

**HIGH PEAK BOROUGH COUNCIL**

**MEDIUM TERM FINANCIAL PLAN 2020/21 to 2023/24**

**February 2020**

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## **1. INTRODUCTION**

- 1.1. The Medium Term Financial Plan (MTFP) is a key element of the Council's budget and policy frameworks. It aims to ensure that resources are directed effectively and efficiently towards delivery of the Council's Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 4 years.
- 1.2. The medium-term financial planning process establishes how available resources will be allocated to services in line with the Council's priorities which have been determined following consultation with residents, councillors and other stakeholders. The process facilitates the Council in planning the prudent management of its finances, in building resilience and in providing for the needs of residents over the long term.
- 1.3. The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing plan and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 2020/21 to 2023/24. It also includes an assessment of key risks and a presentation of longer-term financial issues which have the potential to impact on the Council.
- 1.4. The Council will demonstrate economy, efficiency and effectiveness in the application of its resources. Value for Money (VFM) is maximised when there is an optimum balance between economy, efficiency and effectiveness.
  - Economy: the price the Council pays for providing its services
  - Efficiency: how much the Council gets out of what's put in (productivity)
  - Effectiveness: value of the impact achieved (quantitative or qualitative)

## **2. STRATEGIC PRIORITIES**

- 2.1. The Medium Term Financial Plan is driven by local priorities. The Council's spending strategy is set out in the Corporate Plan formally adopted by members of the Council.
- 2.2. Following the elections in May 2019 and new political administration, there has been a fundamental review of the Corporate Plan focussing on the period 2019-2023 (up to the end of the current political administration). The Corporate Plan was agreed by Council on 15<sup>th</sup> October 2019 with 2020/21 representing the first full year of the new Corporate Plan.
- 2.3. The Council's 4-year Corporate Plan (2019-2023) establishes the Council's vision, corporate objectives and key priorities for the medium term. It in effect establishes the Council's commitment in the delivery of service and community leadership to the residents of the High Peak.

- 2.4. The delivery of the Corporate Plan will be measured through the Performance Framework. A set of local performance indicators and targets will be established in preparation for the start of the financial year 2020/21 by the Corporate Select Committee.
- 2.5. The Council's Corporate Plan is a document that needs to be owned by the whole Council. As a consequence the Council held a members priority setting day held in July 2019 – the views have been taken into account in the development of the new plan and will also be important in developing the supporting performance framework.
- 2.6. The Medium Term Financial Plan has been updated to reflect the contents of the plan and to ensure that resources are directed towards key priorities.
- 2.7. The Council's vision is expressed as:  
 "Working together to protect and invest in the High Peak with the Council on your side"  
 This vision is articulated further by four aims:
- Supporting our communities to create a healthier, safer, cleaner High Peak
  - A responsive, smart, financially resilient and forward thinking council
  - Protect and create jobs in the High Peak by supporting economic growth, development & regeneration
  - Protect and improve the environment including responding to the climate emergency
- 2.8. The first aim recognises that the Council has a broader role and has to work with partners to deliver more holistic outcomes. The second aim commits to the continuous improvement of services and reinforces the desire to provide value for money.
- 2.9. The third and fourth aims form the additional ambitions of the Council which continue to be focused around supporting the development of the local economy and protecting the environment.
- 2.10. These aims are supported by a number of objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

|   | <b>Aim</b>   | <b>Objectives</b>   |
|---|--|---|
| 1 | Supporting our communities to create a healthier, safer, cleaner High Peak | <ul style="list-style-type: none"> <li>• Effective relationship with strategic partners</li> <li>• Effective provision of high-quality public amenities, clean streets and environmental health</li> <li>• Fit for purpose housing that meets the need of tenants and residents</li> <li>• Practical support of community safety arrangements</li> <li>• Provision of high quality leisure facilities both in formal leisure centres and swimming pools and out in our communities</li> <li>• Work with our partners and the community to address health inequality, food and fuel poverty, mental health and loneliness</li> </ul> |

|   | <b>Aim</b>   | <b>Objectives</b>   |
|---|--|---|
| 2 | A responsive, smart, financially resilient and forward thinking Council                            | <ul style="list-style-type: none"> <li>• Ensure our future financial resilience can be financially sustainable whilst offering value for money</li> <li>• Ensure our services are readily available to all our residents in the appropriate channels and provided “right first time”</li> <li>• Invest in our staff to ensure we have the internal expertise to deliver our plans by supporting our high performing and well motivated workforce</li> <li>• More effective use of Council assets to benefit our communities</li> <li>• Effective procurement with a focus on local businesses</li> <li>• Use innovation, technology and partnership with others to help improve the efficiency of services, improve customer satisfaction and reduce our impact on the environment</li> </ul> |
| 3 | Protect and create jobs in the High Peak by supporting economic growth, development & regeneration | <ul style="list-style-type: none"> <li>• Encourage business start-ups and enterprises</li> <li>• Work to create flourishing town centres and thriving high streets that support the local economy</li> <li>• Promote tourism to maximise local benefit</li> <li>• High quality development and building control with an “open for business approach”</li> <li>• Car parking arrangements that meet the needs of residents, businesses and visitors</li> <li>• Working to support existing local businesses, both large and small across the High Peak as they respond to future challenges</li> <li>• Supporting the development of innovative green jobs and businesses across the High Peak</li> </ul>  |
| 4 | Protect and Improve the Environment including responding to the climate emergency                  | <ul style="list-style-type: none"> <li>• Effective recycling and waste management</li> <li>• Effective provision of quality parks and open spaces</li> <li>• Meeting the challenge of climate change and working with residents and business across the High Peak to implement the climate change action plan</li> </ul>  |

2.11. The Council is committed to playing the lead role in championing the local area. In so doing the Council recognises its community leadership role. Fulfilling this role effectively means influencing partners in a number of key areas in order to ensure that services are shaped and delivered around the needs and aspirations of citizens. The Council’s influencing role will be focused in the following priority areas:

- Work with Derbyshire County Council and other partners to enable high speed internet across the borough
- Support the development of more cycle routes whilst working with Derbyshire County Council and residents to ensure harmony amongst road users
- Working with regional partners such as Derbyshire County Council, Greater Manchester Combined Authority and the Sheffield City Region to improve public transport links across the borough and extend the GM rail ticketing boundary
- Encouraging local organisations and businesses to reduce their carbon footprint
- Ensure the best use of public assets across the borough by working via the One Public Estate project

2.12. The Council will also continue to seek to influence our partners in the following long term projects:

- Work with the private sector on regeneration schemes including The Crescent and Torr Vale Mill
- Pressing for more regular and faster rail links and public transport links and essential road infrastructure (i.e. A628 / A6 bypasses, Whaley Bridge 2nd Bridge, Gamesley Station)
- Supporting the completion of the off road route for the Trans Pennine Trail and access to the Monsal and Tissington Trails
- Maintaining the provision of accessible health of social care and working with partners to ensure health and well being
- Support the police in dealing with anti social behaviour
- Work with partners to bring additional funding into the borough

2.13. The Plan identifies key priority outcomes, which will be the highest priority in the development of performance targets and key actions. A significant proportion of the Council’s resources will be directed towards achieving them:

| Aim  | Priority Outcomes  |
|--|--|
| Supporting our communities to create a healthier, safer, cleaner High Peak                         | <ul style="list-style-type: none"> <li>• Improved housing repairs service</li> <li>• Improved private sector housing conditions</li> <li>• Increased supply of affordable housing</li> <li>• Increased level of community support</li> </ul>                   |
| A responsive, smart, financially resilient and forward thinking Council                            | <ul style="list-style-type: none"> <li>• Increased use of local firms through procurement</li> <li>• Provision of more apprenticeships</li> <li>• Increased levels of customer satisfaction</li> <li>• Better engagement with our local communities</li> </ul> |
| Protect and create jobs in the High Peak by supporting economic growth, development & regeneration | <ul style="list-style-type: none"> <li>• Increased economic growth</li> <li>• Higher paid employment</li> <li>• New tourism opportunities</li> <li>• Thriving and flourishing town centres and high streets</li> </ul>   |
| Protect and improve the environment including responding to the climate emergency                  | <ul style="list-style-type: none"> <li>• Reduction in carbon emissions</li> <li>• Reduced levels of environmental crime</li> <li>• Appropriate response to the climate emergency declaration through a deliverable plan</li> </ul>                             |

2.14. The Council maintains a Strategic Alliance with Staffordshire Moorlands District Council, formed around the principle of shared services in the pursuit of efficiency and realisation of savings. The Strategic Alliance has enabled the implementation and transformation of a joint management structure and services, consequently realising significant efficiency savings.

2.15. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner.

### 3. CURRENT SPENDING LEVELS

- 3.1. The starting point for the development of the MTFP is the current level of spending and the approved capital expenditure commitments.

#### ***General Fund Revenue Budget***

- 3.2. The Council's current year (2019/20) General Fund budget can be summarised as follows:

| <b>Income and Expenditure</b>   | <b>2019/20 Budget</b> |
|---------------------------------|-----------------------|
|                                 | £                     |
| Employees                       | 11,344,470            |
| Premises                        | 4,522,920             |
| Transport                       | 641,740               |
| Supplies & Services             | 8,546,630             |
| Benefits                        | 82,460                |
| Borrowing                       | 1,794,630             |
| Parish Grant                    | 51,320                |
| Financing Costs                 | 191,000               |
| <b>Total Expenditure</b>        | <b>27,175,170</b>     |
| Fees and Charges / Other Income | (8,177,710)           |
| Interest Receipts               | (225,260)             |
| Capital Recharges               | (231,240)             |
| HRA Recharges                   | (7,775,610)           |
| <b>Net Expenditure</b>          | <b>10,765,350</b>     |

- 3.3. The net expenditure is financed as follows:

| <b>Financing</b>                             | <b>2019/20 Budget</b> |
|--|-----------------------|
|  | £                     |
| Council Tax                                  | (5,863,060)           |
| Government Funding                           | -                     |
| New Homes Bonus                              | (560,050)             |
| Business Rates Retention                     | (3,638,050)           |
| Collection Fund Deficit                      | (186,880)             |
| Contribution to / (from) Reserves & Balances | (5,010)               |
| Efficiency Requirement                       | (512,300)             |
| <b>Total Financing</b>                       | <b>(10,765,350)</b>   |

### **Housing Revenue Account Budget**

- 3.4. The Housing Revenue Account (HRA) is a 'ring-fenced' account that ensures the management and maintenance of the Council's housing stock is funded from the income generated by rents and other related sources.
- 3.5. The Council's current year (2019/20) Housing Revenue Account budget can be summarised as follows:

| <b>Budget Heading</b>                        | <b>2019/20 Budget</b> |
|--|-----------------------|
|  | £                     |
| Repairs & Maintenance                        | 3,860,920             |
| Supervision & Management                     | 3,166,590             |
| Rates, Rents, Taxes, Charges                 | 105,260               |
| Other Operating Expenditure                  | 736,450               |
| Depreciation & Impairment Charges            | 2,099,030             |
| Interest & Debt Management Charges           | 2,783,310             |
| HRA Contribution to Capital Programme        | 1,934,210             |
| <b>Total Expenditure</b>                     | <b>14,685,770</b>     |
| Dwellings Rents                              | (14,325,340)          |
| Non - Dwelling Rents & Other Income          | (622,090)             |
| <b>Total Income</b>                          | <b>(14,947,430)</b>   |
| <b>Original (Surplus) / Deficit for year</b> | <b>(261,660)</b>      |

- 3.6. Following approval to carry forward capital schemes of £150,000 from 2018/19 and a further increase to the 2019/20 programme of £171,170 in order to accelerate the kitchen programme, the original in year surplus of £261,660 has been revised to the current in year deficit position of £59,510.

### **General Fund Capital Budget**

- 3.7. The medium-term projection for General Fund capital commitments approved by Council in February 2019 is detailed below:

| <b>Service Area</b>         | <b>2018/19</b>   | <b>2019/20</b>   | <b>2020/21</b>   | <b>2021/22</b>   | <b>2022/23</b>   | <b>Total</b>      |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                             | £                | £                | £                | £                | £                | £                 |
| Fleet Management            | 1,007,410        | 2,704,970        | 691,500          | 201,250          | 126,500          | <b>4,731,630</b>  |
| New Housing Schemes         | 178,000          | 597,000          | 667,000          | 350,000          | 350,000          | <b>2,142,000</b>  |
| Asset Management Plan       | 2,545,680        | 1,773,490        | 1,405,000        | 802,000          | 2,187,270        | <b>8,713,440</b>  |
| Housing Grants              | 383,370          | 685,560          | 421,000          | 421,000          | 421,000          | <b>2,331,930</b>  |
| ICT Strategy                | -                | 255,800          | -                | -                | -                | <b>255,800</b>    |
| Other Schemes               | 503,210          | 727,170          | 161,930          | 45,000           | -                | <b>1,437,310</b>  |
| <b>Total Programme</b>      | <b>4,617,670</b> | <b>6,743,990</b> | <b>3,346,430</b> | <b>1,819,250</b> | <b>3,084,770</b> | <b>19,612,110</b> |
| <b>Financed by:</b>         |                  |                  |                  |                  |                  |                   |
| External Contributions      | 383,370          | 765,360          | 421,000          | 421,000          | 421,000          | <b>2,411,730</b>  |
| Capital Receipts / Reserves | 1,331,690        | 1,302,310        | 1,236,000        | 1,398,250        | 2,663,770        | <b>7,932,020</b>  |
| General Fund Reserve        | 387,710          | -                | -                | -                | -                | <b>387,710</b>    |
| S106 Planning Obligations   | -                | -                | -                | -                | -                | -                 |
| Borrowing                   | 2,514,900        | 4,676,320        | 1,689,430        | -                | -                | <b>8,880,650</b>  |
| <b>Total Financing</b>      | <b>4,617,670</b> | <b>6,743,990</b> | <b>3,346,430</b> | <b>1,819,250</b> | <b>3,084,770</b> | <b>19,612,110</b> |



## ***Housing Revenue Account Capital Budget***

3.8. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2019 was as follows:

|                            | 2018/19          | 2019/20          | 2020/21          | 2021/22          | 2022/23          | Total             |
|----------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                            | £                | £                | £                | £                |                  | £                 |
| Asset Management works     | 3,469,000        | 3,456,740        | 2,469,240        | 3,236,970        | 3,941,600        | 16,573,550        |
| Repairs Team Capital works | 295,000          | 295,000          | 295,000          | 295,000          | 295,000          | 1,475,000         |
| Asset Purchases            | 208,480          | 242,500          | -                | -                | 420,000          | 870,980           |
| Commissioning Costs        | 100,000          | 100,000          | 100,000          | 100,000          | 100,000          | 500,000           |
| <b>Total Programme</b>     | <b>4,072,480</b> | <b>4,094,240</b> | <b>2,864,240</b> | <b>3,631,970</b> | <b>4,756,600</b> | <b>19,419,530</b> |
| Major Repairs Reserve      | 2,099,030        | 2,099,030        | 2,099,030        | 2,099,030        | 2,099,030        | 10,495,150        |
| HRA Contribution           | 1,566,090        | 1,934,210        | 765,210          | 1,532,940        | 2,657,570        | 8,456,020         |
| Capital Receipts           | 307,360          | 61,000           | -                | -                | -                | 368,360           |
| Major Voids Reserve        | 100,000          | -                | -                | -                | -                | 100,000           |
| <b>Total Financing</b>     | <b>4,072,480</b> | <b>4,094,240</b> | <b>2,864,240</b> | <b>3,631,970</b> | <b>4,756,600</b> | <b>19,419,530</b> |

## **4. TRANSFORMATION PROGRAMME**

### **4.1. Introduction**

4.1.1. The Council's 'transformation programme' incorporates all major projects which meet the strategic priorities of the Authority and have significant financial implications, including:

- The Capital Programme
- Housing Revenue Account
- The Efficiency and Rationalisation strategy
- Member Priority Projects
- Alliance Environment Services (AES)

4.1.2. The delivery of transformation programme projects is monitored by a Transformation Board made up of Directors, along with key Heads of Service and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.

4.1.3. The progress and current financial projections of the transformation programme is explored below along with any potential revenue consequences. Any further work required to identify the financial implications of the programme are discussed and will feed into future MTFP updates.

## 4.2. Capital Strategy

4.2.1. In accordance with the requirements of the 2017 edition of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities, a Capital Strategy was produced and approved alongside the MTFP in February 2019.

4.2.2. The Strategy, which has been updated, explains how capital expenditure and investment decisions are taken in line with the Council's Corporate Plan and service objectives, taking account of stewardship, value for money, prudence, risk management, sustainability and affordability.

4.2.3. The Capital Strategy is detailed in **APPENDIX B**.

## 4.3. Capital Programme

### *General Fund Capital Programme*

4.3.1. The General Fund Capital Programme approved by members in February 2019 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2024.

