

HIGH PEAK BOROUGH COUNCIL

MEDIUM TERM FINANCIAL PLAN

2023/24 to 2026/27

February 2023

INDEX

- 1. Introduction**
- 2. Strategic Priorities**
- 3. Current Spending Levels**
- 4. Pandemic, global issues and inflationary impact**
- 5. Transformation Programme**
 - 5.1. Introduction
 - 5.2. Capital Strategy
 - 5.3. Capital Programme
 - 5.4. Housing Revenue Account Review
 - 5.5. Efficiency and Rationalisation Strategy
 - 5.6. Major Contracts
- 6. Financial Forecasts**
 - 6.1. Interest Rates
 - 6.2. Inflationary Projections
 - 6.3. Budgetary Demand
 - 6.4. Budget Growth
 - 6.5. Pensions
 - 6.6. HRA - Other Operating Expenditure
- 7. Funding & Income Generation**
 - 7.1. Council Tax
 - 7.2. Business Rates Retention
 - 7.3. Collection Fund
 - 7.4. Income from Government Grants
 - 7.5. Fees & Charges
- 8. Risks, Contingencies & Use of Reserves**
- 9. Budget 2023/24**
- 10. MTFP Revenue Position**
 - 10.1. General Fund Revenue Position
 - 10.2. HRA Revenue Position
- 11. Consultation**

- Annex A Proposed Capital Programme**
Annex B MTFP Principal Risks
Annex C Chief Finance Officer Review of Contingencies/ Reserves
Annex D Proposed Revenue Budget (General Fund & HRA)

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 four 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 2023/24 to 2026/27. It also includes an assessment of key risks and a presentation of longer-term financial issues that 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. The delivery of the Corporate Plan is measured through the Performance Framework and monitored using a set of local performance indicators and targets established for the coming year. The Medium Term Financial Plan reflects the contents of the plan ensuring that resources are directed towards key priorities.
- 2.3. 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

2.4. The first aim recognises that the Council has a broader role and must 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.

2.5. 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.

2.6. These aims are supported by several objectives which also provide the framework for the delivery of service plans. The Council’s objectives are summarised below:

	Aim	Objectives
1	Supporting our communities to create a healthier, safer, cleaner High Peak	<ul style="list-style-type: none"> • Effective relationship with strategic partners • Effective provision of high-quality public amenities, clean streets and environmental health • Fit for purpose housing that meets the need of tenants and residents • Practical support of community safety arrangements • Provision of high-quality leisure facilities both in formal leisure centres and swimming pools and out in our communities • Work with our partners and the community to address health inequality, food and fuel poverty, mental health and loneliness
2	A responsive, smart, financially resilient and forward thinking Council	<ul style="list-style-type: none"> • Ensure our future financial resilience can be financially sustainable whilst offering value for money • Ensure our services are readily available to all our residents in the appropriate channels and provided “right first time” • Invest in our staff to ensure we have the internal expertise to deliver our plans by supporting our high performing and well-motivated workforce • More effective use of Council assets to benefit our communities • Effective procurement with a focus on local businesses • Use innovation, technology, and partnership with others to help improve the efficiency of services, improve customer satisfaction, and reduce our impact on the environment
3	Protect and create jobs in the High Peak by supporting economic growth, development & regeneration	<ul style="list-style-type: none"> • Encourage business start-ups and enterprises • Work to create flourishing town centres and thriving high streets that support the local economy • Promote tourism to maximise local benefit • High quality development and building control with an “open for business approach” • Car parking arrangements that meet the needs of residents, businesses, and visitors • Working to support existing local businesses, both large and small across the High Peak as they respond to future challenges • Supporting the development of innovative green jobs and businesses across the High Peak

	Aim	Objectives
4	Protect and Improve the Environment including responding to the climate emergency	<ul style="list-style-type: none"> • Effective recycling and waste management • Effective provision of quality parks and open spaces • Meeting the challenge of climate change and working with residents and business across the High Peak to implement the climate change action plan

2.7. The Council is committed to playing the lead role in championing the local area. Fulfilling this role means influencing partners in a number of key areas, such as high-speed internet, cycle routes, reducing the carbon footprint and making better use of public assets. This ensures that services are shaped and delivered around the needs and aspirations of citizens. The Council also seeks to influence its partners by working with the private sector on regeneration schemes; maintaining the provision of accessible health and social care and supporting the police in dealing with anti-social behaviour, alongside other projects.

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

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

2.9. 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, realising significant efficiency savings. 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. However, as this report is written prior to the end of the current year, these baselines will be revisited as the outturns are crystallised.

General Fund Revenue Budget

- 3.2. The Council's current year (2022/23) General Fund budget can be summarised as follows:

Income and Expenditure	2022/23 Budget
	£
Employees	11,017,950
Premises	4,499,040
Transport	421,640
Supplies & Services	9,855,220
Benefits	82,460
Borrowing	1,711,950
Parish Grant	33,800
Financing Costs	22,130
Total Expenditure	27,644,190
Fees and Charges / Other Income	(7,188,290)
Interest Receipts	(103,670)
Capital Recharges	(231,240)
HRA Recharges	(8,285,860)
Net Expenditure	11,835,130

- 3.3. The net expenditure is financed as follows:

Financing	2022/23 Budget
	£
Council Tax	(6,437,650)
New Homes Bonus	(675,210)
Lower Tier Services/ Services Grants	(269,430)
Business Rates Retention	(4,447,310)
Collection Fund	433,290
Contribution to / (from) Reserves & Balances	(438,820)
Total Financing	(11,835,130)

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 (2022/23) Housing Revenue Account budget can be summarised as follows:

Budget Heading	2022/23 Budget
	£
Repairs & Maintenance	4,664,260
Supervision & Management	2,804,230
Rates, Rents, Taxes, Charges	109,130
Other Operating Expenditure	806,290
Depreciation & Impairment Charges	2,099,030
Interest & Debt Management Charges	2,264,210
HRA Contribution to Capital Programme	4,543,790
Total Expenditure	17,290,940
Dwellings Rents	(14,714,840)
Non - Dwelling Rents & Other Income	(682,030)
Total Income	(15,396,870)
Original (Surplus) / Deficit for year	1,894,070

- 3.6. Following approval to carry forward capital schemes of £160,900 from 2021/22, this brought the 2022/23 budget to a deficit of £2,054,970 and will be supported by reserves.

