objectives and community outcomes are agreed from the outset when partnerships are formed so that the achievement of results can be measured and reported to members to ensure public funds are being used in the most efficient way to achieve greatest impact for the community.	Where appropriate we should commission services with other service providers and pool our budgets to provide more effective and efficient outcomes for the customer.
10. New Homes Bonus (NHB) This should be allocated annually, and only committed once received.	The NHB is not ring-fenced, and as such the Council can choose how it wants to use this source of funding, although the previous coalition Government pointed out that it expected it to be used to help "reward" communities that have taken housing growth. Furthermore, the Government also stated that it expects councils to consult with their communities on its use, and in areas where there is a national park as the planning authority, to also consult with the park authority. The funding is paid as a grant in respect of each new domestic dwelling coming into the tax base (net of any long term empty properties) of the whole District, including the area within the National Park. The amount paid is based on the national average council tax, and used to be paid for the following four years. This changed for 2020-21 when the grant was reduced to a one year grant only. This grant is paid for development that exceeds a baseline set at 0.4% of the Council Tax Base, and is split 20% to the County Council and 80% to the Housing authority, i.e. CDC. The view remains that NHB may be adjusted further or even abolished	The NHB is to be reserved for community and other uses after it has been received. It remains important, however, to allocate this funding taking into account the legal requirement to set a balanced budget for the council. As such this will be reviewed annually. The grants and concessions panel review the use of NHB, along with other grant funding that the Council makes available to individuals and groups.

Principle	Narrative	Actions
	altogether. It should not, therefore, be relied upon long term to resolve our budget position, and should only be committed after it is received. In previous years the Council have not used the NHB to assist in balancing our revenue budget, and have instead used this source of funding to help reward communities by funding one off projects. .	
11. Localisation of Business Rates. We should review the decision to pool our business rates annually after receipt of the government draft settlement to ensure that the Council is in the best possible financial position.	The Council participated in a (50%) business rates (BR) pool for some authorities in West Sussex in 2018-19, thereby enabling us to retain more of the BR growth locally for investment jointly with other pool member authorities which included the county council, Arun, Adur and Worthing. In 2019-20 all West Sussex authorities participated in a 75% BR Pool Pilot having been selected to do so for 1 year by the Government, but this arrangement ceased on 31 March 2020. In 2020-21 a business rate pool was created similar to the 2018-19 pool, but did not include Chichester District Council (CDC). That was in order to maximise the gain to the County as a whole, while all West Sussex authorities, including CDC, are able to bid for project funding from the pool gains. For 2021-22 the same authorities that made up the 2020-21 pool are considering whether to pool at all given the uncertainty that COVID has brought to the level of business rates. (Authorities that do not form a pool are protected by individual government "safety nets" while those in a pool are not).	The business case for pooling shall be reviewed annually taking into account the potential risk associated with being in a pool.
Resources and Capital Programme Principles		
1. Capital receipts, reserves and interest on investments (other than property and multi bond investments) will primarily be available for new	This is a long-established principle whereby non-recurring resources are used to meet non-recurring expenditure. The revenue budget is no longer reliant on reserves. Interest receipts are, with the exception of property related income and mixed asset bonds, diverted to support the capital programme.	Temporary sources of funding should not be relied upon to fund recurring revenue costs. Budget managers embarking on new projects that involve temporary

Principle	Narrative	Actions
investment of a non-recurring nature, thereby minimising the overall financial risk. Income earned from property investments, both directly owned and managed property, and the Local Authority Property Fund, together with mixed asset bonds, can be used to support revenue as the income streams earned are much less volatile.		funding must design an exit strategy from the outset to ensure the council is not left with unfunded costs at the end of the funding stream.
2. Ensure that a sufficient level of reserves are maintained, as informed by the Financial Strategy, so that the Council can remain flexible and is able to respond to a changing local government environment.	The objective is to offer resilience against the unexpected and provide resources for new initiatives including one-off costs to assist with reshaping the organisation. The Capital Programme is an estimate of the capital schemes' likely cost and the funding resources likely to be available to meet that need. This is always subject to amendment if, for example, a scheme cost is higher than anticipated or an anticipated capital receipt is less than expected. The capital programme is by its nature constantly changing and the resource position will be continuously monitored to ensure it remains affordable. The Resources Statement reflects the current level of reserves, anticipated receipts, and commitments, and this is updated alongside the 5 year financial plan.	Routine monitoring of the capital schemes and the overall resources position will continue to ensure the capital programme remains affordable. All earmarked reserves will be reviewed annually with service managers to ensure that they remain relevant and essential, otherwise the funds should be returned to available balances.