4.3.2. The latest capital projections, specifically identifying the major schemes, are summarised in the table below. Full detail is attached in **ANNEX A**.

| Service Area                   | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          | Total             |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                                | £                | £                | £                | £                | £                | £                 |
| Housing                        | 27,000           | 667,000          | 374,000          | 504,000          | 504,000          | 2,076,000         |
| Asset Management               | 1,656,500        | 2,520,300        | 2,676,640        | 588,720          | 1,555,850        | 8,998,010         |
| Housing Grants                 | 495,660          | 550,290          | 489,110          | 489,110          | 489,110          | 2,513,280         |
| ICT Strategy                   | 135,000          | 87,050           | 50,000           | 50,000           | 50,000           | 372,050           |
| Fleet Management               | 2,467,010        | 691,500          | 725,780          | 172,000          | 653,430          | 4,709,720         |
| Other Schemes                  | 547,350          | 134,610          | 50,000           | 0                | -                | 731,960           |
| <b>Total Programme</b>         | <b>5,328,520</b> | <b>4,650,750</b> | <b>4,365,530</b> | <b>1,803,830</b> | <b>3,252,390</b> | <b>19,401,020</b> |
| <b>Financed by:-</b>           |                  |                  |                  |                  |                  |                   |
| External Contributions         | 585,460          | 550,290          | 489,110          | 489,110          | 489,110          | 2,603,080         |
| Planning Obligations           | 33,000           | -                | -                | -                | -                | 33,000            |
| Capital Receipts(Land)         | 1,024,080        | 725,000          | 2,525,000        | 810,720          | 2,219,280        | 7,304,080         |
| Capital Receipts( one for one) | 27,000           | 667,000          | 374,000          | 504,000          | 504,000          | 2,076,000         |
| Capital Receipts (Vehicles)    | 0                | 32,500           | 18,750           | -                | 18,750           | 70,000            |
| Capital Reserves               | 500,000          | -                | -                | -                | -                | 500,000           |
| Earmarked Reserves             | 14,450           | 50,000           | -                | -                | -                | 64,450            |
| Borrowing                      | 3,144,530        | 2,625,960        | 958,670          | -                | 21,250           | 6,750,410         |
| <b>Total Financing</b>         | <b>5,328,520</b> | <b>4,650,750</b> | <b>4,365,530</b> | <b>1,803,830</b> | <b>3,252,390</b> | <b>19,401,020</b> |

4.3.3. The capital projections above include the carry forward of £1,159,850 capital budgets from 2018/19; an increase to the 2019/20 programme of £90,000 (Upgrade of play facilities Whitfield Recreation Ground) as approved by a Delegated Executive decision in September 2019

## **Housing Revenue Account Capital Programme**

4.3.4. The Housing Revenue Account Capital Programme approved by members in February 2019 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2024.

|                            | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          | Total             |
|----------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                            | £                | £                | £                | £                | £                | £                 |
| Asset Management works     | 2,351,910        | 4,639,590        | 3,800,060        | 4,341,600        | 2,370,060        | 17,503,220        |
| Repairs Team Capital works | 249,900          | 295,000          | 295,000          | 295,000          | 295,000          | 1,429,900         |
| Asset Purchases            | 0                | 242,500          | 0                | 420,000          | 0                | 662,500           |
| Commissioning Costs        | 100,000          | 100,000          | 100,000          | 100,000          | 100,000          | 500,000           |
| ICT Strategy               | 0                | 0                | 200,000          | 0                | 0                | 200,000           |
| <b>Total Programme</b>     | <b>2,701,810</b> | <b>5,277,090</b> | <b>4,395,060</b> | <b>5,156,600</b> | <b>2,765,060</b> | <b>20,295,620</b> |
| Major Repairs Reserve      | 2,099,030        | 2,099,030        | 2,099,030        | 2,099,030        | 2,099,030        | 10,495,150        |
| HRA Contribution           | 541,780          | 3,178,060        | 2,296,030        | 3,057,570        | 666,030          | 9,739,470         |
| Capital Receipts           | 61,000           | 0                | 0                | 0                | 0                | 61,000            |
| <b>Total Financing</b>     | <b>2,701,810</b> | <b>5,277,090</b> | <b>4,395,060</b> | <b>5,156,600</b> | <b>2,765,060</b> | <b>20,295,620</b> |

4.3.5. The capital projections above include the carry forward of £150,000 from 2018/19 and an increase to the 2019/20 programme of £171,170 (to accelerate the kitchen replacement scheme) as approved by The Executive in August 2019.

### **Asset Management Plan (AMP) – General Fund**

4.3.6. It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. The Capital Strategy (**see Appendix B**) sets out the outcomes and actions emerging from a report presented to the Executive in July 2016 – which was based on the result of asset condition surveys completed on the Council's property portfolio

4.3.7. This included the potential capital and revenue financial implications of maintaining the Council's current property assets over a 30 year period, as summarised below:-

| HPBC - Capital Investment Required (as at July 2016) | 2016-17 - 2019-20 (MTFP) | 2020-21 - 2045-46 (26 Years) | TOTAL             |
|--|--------------------------|------------------------------|-------------------|
| Public Buildings                                     | 8,450,983                | 6,188,951                    | <b>14,639,934</b> |
| Car Parks  | 120,000                  | 3,754,462                    | <b>3,874,462</b>  |
| Public Conveniences                                  | 123,400                  | 949,300                      | <b>1,072,700</b>  |
| Waterways & Infrastructure Assets                    | 671,360                  | 1,230,000                    | <b>1,901,360</b>  |
| Leisure Centres                                      | 45,000                   | 6,825,129                    | <b>6,870,129</b>  |
| Depots and Parks Buildings                           | 144,700                  | 1,301,785                    | <b>1,446,485</b>  |
| <b>TOTAL</b>   | <b>9,555,443</b>         | <b>20,249,627</b>            | <b>29,805,070</b> |
| <b>Revenue Consequences</b>                          | <b>295,619</b>           | <b>592,838</b>               | <b>888,457</b>    |

4.3.8. This position has been reviewed and updated in February 2017, 2018 and 2019 to take account of any changes and updates to stock information since July 2016, and has subsequently been reviewed again for the purposes of this report

4.3.9. The table below reflects the updated capital investment requirements as at February 2020, adjusted for 2018/19 actual outturn and any in-year re-profiling that has taken place in 2019/20 and changes to spending plans. This reduces the overall forecast capital spend by £250,293 over the 30 years from the original position; as reported in July 2016.

| HPBC AMP Capital Investment | 2016-17<br>(Actuals)<br>£ | 2017-18<br>(Actuals)<br>£ | 2018-19<br>(Actuals)<br>£ | MTFP                       |                  | 2024-25<br>to 2046-47<br>(22 Years)<br>£ | TOTAL<br>£        |
|-----------------------------|---------------------------|---------------------------|---------------------------|----------------------------|------------------|--|-------------------|
|                             |                           |                           |                           | 2019-20<br>to 2022-23<br>£ | 2023-24<br>£     |  |                   |
| Public Buildings            | 339,450                   | 2,124,080                 | 2,362,860                 | 3,983,580                  | 1,332,640        | 4,361,998                                | 14,504,608        |
| Car Parks                   | -                         | 87,080                    | 39,530                    | 1,106,390                  | -                | 2,609,489                                | 3,842,489         |
| Public Conveniences         | -                         | 4,970                     | -                         | 410,710                    | -                | 633,600                                  | 1,049,280         |
| Waterways Infrastructure    | 51,280                    | 170,680                   | 35,260                    | 986,130                    | 100,000          | 881,830                                  | 2,225,180         |
| Leisure Centres             | 540                       | 72,850                    | 26,510                    | 768,780                    | 88,210.00        | 5,521,775                                | 6,478,665         |
| Depots Parks Cemeteries     | -                         | 5,400                     | -                         | 186,570                    | 35,000           | 1,227,585                                | 1,454,555         |
| <b>Total</b>                | <b>391,270</b>            | <b>2,465,060</b>          | <b>2,464,160</b>          | <b>7,442,160</b>           | <b>1,555,850</b> | <b>15,236,277</b>                        | <b>29,554,777</b> |
| <i>Revenue Consequences</i> | -                         | 18,740                    | 75,050                    | 314,780                    | 11,770           | 397,650                                  | 817,990           |

*\*The current MTFP capital programme costs of the AMP include approved carry forwards from 2018/19, projected spend in 2019/20, revised estimates for 2020/21-2022/23 & additional estimated costs of maintaining the asset portfolio in 2023/24*

4.3.10. The Council will be developing an Asset Management Strategy to ensure the future delivery of efficient asset management. This work will be progressed once the condition surveys have been undertaken and the estimated 30 year costs to maintain the general fund asset stock are known.

4.3.11. Any positive revenue implications of the asset management strategy, for example, reduced annual maintenance and utility costs due to fewer and/or more efficient buildings and income receipts from shared accommodation with partners will be taken towards the efficiency programme.

### **Asset Management Plan (AMP) - Housing**

4.3.12. The Executive agreed to complete a full condition survey on the Council's portfolio of housing properties by March 2019. The Capital Strategy and HRA Business Plan (presented alongside the MTFP in February 2019) set out the outcomes and actions emerging from this.

4.3.13. The actual stock condition survey results suggested that a lower level of capital spend is required in the earlier years of the 30 year Business Plan. However, some re-profiling of expenditure has taken place to increase the capital spend in the early years, with an early focus on ensuring decent homes standards are maintained:-

|                              | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
|                              | £                | £                | £                | £                | £                |
| <b>Original Programme</b>    | <b>4,094,240</b> | <b>2,864,240</b> | <b>3,631,970</b> | <b>4,756,600</b> | <b>2,852,460</b> |
| <b>Re-Profiling:</b>         |                  |                  |                  |                  |                  |
| Windows & Doors              | (819,000)        | 819,000          | 87,400           | -                | (87,400)         |
| Roofing Works                | (420,000)        | 598,240          | -                | -                | -                |
| Structural Works             | (93,000)         | 93,000           | -                | -                | -                |
| Vehicle Purchases            | (242,500)        | 242,500          | -                | -                | -                |
| Lift Replacement             | (90,000)         | 90,000           | -                | -                | -                |
| Communal & Other Works       | 900              | (286,350)        | -                | -                | -                |
| Non-Traditional Works        | -                | (185,000)        | -                | -                | -                |
| <b>Decent Home Works</b>     |                  |                  |                  |                  |                  |
| Kitchens                     | 171,170          | 759,300          | 475,690          | 400,000          | -                |
| Boiler Replacements          | 100,000          | 200,000          | -                | -                | -                |
| Bathrooms                    | -                | 62,160           | -                | -                | -                |
| <b>New Projects:</b>         |                  |                  |                  |                  |                  |
| ICT Strategy                 | -                | -                | 200,000          | -                | -                |
| Lightning Protection         | -                | 20,000           | -                | -                | -                |
| <b>Re-Profiled Programme</b> | <b>2,701,810</b> | <b>5,277,090</b> | <b>4,395,060</b> | <b>5,156,600</b> | <b>2,765,060</b> |

4.3.14. From the work undertaken at this point, the stock condition results remain affordable with the 30-year HRA business plan.

### **Buxton Crescent**

4.3.15. The Buxton Crescent Hotel and Thermal Spa construction stage is progressing. The smaller contract to refurbish the Pump Room reached practical completion in June 2018.

4.3.16. The Buxton Crescent Heritage Trust already occupies the Pump Room under a licence agreement from the developers prior to being granted a full tenancy upon completion of the capital project. This early occupation has allowed the trust to run events in the building and as a result has raised an additional £265,000 to assist in fitting out the hub for the proposed visitor centre. The Tourist Information Centre (TIC) was relocated from the Pavilion Gardens in March 2019.

4.3.17. The main contract to convert the Crescent and the Natural Baths into the hotel and spa is progressing well with a programmed practical completion in February 2020. The first “people through the door” is anticipated to be in May this year. A further trial period and soft opening will follow before full opening.

4.3.18. A report was presented to The Executive on 11<sup>th</sup> October 2018 which outlined additional capital costs of the project – the Council has agreed a contribution of £25,000 plus due to the completion delay, additional project management costs of £66,560 will be incurred.

- 4.3.19. In addition, full Council has approved the provision of a £250,000 loan as part of the Crescent development (12<sup>th</sup> December 2018) subject to the terms set out in the Individual Executive Decision Report released on 24<sup>th</sup> October 2018 (confidential exempt information by virtue of paragraphs 3 and 5 of Part 1 of schedule 12A to the Local Government act 1972)
- 4.3.20. Funding arrangements are in place for the project, however, it remains necessary to identify the potential financial risks to the Council if the project failed to complete. The corresponding financial risks relate to mothballing costs and ongoing maintenance requirements of the building over a 5-year period (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site). Estimated costs are shown below:

| <b>Costs</b>                                       | <b>HPBC Liability<br/>Cost over 5 years</b> |
|--|---|
| Mothballing costs (security, insurance, utilities) | £<br>257,500                                |
| Maintenance Costs                                  | 1,600,000                                   |
| <b>TOTAL</b>                                       | <b>1,857,500</b>                            |

- 4.3.21. The above costs are not included in the MTFP, but flagged as a risk.

### **Housing Grants**

- 4.3.22. The Borough Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant and this status remains despite changes to funding arrangements. All eligible applicants are entitled to receive mandatory funding for certain major adaptations to their properties. The funding for these adaptations has previously been given directly to the Council but from 2015/16, the funding was incorporated into the Better Care Fund (BCF) and paid to the County Council.
- 4.3.23. The Better Care Fund is a single pooled fund for all health and social care provision and covers the whole range of services including public health, social care services and clinical commissioning groups.
- 4.3.24. The mechanism for the payment of funds from the fund holder to the Borough Council year on year is now governed through the BCF Commissioning Group, which makes the award based on the newly developed Assurance Plans submitted annually by each Council. The Plans outline how the allocated budget will be spent; including any discretionary or innovative schemes agreed between the Councils and the County Council and identifies the monitoring programme. The Plan requires a quarterly progress update submission to the Commissioning Group, and these updates will inform the discussion around the subsequent year's allocation.

4.3.25. Currently, demand for mandatory funding at High Peak exceeds the value of the funding awarded, so provided spend is in line with commitment through the year, it is unlikely that the funding will be reduced. At the current rate of approval, it is anticipated that the 2019/20 allocation, £489,109 will be fully allocated in year. The estimated level of reserves at March 2020 is £376,929; indications are that this will be required.

### **ICT Strategy**

4.3.26. The framework for the existing ICT Strategy was established in 2014/15. The key drivers of which were to support delivery of the Efficiency and Rationalisation Plan, provide the infrastructure to support joint working, new ways of working and improve access to services for our customers.

4.3.27. Following on from this, a refreshed, updated IT Strategy is currently being developed. The aim of which is to drive a change in culture and deliver the systems, processes and skills required in an environment where information is shared seamlessly through connected systems. This will potentially reduce costs of services through optimisation, improving online services and enabling customers to self-serve. This will also reduce manual administrative tasks, removing paper processes and allowing Officers to focus on high-value tasks.

4.3.28. Consequently, estimated requirements have been included within the MTFP of £222,050 which primarily relate to the implementation of a system to aid waste collection processes and the migration of the cash receipting system. Migration to Office 365 is assumed to be completed in 2019/20.

4.3.29. There are other projects currently at initial business case or procurement stage, for example; housing system review, asset management system, migration of the current licensing system and review of the customer portal and integration into back office systems. Therefore, at this stage, an additional £50,000 per annum has been added to the programme to reflect this. More accurate costings will be developed as business cases progress.

4.3.30. There is also £100,000 set aside in an earmarked reserve which was established specifically to support with the implementation of the ICT Strategy.

### ***Fleet Management***

4.3.31. Fleet management arrangements have been subject to review. Responsibility for maintaining the Council's fleet has now transferred to Alliance Environment Service (AES), however, the responsibility for funding fleet remains with the Council. The fleet review aims to deliver savings to be realised against the efficiency programme by ensuring the most cost effective funding options are selected for the various types of vehicles.

- 4.3.32. The existing contract hire agreements that were in place were terminated on 30<sup>th</sup> June 2018, and the majority of vehicles under the agreement were directly purchased. An options appraisal undertaken on the funding of refuse freighters highlighted direct purchase (via the capital programme funded by borrowing or capital reserves/capital receipts) as the most cost effective method of funding.
- 4.3.33. A Fleet Strategy is currently being drafted which will set out the fleet renewal programme and process, incorporating financial, procurement and operational considerations.
- 4.3.34. For the purposes of this report, it has been assumed that all replacement vehicle requirements over the next four years will be funded via direct capital purchase – but this will be subject to further funding options appraisals prior to purchase. Therefore, at this stage, the capital programme includes an allocation of £4,709,720 in order to replace vehicles as they reach the end of their useful lives.
- 4.3.35. Where possible, funds are set aside and held within an earmarked reserve for the purpose of funding short-life capital purchase such as fleet. This further reduces the overall cost of financing the vehicle fleet by reducing borrowing costs.

#### ***New/Other Capital Commitments***

- 4.3.36. The below provides details and estimated costs of new capital schemes which the Council is aiming to progress during the 4 year MTFP period as well as any other potential schemes being developed where further work is required to estimate costings:

- *Glossop Halls*

The Glossop Halls project is on-going the first phase re-roofing of the Town Hall is nearing completion; with a estimated total cost of £1.366m; the scope of works include asbestos removal; recovering of pitched roofs with salvaged slates; new covering to flat roofs in addition to restoration of clock and clock tower. Further capital investment of £1.428m has been earmarked for works to Market Hall /Municipal Building complex and Victoria Hall over the next two years. The costings are currently being assessed to establish if the budget is sufficient:-

- *Market Hall /Municipal Buildings - £1.3m*  
Reroofing and provision of new electrical and fire protection systems. Scoping of the project is underway
- *Victoria Hall - £0.1m*  
The future use of the building is under review, committed to consider potential further capital investment into the fabric of the building.



- *Pay & Display Machines- £200,000*

Options are being considered around replacing and upgrading the pay and display machines across the Council's income producing car parks. Plans outlining the details of the proposals and cost implications was presented and approved by Members at the Executive of 4th December 2019

- *Delivery Programme / Land Disposal Strategy see Capital Strategy (Appendix B)*

It is likely that there will be costs incurred associated in delivering the Council's accelerated housing programme and land disposal strategy going forward. However, these are to be assessed based on each scheme (and may be revenue costs rather than capital costs) therefore no provision is included in the capital programme at this stage.