General Fund Capital Budget

- 3.7. The medium-term projection for General Fund capital commitments approved by Council in February 2022 is detailed below:

Service Area	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£	£	£	£	£	£
Housing	100,000	374,000	504,000	504,000	504,000	1,986,000
Asset Management	2,784,780	6,513,570	1,676,300	322,580	2,539,250	13,836,480
Housing Grants	519,110	489,110	489,110	489,110	489,110	2,475,550
ICT Strategy	47,830	20,000	50,000	50,000	50,480	218,310
Fleet Management	499,470	1,354,270	697,920	23,990	967,160	3,542,810
Regeneration	792,060	10,138,280	1,304,000	860,000	400,000	13,494,340
Other Schemes	208,980	283,000	150,000	-	-	641,980
Total Revised Programme	4,952,230	19,172,230	4,871,330	2,249,680	4,950,000	36,195,470
Financed by:-						
External Contributions	2,220,110	8,737,220	966,110	489,110	489,110	12,901,660
Planning Obligations	51,000	243,000	150,000	-	-	444,000
Capital Receipts (Land)	210,000	2,900,000	-	1,236,820	3,954,890	8,301,710
Capital Receipts (one for one)	100,000	374,000	504,000	504,000	504,000	1,986,000
Capital Receipts (Vehicles)	14,000	50,250	23,000	19,750	2,000	109,000
Revenue Reserves	800,000	-	-	-	-	800,000

Service Area	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£	£	£	£	£	£
Earmarked Reserves	56,500	-	-	-	-	56,500
Borrowing	1,500,620	6,867,760	3,228,220	-	-	11,596,600
Total Revised Financing	4,952,230	19,172,230	4,871,330	2,249,680	4,950,000	36,195,470

Housing Revenue Account Capital Budget

3.8. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2022 was as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£	£	£	£	£	£
Asset Management works	5,368,490	5,543,820	4,703,120	4,242,320	4,063,820	23,921,570
Repairs Team Capital	240,000	279,000	295,000	295,000	366,000	1,475,000
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
Asset Purchases	140,750	500,000	234,830	-	-	875,580
ICT Strategy	-	100,000	88,000	-	-	188,000
Repurchase Dwellings	546,420	200,000	200,000	200,000	200,000	1,346,420
Total Programme	6,395,660	6,722,820	5,620,950	4,837,320	4,729,820	28,306,570
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	2,099,030	10,495,150
HRA Contribution	3,876,220	4,543,790	3,441,920	2,658,290	2,550,790	17,071,010
Capital Receipts	349,130	80,000	80,000	80,000	80,000	669,130
External Contributions	71,280	-	-	-	-	71,280
Total Financing	6,395,660	6,722,820	5,620,950	4,837,320	4,729,820	28,306,570

3.9. HRA balances were forecast to total £16.545 million at the end of 2021/22.

4. Pandemic, global issues and inflationary impacts

- 4.1. The impact of the Coronavirus pandemic has receded from the position in 2021 with the removal of all Government restrictions on public behaviour. The effects on the Council continue to be monitored.
- 4.2. The Covid-19 earmarked reserve has a balance of £250,000 to continue to support with the financial impact on the Council.
- 4.3. The UK exit from the European Union continues to have an impact on the supply chain and consequently inflation.
- 4.4. The impacts of the conflict in Ukraine continue to be felt globally, fuelling inflation in the energy markets, and contributing to supply chain issues which have a significant effect on the Council's finances.
- 4.5. The impact of recession, high inflation, increasing interest rates and cuts in Government spending all have an impact on the Council's finances and demand for services. These risks are reflected in the assumptions made in this iteration of the MTFP.

5. Transformation Programme

5.1. Introduction

5.1.1. 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.

5.1.2. The progress and current financial projections of the transformation programme are 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.

5.2. Capital Strategy

5.2.1. 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, the Capital Strategy has been updated for 2023/24.

5.2.2. The Strategy, which is being presented to members alongside this report, 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.

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

5.3. Capital Programme

General Fund Capital Programme

5.3.1. The Capital Programme presented to Members in February 2022 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2027. The five-year capital programme (including the current year 2022/23) is forecast at £39,984,160.

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

Service Area	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£	£	£	£	£	£
Housing	374,000	504,000	504,000	504,000	504,000	2,390,000
Asset Management	4,136,530	4,782,680	1,561,580	1,829,490	383,620	12,693,900
Housing Grants	519,110	555,000	555,000	555,000	555,000	2,739,110
ICT Strategy	73,940	50,000	62,780	50,480	-	237,200
Fleet Management	925,960	1,444,490	119,500	1,214,100	1,754,990	5,459,040
Leisure	118,220	2,307,370	100,000	-	-	2,525,590
Regeneration	10,940,500	1,898,070	1,100,750	-	-	13,939,320

Service Area	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£	£	£	£	£	£
Total Revised Programme	17,088,260	11,541,610	4,003,610	4,153,070	3,197,610	39,984,160
Financed by:-						
External Contributions	9,706,590	2,313,500	555,000	555,000	555,000	13,685,090
Planning Obligations	15,000	170,980	-	-	-	185,980
Capital Receipts (Land)	45,000	1,000,000	1,900,000	3,057,070	2,138,610	8,140,680
Capital Receipts (one for one)	374,000	504,000	504,000	504,000	504,000	2,390,000
Capital Receipts (Vehicles)	90,750	114,750	5,500	37,000	-	248,000
Borrowing	6,856,920	7,438,380	1,039,110	-	-	15,334,410
Total Revised Financing	17,088,260	11,541,610	4,003,610	4,153,070	3,197,610	39,984,160

5.3.3. The capital projections above include the carry forward from 2021/22 of £333,830 as approved by The Executive in October 2022.

Housing Revenue Account Capital Programme

5.3.4. The Housing Revenue Account Capital Programme approved by members in February 2022 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2027. The five-year programme (including the current year 2022/23) is forecast at £28,824,600.

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

Scheme	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Budget 2026/27	Total
	£	£	£	£	£	£
Asset Management works	5,680,730	5,800,520	5,052,000	4,932,000	4,832,000	26,297,250
Repairs Team Capital works	65,980	-	-	-	-	65,980
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
Vehicle Replacements	706,860	23,480	-	-	-	730,340
ICT Strategy	-	100,000	88,000	-	-	188,000
Repurchase Dwellings	243,030	200,000	200,000	200,000	200,000	1,043,030
Total Programme	6,796,600	6,224,000	5,440,000	5,232,000	5,132,000	28,824,600
Major Repairs Reserve	2,268,000	2,182,000	2,182,000	2,182,000	2,182,000	10,996,000
HRA Contribution	4,200,680	3,842,000	3,058,000	2,850,000	2,750,000	16,700,680
External Funding (LAD)	84,890	-	-	-	-	84,890
Capital Receipts	243,030	200,000	200,000	200,000	200,000	1,043,030
Total Financing	6,796,600	6,224,000	5,440,000	5,232,000	5,132,000	28,824,600

5.3.6. The capital projections above include the carry forward of £160,900 from 2021/22 as approved by The Executive in October 2022.-

Asset Management Plan (AMP) – General Fund

5.3.7. It is essential that the Council maintains an asset base that delivers the ambitions of the Corporate Plan – however, this needs to be affordable. The Capital Strategy sets out the proposed outcomes and actions, including 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	14,639,934
Car Parks	120,000	3,754,462	3,874,462
Public Conveniences	123,400	949,300	1,072,700
Waterways & Infrastructure Assets	671,360	1,230,000	1,901,360
Leisure Centres	45,000	6,825,129	6,870,129
Depots and Parks Buildings	144,700	1,301,785	1,446,485
TOTAL	9,555,443	20,249,627	29,805,070
<i>Revenue Consequences</i>	295,619	592,838	888,457

5.3.8. The table below reflects the updated capital investment requirements as at February 2023, adjusted for 2021/22 actual outturn and any in-year re-profiling that has taken place and changes to spending plans. This amends the overall forecast capital spend by £6,872,900 over the 30 years from the original position.

HPBC AMP Capital Investment	2016-17 (Actuals)	2017-18 (Actuals)	2018-19 (Actuals)	2019-20 (Actuals)	2020-21 (Actuals)	2021-22 (Actuals)	MTFP		2027-28 to 2046-47 (19 Years)	TOTAL
							2022-23 to 2025-26	2026-27		
	£	£	£	£	£	£	£	£	£	£
Public Buildings	339,450	2,124,080	2,362,860	1,301,200	451,160	2,047,648	8,838,700	283,620	3,640,497	21,389,215
Car Parks	-	87,080	39,530	43,070	637,480	134,737	354,520	-	2,346,219	3,642,636
Public Conveniences	-	4,970	-	-	-	-	400,000	-	486,200	891,170
Waterways Infrastructure	51,280	170,680	29,640	224,960	12,700	111,111	830,510	100,000	681,830	2,212,711
Leisure Centres	540	72,850	26,510	14,670	139,600	219,083	679,380	-	4,631,620	5,784,253
Depots Parks Cemeteries	-	5,400	19,050	54,030	156,000	318,981	1,207,170	-	997,354	2,757,985
Total	391,270	2,465,060	2,477,590	1,637,930	1,396,940	2,831,560	12,310,280	383,620	12,783,720	36,677,970
<i>Revenue Consequences</i>		18,740	75,050	73,550	66,080	293,070	515,600	129,600	399,350	1,571,040

5.3.9. The Council is developing an Asset Management Strategy to ensure the future delivery of efficient asset management. This work is being progressed following the recent completion of condition surveys which have provided the 30-year costs of maintaining the general fund asset stock. The above will then be reset.

5.3.10. 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.

Housing Grants

5.3.11. The Borough Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant. The funding for these adaptations is incorporated into the Better Care Fund (BCF) and paid initially to the County Council (and is then passed on to the borough council).

- 5.3.12. 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.
- 5.3.13. 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 Assurance Plans submitted annually by each Council. The Plans outline how the allocated budget will be spent and requires a quarterly progress update submission. These updates inform the discussion around the subsequent year's allocation.
- 5.3.14. Government funding has increased each year since 2015/16. The Disabled Facility reserve at the end of 2021/22 was £1.027m. A new service provider and fundamental changes to the way the DFG programme will be put in place from 1st April 2023. It is intended that the new arrangements will enable a wider range of grant options to be delivered; offer more advice and improved promotional activities, to increase user uptake.

ICT Strategy

- 5.3.15. An updated IT Strategy is being developed currently, alongside an Organisational Development Strategy and Access to Services Strategy. The aim 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 the 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.
- 5.3.16. Consequently, estimated requirements have been included within the MTFP. There are other projects at initial business case or procurement stage currently. More accurate costings of these will be developed as business cases progress.
- 5.3.17. There is also £450,000 set aside in an earmarked reserve which was established to support with the implementation of the ICT Strategy.

Fleet Management

- 5.3.18. The Council's Fleet management service is now provided by Alliance Environmental Services (AES) including procurement, whereas the responsibility for funding fleet acquisitions remains with the Council. The capital programme contains a forward plan of fleet replacement requirements based on estimates of the useful lives of the existing fleet and future business needs.
- 5.3.19. 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. In response to the climate emergency, the use of clean fuel and greater efficiency is a key investment concern.

5.3.20. The proceeds from the sale of vehicles will be used to fund future purchases and, 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

5.3.21. 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:

- ***Levelling Up Fund (LUF) £3,000,000***
The bid for Levelling Up funding in Glossop was unsuccessful in the Round 2 programme. However, the funds set aside in earmarked reserves for this bid are to be retained for a potential bid under a proposed round 3.
- ***Public Sector Decarbonisation Scheme (PSDS) £1,457,000***
Funding of £1,281,500 has been secured under the above initiative for energy efficiency works at Buxton Pool. (Matched funding of 12% (£175,500) is required.)
- ***Cemetery Road Football & Community Hub £438,870***
The Council has committed funding towards the above project which includes work to enhance playing pitches and the rebuilding to modern standards of the community facility hub.
- ***Glossop Halls Project £1,416,320***
Additional unbudgeted cost; identified following the completion of the second stage tender process with the contractor.
- ***Move More Capital Fund £200,000***
Additional allocation; available to support requests for funding of improvements to small outdoor facilities.
- ***Fairfield Roundabout***
The latest estimate of total project costs is £3.972million against confirmed Homes England (HIF) funding of £2.449million. In order to address the shortfall, the Council made a bid of £1.51million to the Devolution Capital Fund. An Outline Business Case was submitted, which has been reviewed; the Council has been advised that the funding has been approved, although the grant offer letter has still to be received the anticipated funding has been built into this update of the MTFP
- ***Delivery Programme / Land Disposal***
It is likely that there will be costs incurred associated with delivering the Council's accelerated housing programme and land disposal strategy. 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.

Financing the Capital Programme

- 5.3.22. The capital programme is funded from several streams, including external grants and contributions from third parties; 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.
- 5.3.23. Borrowing is undertaken to fund the shortfall after other capital resources have been used. The current General Fund capital programme includes estimates of external funding £13.87m; capital receipts of £10.77m; and The Housing Revenue Capital Programme is fully funded from reserves of £27.69m; capital receipts and external grants of £1.12m.
- 5.3.24. Where no other resources can be applied, borrowing becomes the funding option for the programme. The Council's estimated General Fund borrowing requirement over the 4 years is shown below (there is no borrowing requirement for the HRA):

General Fund Borrowing	2023/24	2024/25	2025/26	2026/27
Total	£ 7,438,380	£ 1,039,110	£ -	£ -

- 5.3.25. 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.
- 5.3.26. 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 40% of overall expenditure, with a further 60% 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 60% expenditure. Direct property purchases are also being pursued where there is a business case for doing so.
- 5.3.27. 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.
- 5.3.28. 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

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

Revenue Consequences	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Borrowing Costs	127,600	158,310	20,780	0
Other (Income)/Expenditure	(337,490)	(273,230)	(202,340)	(192,100)
General Fund	(209,890)	(114,920)	(181,560)	(192,100)
HRA Contribution to Capital	(701,790)	(784,000)	(208,000)	(100,000)
Borrowing Costs	-	-	-	-
Housing Revenue Account	(701,790)	(784,000)	(208,000)	(100,000)

5.4. Housing Revenue Account (HRA) review

5.4.1. This report summarises the latest financial forecasts and provides a detailed indicative summary of the financial position from 2023/24 to 2026/27. APPENDIX C illustrates the latest high level financial summary of the HRA Business Plan.