### **Funding the Capital Programme**

- 4.3.37. The capital programme can be funded from a number of options which include external grants and contributions from third parties, comprising of Government and lottery funding streams; capital receipts from asset sales as part of the asset management plan and sale of council dwellings; earmarked revenue reserves and a planned annual contribution from the Housing Revenue Account to finance construction of and improvements to council dwellings.
- 4.3.38. Borrowing is undertaken to fund the shortfall after the other capital resources have been used. The current programme includes estimates of external funding of £2.63m towards General Fund projects; reserves of £0.56m; capital receipts of £9.45m (£7.37m General Fund(Land & Vehicles) + £2.07m 1-for-1 RTB), plus £0.61m HRA capital receipts; Housing Revenue Reserves of £2.641m are forecast to be applied in 2019/20 and a further £17.594 million of Housing Revenue Reserves over the following four years
- 4.3.39. Borrowing is the main funding option in the first two years of the General Fund programme at £5.77m. The Treasury Management Strategy then considers whether this is funded externally or internally - both options have a consequence on revenue either through reduced investment income or increased external interest liability as highlighted in the table below. The forecast of capital receipts to be received against capital spending results in a reduced nil borrowing requirement in 2022/23
- 4.3.40. The capital receipts applied to the General Fund include the one-for-one right-to-buy element used to fund capital expenditure on new housing properties. Under Government guidelines, these receipts can only represent 30% of overall expenditure, with a further 70% being required to be allocated. The current strategy is to fund this via a third party where possible, i.e. a social housing landlord or developer, with the third party organisation providing the additional 70% expenditure.

- 4.3.41. The HRA can also apply capital receipts which are not subject to the same restrictions as the one for one receipts to the overall capital programme. Therefore these un-ring-fenced receipts have been applied to the overall HRA capital programme as a source of funding. There remains a balance held on un-ring-fenced capital receipts which can be applied to future spending.
- 4.3.42. It is proposed to utilise reserves allocated for capital spend (where possible) where an options appraisal on the acquisition of short-life assets such as vehicles, plant and equipment has been carried out and suggests that the most financially viable option is to outright purchase. Similarly, an increase in the contribution to capital is proposed where it is best value to do so for the HRA.

*Revenue Consequences of the Capital Programme*

- 4.3.43. The capital investment proposals above will result in estimated revenue consequences as follows:

| Revenue Consequences           | 2020/21          | 2021/22          | 2022/23        | 2023/24            |
|--------------------------------|------------------|------------------|----------------|--------------------|
|                                | £                | £                | £              | £                  |
| Borrowing Costs                | 158,850          | 245,530          | 59,520         | 47,700             |
| Other (Income)/Expenditure     | (9,680)          | (12,900)         | (25,310)       | (30,370)           |
| <b>General Fund</b>            | <b>149,170</b>   | <b>232,630</b>   | <b>34,210</b>  | <b>17,330</b>      |
| HRA contribution to Capital    | 1,243,850        | (882,030)        | 761,540        | (2,391,540)        |
| Borrowing Costs                | -                | -                | -              | -                  |
| <b>Housing Revenue Account</b> | <b>1,243,850</b> | <b>(882,030)</b> | <b>761,540</b> | <b>(2,391,540)</b> |

#### 4.4. Housing Revenue Account (HRA) review

- 4.4.1. In 2015, Government announced legislative and financial changes for the social housing sector - which had significant negative financial implications for the Council's HRA
- 4.4.2. Consequently, a fundamental review of the HRA business Plan was undertaken via a sub-committee working group established by the Corporate Select Committee. Through the establishment of a Financial Improvement Plan, focus was directed to areas where reductions in financial provisions in the HRA could be made or additional income could be generated in order to ensure that the longer term financial position can be sustained.
- 4.4.3. Alongside this, a full stock condition survey was commissioned to provide an understanding of the capital requirements of maintaining the housing stock over the 30 year business plan period.

- 4.4.4. The work commenced in June 2016 and resulted in an updated sustainable 30 year business plan – as presented alongside the MTFP in February 2019. Based on the savings achieved as part of the Financial Improvement Plan and the updated stock condition information, the updated HRA business plan forecast healthy surpluses over the 30 year period, with a reduction in debt (with no additional borrowing assumed):-

|  | 2018/19 (Year 1 forecast) | 2047/48 (Year 30 forecast) | Variance                              |
|--|---------------------------|----------------------------|---------------------------------------|
| Capital Financing Requirement (Debt Level) | £54.9m                    | £25.9m                     | <b>Reduction in debt of £29m</b>      |
| HRA Working Balance (general reserves)     | £11.2m                    | £53.0m                     | <b>Increase in balances of £41.8m</b> |

- 4.4.5. This report summarises the latest financial forecasts and provides a detailed summary of the financial position from 2020/21 to 2023/24. The updated position now shows an estimated surplus of £2,061,950 by the end of 2023/24. **APPENDIX C** illustrates the latest high level financial summary of the HRA Business Plan.
- 4.4.6. The HRA Business Plan highlighted a number of key issues and challenges going forward, for example: impact of the welfare reform, completion of the Financial Improvement Plan savings, understanding tenant priorities, considering the outcomes of estate regeneration reviews, prioritising decent homes standard failures and development of new stock.
- 4.4.7. An action plan was developed in order to respond to these issues, progression against this will be monitored and any financial impact will be adjusted for within the MTFP and HRA Business Plan going forward.

#### **4.5. Efficiency & Rationalisation Programme**

##### *General Fund Efficiency Programme*

- 4.5.1. The current Efficiency and Rationalisation Strategy was approved by Members in February 2017, which identified a programme of £2.1 million (including £431,200 in unachieved efficiencies from the previous efficiency programme) in savings to be made over the period 2017/18 – 2020/21.
- 4.5.2. The Efficiency and Rationalisation Strategy has the effect of both reducing expenditure and increasing income. The need to grow income is now more of a priority as the Council moves more towards being self-financing i.e. not reliant on direct government funding such as revenue support grant.
- 4.5.3. The strategy was developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.

4.5.4. There are five areas of focus:-

- **Major Procurements** - There is the opportunity to focus attention on a number of large service functions which are currently provided by an external contractor / supplier. A number of significant contracts are coming to an end. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The contract commitments have sometimes restricted the opportunity to align services across the alliance with Staffordshire Moorlands. The individual projects will focus on Waste Collection & Environment Services, Leisure Management and Facilities Management
- **Asset Management Plan** – continuation of the existing priority of rationalising the Council’s asset base with a focus around priorities in order to allow for the necessary capital investment
- **Growth** – development of a clear focus upon housing and economic growth based upon the established Local Plan.
- **Income Generation** – focus on increasing the yield from existing sources on income and a drive towards identifying new sources of income
- **Rationalisation** – a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, channel shift, non-statutory services

4.5.5. The below table summarises the financial savings requirements and profile for achievement (**ANNEX B** provides more detail of the savings plan):-

| General Fund Efficiency Strategy | 2017/18        | 2018/19        | 2019/20        | 2020/21        | TOTAL            |
|----------------------------------|----------------|----------------|----------------|----------------|------------------|
|                                  | £              | £              | £              | £              | £                |
| Major Procurements               | 100,000        | 275,000        | 100,000        | 500,000        | <b>975,000</b>   |
| Asset Management                 | -              | 30,000         | 200,000        | -              | <b>230,000</b>   |
| Growth                           | -              | 40,000         | 40,000         | 190,000        | <b>270,000</b>   |
| Income Generation                | 90,000         | 190,000        | 70,000         | 120,000        | <b>470,000</b>   |
| Rationalisation                  | 120,000        | 46,000         | 20,000         | -              | <b>186,000</b>   |
| <b>TOTAL</b>                     | <b>310,000</b> | <b>581,000</b> | <b>430,000</b> | <b>810,000</b> | <b>2,131,000</b> |

4.5.6. Subsequently, a review was undertaken in February 2019 to assess the timing and estimated value of future savings based on the current programme. The table below shows the projected re-profiled Efficiency Programme:-

|                            | 2017/18        | 2018/19          | 2019/20         | 2020/21          | TOTAL            |
|----------------------------|----------------|------------------|-----------------|------------------|------------------|
|                            | £              | £                | £               | £                | £                |
| <b>Original Programme</b>  | 310,000        | 581,000          | 430,000         | 810,000          | <b>2,131,000</b> |
| <b>Amended Programme</b>   | 388,000        | 449,000          | 789,000         | 505,000          | <b>2,131,000</b> |
| <b>Variance</b>            | <b>78,000</b>  | <b>(132,000)</b> | <b>359,000</b>  | <b>(305,000)</b> | <b>-</b>         |
| <b>Achieved Q4 2018/19</b> | -              | <b>75,000</b>    | <b>(75,000)</b> | -                | -                |
| <b>Revised Target</b>      | <b>388,000</b> | <b>524,000</b>   | <b>714,000</b>  | <b>505,000</b>   | <b>2,131,000</b> |

4.5.7. The Efficiency Programme continues to progress well, with £900,000 in savings realised at the Quarter Three stage in in 2019/20 (against an updated target of £714,000). The remaining programme has once again been reviewed taking into account the areas of savings still to be achieved and potential timing. Any additional savings achieved in 2019/20 will partially offset some the 2020/21 target.

4.5.8. The initial draft of the MTFP report included a proposal to align car parking charges at Wye Street car park to the levels charged at the Pavilion Gardens car park from 1st April 2020. The additional income forecast to be generated from this change (above the general 20p tariff increase) was estimated at approximately £95,000. This additional income was then used to offset the additional income efficiency target in 2021/22.

4.5.9. Following publication of the report, a number of comments were received and considered by the Executive. Consequently, it is now proposed to restrict the tariff increase on Wye Street car park to 20p on all tariffs in 2020/21.

4.5.10. Therefore, the MTFP has been amended to reflect the 2020/21 income efficiencies being reduced by £95,000 as a result of this change. To compensate, the £95,000 has then been added back into 2021/22. Therefore the revised programme is illustrated below:-

|                            | 2017/18        | 2018/19          | 2019/20         | 2020/21          | 2021/22       | TOTAL            |
|----------------------------|----------------|------------------|-----------------|------------------|---------------|------------------|
|                            | £              | £                | £               | £                | £             | £                |
| <b>Original Programme</b>  | 310,000        | 581,000          | 430,000         | 810,000          | -             | <b>2,131,000</b> |
| <b>Amended Programme</b>   | 388,000        | 449,000          | 789,000         | 410,000          | 95,000        | <b>2,131,000</b> |
| <b>Variance</b>            | <b>78,000</b>  | <b>(132,000)</b> | <b>359,000</b>  | <b>(400,000)</b> | <b>95,000</b> | <b>-</b>         |
| <b>Achieved Q4 2018/19</b> | -              | <b>75,000</b>    | <b>(75,000)</b> | -                | -             | -                |
| <b>Revised Target</b>      | <b>388,000</b> | <b>524,000</b>   | <b>714,000</b>  | <b>410,000</b>   | <b>95,000</b> | <b>2,131,000</b> |

4.5.11. Good progress has been made with the remaining efficiency savings requirements, with £439,000 already identified:

| <b>Progress made with remaining target</b>                      | <b>Value (£)</b> |
|---|------------------|
| Additional savings realised in current financial year (2019/20) | 186,000          |
| Fleet Management – additional savings                           | 60,000           |
| Pavilion Gardens – additional income from Concession contract   | 65,000           |
| AES savings   | 100,000          |
| World Pay – reduced transaction charges                         | 18,000           |
| Planning Fee Income – increase in demand                        | 10,000           |
| <b>TOTAL</b>  | <b>439,000</b>   |

4.5.12. The AES efficiency programme (which contributes to the above overall programme) has been reviewed and reprofiled to take account of the delay in the phase 3 transfer (see section 4.7). The split between savings achieved by AES/Council has also been reconsidered to take account of the likely savings to be achieved from fleet purchases. However, this has not changed the estimated profile of the overall Efficiency Programme as detailed above.

4.5.13. Continued progression against the efficiency programme is dependent on achieving significant savings as a result of the alternative delivery model for Waste, Streets and Parks via the transfer of services to trading company Alliance Environment Services, as well as a review of leisure provision. There are also significant income generation targets focusing on housing and economic growth as a result of implementing the Local Plan.

### HRA Efficiency Programme

4.5.14. A HRA Financial Improvement Plan was approved as part of the MTFP in February 2017 which identified potential savings from a number of sources to be achieved over the period 2017/18 – 2020/21.

4.5.15. A HRA Review Progress report was presented to the HRA working group in April 2017 which further developed and provided more detail on the savings programme and likely profiling for the realisation of savings - this is detailed in Annex B. A summary is provided below:-

| Budget Heading                                  | Savings   | Potential Annual Reduction |
|---|---|----------------------------|
|   |   | £                          |
| Capital Financing                               | Reduction in voluntary repayment of debt (currently £1.2 million per annum) – to be benchmarked – maximum annual reduction                            | 500,000                    |
| Rent Income                                     | Introduction of new rent policy   | 150,000                    |
| Repairs and Maintenance                         | Reduction in repairs and maintenance expenditure due to implementation of an alternative service delivery model and / or improvements in productivity | 250,000                    |
| ICT Costs                                       | Reduction in costs of ICT systems   | 50,000                     |
| Rent Income / Repairs & Maintenance Expenditure | Savings from improvements in voids turn around times  | 100,000                    |
| Various headings                                | Disposal of surplus stock after consideration of net present value assessment following completion of stock condition survey                          | 150,000                    |
| <b>Total Annual Saving</b>                      |   | <b>1,200,000</b>           |

4.5.16. Progress against the HRA Financial Improvement Plan is positive, with one further year remaining. The Financial Improvement Plan was re-profiled in February 2018 as shown below:-

| HRA Review Focus           | Potential Annual Reduction |                  |          |                |
|----------------------------|----------------------------|------------------|----------|----------------|
|                            | ACHIEVED 2017/18           | ACHIEVED 2018/19 | 2019/20  | 2020/21        |
| <b>Total Annual Saving</b> | <b>625,000</b>             | <b>245,000</b>   | <b>-</b> | <b>330,000</b> |

## 4.6. Member Priority Projects

4.6.1. During the development of the Corporate Plan a number of priority actions have been identified and prioritised by members. These are as follows:

| Member Priority Projects  | Financial Implications |                 |                                 |                 |
|---|------------------------|-----------------|---------------------------------|-----------------|
|   | (Y/N)                  | Firm - in plans | Costs understood - not in plans | Costs not known |
| <b>Leader</b>   |                        |                 |                                 |                 |
| Refresh and implement the Asset Management Plan, including a review of the public estate, and ensure adequate facilities management arrangements are in place | Y                      |                 |                                 | ✓               |
| Develop an Access to Services Strategy to ensure that Council services are accessible to all  | Y                      |                 |                                 | ✓               |
| Refresh the Council's Communications and Engagement Strategy in order to ensure there is a more effective dialogue and engagement with residents              | N                      |                 |                                 |                 |
| Review the Council's community support arrangements in order to maintain strong partnership working with community groups                                     | N                      |                 |                                 |                 |
| Review the implementation of the Local Plan to ensure that the requirements for affordable housing and developer contributions are being met                  | Y                      | ✓               |                                 |                 |
| Conduct a review of the democratic processes and scrutiny arrangements to make the Council as open and transparent as possible                                | N                      |                 |                                 |                 |
| <b>Regeneration, Tourism and Leisure</b>  |                        |                 |                                 |                 |
| Support the development of the Glossop Halls  | Y                      | ✓               |                                 |                 |
| Implement the accelerated housing delivery programme  | Y                      | ✓               |                                 |                 |
| Implement the accelerated business growth and employment programme  | Y                      |                 |                                 | ✓               |
| Develop a Cultural Strategy to support and celebrate the rich history and culture of the Borough  | N                      |                 |                                 |                 |
| Review the Council's Growth Strategy to ensure that it is focussed on the effective regeneration our towns and rural communities                              | Y                      |                 |                                 | ✓               |
| Develop and implement an ongoing Leisure Facilities plan focussed on improving the health and wellbeing of residents  | Y                      |                 |                                 | ✓               |
| Review the Sports & Physical Activity Strategy in order to integrate the communities and sports clubs into the delivery of its objectives                     | N                      |                 |                                 |                 |
| Develop a parks development plan to support the widest community use of parks and support community / friends groups  | N                      |                 |                                 |                 |

| Member Priority Projects  | Financial Implications |                 |                                 |                 |
|---|------------------------|-----------------|---------------------------------|-----------------|
|   | (Y/N)                  | Firm - in plans | Costs understood - not in plans | Costs not known |
| <b>Climate Change, Environment and Community Safety</b>   |                        |                 |                                 |                 |
| Establish a developer open space contributions plan   | N                      |                 |                                 |                 |
| Complete the review of the CCTV system and implement the agreed recommendations   | Y                      | ✓               |                                 |                 |
| Successfully deliver Phase 3 of the transfer of services to Alliance Environmental Services Limited in order to achieve improved performance and value for money outcomes | Y                      | ✓               |                                 |                 |
| Develop a Climate Change Strategy and an action plan of response to a declared climate emergency  | Y                      |                 |                                 | ✓               |
| Review the Community Safety Strategy to ensure that the Council is supportive in fighting crime and anti-social behaviour   | N                      |                 |                                 |                 |
| Review the Environmental Enforcement Policy in order to take steps to further reduce dog fouling and littering  | N                      |                 |                                 |                 |
| Review the Council's waste & recycling arrangements to increase recycling and to respond to the emerging new national strategy  | Y                      |                 |                                 | ✓               |
| <b>Corporate Services and Finance</b>   |                        |                 |                                 |                 |
| Implement the Council's Efficiency and Rationalisation Programme  | Y                      | ✓               |                                 |                 |
| Provide advice and support for residents affected by the rollout of Universal Credit  | N                      |                 |                                 |                 |
| Continue to embed good information management practices through the ASSURED framework   | N                      |                 |                                 |                 |
| Develop and implement a plan to identify new and innovative ways of generating income   | Y                      |                 |                                 | ✓               |
| Develop a new ICT Strategy to enhance and support the delivery of services  | Y                      |                 |                                 | ✓               |
| Review the Council's Diversity Policies including working with faith and cultural groups to celebrate the traditions and diversity of our community                       | N                      |                 |                                 |                 |
| Develop a new Organisational Development Strategy to ensure that our workforce is developed effectively and that the Council makes effective use of apprenticeships       | Y                      |                 |                                 | ✓               |
| Develop a new Procurement Strategy with a focus upon spending money locally   | N                      |                 |                                 |                 |
| <b>Housing and Licensing</b>  |                        |                 |                                 |                 |
| Implement the Homelessness Strategy effectively to ensure that voluntary groups and social enterprises that work to tackle the issue are supported effectively            | Y                      | ✓               |                                 |                 |
| Implement the agreed Housing Revenue Account Business Plan  | Y                      | ✓               |                                 |                 |
| Review the delivery of services to older persons to ensure that they are effective  | N                      |                 |                                 |                 |
| Develop a Private Sector Housing Strategy to improve conditions for private renters   | N                      |                 |                                 |                 |



4.6.2. Any costs or revenue associated with these actions will need to be included in the MTFP. The impact of a number of them is already included in this iteration of the plan but additional work will need to be undertaken to develop a number of the actions further and at the same time identify any financial implications.