5.4.2. The HRA Business Plan highlighted several key issues and challenges, for example: impact of welfare reforms, understanding tenant priorities, considering the outcomes of estate regeneration reviews, prioritising decent homes standard failures and development of new stock.

5.4.3. A fundamental review of the HRA Business Plan is in the work programme, incorporating a review of the approach towards reducing borrowing debt (given that the Council provides for a voluntary debt provision of more than the minimum required currently) and the need for any new efficiency plan. The impact of this and future rent decisions will feature in the review of the HRA's long term outlook.

5.5. Efficiency & Rationalisation Programme

General Fund Efficiency Programme

5.5.1. The current Efficiency and Rationalisation Strategy was approved by Members in February 2017 and finished in 2021/22. It had 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 (that is, not reliant on direct government funding such as revenue support grant).

5.5.2. 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. It focused primarily on major procurements, the asset management plan, growth, income generation and rationalisation.

5.5.3. In conjunction with stakeholders, the outputs of an 'Ideas Lab' exercise undertaken during the Autumn of 2022 are being developed and expectations of the outputs of this to produce a new strategy are incorporated into this MTFP.

A total of £550,000 is included in the plan, profiled across: 2023/24 £0, 2024/25 £150,000, 2025/26 £200,000, and 2026/27 £200,000.

- 5.5.4. The Authority carries a longstanding reserve earmarked to support the Efficiency Strategy which can be drawn on to offset one-off costs of delivering the efficiency programme. The reserve stands at £200,000. It has not been necessary to draw on this reserve in previous years, so it remains intact to underwrite performance against future savings targets in the Efficiency Programme.

5.6. Major Contracts

Alliance Environmental Services

- 5.6.1. Alliance Environmental Services (AES) delivers waste, fleet, street cleansing and grounds maintenance services to both High Peak Borough Council and Staffordshire Moorlands District Council. 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.
- 5.6.2. The contract fee for 2023/24 has been established pending discussions between the Council and AES. The contract fee has been calculated based on the base current year contract fee plus future inflation/growth items less forecast savings achieved.
- 5.6.3. Change demand items flagged by AES which will affect the management fee include: national pay award in excess of previous assumptions; fuel inflation demand; impact of the Melandra depot; and cessation of the gully cleansing amenity maintenance contract.

Alliance Norse Limited

- 5.6.4. A Joint Venture has been created between Norse Commercial Services Limited (a trading arm of the Norse Group which is wholly owned by Norfolk County Council) (75% ownership), High Peak Borough Council (12.5% ownership), and Staffordshire Moorlands District Council (12.5% ownership) to deliver housing repairs, capital investment and facilities management services across the Councils' property assets. Phase 1 of the project to deliver corporate cleaning and caretaking service went live on 1st April 2022; and phase 2 for the delivery of the remainder of the services on 4th July 2022.
- 5.6.5. The management fee for 2023/24 has been set in conjunction with Norse and is uplifted from the current year fee by indices in accordance with the contract for costs in repairs, cleaning, and caretaking; labour and salary costs are estimated pending the pay award settlement for the year. At this early stage in the relationship, the budget will be monitored against actuals and adjustments discussed should the need arise.

6. Financial Forecasts

6.1. Interest Rates

- 6.1.1. The Bank of England base rate has increased several times in quick succession since the start of the financial year: to 1.00% on 5th May 2022 (from 0.75% previously); then again to 1.25% on 16th June; to 1.75% on 4th August, to 2.25% on 22nd September, to 3.00% on 3rd November, and again to 3.50% on 15th December.
- 6.1.2. The latest medium term forecast from Link¹ (19th December 2022) shows continuing rises throughout 2022 and into 2023, peaking at 4.50%, with a reduction back to 2.50% by September 2025. The forecast is being reviewed by Link constantly during the year due to the extreme volatility in the current climate with so many outside influences impacting decisions of the Monetary Policy Committee in setting interest rates.
- 6.1.3. A previous (September 2022) version of the forecast had bank rates peaking at 5.00%, but market expectations have calmed since then and the views of the Link Interest Rate Strategy Group recalibrated accordingly. However, it is noted that challenges lie ahead (i.e. the tight labour market, sustainable economic growth and geopolitical events) could see the Bank leave rates at an elevated level for longer, once the peak is reached.
- 6.1.4. Forecast PWLB rates have also increased during this time. The interest rate forecast shows that external borrowing could be more affordable if it can be deferred until halfway through the medium term, although the opportunity cost of internal borrowing in the short term also needs to be considered.
- 6.1.5. Based on the current forecasts, changes in investment income and borrowing costs (based on interest rate changes) are highlighted below:

	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
General Fund				
Changes in Investment Income	(258,100)	298,850	266,870	183,770
Changes in Borrowing Costs	(378,880)	144,870	258,910	135,340
HRA				
Changes in Investment Income	470	17,490	(61,540)	(68,610)
Changes in Borrowing Costs	314,900	(118,380)	(111,990)	(29,100)

6.2. Inflationary Projections

- 6.2.1. The Consumer Price Index (CPI), as at December 2022, stood at 10.5%. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council. The current high levels of inflation arising out of the conflict in Ukraine, supply chain pressures, and increased energy prices along with the medium-term outlook

¹ Treasury management advisers

have informed the assumptions in the MTFP of potential increased service costs as contracts are renewed and uplifted.

6.2.2. At the end of 2021/22 the Council created an earmarked reserve to hedge against unforeseen costs of inflation. This stands at £250,000 currently.

6.2.3. The MTFP has been updated to reflect the latest forecasts on inflation and to roll forward a further 12 months to include the 2026/27 financial year. The full costs to the Council arising from inflation are forecast in the table below.

Inflationary Changes	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Employee Costs	866,410	419,070	351,850	355,340
Premises Costs	506,280	250,260	214,270	191,440
Transport	12,650	6,520	8,820	8,990
Supplies and Services	399,340	274,770	282,220	285,420
In-Year Inflation Pressure	1,784,680	950,620	857,160	841,190
General Fund	1,203,250	640,220	556,570	581,110
Housing Revenue Account	581,430	310,400	300,590	260,080

6.3. Budgetary Demand

6.3.1. The Medium Term Financial Plan presented to Council in February 2022 analysed and projected forward both income and expenditure. This has been revised to reflect known changes in budgetary demand.