#### **4.7. Alliance Environment Service (AES)**

4.7.1. Alliance Environmental Services (AES) is a company created with a vision to deliver waste, street cleansing and grounds maintenance services in the High Peak and Staffordshire Moorlands areas. The company has three shareholders: High Peak Borough Council, Staffordshire Moorlands District Council and Ansa, which is a wholly owned subsidiary of Cheshire East Council.

4.7.2. Phase 1 of the transfer of services commenced on 7th August 2017 to deliver High Peak Borough Council Waste services. This followed the end of the previous contract with Veolia Environmental Services.

4.7.3. Phase 2 of the transfer of services commenced on 1<sup>st</sup> July 2018 with the transfer of all fleet management. Phase 3 is currently estimated to commence in April 2020, which will involve the transfer of Street Scene and Grounds Maintenance.

4.7.4. Savings of £500,000 are forecast in the Efficiency & Rationalisation Programme by the end of 2020/21 – which are split between AES and savings to be achieved from Council retained budgets. The AES efficiency programme has been reviewed and reprofiled to take account of the delay in the phase 3 transfer. The split between savings achieved by AES/Council has also been reconsidered to take account of the likely savings to be achieved from fleet purchases.

4.7.5. The contract fee for 2020/21 has been established following discussions between the Council and AES. The contract fee has been calculated based on the base 2019/20 contract fee plus 2020/21 inflation/growth items less forecast savings achieved. The payment of any identified risk items (which the Council is currently paying an additional fee) primarily relating to the cost of short-term vehicle hire prior to procurement will continue if they materialise. However, every effort will be made to remove these or offset them with other savings.

## 5. FINANCIAL FORECASTS

### 5.1. Interest Rates

- 5.1.1. The Bank of England Base Rate has remained at 0.75% since the most recent change in August 2018. Link (the Council's advisors) has produced an interest rate forecast for interest movements over the coming three year period. This includes an increase to 1.00% in the quarter ending March 2021 with no further increases until June 2022. Link continues to acknowledge that unfolding events could prompt movements in rates of 0.25% to 0.50% in either direction at any time.
- 5.1.2. HM Treasury made an announcement on 9<sup>th</sup> October that with immediate effect the PWLB new loan rates would be increased by 1% making any new external borrowing through the PWLB more expensive than it had been. Although this makes future borrowing more expensive, the MTFP presented in February had included an assumption around interest rate increases, therefore, the financial impact at this stage is limited.
- 5.1.3. Based on the current forecasts, and the refinancing assumptions, changes in investment income and borrowing costs are highlighted below:

|                              | 2020/21   | 2021/22   | 2022/23  | 2023/24  |
|------------------------------|-----------|-----------|----------|----------|
|                              | £         | £         | £        | £        |
| <b>General Fund</b>          |           |           |          |          |
| Changes in Investment Income | 74,940    | (34,600)  | (22,190) | (17,130) |
| Changes in Borrowing Costs   | (115,540) | (178,230) | (64,180) | (88,270) |
| <b>HRA</b>                   |           |           |          |          |
| Changes in Investment Income | 89,840    | (12,720)  | (11,040) | (29,710) |
| Changes in Borrowing Costs   | (126,810) | 5,900     | 30,150   | (23,770) |

### 5.2. Inflationary Projections

- 5.2.1. The Retail Price Index (RPI) and Consumer Price Index (CPI) 12 month rate, as at December 2019, stood at 2.2% and 1.3% respectively. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council.
- 5.2.2. The MTFP presented to members in February 2019 has been updated to reflect the latest forecasts on inflation and to roll forward a further 12 months to include the 2023/24 financial year. below:

| Inflationary Changes              | 2020/21        | 2021/22        | 2022//23       | 2023/24        |
|-----------------------------------|----------------|----------------|----------------|----------------|
|                                   | £              | £              | £              | £              |
| Employee Costs                    | 252,040        | 221,950        | 226,500        | 224,180        |
| Premises Costs                    | 76,100         | 64,790         | 65,860         | 66,960         |
| Transport                         | 3,930          | 3,220          | 5,100          | 5,160          |
| Supplies and Services             | 213,000        | 143,110        | 146,390        | 149,460        |
| <b>In-Year Inflation Pressure</b> | <b>545,070</b> | <b>433,070</b> | <b>443,850</b> | <b>445,760</b> |
| General Fund                      | 377,360        | 278,130        | 284,710        | 286,790        |
| Housing Revenue Account           | 167,710        | 154,940        | 159,140        | 158,970        |

### 5.3. Budgetary Demand

5.3.1. The Medium Term Financial Plan presented to Council in February 2019 analysed and projected forward both income and expenditure. This has been revised to reflect known changes in budgetary demand.

5.3.2. The current known changes in budgetary demand are highlighted below:-

| Increased / (Reduced) Budget Demand               | 2020/21        | 2021/22          | 2022/23         | 2023/24         |
|---|----------------|------------------|-----------------|-----------------|
|   | £              | £                | £               | £               |
| Pension past service deficit costs charged to HRA | (24,400)       | (20,000)         | (21,000)        | (21,000)        |
| Uniforms – Customer Services (cyclical)           | 2,500          | (2,500)          | 2,500           | (2,500)         |
| DWP – HB administration grant reduction           | 20,000         | 10,000           |                 |                 |
| Local Council Tax Support administration grant    | 4,500          | 2,500            |                 |                 |
| Vacated Buildings – Residual cost                 |                | (16,500)         |                 |                 |
| War Memorial – Whaley Bridge                      | (50,000)       |                  |                 |                 |
| Car Park Tickets – printing costs                 | 6,900          |                  |                 |                 |
| Car park re-lining                                |                | (10,700)         |                 |                 |
| Vehicle Funding – Contract hire adjustment        | 76,680         | 92,190           |                 |                 |
| Elections reserve contribution                    | (22,000)       |                  |                 |                 |
| Buxton Town Hall – window repairs                 | 50,000         | (50,000)         |                 |                 |
| AES – Recyclate handling costs                    | 62,500         |                  |                 |                 |
| AES – Vehicle premium costs                       | (26,400)       |                  |                 |                 |
| AES – Round growth                                | 30,000         |                  |                 |                 |
| AES – Car park grounds maintenance                | 3,840          |                  |                 |                 |
| Land and Property – Loss of income                | 12,500         | 7,000            |                 |                 |
| Microsoft Office 365 Licenses                     | 14,250         |                  |                 |                 |
| Concerto Asset Management system                  | 3,000          |                  |                 |                 |
| Collective system – web forms                     | 16,000         |                  |                 |                 |
| Facilities Management – Contract base             | 77,000         | (12,000)         |                 |                 |
| Glossop Markets – Temp closure                    | 200,000        | (120,800)        | (79,200)        |                 |
| Abstraction income reduction                      | 60,000         |                  |                 |                 |
| Community Grants                                  | 10,000         |                  |                 |                 |
| Glossop Trust contribution                        | 15,000         |                  |                 |                 |
| Staffing structure – Temp Regeneration Officer    | 37,300         | (37,300)         |                 |                 |
| Staffing Structure – Commissioning review         | 34,000         |                  |                 |                 |
| <b>Total – General Fund</b>                       | <b>613,170</b> | <b>(158,110)</b> | <b>(97,700)</b> | <b>(23,500)</b> |
| HRA – Estate Improvements                         | 60,000         |                  |                 |                 |
| <b>Total – Housing Revenue Account</b>            | <b>60,000</b>  | <b>0</b>         | <b>0</b>        | <b>0</b>        |

5.3.3. In the table above the following more significant items merit further explanation:

- Vehicle Funding - contract hire adjustment – increased costs arising out of the replenishment of reserves used to fund SFS contract hire buy-out as per Executive report 26th April 2018

- Elections reserve – reduction in the level of annual contribution necessary to build up the reserve put in place to meet the costs of the next Borough Council election.
- AES: Pressures on contracts within AES services are anticipated to have an impact on the AES management fee payable by the Council:
  - AES Bulky Collections – A Health & Safety (HSE) enforcement notice required operational change in the collection of bulky items. Growth includes labour and vehicle costs.
  - AES Recyclate handling costs – A potential increase in haulage and gate fees compounded by reduced income on the basket of goods received for recyclate.
  - AES Vehicle Premium costs – the management fee payable to AES initially included a vehicle premium to cover the additional cost of short term hire vehicles during the procurement of new waste vehicles. As the procurement draws to completion, the remaining premium is removed from the contract management fee.
- Glossop Market – estimated cost of the financial implications of the closure of Glossop Market have been included, taking into account potential alternative options while the market hall is closed.
- Facilities Management - the cost of aligning the budget to reflect current contract base in preparation for a new facilities management arrangement. This adjustment assumes action will be taken in 2020/21 to reduce the level of current spend
- Abstraction Income – the income derived from the license to commercially abstract Buxton spring water has fallen over recent years. This adjustment brings the amount anticipated from this income source into line with recent receipts.

5.3.4. In addition to the above, there may be a requirement to include upfront increased budget demand in relation to climate change related projects in future years. Some of these costs may already be included with the MTFP forecast – for example, schemes within the asset management plan (both General fund and HRA) and fleet purchase programme where environmental impact will be a significant consideration. However, any additional costs will be assessed and included within future MTFP iterations once known and the business case has been developed.

5.3.5. It may also be necessary to include increased budget provision as a result of the completion of service plans and in accordance with the Organisational Strategy – which is scheduled to be reviewed in line with Corporate Plan objectives. Additional staff resource or expertise may be necessary to deliver specific projects. This will be reviewed by the Transformation Board as part of the business case process for each project.

## 5.4. Budget Growth

- 5.4.1. In previous years, few additions in respect of budget growth have been included in the MTFP. It was assumed in light of the financial pressures faced by the Council, that any local issues that necessitate budget growth will be financed by internal spending reductions elsewhere. Occasionally, however, it is necessary to include budget growth to meet spending commitments.
- 5.4.2. No items of budget growth have been included in this version of the Medium Term Financial Plan.

## 5.5. Pensions

- 5.5.1. The results of the 2019 triennial actuarial valuation of the Derbyshire Pension Fund have been received, confirming the High Peak portion of the Fund is in deficit by £9.8 million (down from £20.9 million at the last valuation in 2016) and is 90% funded (up from 77% funding level in 2016)
- 5.5.2. The valuation has set a required employer contribution rate of 13.4% of payroll for the period 2020 – 2023 (up from 12.4% in 2016). In addition to this an annual secondary contribution of £1.833 million (unchanged from 2016) is also payable over this period to meet the Fund's past service deficit.
- 5.5.3. The MTFP reflects the outcome of this valuation. A further valuation will be undertaken in year 4 of the MTFP (2023/24).

## 5.6. Housing Revenue Account – Other Operating Expenditure

- 5.6.1. There are a number of items that relate only to the HRA. They include some direct elements of income and expenditure as well as notional charges for asset depreciation and debt impairment.
- 5.6.2. The HRA provides for a number of changes to operating expenditure over the next four year as set out in the table below:

| Expenditure / (Income)                                   | 2020/21       | 2021/22       | 2022//23      | 2023/24       |
|--|---------------|---------------|---------------|---------------|
|  | £             | £             | £             |               |
| Provision for Irrecoverable Debts                        | 460           | 2,840         | 2,890         | 2,940         |
| Past Service Pension Deficit Contribution                | 24,400        | 20,000        | 21,000        | 21,000        |
| <b>Increased / (Reduced) Other Operating Expenditure</b> | <b>24,860</b> | <b>22,840</b> | <b>23,890</b> | <b>23,940</b> |

## 6. FUNDING & INCOME GENERATION

### 6.1. Council Tax

- 6.1.1. The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than a certain percentage is subject to referendum. This percentage has been confirmed as 2% for 2020/21, Government consultation is currently on-going regarding future years.
- 6.1.2. In line with the current guidance, this iteration of the MTFP assumes that a 1.9% Council Tax increase will be implemented throughout the 4 year life of this plan.
- 6.1.3. Provision has been included within the Plan to reflect anticipated growth in Council Tax base over the next 4 years. The figures included are shown in the table below:

| Increased Council Tax Income       | 2020/21          | 2021/22          | 2022//23         | 2023/24          |
|------------------------------------|------------------|------------------|------------------|------------------|
|                                    | £                | £                | £                | £                |
| Revenue from increased Council Tax | (111,400)        | (114,980)        | (118,370)        | (121,780)        |
| Revenue from Tax Base growth       | (77,080)         | (63,720)         | (60,870)         | (64,090)         |
| <b>Total</b>                       | <b>(188,480)</b> | <b>(178,700)</b> | <b>(179,240)</b> | <b>(185,870)</b> |

### 6.2. Business Rates Retention

- 6.2.1. Under the 50% Business Rates Retention system the Authority retains 40% of Business Rates less a tariff that is payable in to a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,367,720 for 2020/21) and any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.
- 6.2.2. As part of the Derbyshire Pool in the 50% retention scheme, the levy is made to the Pool instead of Central Government. If the Council was not in the Derbyshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain some of this levy. Under the Pool agreement, this amount will depend on the amount all members of the Pool pay in at the end of the year, and the proportional success of the Council against its own baseline.
- 6.2.3. The benefit to the Council of being part of the Pool arrangement is estimated based on the historic trend of levy savings from the pool at 60% which is forecast to be £476,780 in 2020/21.

- 6.2.4. In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to local government retaining 100% of the rates that they received (subsequently being revised to a 75% scheme, although 100% is once again under consideration) with an end to Revenue Support Grant. The 75% scheme will now not be introduced until 2021/22 at the earliest.
- 6.2.5. The MTFP anticipates that Business Rates retention will be above the baseline. Net Business Rate income is somewhat suppressed due to the award of reliefs including increased small business rate relief including the changes in thresholds, multiplier cap, extended rural relief, supporting small businesses relief, retail discount and local discretionary relief; and the increase in the provision for rateable value (RV) reductions on successful appeals, including ATM RV changes.
- 6.2.6. To compensate for the loss of business rates income resulting from the reliefs, funding has to date been made available to Councils under Section 31 of the Local Government Act 2003. The MTFP assumes both the extension of reliefs and equivalent Section 31 grants will continue.
- 6.2.7. Changes in the level of the Council's business rates will be impacted by a range of factors, including business growth in the area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

| Business Rates Retention     | 2020/21            | 2021/22            | 2022/23            | 2023/24            |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | £                  | £                  | £                  | £                  |
| In year:                     |                    |                    |                    |                    |
| Baseline Funding             | (2,367,710)        | (2,406,290)        | (2,445,500)        | (2,485,350)        |
| Achievement against Baseline | 277,820            | 17,670             | (28,440)           | (98,030)           |
| Section 31 Grant             | (1,707,820)        | (1,483,250)        | (1,516,270)        | (1,553,830)        |
|                              | <b>(3,797,710)</b> | <b>(3,871,870)</b> | <b>(3,990,210)</b> | <b>(4,137,210)</b> |
| Change between years:        |                    |                    |                    |                    |
| Business Rates retained      | (459,380)          | (298,730)          | (85,320)           | (109,440)          |
| Section 31 Grant             | 299,720            | 224,570            | (33,020)           | (37,560)           |
|                              | <b>(159,660)</b>   | <b>(74,160)</b>    | <b>(118,340)</b>   | <b>(147,000)</b>   |

- 6.2.8. MHCLG announced on 27<sup>th</sup> January 2020 that additional business rates measures will apply from 1<sup>st</sup> April 2020: retail discount will be increased from one-third to 50% and will be extended to cinemas and music venues; local newspaper office space discount will be extended in duration; and there will be an additional discount of £1,000 for pubs with a rateable value of less than £100,000.
- 6.2.9. Due to the timing of this confirmation, these additional reliefs have not been built in to the budget for Business Rates Retention. It is anticipated that the Council will be compensated via a S31 grant for the NNDR income foregone, however due to the nature of Collection Fund accounting, the additional reliefs will have the effect of increasing the collection fund deficit during 2020/21 (to be distributed in 2021/22), whilst the additional grant will increase the in-year funding in the general fund.