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

Increased / (Reduced) Budget Demand	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
HRA pension past service deficit costs	(21,000)	(22,000)	(23,000)	(23,000)
Uniforms – Customer Services	(2,500)	2,500	(2,500)	
Glossop Markets - Income reinstatement	(113,500)			
Glossop Halls - Arcade Temp closure	(45,000)			
Glossop Market renovation – borrowing costs offset	0	(20,000)	(20,000)	
AES Melandra Depot - effect of permanent closure	63,710			
AES - agreed contract reduction	(25,000)	(25,000)	(25,000)	(25,000)
AES - Pay award adjustment	173,520			
AES - Fuel inflation demand	108,800	16,650	14,770	12,680
AES - Gully Cleansing cessation	(124,000)			
Amenity Maintenance - loss of income	124,000			
Assets - Toilets Refurbishment	10,000			(10,000)
Assets - Feasibility works (Energy)	10,000			(10,000)
Assets - Opera House damp penetration repairs	30,000	(30,000)		
Assets - H&S Path Maintenance	(17,500)			
Assets - Watercourse Conditions Survey	30,000	(30,000)		

Increased / (Reduced) Budget Demand	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Assets - Security Market Street Depot	2,500			
Local Council Tax Support scheme wind up	(17,510)	(16,290)		
Biodiversity Strategy	(25,000)			
Assets - Asbestos works	(64,250)			
Assets - Legionella	(5,000)			
Assets - Norfolk Square ornate lights	(10,000)			
Assets - PG Slopes Cable Repairs	(20,000)			
ICT - Customer Services software	(11,000)			
ICT - Civica Banded benefits software	12,410			
Platinum Jubilee	(20,000)			
Coronation	20,000	(20,000)		
Cultural Strategy	20,000	(20,000)		
Grant rolled into RSG	107,780			
Local Plan Revision/ Maintenance		50,000	(75,000)	
Elections Reserve	50,000	32,000		
OD HR Support	50,000		(50,000)	
Planning Appeal / Enforcement costs	50,000	(25,000)		
Total – General Fund	341,460	(107,140)	(180,730)	(55,320)

6.3.3. 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 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. There remains in place an earmarked reserve of £225k for the purpose of delivering climate change related projects.

6.3.4. 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. 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.

6.4. Budget Growth

6.4.1. In previous years, very few additions in respect of budget growth have been included in the MTFP. It is assumed, considering 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. No such items are included in this iteration of the MTFP.

6.5. Pensions

- 6.5.1. The Pension Fund triennial valuation was undertaken during 2022 with the aim of determining the contribution rates payable by the Council during the period 2023/24 to 2025/26.
- 6.5.2. This iteration of the MTFP assumes no further overall increase in contributions will be necessary arising out of the 2022 valuation. At the 2019 valuation the High Peak portion of the Pension Fund had a funding level of 90%. This has now risen to 100% in the 2022 valuation.

6.6. Housing Revenue Account – Other Operating Expenditure

- 6.6.1. There are several 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.
- 6.6.2. The HRA provides for several changes to operating expenditure over the next four years as set out in the table below:

Expenditure / (Income)	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Provision for Irrecoverable Debts	0	1,890	2,930	2,930
Past Service Pension Deficit Contribution	21,000	22,000	23,000	23,000
Depreciation adjustment	82,970	-	-	-
Increased / (Reduced) Other Operating Expenditure	103,970	23,890	25,930	25,930

7. Funding & Income Generation

7.1. Council Tax

- 7.1.1. 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. For 2023/24, this percentage has been confirmed as 3%.
- 7.1.2. In line with current guidance, a 2.9% increase is included within the plan for 2023/24 (which equates to a £5.96 rise on Band D); and a 1.9% increase is assumed for the remainder of the plan from 2024/25 to 2026/27 as the Government has not provided any indication of future year increases.
- 7.1.3. In addition to this, provision has been included within the plan to reflect anticipated growth in the Council Tax base over the next four years. The assumed level of Council Tax increase included within the current Plan over the next four years is shown in the table below:

Increased Council Tax Income	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Revenue from increased Council Tax	(186,690)	(126,060)	(129,690)	(133,380)
Revenue from Tax Base growth	(10,140)	(65,000)	(65,000)	(65,000)
Total	(196,830)	(191,060)	(194,690)	(198,380)

- 7.1.4. There is an increased risk associated with non-payment as a result of the high levels of household inflation being experienced by residents, with some households potentially struggling to meet instalments. However, the financial impact will only be felt by the Council if outstanding debts are not collected in the medium term and are written off subsequently.
- 7.1.5. The Council is intending to make a change to the Local Tax Reduction Scheme (LCTRS) from April 2023 following a period of consultation. A reduction in the taxbase is built into this plan.

Council Tax Premiums

- 7.1.6. The Government, as part of the Levelling Up and its Regeneration Bill in May 2022, has proposed legislation that includes more options for council tax premiums to be introduced on empty properties and second homes nationally. If the bill receives Royal Assent, the proposed changes will come into effect from 1 April 2024.
- 7.1.7. In terms of levy for unoccupied/ furnished properties (second homes), a new Section (11)(C) is being inserted in the Local Government Finance Act 1992. The proposed section specifies the maximum premium as 100% and states that a first determination must be made at least one year before the beginning of the financial year to which it relates.
- 7.1.8. If the Borough Council wishes to adopt changes outlined in the Bill with regards to the premium for second homes, it is required to confirm its decision before 1 April 2023 and publish notice of the determination in at least one newspaper circulating in the area within 21 days of the determination. If a decision is not made by this date then the premium can only be applied from 1 April 2025.
- 7.1.9. If the proposed maximum premium was applied to the number of second homes (302 properties) this would create additional income of around £538,000.
- 7.1.10. Within the same bill, proposed changes from 1 April 2024 to reduce the period before which a premium can be applied to unoccupied and substantially unfurnished properties from 2 years to 1 year. A decision for the empty home premium can be made prior to the financial year in which the change will take place. As with other changes, there is the requirement to publish a notice of

the determination in at least one newspaper circulating in the area within 21 days of the determination.

- 7.1.11. If the proposed maximum premium of 100% was applied to the current number of empty and unoccupied homes (162 properties) this would create additional income of around £255,000.
- 7.1.12. Making the best use of existing stock and bringing empty homes back into use is fundamental to meeting housing need. Empty homes are a wasted resource at a time when there is pressure on housing stock to address housing and homelessness need. They can also create problems for neighbours and the wider community such as disputes, blight, property deterioration and discourage inward investment.
- 7.1.13. Considering the income that can be derived from such premiums and the benefit that this can bring to meet housing need, it is recommended that the Council adopts the premiums laid out above and applies them to properties meeting the qualifying criteria, with the amount set in the relevant legislation, when set, up to a maximum of 100%.

7.2. Business Rates Retention

- 7.2.1. Under the 50% Business Rates Retention system the Authority retains 40% of Business Rates less a tariff that is payable into a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline (£2,456,319 for 2023/24) 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.
- 7.2.2. As part of the Derbyshire Pool, the levy or the safety net payment is made to or from 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 can retain some of this levy. Under the Pool agreement, this amount depends on the amount all members of the Pool pay in at the end of the year, and the proportionate success of the Council against its own baseline. The benefit to the Council of being part of the Pool arrangement is estimated to be £758,840 in 2023/24.
- 7.2.3. Whilst central government continues to review business rates, the MTFP forecasts the Council's income from Business Rates Retention under the current system throughout the plan. Changes in the level of the Council's business rates will be impacted by a range of factors, including the Derbyshire Pool's success in generating new and retaining existing business within its area. At this stage, predicted levels of business rates income are based on expected changes to the current business rates listing including the effects of the Revaluation from 1st April 2023, with estimates of the effects of transitional arrangements, reliefs, and increased appeals provisions.