6.2.10. The council will therefore ring-fence the additional grant received during 2020/21 relating to these reliefs, in order to fund the distribution of the additional collection fund deficit in 2021/22.

### 6.3. Collection Fund

6.3.1. The Council maintains a Collection Fund to record the receipt of Council Tax and Business Rates and their distribution to precepting authorities. Any surplus or deficit generated is distributed or recovered from the preceptors in subsequent years.

6.3.2. It is expected that the High Peak's share of a surplus, in respect of Council Tax, will be £73,210 in 2020/21.

6.3.3. It is assumed that a surplus, after providing for appeals, of £975,170 will be distributed in 2020/21 in respect of retained Business Rates generated in the current and previous years. High Peak's share of this surplus will be £382,110. It is assumed the Business Rates element of the collection fund will break even in future years, leaving no surplus or deficit for distribution.

6.3.4. These and future year movements are set out in the table below:

| Changes in Collection Fund Income | 2020/21          | 2021/22        | 2022/23        | 2023/24    |
|-----------------------------------|------------------|----------------|----------------|------------|
|                                   | £                | £              | £              | £          |
| Council Tax                       | 6,000            | 37,800         | (1,670)        | 690        |
| Business Rates                    | (274,440)        | 382,110        | 0              | 0          |
| <b>Total</b>                      | <b>(268,440)</b> | <b>419,910</b> | <b>(1,670)</b> | <b>690</b> |

### 6.4. Income from Government Grants

#### Revenue Support Grant

6.4.1. In October 2015, Government announced the phasing out of Revenue Support Grant (RSG). 2018/19 was the final year of RSG grant; none will be received in throughout the life of the plan.

#### New Homes Bonus

6.4.2. In the provisional Local Government financial settlement released in December, the Government confirmed that in Spring 2020 it would be consulting on a replacement for the New Homes Bonus scheme. The new housing incentive scheme will reflect a more targeted approach that rewards local government where they are 'ambitious' in delivering housing growth. At this stage, there is no further detail on what form the new scheme will take.



- 6.4.3. The allocation of New Homes Bonus is secure for 2020/21; and the Council will receive £647,250 in funding next year; beyond that no commitment is made for future years
- 6.4.4. The 2020/21 bonus is made up of £250,200 in new award and £397,050 in legacy payments relating to previous years' awards.
- 6.4.5. The MTFP presented in November assumed total NHB receipts of £2,125,170 for years 2 – 4 of the Plan (2021/22 to 2023/24). This amount is consequently at risk if the new scheme is less generous to Staffordshire Moorlands than the old scheme was.
- 6.4.6. In the absence of any further information, this iteration of the MTFP assumes that the Council will continue to receive funding equivalent to that received in 2020/21; i.e. £647,250 per annum; but does so with the recognition of the **major risk this represents to the viability of the Plan beyond 2020/21.**
- 6.4.7. Consequently, the total New Homes Bonus included for Years 2-4 of the Plan is £1,941,750 (£183,420 less than was included in November)
- 6.4.8. The Efficiency and Rationalisation Programme anticipates £120,000 in additional New Homes Bonus over the next 4 years, arising out of stimulated housing growth. The added uncertainty surrounding the replacement scheme casts some doubt on this target.

#### **Local Council Tax Support Scheme**

- 6.4.9. The Council operates a scheme whereby funding received from central Government in respect of Local Council Tax Support is passed onto the parishes by means of an annual grant. The allocation of this grant is based on the eligibility of parish residents for council tax discounts.
- 6.4.10. The level of resources made available for this grant has remained constant in spite of reductions in overall Government funding. The MTFP assumes that this approach will continue at a cost to the Council of £51,320 pa
- 6.4.11. Under the Borough's Efficiency and Rationalisation Strategy the basis of the model underlying this scheme is currently being reviewed. The result of this review, including any budgetary consequences, will be built into future iterations of the MTFP.

#### **Summary of Income from Government Grants**

- 6.4.12. The table below summarises the assumed level of and movement in Government funding:

| Government Grant (gain) / loss of funding | 2016/17 (baseline) | 2017-2020 (actual) PYs | 2020/21 (forecast) | 2021/22 (forecast) | 2022/23 (forecast) | 2023/24 (forecast) |
|---|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|
|   | £                  | £                      | £                  | £                  | £                  |                    |
| Revenue Support Grant                     | (1,124,580)        | 1,124,580              | -                  | -                  | -                  | -                  |
| New Homes Bonus                           | (773,320)          | 213,270                | (87,200)           | -                  | -                  | -                  |
| <b>Change in Govt Funding</b>             | <b>(1,897,900)</b> | <b>1,337,850</b>       | <b>(87,200)</b>    | -                  | -                  | -                  |

6.4.13. The changes shown in the table above mean that the Government grant funding received by the Council will have reduced to £647,250 by 2023/24 compared to the £1,897,900 received in 2016/17.

## 6.5. Fees and Charges

### General Fees and Charges

6.5.1. Charging for local services makes a significant contribution to the Council's finances. The Council also uses charging to influence individual choices and behaviour, and to bring other benefits to local communities. The Council's Charging Policy sets out the following principles for establishing the level of fees and charges:

- The cost of providing services should be fully met by income
- There is a standard approach to concessions for those on low incomes
- Where a subsidy is agreed, this should be used to support the development of Council services in accordance with priorities
- Subsidies should be reconfirmed annually

6.5.2. Services have completed the fees and charges templates, the financial outcomes of the process are shown in **ANNEX C**. The summary includes categorisation of charges and identifies where fee-earning services are provided at a subsidy.

6.5.3. The proposed fees and charges for 2020/21 are presented in **APPENDIX C** to this report.

6.5.4. The Medium Term Financial Plan currently projects that the Council will increase fees and charges (and other income) broadly in line with inflation. However, it is also recognised that certain income streams (such as car parking, planning fees) may not increase each year and other income streams (such as grants and rental income) are fixed or subject to periodic review.

6.5.5. The underlying annual total expected from inflationary increases to fees and charges has been reduced in this iteration of the MTFP from £55,000 to £40,000 to readjust the Council's budget position following the outsourcing of the Pavilion Gardens trading service and recognising the potential overlap with income generation themes included in the Efficiency Programme.

6.5.6. The projected revenue from increased fees and charges (and other income) is summarised in the table below:

| <b>Increased Fees and Charges</b>          | <b>2020/21</b>  | <b>2021/22</b>  | <b>2022/23</b>  | <b>2023/24</b>  |
|--|-----------------|-----------------|-----------------|-----------------|
| Revenue from increased Fees and Charges    | £<br>(40,000)   | £<br>(40,000)   | £<br>(40,000)   | £<br>(40,000)   |
| Increase in planning income (activity led) | (10,000)        | -               | -               | -               |
| <b>Total</b>                               | <b>(50,000)</b> | <b>(40,000)</b> | <b>(40,000)</b> | <b>(40,000)</b> |

6.5.7. During 2020/21, a review will be undertaken of concessions applied on certain fees and charges. This review will consider the justification for offering a concession, the level of concession applied and the consistency of application across the various fees and charges.

### **Housing Revenue Account – Rent Charges**

6.5.8. The Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, the most significant financially being the announcement to reduce rents by 1% per annum from April 2016 for 4 years.

6.5.9. The Government subsequently announced in October 2017 that after the four year 1% rent reduction ends in 2019/20, Authorities will then be able to increase rents from 2020/21 by CPI +1%.

6.5.10. Therefore, the current HRA Plan projects a 2.7% increase from 2020/21. It also assumes that 'Other Charges', including garages and service charges, will increase in 2020/21 – 2023/24.

| <b>Rental Income</b>                         | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> |
|--|----------------|----------------|----------------|----------------|
| Revenue from Rental Income and Other Charges | £<br>(52,920)  | £<br>(283,870) | £<br>(289,080) | £<br>(294,370) |

6.5.11. As part of the HRA review, a revised rent policy was presented to the HRA working group during 2017/18, which aimed to increase income targets (and partially offset the HRA Financial Improvement Plan savings targets).

6.5.12. This included a review of current service charges to ascertain the cost to the Council in providing services. The review revealed that the cost in providing services was higher than the service charge paid by tenants. It was proposed therefore, to increase current service charges paid by current tenants by a maximum of 5% per annum – to limit the financial impact (this would be the equivalent of a maximum of £1.18p per week) up to the point the actual service charge matches the actual cost.

- 6.5.13. It was also proposed that for new tenants, ‘formula’ rent is charged – which in most cases is slightly higher than current rent. In addition, if any services are provided as part of the tenancy, the service charge will be based on the actual cost in providing the services. The rent and service charge is fully advertised prior to a new tenant taking a tenancy.
- 6.5.14. In September 2018, the Department of Works and Pensions rolled out its ‘full’ service in High Peak – meaning that all new claims from single people and families (of working age) of the six legacy benefits (including Housing Benefit) will be replaced by Universal Credit (UC).
- 6.5.15. Due to the many changes (UC is paid direct to the tenant rather than the Landlord, there have been some issues with waiting times on receiving payment etc) this may have a potential negative impact on rent collection. No reduction in rental income due to this has been included in this MTFP, but it is flagged as a risk at this stage and is included in the HRA Business Plan action plan.

## 7. RISKS, CONTINGENCIES & USE OF RESERVES

### 7.1. Risks and Contingencies

- 7.1.1. The early identification and management of risks is critical to the Medium Term Financial Planning process. Risks to the MTFP are assessed, mitigated and actively managed to ensure that the Council delivers its services effectively within the funding at its disposal. The principal risks to the Medium Term Financial Plan are summarised in **ANNEX D**.
- 7.1.2. The table below highlights specific financial risks that are embedded within this Medium Term Financial Plan:

| Revenue Risks   | Capital Risks   |
|---|---|
| <ul style="list-style-type: none"> <li>• Inflationary assumptions</li> <li>• Interest rates</li> <li>• Housing benefits</li> <li>• Fees and charges</li> <li>• Universal Credit</li> <li>• Business Rates</li> <li>• Council Tax collection</li> <li>• Housing Rent levels (HRA affordability)</li> <li>• Government grants</li> <li>• Financial benefits from partnerships / shared services</li> <li>• Pension costs</li> <li>• Contract Management</li> <li>• Brexit implications</li> </ul> | <ul style="list-style-type: none"> <li>• Interest rates</li> <li>• External funding</li> <li>• Capital receipts</li> <li>• Capacity to deliver capital programme</li> <li>• Project overspend</li> <li>• Project overrun</li> <li>• External factors (e.g. planning objections, judicial reviews etc. leading to project delay)</li> <li>• Housing finance</li> <li>• Weather</li> <li>• Brexit implications</li> </ul> |

## Britain's Exit from the European Union

- 7.1.3. At this stage it is impossible to predict the impact of the Brexit process on the Authority's finances and financial planning. The outcome of the General election in December has given the Government a large Parliamentary majority and put it back in control of the Brexit timetable. As such the prospect of further delay has receded and the United Kingdom is expected to leave the European Union on 31<sup>st</sup> January, whereupon the country will enter into a transition period during which time the details of the future relationship with the European Union will start to emerge.
- 7.1.4. During this period, there is a risk that a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities and the demand for and funding of services will be affected.
- 7.1.5. The direction and extent of Brexit's influence on these areas is a matter of debate. To give an idea of the potential financial consequences the table below quantifies the impact on the Authority's current 2020/21 budget had there been a 1% change in its key economic drivers.

| Risk item                    | Impact on 2020/21 |
|------------------------------|-------------------|
| 1 % change in inflation      | 290,000           |
| 1 % change in interest rates | 65,000            |

### Contingencies

- 7.1.6. The Medium Term Financial Plan is underpinned by a number of assumptions. These assumptions have been made in the light of currently available information. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the financial position.
- 7.1.7. Key risk areas will be closely monitored and reviewed on an ongoing basis and remedial action taken. Members will receive quarterly updates on performance against the budget. The Council will carry adequate reserves as a contingency against risks that cannot be fully mitigated.
- 7.1.8. The Council carries reserves as a contingency for situations where risks cannot be fully mitigated. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the robustness of the estimates included in the budget and the adequacy of the reserves that the budget provides.
- 7.1.9. While there is no detailed guidance on calculating the level of general reserves the Council is encouraged to take into account the strategic, operational and financial risks facing the Council. These amounts are then moderated to acknowledge the likelihood of all risk events occurring together. The table below presents analysis undertaken by the Council in calculating the minimum level of general reserve required:

| Item   | Calculation Factor                 | Value | Amount of Reserve |
|--|------------------------------------|-------|-------------------|
|  |                                    | £m    | £                 |
| Expenditure Items (gross) – Employee Related | 2% of value                        | 7.23  | 145,000           |
| Expenditure Items (gross) – Other            | 2% of value                        | 10.46 | 209,000           |
| New Budget Growth                            | Additional 10% of value            | 0.00  | 0                 |
| Housing Benefits (subsidy)                   | 0.25% of value                     | 10.80 | 27,000            |
| Fees and Charges                             | 3.5% of value                      | 7.34  | 257,000           |
| Interest Receipts / Payments                 | 5% of net interest paid / received | 1.82  | 91,000            |
| Efficiency Provisions                        | 30% of value                       | 0.49  | 148,000           |
| Council Tax Collection                       | 1% of value                        | 6.05  | 61,000            |
| Business Rates Retention                     | 5% of value                        | 3.67  | 183,000           |
| Development Services Income                  | 5% of value                        | 0.61  | 30,000            |
| Local Land Charges                           | 5% fall in income                  | 0.11  | 5,000             |
| New Homes Bonus                              | 50% fall in income                 | 0.65  | 324,000           |
| <b>Total Requirement all events</b>          |                                    |       | <b>1,480,000</b>  |
| Moderation                                   | 10% reduction                      |       | (148,000)         |
| <b>Total Requirement</b>                     |                                    |       | <b>1,332,000</b>  |

7.1.10. It is proposed that the minimum general reserve contingency balance should increase by £129,000 to £1,332,000 to meet unforeseen expenditure and/or shortfalls in income. [The Council anticipates that at 1<sup>st</sup> April 2020 it will be holding a contingency reserve of £2,838,000 and earmarked reserves (held for specific purposes) of £2,229,300].

7.1.11. The HRA working balance is made up of surpluses that have accumulated over a number of years. The Council retains a minimum of £1million (approximately £250 per property) in order to cover unexpected events that could - if realised – trigger financial pressures. This has been calculated based on the below:

| Item   | Calculation Factor                 | Value | Amount of Reserve |
|--|------------------------------------|-------|-------------------|
|  |                                    | £m    | £                 |
| Expenditure Items (gross) – Employee Related                     | 2% of value                        | 3.29  | 66,000            |
| Expenditure Items (gross) – Other                                | 2% of value                        | 3.17  | 63,000            |
| Net costs (capital contribution, depreciation, support services) | 2% of value                        | 5.70  | 114,000           |
| Borrowing Costs (net)  | 5% of net interest paid / received | 2.78  | 139,000           |
| Efficiency Provisions  | 30% of value                       | 0.33  | 99,000            |
| Non Dwelling Rents   | 3.5% of value                      | 0.62  | 22,000            |
| Dwelling Rents   | 4% of value                        | 14.33 | 573,000           |
| <b>Total Requirement all events</b>                              |                                    |       | <b>1,076,000</b>  |
| Moderation   | 10% reduction                      |       | (107,600)         |
| <b>Total Requirement</b>   |                                    |       | <b>968,400</b>    |

7.1.12. The level and utilisation of reserves is determined formally by the Council, having received the advice and judgement of the Chief Financial Officer (CFO). The Chief Financial Officer's advice is:

“In the view of the Executive Director & Chief Finance Officer (Section 151 Officer), the budget includes estimates which take into account circumstances and events which are reasonably foreseeable at the time of preparing the budget. The view is therefore held, that the level of reserves are adequate for the Council based on this budget and the circumstances in place at the time of preparing it”

7.1.13. Further detail of the CFO's determination in regard to contingency balances and reserves is detailed in **ANNEX E**.

## 7.2. Use of Reserves and Balances

### General Fund Reserves and Balances

7.2.1. The February 2019 Medium Term Financial Plan included a £6,550 contribution from General Fund Reserves in 2019/20 in respect of Section 106 (Commutated Sum). The assumed level of Section 106 reserve usage reduces to £1,640 throughout the remaining life of this plan.

7.2.2. The February 2019 MTFP also anticipated contributions into the General Fund contingency over the lifetime of the plan.

7.2.3. The Quarter Three report forecasts that there will be a surplus against budget of approximately £109,710. During 2019/20 the Council anticipates using £14,450 of contingency reserves to support capital expenditure. The contingency reserve will also have a significant boost as £800,000 of previously earmarked funds are released for general activities. The result of these movements is that it is now forecast that there will be a net contribution into General Fund contingency reserves of £896,800 in 2019/20.

7.2.4. The use of reserves anticipated over the 4 years has been updated in this iteration of the plan, in line with revenue forecasts. The annual changes are shown in the table below:

| Reserve / Balance            | 2019/20<br>(Budget) | 2020/21       | 2021/22          | 2022/23         | 2023/24        |
|------------------------------|---------------------|---------------|------------------|-----------------|----------------|
|                              | £                   | £             | £                | £               | £              |
| Contingency Reserve          | 1,540               | 138,290       | (177,580)        | (69,880)        | 127,080        |
| Section 106 / Other Reserves | (6,550)             | (88,940)      | (1,640)          | (1,640)         | (1,640)        |
| <b>Total Reserve Usage</b>   | <b>(5,010)</b>      | <b>49,350</b> | <b>(179,220)</b> | <b>(71,520)</b> | <b>125,440</b> |
| Change in use of reserves    |                     | 54,360        | (228,570)        | 107,700         | 196,960        |

7.2.5. With effect from 2020/21 the MTFP reflects a contribution of £17,910 into Contingency reserves over the next 4 years ( 2020/21 £138,290 contribution; 2021/22 £177,580 usage; 2022/23 £69,880 usage; and 23/24 £127,080 contribution)

7.2.6. The table below shows the revised level of contingency reserves over the life of the Medium Term Financial Plan:

| Contingency Reserve         | 2019/20          | 2020/21          | 2021/22          | 2022/23          | 2023/24          |
|-----------------------------|------------------|------------------|------------------|------------------|------------------|
|                             | £                | £                | £                | £                | £                |
| <b>As at February 2020:</b> |                  |                  |                  |                  |                  |
| Balance at year-end         | 2,837,990        | 2,976,280        | 2,798,700        | 2,728,820        | 2,855,900        |
| Minimum requirement (s7.2)  | 1,203,000        | 1,332,000        | 1,332,000        | 1,332,000        | 1,332,000        |
| <b>Headroom</b>             | <b>1,634,990</b> | <b>1,644,280</b> | <b>1,466,700</b> | <b>1,396,820</b> | <b>1,523,900</b> |

#### *HRA Reserves and Balances*

7.2.7. The HRA balance is made up of surpluses that have accumulated over a number of years. The Council retains a minimum of £1 million (approximately £250 per property) in order to cover unexpected events that could - if realised – trigger financial pressures.

7.2.8. Due to the strict ring-fencing rules that apply to the HRA, any funds set aside form part of HRA reserves. The table below summarises the projected overall HRA reserves position for the duration of this MTFP.

|   | 2019/20           | 2020/21           | 2021/22           | 2022/23           | 2023/24           |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | £                 | £                 | £                 | £                 | £                 |
| HRA Reserves Brought Forward              | 14,409,114        | 16,378,284        | 15,563,414        | 15,743,484        | 15,248,954        |
| Surplus/(Loss) for the year*              | 1,969,170         | (814,870)         | 180,070           | (494,530)         | 2,061,950         |
| <b>Total HRA Reserves carried forward</b> | <b>16,378,284</b> | <b>15,563,414</b> | <b>15,743,484</b> | <b>15,248,954</b> | <b>17,310,904</b> |

*\*as forecast in the Q3 report and this version of the MTFP*

7.2.9. It can be seen from the table above that the HRA balance is projected to significantly exceed its £1 million contingency minimum over the next four years.



## 8. Budget 2020/21

- 8.1. The prospects for the 2020/21 Budget were considered by the Executive, as part of the update of the Medium-Term Financial Plan, on 4th December 2019 prior to the commencement of the budget exercise.
- 8.2. Budget preparation work has now been completed and an overall balanced budget position has been reached with the inclusion of a £399,680 efficiency target on the General Fund and a contribution of £138,290 into reserves (offset by a £88,940 use of earmarked reserves – net contribution £49,350). The HRA is balanced with a drawdown from reserves of £814,870.
- 8.3. The proposed 2020/21 General Fund Budget is detailed below:

| Budget Heading                      | 2020/21             |
|-------------------------------------|---------------------|
|                                     | £                   |
| Employees                           | 10,599,460          |
| Premises                            | 4,274,230           |
| Transport                           | 404,900             |
| Supplies & Services                 | 9,412,780           |
| Benefits                            | 82,460              |
| Borrowing                           | 1,837,940           |
| Parish Grant re Council Tax Support | 51,320              |
| Financing Costs                     | 22,130              |
| <b>Total Expenditure</b>            | <b>26,685,220</b>   |
| Fees and Charges / Other Income     | (8,433,030)         |
| Interest Receipts                   | (160,000)           |
| HRA Recharges                       | (6,558,800)         |
| Capital Recharges                   | (231,240)           |
| <b>Net Expenditure</b>              | <b>11,302,150</b>   |
| Council Tax                         | (6,051,540)         |
| Revenue Support Grant               | 0                   |
| Business Rates Retention            | (3,797,710)         |
| New Homes Bonus                     | (647,250)           |
| Contribution to / (use of) Reserves | 49,350              |
| Collection Fund                     | (455,320)           |
| <b>Total Financing</b>              | <b>(10,902,470)</b> |
| <b>Deficit / (Surplus)</b>          | <b>399,680</b>      |
| New Efficiency Requirement          | (409,680)           |
| Growth Efficiency Realised          | 10,000              |
| <b>Total Efficiency Requirement</b> | <b>(399,680)</b>    |
| <b>In-Year Deficit / (Surplus)</b>  | <b>-</b>            |

8.4. The proposed 2020/21 Housing Revenue Account Budget is detailed below:

| Budget Heading                        | 2020/21 Projection  |
|---------------------------------------|---------------------|
|                                       | £                   |
| Repairs & Maintenance                 | 4,299,300           |
| Supervision & Management              | 2,618,150           |
| Rates, Rents, Taxes, Other Charges    | 113,030             |
| Other Operating Expenditure           | 761,310             |
| Depreciation & Impairment Charges     | 2,099,030           |
| Interest & Debt Management Charges    | 2,746,340           |
| HRA Contribution to Capital Programme | 3,178,060           |
| <b>Total Expenditure</b>              | <b>15,815,220</b>   |
| Dwellings Rents                       | (14,370,910)        |
| Non - Dwelling Rents & Other Income   | (629,440)           |
| <b>Total Income</b>                   | <b>(15,000,350)</b> |
| (Surplus) / Deficit for year          | <b>814,870</b>      |
| Use of Reserves                       | <b>(814,870)</b>    |
| <b>In Year Deficit (Surplus)</b>      | <b>0</b>            |

*Council Tax and Rent Setting Requirement 2020/21*

8.5. The tables below illustrate the Council Tax & Housing Rent requirement for 2020/21:

| General Fund                            | 2020/21 Budget     |
|---|--------------------|
|   | £                  |
| <b>Net Cost of Services</b>             | <b>10,902,470</b>  |
| New Homes Bonus                         | (647,250)          |
| Business Rates Retention                | (3,797,710)        |
| Use of Reserves                         | 49,350             |
| Collection Fund                         | (455,320)          |
| <b>Net Requirement from Council Tax</b> | <b>(6,051,540)</b> |

| Housing Revenue Account                   | 2020/21 Budget      |
|---|---------------------|
|   | £                   |
| <b>Net Cost of Services*</b>              | <b>12,254,010</b>   |
| Plus:                                     |                     |
| Borrowing Costs                           | 2,746,340           |
| <b>Net Expenditure</b>                    | <b>15,000,350</b>   |
| Non - Dwelling Rents & Other Income       | (629,440)           |
| <b>Net Requirement from Housing Rents</b> | <b>(14,370,910)</b> |

*\*includes contribution from balances of £814,870*

- 8.6. The overall Council Tax requirement contained within these proposals is summarised in the table below:

|                            | Budget Requirement<br>£ | Tax Base      | Band D Council Tax<br>£ | Increase/<br>(Decrease)<br>% |
|----------------------------|-------------------------|---------------|-------------------------|------------------------------|
| <b>Borough Council Tax</b> | <b>6,051,540</b>        | <b>30,970</b> | <b>195.40</b>           | <b>1.9%</b>                  |

- 8.7. The overall rent increase requirement contained within these proposals is summarised in the table below:

|                                  | Average Weekly Rents 19/20<br>£ | Average Weekly Rents 20/21<br>£ | Increase/<br>(Decrease)<br>£ | Increase/<br>(Decrease)*<br>% |
|----------------------------------|---------------------------------|---------------------------------|------------------------------|-------------------------------|
| HRA Rents (over 52 weeks)        | 69.40                           | 71.45                           | 2.05                         | 2.96%                         |
| HRA Garage Rents (over 52 weeks) | 6.79                            | 7.13                            | 0.34                         | 5%                            |

*\*includes increase where new tenancies have transferred to 'formula rent'*

- 8.8. Charges made to recover fuel costs at various blocks have been reviewed and are charged on an individual block basis. The charges for 2020/21 are shown below and based on the previous year's usage and estimated costs and adjustments for actual fuel costs in 2018/19.

|                    | Anticipated Fuel Cost<br>2020/21 | Weekly Charge per Unit (over 52 weeks) |       |       |       |                |
|--------------------|----------------------------------|--|-------|-------|-------|----------------|
|                    |                                  | Charge Category                        |       |       |       | Communal Areas |
|                    |                                  | A                                      | B     | C     | D     |                |
| £                  | £                                | £                                      | £     | £     | £     |                |
| Alma Square        | 16,280                           | 7.37                                   | 11.05 | -     | 18.42 | 4.80           |
| Cromford Court     | 7,025                            | -                                      | -     | -     | -     | 3.22           |
| Eccles Fold        | 11,625                           | -                                      | 4.50  | -     | -     | 1.38           |
| Hartington Gardens | 39,006                           | 6.23                                   | 9.34  | 12.45 | -     | 1.48           |
| Marian Court       | 19,588                           | 7.61                                   | 11.41 | -     | 19.02 | 3.94           |
| Milton Court       | 24,525                           | 7.93                                   | 11.89 | -     | 19.82 | 3.30           |
| Queens Court       | 25,345                           | -                                      | 9.43  | -     | 15.72 | 2.30           |
| Northlands         | 14,642                           | -                                      | 9.18  | 12.24 | -     | 5.40           |
| Grangeside         | 2,773                            | -                                      | -     | -     | -     | 4.85           |
| Fieldhead House    | 757                              | -                                      | -     | -     | -     | 2.08           |
| Watford Lodge      | 1,020                            | -                                      | -     | -     | -     | 2.45           |

## 9. MTFP REVENUE POSITION

### 9.1. General Fund Revenue Position

9.1.1. The medium term General Fund revenue position is as set out in the table below:

| Summary Revenue Position                            | 2020/21        | 2021/22       | 2022/23         | 2023/24   |
|---|----------------|---------------|-----------------|-----------|
|   | £              | £             | £               | £         |
| Revenue Consequences of Capital Spend (section 4.3) | 149,170        | 232,630       | 34,210          | 17,330    |
| Interest Rate Changes (section 5.1)                 | 74,940         | (34,600)      | (22,190)        | (17,130)  |
| Borrowing Costs (section 5.1)                       | (115,540)      | (178,230)     | (64,180)        | (88,270)  |
| Inflation Pressures (section 5.2)                   | 377,360        | 278,130       | 284,710         | 286,790   |
| Increased / (Reduced) Budget Demand (section 5.3)   | 613,170        | (158,110)     | (97,700)        | (23,500)  |
| Budget Growth (section 5.4)                         | -              | -             | -               | -         |
| Increased Council Tax Income (section 6.1)          | (188,480)      | (178,700)     | (179,240)       | (185,870) |
| Business Rates Retention (section 6.2)              | (159,660)      | (74,160)      | (118,340)       | (147,000) |
| Changes in Collection Fund (section 6.3)            | (268,440)      | 419,910       | (1,670)         | 690       |
| Reduction in Government Grant (section 6.4)         | (87,200)       | -             | -               | -         |
| Additional Fees and Charges (section 6.5)           | (50,000)       | (40,000)      | (40,000)        | (40,000)  |
| Contribution to Reserves & Balances (section 7)     | 54,360         | (228,570)     | 107,700         | 196,960   |
| <b>In Year Change in Position</b>                   | <b>399,680</b> | <b>38,300</b> | <b>(96,700)</b> | <b>0</b>  |
| Efficiency & Rationalisation Plan (section 4.4)     | (409,680)      | (95,000)      | -               | -         |
| Growth efficiencies realised                        | 10,000         | 56,700        | 96,700          | -         |
| <b>Budget (Surplus) / Deficit</b>                   | <b>0</b>       | <b>0</b>      | <b>0</b>        | <b>0</b>  |
| <b>Cumulative (Surplus) / Deficit</b>               | <b>0</b>       | <b>0</b>      | <b>0</b>        | <b>0</b>  |

9.1.2. **ANNEX F shows the projected General Fund revenue position in detail.**

## 9.2. Housing Revenue Account Revenue Position

9.2.1. The medium term Housing Revenue Account revenue position is as set out in the table below.

| Summary Revenue Position                                | 2020/21          | 2021/22          | 2022/23        | 2023/24            |
|---|------------------|------------------|----------------|--------------------|
|   | £                | £                | £              | £                  |
| Budget (surplus) / deficit brought forward              | (261,660)        | 814,870          | (180,070)      | 494,530            |
| Revenue consequence of Capital spend (section 4.3)      | 1,243,850        | (882,030)        | 761,540        | (2,391,540)        |
| Interest Rate Changes (section 5.1)                     | 89,840           | (12,720)         | (11,040)       | (29,710)           |
| Borrowing Costs (section 5.1)                           | (126,810)        | 5,900            | 30,150         | (23,770)           |
| Inflation Pressures (Section 5.2)                       | 167,710          | 154,940          | 159,140        | 158,970            |
| Increased / reduced budget demand (section 5.3)         | 60,000           | 0                | 0              | 0                  |
| Increased / reduced budget growth (section 5.4)         | 0                | 0                | 0              | 0                  |
| Increase in Other Operating Expenditure (section 5.6)** | 24,860           | 22,840           | 23,890         | 23,940             |
| Reduction in Rent and Other Charges (section 6.5)       | (52,920)         | (283,870)        | (289,080)      | (294,370)          |
| <b>In Year Change in Position</b>                       | <b>1,144,870</b> | <b>(180,070)</b> | <b>494,530</b> | <b>(2,061,950)</b> |
| HRA Rationalisation Plan (section 4.4)**                | (330,000)        | 0                | 0              | 0                  |
| Budget (Surplus) / Deficit                              | <b>814,870</b>   | <b>(180,070)</b> | <b>494,530</b> | <b>(2,061,950)</b> |

9.2.2. **ANNEX F** shows the projected Housing Revenue Account revenue position in detail.

## 10. CONSULTATION

10.1. The Council is committed to consulting with residents and other stakeholders to help inform the budget setting process and spending priorities/non-priorities. A variety of techniques have been used and the approaches have been iterative, building year on year on what has gone before. The Council already holds comprehensive information gathered about residents' spending priorities. Much of this information was gathered in times of rising expenditure. The financial challenges for the Council are now very different.

10.2. The consultation process for the 2020/21 Budget was undertaken in conjunction with the revised Corporate Plan via an online communication available on the Council's website. This summarised the financial challenges the Council faces and invited comment.

10.3. It will be particularly important that the Council, as it makes difficult budgetary decisions, is able to evidence that it has considered the impact of its decisions on groups with protected characteristics.

**ANNEX A**

**Proposed Capital Programme – General Fund (2019/20 to 2023/24)**

| <b>Capital Schemes</b>         | <b>2019/20</b>   | <b>2020/21</b>   | <b>2021/22</b>   | <b>2022/23</b>   | <b>2023/24</b>   | <b>Total</b>      |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                                | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>         | <b>£</b>          |
| <b>Asset Management</b>        |                  |                  |                  |                  |                  |                   |
| Public Buildings               | 1,306,080        | 1,266,000        | 1,411,500        | -                | 1,332,640        | 5,316,220         |
| Car Parks                      | 43,010           | 876,710          | -                | 186,670          | -                | 1,106,390         |
| Public Conveniences            | -                | -                | 222,610          | 188,100          | -                | 410,710           |
| Waterways Infrastructure       | 277,450          | 112,360          | 382,370          | 213,950          | 100,000          | 1,086,130         |
| Leisure Centres                | 8,550            | 255,230          | 505,000          | -                | 88,210           | 856,990           |
| Depots & Park Buildings        | 21,410           | 10,000           | 155,160          | -                | 35,000           | 221,570           |
|                                | <b>1,656,500</b> | <b>2,520,300</b> | <b>2,676,640</b> | <b>588,720</b>   | <b>1,555,850</b> | <b>8,998,010</b>  |
| <b>Housing(RTB 1 for 1)</b>    | <b>27,000</b>    | <b>667,000</b>   | <b>374,000</b>   | <b>504,000</b>   | <b>504,000</b>   | <b>2,076,000</b>  |
| <b>Housing Grants</b>          | <b>495,660</b>   | <b>550,290</b>   | <b>489,110</b>   | <b>489,110</b>   | <b>489,110</b>   | <b>2,513,280</b>  |
| <b>ICT</b>                     | <b>135,000</b>   | <b>87,050</b>    | <b>50,000</b>    | <b>50,000</b>    | <b>50,000</b>    | <b>372,050</b>    |
| <b>Fleet Management</b>        | <b>2,467,010</b> | <b>691,500</b>   | <b>725,780</b>   | <b>172,000</b>   | <b>653,430</b>   | <b>4,709,720</b>  |
| <b>Other Schemes</b>           |                  |                  |                  |                  |                  |                   |
| Play Facilities                | 195,210          | 9,040            | -                | -                | -                | 204,250           |
| Market Town Regeneration       | 352,140          | 25,570           | -                | -                | -                | 377,710           |
| Leisure Centres                | -                | 50,000           | 50,000           | -                | -                | 100,000           |
| CCTV                           | -                | 50,000           | -                | -                | -                | 50,000            |
|                                | <b>547,350</b>   | <b>134,610</b>   | <b>50,000</b>    | <b>-</b>         | <b>-</b>         | <b>731,960</b>    |
| <b>Total Programme</b>         | <b>5,328,520</b> | <b>4,650,750</b> | <b>4,365,530</b> | <b>1,803,830</b> | <b>3,252,390</b> | <b>19,401,020</b> |
| <b>Funding of Programme</b>    |                  |                  |                  |                  |                  |                   |
| External Contributions         | 585,460          | 550,290          | 489,110          | 489,110          | 489,110          | 2,603,080         |
| Planning Obligations           | 33,000           | -                | -                | -                | -                | 33,000            |
| Capital receipts               | 1,024,080        | 725,000          | 2,525,000        | 810,720          | 2,219,280        | 7,304,080         |
| Capital receipts (One for One) | 27,000           | 667,000          | 374,000          | 504,000          | 504,000          | 2,076,000         |
| Capital Receipts (Vehicles)    | -                | 32,500           | 18,750           | 0                | 18,750           | 70,000            |
| Capital reserves               | 500,000          | -                | -                | -                | -                | 500,000           |
| Earmarked Reserves             | 14,450           | 50,000           | -                | -                | -                | 64,450            |
| Borrowing                      | 3,144,530        | 2,625,960        | 958,670          | -                | 21,250           | 6,750,410         |
|                                | <b>5,328,520</b> | <b>4,650,750</b> | <b>4,365,530</b> | <b>1,803,830</b> | <b>3,252,390</b> | <b>19,401,020</b> |