7.2.4. The Business Rates Multiplier is set by central government based on the preceding September's CPI. This was 10.1% in 2022. However, the Government announced as part of the Autumn Statement 2022 that the multiplier would be frozen for businesses during 2023/24 at the level of the 2022/23 multiplier. Thus far, where collectible income is suppressed due to a freeze in multiplier or award of reliefs announced by the government (including increased small business rate relief, public convenience relief, and extended retail, and rural relief), the Council has been compensated with funding received under Section 31 of the Local Government Act 2003. The assumption that this will continue throughout the life of the plan is included in the MTFP.

Business Rates Retention	2023/24	2024/25	2025/26	2026/27
In year:				
Baseline Funding	(2,456,310)	(2,530,000)	(2,580,600)	(2,632,210)
Achievement against Baseline	803,190	(632,150)	(681,560)	(746,210)
Section 31 Grant	(3,611,010)	(2,529,100)	(2,597,560)	(2,670,700)
	(5,264,130)	(5,691,250)	(5,859,720)	(6,049,120)
Change between years:				
Business Rates retained	138,670	(1,509,030)	(100,010)	(116,260)
Section 31 Grant	(955,490)	1,081,910	(68,460)	(73,140)
	(816,820)	(427,120)	(168,470)	(189,400)

7.3. Collection Fund

7.3.1. 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.

7.3.2. The Council's share of the Council Tax surplus to be distributed in in 2023/24 is £80,560.

7.3.3. The Council's share of the Business Rates surplus to be distributed in in 2023/24 is £531,920.

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

Changes in Collection Fund	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Council Tax	41,490	29,190	40	(5,200)

Changes in Collection Fund	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Business Rates	(1,087,260)	531,920	0	0
Total	(1,045,770)	561,110	40	(5,200)

7.4. Income from Government Grants

New Homes Bonus

7.4.1. The provisional Local Government Finance settlement in December 2022 included a New Homes Bonus of £368,950 for 2023/24, with no confirmation of future year receipts.

7.4.2. With an anticipation in the slowing of new homes, with the implementation of a new reformed scheme following consultation by central government, the MTFP assumes a tapering off of the New Homes Bonus in the years following: £300,000 in 2024/25, £275,00 in 2025/26, and £250,000 in 2026/27.

Other Grant Support

7.4.3. The Council receives the following grant awards in 2023/24:

- Funding Guarantee Grant (£446,120)
- Services Grant (£91,970)
- Revenue Support Grant (£107,780)

7.4.4. The MTFP assumes that the Services and Revenue Support grants will continue throughout the plan at these levels, whereas the Funding Guarantee Grant is treated as a one-off.

Summary of Income from Government Grants

7.4.5. The table below summarises the movement in Government funding over the MTFP period:

Government Grant (gain) / loss of funding	2022/23 (Budget)	2023/24 (Confirmed)	2024/25 (forecast)	2025/26 (forecast)	2026/27 (forecast)
	£	£	£	£	£
New Homes Bonus	(675,210)	(368,950)	(300,000)	(275,000)	(250,000)
Lower Tier Services Grant	(106,210)				
Funding Guarantee Grant		(446,120)			
Revenue Support Grant		(107,780)	(107,780)	(107,780)	(107,780)
Services Grant	(163,220)	(91,970)	(91,970)	(91,970)	(91,970)
	(944,640)	(1,014,820)	(499,750)	(474,750)	(449,750)
(Gain)/ Loss in Govt Funding	-	(70,180)	515,070	25,000	25,000

7.5. Fees and Charges

General Fees and Charges

7.5.1. 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

7.5.2. Charges are set in line with the categories below

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

7.5.3. The proposed fees and charges for 2023/24 are presented in **APPENDIX C** to this report.

7.5.4. The Medium Term Financial Plan would normally project that the Council will increase fees and charges (and other income) broadly in line with inflation. However, as well as taking in to account the high and volatile current inflation, it is also recognised that certain income streams (such as car parking, planning receipts) may not increase each year and that other income streams (such as grants and rental income) are fixed or subject to periodic review.

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

Increased Fees and Changes	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Revenue from increased Fees and Charges and potential new income generation	(40,000)	(40,000)	(40,000)	(40,000)
Total Income from Fees & Charges	(8,922,710)	(8,984,710)	(9,047,710)	(9,110,710)

Housing Revenue Account – Rent Charges

7.5.6. Authorities may increase rents by CPI +1%. At September 2022 CPI was 10.1%, meaning the formula rent increase will be 11.1%. However, with the cost of living pressures facing tenants, the Government has capped this increase to 7% for social rents, but supported housing was exempt from this cap and can increase to the full 11.1%.

7.5.7. The current HRA Plan projects a 5% increase next year and then, as CPI inflation reduces, an increase of 6.5%, and 3.5% for the subsequent years. It also assumes that 'Other Charges', including garages and service charges, will increase in 2023/24 – 2026/27.

Rental Income	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Revenue from Rental Income and Other Charges	(564,880)	(1,154,040)**	(175,780)	(500,290)

** 53 week rent year

7.5.8. As part of the previous HRA review, a revised rent policy aimed to increase income targets (and partially offset the HRA Financial Improvement Plan savings targets).

7.5.9. 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 up to the point the actual service charge matches the actual cost.

7.5.10. It was also proposed that for new tenants, 'formula' rent is charged – which in most cases is 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 increase in service charges for 2023/24 has been capped at a maximum increase of 5% of 2022/23 actual costs. The rent and service charge is fully advertised prior to a new tenant taking a tenancy.

7.5.11. In addition, residents in sheltered blocks are recharged for utilities usage. This element of the charge has seen a significant increase over the last 12 months as energy prices have continued to rise as a consequence of the Ukraine conflict. Government support has been given nationally to those affected by these price rises. The Council's approach of recharging utility costs in arrears serves to smooth the impact of price increases on the tenant. Individual charges by block are contained within section 9.7 of this report.

8. Risks, Contingencies & Use of Reserves

8.1. Risk Identification and Management

- 8.1.1. 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 B**.
- 8.1.2. Risk areas will be monitored closely and reviewed on an on-going basis and remedial action taken as appropriate. Risks associated with specific projects will be identified within the project methodology documents and reviewed monthly by the Transformation Board.
- 8.1.3. 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">• Inflationary assumptions• Interest rates• Housing benefits• Fees and charges• Universal Credit• Business Rates• Council Tax collection• Housing Rent levels (HRA affordability)• Government grants• Financial benefits from partnerships / shared services• Pension costs• Contract Management	<ul style="list-style-type: none">• Interest rates• External funding• Capital receipts• Capacity to deliver capital programme• Project overspend• Project overrun• External factors (e.g. planning objections, judicial reviews etc. leading to project delay)• Housing finance• Weather

8.2. Contingencies

- 8.2.1. 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.
- 8.2.2. Key risk areas will be monitored closely and reviewed on an ongoing basis and remedial action taken. Members will receive quarterly updates on performance against the budget.

8.2.3. 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.

8.2.4. 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 shows the detailed calculation of the minimum level of general reserve required:

Item	Calculation Factor	Value	Amount of Reserve
		£m	£
Spend Items (gross) – Employee Related	3% of value	6.36	191,000
Expenditure Items (gross) – Other	3% of value	12.23	367,000
Housing Benefits (subsidy)	0.25% of value	10.80	27,000
Fees and Charges	6% of value	7.34	441,000
Interest Receipts / Payments	5% of net interest	0.70	38,000
Efficiency Provisions	30% of value	0.20	60,000
Council Tax Collection	2.5% of value	6.63	166,000
Business Rates Retention	6% of value	2.80	168,000
Development Services Income	6% of value	0.62	37,000
Local Land Charges	6% fall in income	0.11	6,000
New Homes Bonus	50% fall in income	0.36	184,000
Total Requirement all events			1,685,000
Moderation	10% reduction		(168,500)
Total Requirement			1,516,500

8.2.5. It is proposed that the minimum general reserve contingency balance should remain at £1,540,000 to meet unforeseen expenditure and/or shortfalls in income.

8.2.6. 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	3% of value	3.58	72,000
Expenditure Items (gross) – Other	3% of value	3.73	75,000

Item	Calculation Factor	Value	Amount of Reserve
		£m	£
Net costs (capital contribution, depreciation, support services etc)	3% of value	8.38	168,000
Borrowing Costs (net)	5% of net interest paid / received	1.96	98,000
Efficiency Provisions	30% of value	0.00	-
Non Dwelling Rents	3.5% of value	0.65	23,000
Dwelling Rents	4% of value	14.33	613,000
Total Requirement all events			1,049,000
Moderation	10% reduction		(104,900)
Total Requirement			944,100

- 8.2.7. 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:
- 8.2.8. "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."
- 8.2.9. Further detail of the CFO's determination in regard to contingency balances and reserves is detailed in **ANNEX C**.

8.3. Use of Reserves and Balances

General Fund Reserves and Balances

- 8.3.1. The February 2022 Medium Term Financial Plan included a £1,640 contribution per annum from General Fund Reserves in respect of Section 106 (Commuted Sum); a use of the Business Rates s31 reserve of £555,340 in 2022/23; and a net contribution of £66,560 into the General Fund contingency over the lifetime of the plan.
- 8.3.2. Following the 2021/22 outturn position and a net use of this and other earmarked reserves movements, the general fund contingency balance as at 31st March 2022 reduced to £1.576million (£4.082million at 31st March 2021).
- 8.3.3. The main reason for the decrease year on year was due to the earmarking of £3 million for the purposes of the Levelling Up Fund round 2 bid centred around Glossop. Although this bid was ultimately unsuccessful, the earmarked reserve has been retained to match fund future bidding opportunities that might arise.
- 8.3.4. The updated MTFP shows a forecast cumulative surplus position of £419,980 over the four years – which represents the anticipated contribution to contingency reserves in maintaining a balanced 4-year plan. The annual

changes in the contingency reserve as well as other earmarked reserves where it is planned to draw funding, are shown in the table below:

Reserve	2022/23 (Budget)	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Contingency Reserve	118,160	1,034,580	(95,300)	(237,240)	(282,060)
Section 106 Monies	(1,640)	(1,640)	(1,640)	(1,640)	(1,640)
Business Rates s31 Reserve	(555,340)	0	0	0	0
Total Contribution / (Usage)	(438,820)	1,032,940	(96,940)	(238,880)	(283,700)
Change in use of reserves		1,471,760	(1,129,880)	(141,940)	(44,820)

8.3.5. With effect from 2022/24 the MTFP reflects a contribution of £419,980 to Contingency reserves over the next 4 years: 2023/24 £1,034,580 contribution, 2024/25 £95,300 usage, 2025/26 £237,240 usage, and 2026/27 £282,060 usage.

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

Contingency Reserve	2022/23 (Expected)	2023/24	2024/25	2025/26	2026/27
As at February 2023:	£	£	£	£	£
Balance at year end	1,874,420	2,909,000	2,813,700	2,576,460	2,294,400
Minimum requirement (s7.2)	1,540,000	1,540,000	1,540,000	1,540,000	1,540,000
Headroom	334,420	1,369,000	1,273,700	1,036,460	754,400

8.3.7. At the end of year four of the plan (2026/27) there would be an estimated balance of £4.7million in General Fund Contingency reserves – which would be £3.1million above the required £1.54million minimum balance.

8.3.8. All of the above is subject to the working assumptions detailed in the previous sections. These assumptions will be continually monitored.

HRA Reserves and Balances

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

8.3.10. The HRA reserves at the 31st March 2022 stood at £16.359million. ANNEX D shows the profile of surplus/ deficit positions for each financial year in the plan. The impact on the reserves can be seen from the table below. The HRA

balance is projected to maintain a steady profile of reserves over the next four years with usage in the first year of the plan and contributions in the following years.

Impact on Reserves	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
HRA Reserves Brought Forward	16,359,000	14,236,950	12,608,780	12,685,250	12,992,510
Surplus/(Loss) for the year	(2,122,050)	(1,628,170)	76,470	307,260	719,250
Total HRA Reserves carried fwd	14,236,950	12,608,780	12,685,250	12,992,510	13,711,760

9. Budget 2023/24

9.1. Budget preparation work has now been completed and an overall balanced budget position has been reached with £1,034,580 in contribution to Contingency reserves. The HRA is balanced with a drawdown from reserves of £1,628,170

9.2. The proposed 2023/24 General Fund Budget is detailed below:

Budget Heading	2023/24
	£
Employees	11,884,360
Premises	5,005,320
Transport	434,290
Supplies & Services	10,748,030
Benefits	82,460
Borrowing	1,460,670
Parish Grant re Council Tax Support	16,290
Financing Costs	22,130
Total Expenditure	29,653,550
Fees and Charges / Other Income	(8,922,710)
Interest Receipts	(699,260)
HRA Recharges	(7,307,370)
Capital Recharges	(231,240)
Net Expenditure	12,492,970
Council Tax	(6,634,480)
Business Rates Retention	(5,264,130)
Government Funding	(645,870)
New Homes Bonus	(368,950)
Contribution to / (use of) EM Reserves	(1,640)
Contribution to / (use of) Contingency	1,034,580

Budget Heading	2023/24
	£
Collection Fund	(612,480)
Total Financing	(12,492,970)
Deficit / (Surplus)	0
New Efficiency Requirement	0
In-Year Deficit / (Surplus)	0