**ANNEX A**

**Proposed Capital Projections (2019/20 to 2023/24) – Council Dwellings (HRA)**

| <b>Scheme</b>                           | <b>Budget<br/>2019/20</b> | <b>Budget<br/>2020/21</b> | <b>Budget<br/>2021/22</b> | <b>Budget<br/>2022/23</b> | <b>Budget<br/>2023/24</b> | <b>Total</b>      |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------|
|   | <b>£</b>                  | <b>£</b>                  | <b>£</b>                  | <b>£</b>                  | <b>£</b>                  | <b>£</b>          |
| <b>ASSET MANAGEMENT WORKS:</b>          |                           |                           |                           |                           |                           |                   |
| Roofing Works                           | 75,000                    | <b>680,000</b>            | <b>187,560</b>            | <b>332,040</b>            | <b>96,720</b>             | <b>1,371,320</b>  |
| Kitchens                                | 554,170                   | <b>954,170</b>            | <b>954,180</b>            | <b>614,010</b>            | <b>112,920</b>            | <b>3,189,450</b>  |
| Bathrooms                               | 266,000                   | <b>400,000</b>            | <b>536,590</b>            | <b>248,570</b>            | <b>109,950</b>            | <b>1,561,110</b>  |
| Central Heating                         | 276,500                   | 224,630                   | 134,590                   | 399,030                   | 171,870                   | 1,206,620         |
| Electrical Works                        | 424,000                   | 409,430                   | 549,250                   | 799,020                   | 647,350                   | 2,829,050         |
| Aids & Adaptations                      | 391,740                   | 295,000                   | 295,000                   | 295,000                   | 295,000                   | 1,571,740         |
| Structural Works                        | 164,500                   | 93,000                    | 0                         | 0                         | 0                         | 257,500           |
| Lift Replacements                       | 10,000                    | 190,000                   | 100,000                   | 100,000                   | 100,000                   | 500,000           |
| Commercial Boiler Renewal               | 94,000                    | 200,000                   | 0                         | 0                         | 0                         | 294,000           |
| Works to Communal Areas                 | 34,000                    | 0                         | 12,640                    | 222,140                   | 55,870                    | 324,650           |
| Window Replacement Programme            | 62,000                    | 845,930                   | 611,670                   | 512,000                   | 462,910                   | 2,494,510         |
| Door Replacement Programme              | 0                         | 347,430                   | 94,490                    | 430,510                   | 18,790                    | 891,220           |
| Environmental & Other Works             | 0                         | 0                         | 139,090                   | 204,280                   | 113,680                   | 457,050           |
| Non Traditional Works                   | 0                         | 0                         | 185,000                   | 185,000                   | 185,000                   | 555,000           |
|   |                           |                           |                           |                           |                           |                   |
|   | <b>2,351,910</b>          | <b>4,639,590</b>          | <b>3,800,060</b>          | <b>4,341,600</b>          | <b>2,370,060</b>          | <b>17,503,220</b> |
| <b>REPAIRS TEAM CAPITAL WORKS:</b>      |                           |                           |                           |                           |                           |                   |
| Void Rewires                            | 41,000                    | 70,000                    | 70,000                    | 70,000                    | 70,000                    | 321,000           |
| Void Kitchens                           | 115,500                   | 155,000                   | 155,000                   | 155,000                   | 155,000                   | 735,500           |
| Void Bathrooms                          | 93,400                    | 70,000                    | 70,000                    | 70,000                    | 70,000                    | 373,400           |
|   | <b>249,900</b>            | <b>295,000</b>            | <b>295,000</b>            | <b>295,000</b>            | <b>295,000</b>            | <b>1,429,900</b>  |
| <b>STAFFING:</b>                        |                           |                           |                           |                           |                           |                   |
| Staffing Recharges/ Commissioning Costs | 100,000                   | 100,000                   | 100,000                   | 100,000                   | 100,000                   | 500,000           |
|   | <b>100,000</b>            | <b>100,000</b>            | <b>100,000</b>            | <b>100,000</b>            | <b>100,000</b>            | <b>500,000</b>    |
| <b>ASSET PURCHASES:</b>                 |                           |                           |                           |                           |                           |                   |
| Vehicle Purchasing                      | 0                         | 242,500                   | 0                         | 420,000                   | 0                         | 662,500           |
|   | <b>0</b>                  | <b>242,500</b>            | <b>0</b>                  | <b>420,000</b>            | <b>0</b>                  | <b>662,500</b>    |
| <b>ICT STRATEGY:</b>                    |                           |                           |                           |                           |                           |                   |
| Housing System                          | 0                         | 0                         | 200,000                   | 0                         | 0                         | 200,000           |
|   | <b>0</b>                  | <b>0</b>                  | <b>200,000</b>            | <b>0</b>                  | <b>0</b>                  | <b>200,000</b>    |
|   |                           |                           |                           |                           |                           |                   |
| <b>TOTAL SPEND</b>                      | <b>2,701,810</b>          | <b>5,277,090</b>          | <b>4,395,060</b>          | <b>5,156,600</b>          | <b>2,765,060</b>          | <b>20,295,620</b> |

**ANNEX B****Efficiency and Rationalisation Programme (2017/18 – 2020/21)**

| <b>Efficiency</b>         | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> | <b>2020/21</b> | <b>TOTAL</b> |
|---------------------------|----------------|----------------|----------------|----------------|--------------|
|                           | £'000          | £'000          | £'000          | £'000          | £'000        |
| <b>Major Procurements</b> |                |                |                |                |              |
| Waste Collection etc.     | 100            | 200            | 100            | 100            | 500          |
| Leisure Centres           | -              | -              | -              | 400            | 400          |
| Facilities Management     | -              | 75             | -              | -              | 75           |
|                           | <b>100</b>     | <b>275</b>     | <b>100</b>     | <b>500</b>     | <b>975</b>   |
| <b>Asset Management</b>   |                |                |                |                |              |
| Asset Rationalisation     | -              | 30             | 200            | -              | 230          |
|                           | -              | <b>30</b>      | <b>200</b>     | -              | <b>230</b>   |
| <b>Growth</b>             |                |                |                |                |              |
| Housing Growth            | -              | 40             | 40             | 40             | 120          |
| Business Growth           | -              | -              | -              | 150            | 150          |
|                           | -              | <b>40</b>      | <b>40</b>      | <b>190</b>     | <b>270</b>   |
| <b>Income Generation</b>  |                |                |                |                |              |
| Fees & Charges            | -              | 120            | -              | 120            | 240          |
| Pavilion Gardens          | 40             | 60             | 70             | -              | 170          |
| Advertising / Sponsorship | 50             | 10             | -              | -              | 60           |
| Enhanced Trading          | -              | -              | -              | -              | -            |
|                           | <b>90</b>      | <b>190</b>     | <b>70</b>      | <b>120</b>     | <b>470</b>   |
| <b>Rationalisation</b>    |                |                |                |                |              |
| Management Staffing       | 100            | -              | -              | -              | 100          |
| Channel Shift             | -              | -              | -              | -              | -            |
| Parish Grants             | -              | 26             | 20             | -              | 46           |
| Service Rationalisation   | 20             | 20             | -              | -              | 40           |
|                           | <b>120</b>     | <b>46</b>      | <b>20</b>      | -              | <b>186</b>   |
| <b>TOTAL</b>              | <b>310</b>     | <b>581</b>     | <b>430</b>     | <b>810</b>     | <b>2,131</b> |

The above programme has been reprofiled to take account of any changes to the expected timing of savings:-

|                            | <b>2017/18</b> | <b>2018/19</b>   | <b>2019/20</b>  | <b>2020/21</b>   | <b>2021/22</b> | <b>TOTAL</b>     |
|----------------------------|----------------|------------------|-----------------|------------------|----------------|------------------|
|                            | £              | £                | £               | £                | £              | £                |
| <b>Original Programme</b>  | 310,000        | 581,000          | 430,000         | 810,000          | -              | <b>2,131,000</b> |
| <b>Amended Programme</b>   | 388,000        | 449,000          | 789,000         | 410,000          | 95,000         | <b>2,131,000</b> |
| <b>Variance</b>            | <b>78,000</b>  | <b>(132,000)</b> | <b>359,000</b>  | <b>(400,000)</b> | <b>95,000</b>  | <b>-</b>         |
| <b>Achieved Q4 2018/19</b> | -              | <b>75,000</b>    | <b>(75,000)</b> | -                | -              | -                |
| <b>Revised Target</b>      | <b>388,000</b> | <b>524,000</b>   | <b>714,000</b>  | <b>410,000</b>   | <b>95,000</b>  | <b>2,131,000</b> |



## HRA Financial Improvement Plan (2017/18 – 2021/22)

| HRA Review Focus   | Savings Description   | Potential Annual Reduction |                              |               |                |
|--|---|----------------------------|------------------------------|---------------|----------------|
|  |   | 2017/18                    | 2018/19                      | 2019/20       | 2020/21        |
| Capital Financing  | Initial reduction in voluntary repayment of debt (currently £1.25 million per annum) – to be benchmarked – maximum annual reduction   | 250,000                    |                              |               |                |
|  | *Further reduction dependent on stock condition survey information – i.e. if an increase in capital expenditure is required, reduction in MRP could offset  |                            | *potential further reduction |               |                |
| Rental Income – introduction of new rent policy            | New tenancies – commence at higher of 'social rent rate or 'assumed rent rate' (less 1% during rent reduction period) plus any service charges where calculated   |                            | 30,000                       | 30,000        | 30,000         |
|  | Review of services charges – ensuring full cost is rechargeable by accurately recording costs associated with specific properties/reducing costs of services provided<br>De-pooling basic rent and service charges                              |                            | 5,000                        | 5,000         |                |
|  | Review of leasehold management arrangements (service charges) – to ensure we reflect the cost of providing services in the charging process and/or to highlight where costs are high and the service provided requires review                   |                            | 10,000                       | 10,000        |                |
|  | Other, for example:<br>- annual rent amendments carried out in-house removing of consultant<br>- review of payment methods<br>- maximising garage rental income<br>- Repairs recharges – ensuring all rechargeable repairs are billed correctly |                            | 15,000                       | 15,000        |                |
| Staffing structures – service review process               | Post service review completion, removal of vacancies where responsibilities are now covered by joint service arrangements   | 200,000                    |                              |               |                |
| Repairs and Maintenance – overall reduction in expenditure | Productivity improvements (review of processes internally) increased on-contract expenditure, capturing back office savings post service review   | 85,000                     | 50,000                       |               |                |
|  | Implementation of an alternative service delivery model and / or further improvements in productivity and procurement savings   |                            |                              |               | 150,000        |
| ICT Costs – reduction in costs                             | Streamlining of systems, saving annual license/software fees, removing duplication and releasing Officer time. Focus on using the remaining systems more effectively.   | 25,000                     | 25,000                       |               |                |
| Voids review   | Increased income from improvements in voids turn around times and review of tenancy commencements   | 20,000                     | 20,000                       |               |                |
|  | Reduction in expenditure from a review of voids maintenance works carried out   | 30,000                     | 30,000                       |               |                |
| Tenancy Arrangements                                       | Review of tenancy and neighbourhood management processes  | 15,000                     |                              |               |                |
| Stock Condition surveys                                    | Disposal of surplus stock after consideration of net present value assessment following completion of stock condition survey  |                            |                              |               | 150,000        |
| <b>Total Annual Saving</b>                                 |   | <b>625,000</b>             | <b>185,000</b>               | <b>60,000</b> | <b>330,000</b> |

## ANNEX C

### Fees & Charges

| Service Area         | HPBC Proposed Fees & Charges   | Charging Policy Category |               |               |            |         |           |           |            |
|----------------------|--------------------------------|--------------------------|---------------|---------------|------------|---------|-----------|-----------|------------|
|                      | 2020/21                        | Full commercial          | Fair charging | Cost recovery | Subsidised | Nominal | Free      | Statutory | Total      |
| Environmental Health | Income                         | £16,471                  | £13,967       | £1            | £3,758     |         | £0        | £7,967    | £42,164    |
|                      | Surplus/ (Subsidy) after Costs | £5,245                   | £1,150        | £1            | (£1,658)   |         | (£29,443) | (£15,027) | (£39,733)  |
| Licensing            | Income                         |                          |               | £109,900      |            |         |           | £93,187   | £203,087   |
|                      | Surplus/ (Subsidy) after Costs |                          |               | £0            |            |         |           | £78,687   | £78,687    |
| Land Charges         | Income                         |                          |               | £120,149      |            |         | £0        |           | £120,149   |
|                      | Surplus/ (Subsidy) after Costs |                          |               | £25,527       |            |         | £0        |           | £25,527    |
| Planning             | Income                         |                          | £26,125       | £5,947        |            |         |           |           | £32,072    |
|                      | Surplus/ (Subsidy) after Costs |                          | £11,707       | £3,256        |            |         |           |           | £14,963    |
| Building Control     | Income                         |                          |               | £4,315        |            |         |           |           | £4,315     |
|                      | Surplus/ (Subsidy) after Costs |                          |               | £4,315        |            |         |           |           | £4,315     |
| Street Naming        | Income                         |                          | £19,947       |               |            |         |           |           | £19,947    |
|                      | Surplus/ (Subsidy) after Costs |                          | £17,360       |               |            |         |           |           | £17,360    |
| Waste                | Income                         |                          |               | £60,005       | £3,329     |         |           |           | £63,334    |
|                      | Surplus/ (Subsidy) after Costs |                          |               | £10,857       | (£1,221)   |         |           |           | £9,636     |
| Cemeteries           | Income                         | £25,584                  | £188,176      |               |            |         | £0        |           | £213,760   |
|                      | Surplus/ (Subsidy) after Costs | £16,257                  | £55,032       |               |            |         | -£319     |           | £70,969    |
| Street Scene         | Income                         |                          | £8,775        |               |            |         |           |           | £8,775     |
|                      | Surplus/ (Subsidy) after Costs |                          | £2,452        |               |            |         |           |           | £2,452     |
| Horticulture         | Income                         | £13,267                  | £2,030        |               | £644       |         | £0        |           | £15,940    |
|                      | Surplus/ (Subsidy) after Costs | £1,038                   | £305          |               | (£217)     |         | (£2,532)  |           | (£1,406)   |
| Car Parks            | Income                         |                          | £1,222,644    |               |            |         |           | £70,000   | £1,292,644 |
|                      | Surplus/ (Subsidy) after Costs |                          | £824,614      |               |            |         |           | (£4,740)  | £819,874   |
| Markets              | Income                         |                          | £16,000       |               |            |         |           |           | £16,000    |
|                      | Surplus/ (Subsidy) after Costs |                          | (£12,000)     |               |            |         |           |           | (£12,000)  |
| Finance              | Income                         |                          | £211,000      |               |            |         |           |           | £211,000   |
|                      | Surplus/ (Subsidy) after Costs |                          | £69,860       |               |            |         |           |           | £69,860    |
| Elections            | Income                         |                          |               |               |            | £1,670  |           |           | £1,670     |
|                      | Surplus/ (Subsidy) after Costs |                          |               |               |            | £26     |           |           | £26        |
| Environmental Crime  | Income                         |                          |               |               |            |         |           | £14,315   | £14,315    |
|                      | Surplus/ (Subsidy) after Costs |                          |               |               |            |         |           | £3,714    | £3,714     |
| Community            | Income                         |                          |               |               |            |         |           | £700      | £700       |
|                      | Surplus/ (Subsidy) after Costs |                          |               |               |            |         |           | (£314)    | (£314)     |
| Carelink             | Income                         |                          | £706,417      |               |            |         |           |           | £706,417   |
|                      | Surplus/ (Subsidy) after Costs |                          | £16,787       |               |            |         |           |           | £16,787    |

| Charging Policy | Policy Objective   |
|-----------------|--|
| Full commercial | Service is promoted to maximise revenue within an overall objective of generating a surplus from the service   |
| Fair charging   | Service is promoted to maximise income but subject to defined policy constraints including commitments made to potential customers on an appropriate fee structure |
| Cost recovery   | Service generally available to all but without a subsidy   |
| Subsidised      | Service is widely accessible, but users of the service should make some contribution from their own resources  |
| Nominal         | Service to be fully available and a charge is made to discourage frivolous usage   |
| Free            | Service fully available at no cost   |
| Statutory       | Charges are set in line with legal obligations   |

**Medium Term Financial Plan – Principal Risks**

| <b>Risk Category</b>        | <b>Risk</b>  | <b>Mitigation and Controls</b>  |
|-----------------------------|--|---|
| Financial Implications      | Robustness of financial assumptions within Efficiency and Rationalisation Strategy   | Structured project management arrangements have been put in place with detailed business cases for each initiative – these will be strengthened in the service review process   |
| Financial Implications      | Additional financial pressures emerge – cost & income  | The strategy is kept under constant review and adjustments will be made where necessary   |
| Service Continuity          | Interruptions to key services or performance standards   | Resource implications and impact are identified as part of the business case process. Service continuity and maintenance of standards of service are key requirements of any new proposals  |
| Corporate Governance        | Maintaining stakeholder confidence; lack of clarity on accountability  | Ongoing review of standards of internal control (e.g. Financial Procedure Rules reviewed and updated). Internal Audit Plan will be reviewed to account for the new approach proposed in the efficiency & Rationalisation Strategy |
| Management of Change        | Management of corporate and local, cultural change; behavioural risks; residual effects of aggregation; proposed changes to organisational structure, roles & responsibilities | Progress with achievement of aims will be monitored through an effective performance management structure. Investment has been made in a new approach to Organisational Development.  |
| People Risks                | Impact of cultural changes; assessment of skills; recruitment & retention; capacity issues   | Continuing communications process for the delivery of transformation programme  |
| Key Projects & Partnerships | Managing changes to shared service delivery arrangements   | The project management methodology provides for an adequate transition where there are changes in service delivery  |

| Risk Category                     | Risk  | Mitigation and Controls   |
|-----------------------------------|---|---|
| Performance Management            | Adequacy of framework to monitor transition                               | Risk management processes are embedded  |
| Reputation and Relationship Risks | Maintaining existing partner confidence                                   | Continuing communications process for the delivery of transformation programme  |
| Programme Delivery                | Delays in implementation of efficiency savings                            | <p>Effective governance arrangements in place to monitor plans.</p> <p>Executive Directors and Senior Managers own delivery of efficiencies.</p> <p>Executive Director (Transformation) appointed as programme director.</p>  |
| Programme Delivery                | A number of the efficiency / rationalisation initiatives are not achieved | <p>Structured project management approach is in place for delivery including effective exception reporting</p> <p>The strategy is kept under constant review</p> <p>Identification of further efficiency / rationalisation opportunities through benchmarking / effective member working groups</p> |
| Political Support                 | Lack of Members support for Plan.   | Regular reporting and member briefings including effective scrutiny arrangements  |

## **Chief Finance Officer's Section 25 Review**

The purpose of this statement is to provide councillors with information on the robustness of the estimates and the adequacy of reserves in the Medium Term Financial Plan (MTFP).

### **Background**

The Council sets in budget in February each year. In setting the budget the level of Council Tax and other fees and charges are established. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year.

The decision on the level of the income is taken before the financial year begins and cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

- Making prudent allowance in the estimates for each of the services; and
- Ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Section 25 of the Local Government Act 2003 requires that the Council's Chief Finance Officer reports to Full Council when it is considering its Budget for the forthcoming financial year. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that councillors have professional, authoritative advice available to them when they make their decisions. Section 25 also requires members to have regard to this report in making their decisions.

### **Robustness of Spending Forecasts**

Heads of Service in conjunction with the Council's Head of Finance monitor detailed budgets throughout the year. This enables additional service pressures to be identified on an on-going basis.

Reports are presented on a quarterly basis to the Corporate Select Committee and the Executive. These reports highlight all variances between spending and budgets.

The proposal for the 2020/21 Budget and updated MTFP are based on extensive analysis and assurances from Heads of Service and their finance support staff. Executive councillors have worked with their respective Executive Directors throughout the process. Corporate Select Committee members have been able to question the progress of spending throughout the year and received a report on the draft MTFP in November 2019.

Extensive work has also been carried out to produce the MTFP. A range of broad assumptions have been utilised and robustly challenged as part of the process.

Forecasts take account of the financial commitments that emerge from the Council's new Corporate Plan approved in September 2019.

The Council has taken all reasonable and practical steps to identify and make provision for the Council's commitments in 2020/21 in order to achieve a balanced budget.

### **Robustness of Income Forecasts**

The level of Council Tax has been established with reference to the maximum increase allowed without requiring a referendum. A 1.9% increase has been provided for in each of the financial years of the MTFP.

The forecasts of the business rates that will be retained by the Council have been calculated in line with the current Business Rates Retention Scheme. The forecasts taken account of the following:

- The baseline income set by government;
- Prudent forecast of the financial benefits of being a member of the Derbyshire Pool arrangements;
- The award of reliefs and the receipt of Section 31 grants to compensate;
- Adequate provision to meet the impact of successful appeals; and
- Predicted levels of business rates income are based on known and expected changes to the business rates listing.

The level of fees and charges has been assessed in conjunction with Heads of Service. The proposed levels for 2020/21 take account of the following factors in line with the Council's Charging Policy:

- The cost of providing services should be fully met by income;
- There is a standard approach to concessions for those on low incomes;
- Where a subsidy is agreed, this should be used to support the development of Council services in accordance with priorities; and
- Subsidies should be reconfirmed annually.

Forecasts of New Homes Bonus are based on the principle that the Council will continue to receive funding equivalent to that received in 2020/21. This is due to the recent announcement that the current scheme is to be replaced for 2021/22.

### **Key Budget Risks**

The forecasts in the MTFP include provisions for savings from the Council's Efficiency and Rationalisation Strategy. The Council has made significant progress with the achievement of the required savings with the majority of the savings having being met. However the Alliance Management Team (AMT) will need to continue to deliver the remainder of the programme throughout the early years of the MTFP.

The Government is expected to consult on a number of national reforms which will impact of the Council's finances. These include:

- Fair funding review;
- The Business Rates Retention Scheme including resetting the baseline income;
- Replacement of the New Homes Bonus Scheme.

These changes will have a significant impact on the Council's finances.

The national economic situation is currently unpredictable. At this stage it is impossible to predict the impact of the Brexit process on the Council's finances and financial planning. During this period, there is a risk that a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities and the demand for and funding of services will be affected.

### **Adequacy of Reserves**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Local Authority Accounting Panel (LAAP) has a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 77) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government. It is best practice to follow this guidance.

The guidance however states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of budget. Each Local Authority should take advice from its Chief Finance Officer and base its judgement on local circumstances.

Reserves should be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- A means of building up funds known as 'earmarked reserves', to meet known or predicted funding requirements.

The CIPFA Guidance highlights a range of factors, in addition to cash flow requirements, that Councils should consider including:

- The treatment of inflation;
- The treatment of demand led pressures;
- Efficiency savings;
- Partnerships; and
- The general financial climate, including the impact on investment income.

The guidance also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If the Council chooses to use reserves as recommended within the Budget, appropriate action will need to be factored into the MTFP to ensure that this is addressed over time.

The risk assessment process has identified a number of key risks which could impact on the Council's resources. The Council continues to face significant funding reductions and on-going budget pressures. In addition there continue to be risks associated with the Business Rate Retention Scheme.

With these risks in mind, it is recommended that the Council adopts a policy for reserves as follows:

- Set aside sufficient sums in earmarked reserves that it considers prudent. These reserves are established as are required and are reviewed regularly for both adequacy and purpose and levels are reporting appropriately in line with the established reporting processes; and
- General Reserves are maintained to be at least at the level of the contingency requirement calculated with reference to LAAP Bulletin 77 and reported to Council as part of the approved MTFP.

Earmarked reserves have been established to provide resources for specific purposes.

The proposals contained within this update do not require any contribution from General Reserves throughout the period 2020/21 to 2023/24.

### **CIPFA Resilience Indicators**

In 2019 CIPFA produced a Financial Resilience Index. This is a comparative analytical tool that may be used by Chief Finance Officers to support good financial management, providing a common understanding within a council of their financial position.

The index shows a council's position on a range of measures associated with financial risk. The selection of indicators has been informed by the extensive financial resilience work undertaken by CIPFA over the past four years, public consultation and technical stakeholder engagement.

The index is made up of a set of indicators. These indicators take publicly available data and compare similar authorities across a range of factors. There is no single overall indicator of financial risk, so the index instead highlights areas where additional scrutiny should take place in order to provide additional assurance.

The indicators that are produced for district councils are as follows:

- Reserves Sustainability Measure
- Level of Reserves
- Changes in Reserves
- Interest Payable / Net Revenue Expenditure
- Gross External Debt
- Fees and Charges to Service Expenditure Ratio
- Council Tax Requirement / Net Revenue Expenditure
- Growth Above Baseline



- Unallocated Reserves
- Earmarked Reserves
- Change in Unallocated Reserves
- Change in Earmarked Reserves
- Change in HRA Reserves

Details of the indicators for 2018/19 are attached. In this analysis the Council is compared with all non-metropolitan district councils.

The indicators where the Council is showing higher risk are associated with the use and level of reserves.

The Sustainability Measure indicates the number of years that the Council's 2018/19 reserves would last if they were used at the same average rate as over the last three years. For the Council this is some 15 years. Despite this being comparatively low, this is a considerably long timeframe and only significant if it is expected to use the reserves at that rate.

The authorities scoring a Sustainability Measure of 100 are those that have made a net contribution into reserves over the last three years.

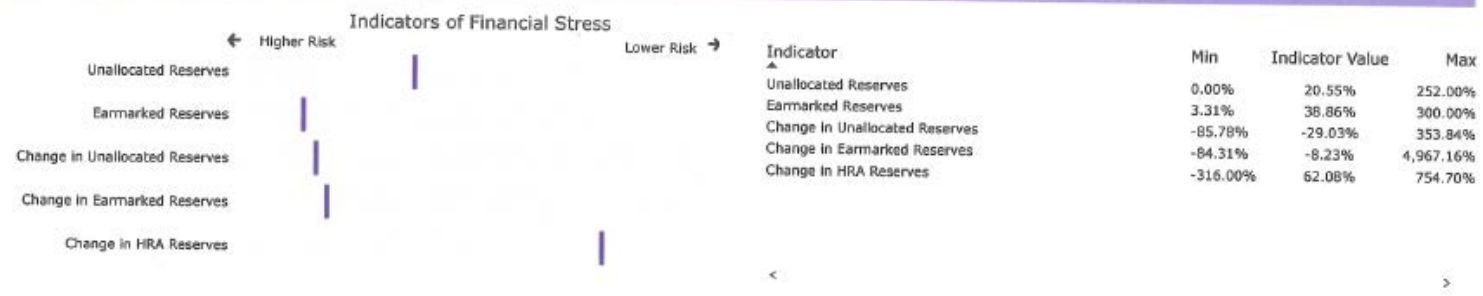
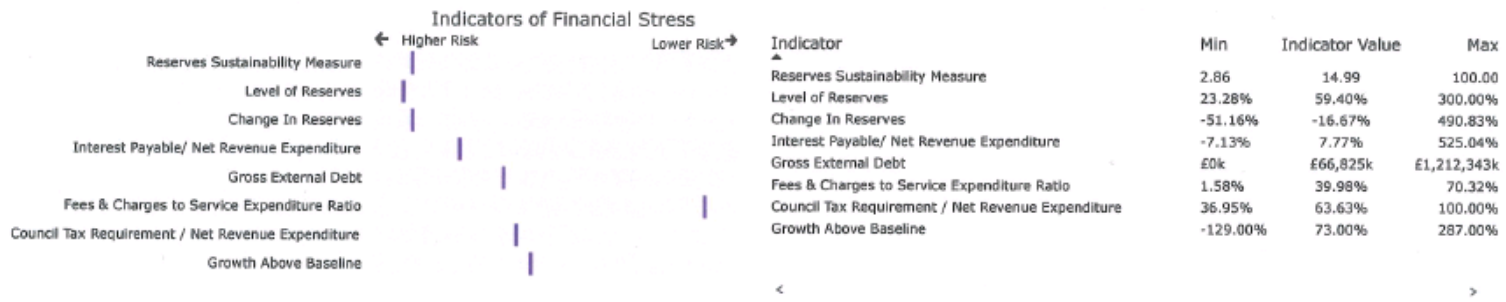
A significant element of our drawdown over the preceding three years the contribution made out of revenue reserves to fund Capital expenditure. This was primarily associated with the purchase of the vehicle fleet including the "buy-out" of the contract hire arrangements.

The forecasts in the current MTFP do not include any contribution from general reserves so the risk rating of the Council against these indicators will reduce significantly in future years.

## **Opinion**

In my professional view, if the Council were to accept the current MTFP then the level of risks identified in the budget process, alongside the Council's financial management arrangements suggest that the level of reserves is adequate.

**Andrew P Stokes**  
**Executive Director & Chief Finance Officer**



**ANNEX F****Proposed Revenue Projections (2020/21 to 2023/24) – General Fund**

| <b>Budget Heading</b>                   | <b>2020/21<br/>Projection</b> | <b>2021/22<br/>Projection</b> | <b>2022/23<br/>Projection</b> | <b>2023/24<br/>Projection</b> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|   | £                             | £                             | £                             | £                             |
| Employees                               | 10,599,460                    | 10,784,110                    | 11,010,610                    | 11,234,790                    |
| Premises                                | 4,274,230                     | 4,322,520                     | 4,388,380                     | 4,455,340                     |
| Transport                               | 404,900                       | 408,120                       | 413,220                       | 418,380                       |
| Supplies & Services                     | 9,412,780                     | 9,516,280                     | 9,665,170                     | 9,812,130                     |
| Benefits                                | 82,460                        | 82,460                        | 82,460                        | 82,460                        |
| Borrowing                               | 1,837,940                     | 1,905,240                     | 1,900,580                     | 1,860,010                     |
| Parish Grant re Council Tax Support     | 51,320                        | 51,320                        | 51,320                        | 51,320                        |
| Financing Costs                         | 22,130                        | 22,130                        | 22,130                        | 22,130                        |
| <b>Total Expenditure</b>                | <b>26,685,220</b>             | <b>27,092,180</b>             | <b>27,533,870</b>             | <b>27,936,560</b>             |
| Fees and Charges / Other Income         | (6,964,110)                   | (7,048,810)                   | (7,168,010)                   | (7,208,010)                   |
| Interest Receipts                       | (160,000)                     | (207,500)                     | (255,000)                     | (302,500)                     |
| HRA Recharges                           | (8,027,720)                   | (8,202,660)                   | (8,382,800)                   | (8,562,770)                   |
| Capital Recharges                       | (231,240)                     | (231,240)                     | (231,240)                     | (231,240)                     |
| <b>Net Expenditure</b>                  | <b>11,302,150</b>             | <b>11,401,970</b>             | <b>11,496,820</b>             | <b>11,632,040</b>             |
| Council Tax                             | (6,051,540)                   | (6,230,240)                   | (6,409,480)                   | (6,595,350)                   |
| Business Rates Retention                | (3,797,710)                   | (3,871,870)                   | (3,990,210)                   | (4,137,210)                   |
| New Homes Bonus                         | (647,250)                     | (647,250)                     | (647,250)                     | (647,250)                     |
| Contribution to / (use of) Reserves     | (88,940)                      | (1,640)                       | (1,640)                       | (1,640)                       |
| Contribution to / (use of) Balances     | 138,290                       | (177,580)                     | (69,880)                      | 127,080                       |
| Collection Fund                         | (455,320)                     | (35,410)                      | (37,080)                      | (36,390)                      |
| <b>Total Financing</b>                  | <b>(10,902,470)</b>           | <b>(10,963,990)</b>           | <b>(11,155,540)</b>           | <b>(11,290,760)</b>           |
| <b>Cumulative Deficit / (Surplus)</b>   | <b>399,680</b>                | <b>437,980</b>                | <b>341,280</b>                | <b>341,280</b>                |
| Efficiency Requirement (cumulative)     | (409,680)                     | (504,680)                     | (504,680)                     | (504,680)                     |
| Growth Efficiency realised (cumulative) | 10,000                        | 66,700                        | 163,400                       | 163,400                       |
| <b>Deficit / (Surplus)</b>              | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      | <b>-</b>                      |

**ANNEX E****Proposed Revenue Projections (2020/21 to 2032/24) – Housing Revenue Account**

| <b>Budget Heading</b>                 | <b>2020/21<br/>Projection</b> | <b>2021/22<br/>Projection</b> | <b>2022/23<br/>Projection</b> | <b>2023/24<br/>Projection</b> |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                       | £                             | £                             | £                             | £                             |
| Repairs & Maintenance                 | 4,299,300                     | 4,395,830                     | 4,494,570                     | 4,593,550                     |
| Supervision & Management              | 2,618,150                     | 2,676,560                     | 2,736,960                     | 2,796,950                     |
| Rates, Rents, Taxes, Charges          | 113,030                       | 113,030                       | 113,030                       | 113,030                       |
| Other Operating Expenditure           | 761,310                       | 784,150                       | 808,040                       | 831,980                       |
| Depreciation & Impairment Charges     | 2,099,030                     | 2,099,030                     | 2,099,030                     | 2,099,030                     |
| Interest & Debt Management Charges    | 2,746,340                     | 2,739,520                     | 2,758,630                     | 2,705,150                     |
| HRA Contribution to Capital Programme | 3,178,060                     | 2,296,030                     | 3,057,570                     | 666,030                       |
| <b>Total Expenditure</b>              | <b>15,815,220</b>             | <b>15,104,150</b>             | <b>16,067,830</b>             | <b>13,805,720</b>             |
| Dwellings Rents                       | (14,370,910)                  | (14,654,780)                  | (14,943,860)                  | (15,238,230)                  |
| Non - Dwelling Rents & Other Income   | (629,440)                     | (629,440)                     | (629,440)                     | (629,440)                     |
| <b>Total Income</b>                   | <b>(15,000,350)</b>           | <b>(15,284,220)</b>           | <b>(15,573,300)</b>           | <b>(15,867,670)</b>           |
| <b>(Surplus) / Deficit for year</b>   | <b>814,870</b>                | <b>(180,070)</b>              | <b>494,530</b>                | <b>(2,061,950)</b>            |