9.3. The proposed 2023/24 Housing Revenue Account Budget is detailed below:

Budget Heading	2023/24 Projection
	£
Repairs & Maintenance	5,245,690
Supervision & Management	2,804,230
Rates, Rents, Taxes, Other Charges	109,130
Other Operating Expenditure	827,290
Depreciation & Impairment Charges	2,182,000
Interest & Debt Management Charges	2,579,580
HRA Contribution to Capital Programme	3,842,000
Total Expenditure	17,589,920
Dwellings Rents	(15,322,760)
Non - Dwelling Rents & Other Income	(638,990)
Total Income	(15,961,750)
(Surplus) / Deficit for year	1,628,170
Use of Reserves	(1,628,170)
In Year Deficit (Surplus)	0

Council Tax and Rent Setting Requirement 2023/24

9.4. The tables below illustrate the Council Tax & Housing Rent requirement for 2023/24:

	Budget
	£
Net Cost of Services	11,835,130
New Homes Bonus	(675,210)
Business Rates Retention	(4,447,310)
COVID-19 Grant Funding	(269,430)
Use of Reserves	(438,820)
Collection Fund	433,290
Net Requirement from Council Tax	(6,437,650)

Housing Revenue Account	2023/24 Budget
	£
Net Cost of Services*	13,382,170
Plus:	
Borrowing Costs	2,579,580
Net Expenditure	15,961,750
Non - Dwelling Rents & Other Income	(638,990)
Net Requirement from Housing Rents	15,322,760

**includes contribution from balances of £1,628,170*

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

	Budget Requirement £	Tax Base	Band D Council Tax £	Increase/ (Decrease) %
Borough Council Tax	6,634,480	31,390	211.36	2.90%
				£5.96

- 9.6. The rent increase for existing tenants has been capped at 5% for 2023/24. The effect of this is to increase the average weekly rent by 5.16% overall once the impact of new tenancies (at formula rent) let during 2022/23 are taken into account. The average rent increase compared with the previous year is set out in the table below:

	Average Weekly Rents 22/23 £	Average Weekly Rents 23/24 £	Increase/ (Decrease) £	Increase/ (Decrease)* %
HRA Rents (over 52 weeks)	73.96	77.78	3.82	5.16%*
HRA Garage Rents (over 52 weeks)	7.86	8.26	0.40	5.09%

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

- 9.7. Charges made to recover fuel costs at various blocks have been reviewed and are charged on an individual block basis. The charges for 2023/24 are shown below and based on the previous year's usage and estimated costs and adjustments for actual fuel costs in 2022/23.

	Anticipated Fuel Cost 2023/24	Weekly Charge per Unit (over 52 weeks)					Communal Areas
		Charge Category				Communal Areas	
		A	B	C	D		
£	£	£	£	£	£		
Alma Square	24,272	11.90	17.85	-	29.74	7.76	
Cromford Court	12,470	-	-	-	-	6.19	
Eccles Fold	24,171	-	10.14	-	-	3.11	
Hartington Gardens	53,575	9.26	13.89	18.53	-	2.21	
Marian Court	25,444	10.71	16.06	-	26.77	5.54	
Milton Court	36,272	12.70	19.05	-	31.75	5.29	
Queens Court	35,432	-	14.29	-	23.81	3.48	
Northlands	18,274	-	12.41	16.55	-	7.30	
Grangeside	3,226	-	-	-	-	6.11	
Fieldhead House	3,826	-	-	-	-	11.39	
Watford Lodge	2,190	-	-	-	-	5.70	

10. MTFP Revenue position

10.1. General Fund Revenue Position

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

Summary Revenue Position	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Revenue Consequences of Capital Spend (section 5.3.29)	(209,890)	(114,920)	(181,560)	(192,100)
Interest Rate Changes (section 6.1.5)	(258,100)	298,850	266,870	183,770
Borrowing Costs (section 6.1.5)	(378,880)	144,870	258,910	135,340

Summary Revenue Position	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Inflation Pressures (section 6.2.3)	1,203,250	640,220	556,570	581,110
Increased / (Reduced) Budget Demand (section 6.3.2)	341,460	(107,140)	(180,730)	(55,320)
Budget Growth (section 6.4.1)	0	0	0	0
Increased Council Tax Income (section 7.1.3)	(196,830)	(191,060)	(194,690)	(198,380)
Business Rates Retention (section 7.2.4)	(816,820)	(427,120)	(168,470)	(189,400)
Changes in Collection Fund (section 7.3.4)	(1,045,770)	561,110	40	(5,200)
Reduction in Government Grant (section 7.4.7)	(70,180)	515,070	25,000	25,000
Additional Fees and Charges (section 7.5.5)	(40,000)	(40,000)	(40,000)	(40,000)
Contribution to Reserves & Balances (section 8.3.4)	1,471,760	(1,129,880)	(141,940)	(44,820)
In Year Change in Position	0	150,000	200,000	200,000
Efficiency & Rationalisation Plan (section 5.5)	0	(150,000)	(200,000)	(200,000)
Budget (Surplus) / Deficit	0	0	0	0
Cumulative (Surplus) / Deficit	0	0	0	0

10.1.2. Annex D shows the projected General Fund revenue position in detail.

10.2. Housing Revenue Account Revenue Position

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

Summary Revenue Position	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Budget (surplus) / deficit brought forward	1,894,070	1,628,170	(76,470)	(307,260)
Revenue consequence of Capital spend (section 5.3.29)	(701,790)	(784,000)	(208,000)	(100,000)
Interest Rate Changes (section 6.1.5)	470	17,490	(61,540)	(68,610)
Borrowing Costs (section 6.1.5)	314,900	(118,380)	(111,990)	(29,100)
Inflation Pressures (Section 6.2.3)	581,430	310,400	300,590	260,080
Increased / reduced budget demand (section 6.4)	0	0	0	0

Summary Revenue Position	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Increase in Other Operating Expenditure (section 6.6.2)	103,970	23,890	25,930	25,930
Increase in Rent and Other Charges (section 7.5.7)	(564,880)	(1,154,040)	(175,780)	(500,290)
In Year Change in Position	1,628,170	(76,470)	(307,260)	(719,250)
HRA Rationalisation Plan Budget (Surplus) / Deficit	1,628,170	(76,470)	(307,260)	(719,250)

10.2.2. Annex D shows the projected Housing Revenue Account revenue position in detail.

11. Consultation

- 11.1. 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 in the past 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.
- 11.2. With the significant uncertainties, volatility, and risk within this MTFP update, it is extremely difficult to have any meaningful consultation in this climate. This will be considered in more depth over the coming months to inform next year's budget setting and MTFP process. Access to consultation and social media platforms will assist in this process.

ANNEX A**Proposed Capital Programme – General Fund**

Capital Schemes	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£	£	£	£	£	£
Asset Management						
Public Bldgs.	2,904,560	4,482,680	300,000	1,151,460	283,620	9,122,320
Car Parks	-	200,000	-	154,520	-	354,520
Public Conveniences	-	-	400,000	-	-	400,000
Waterways Infrastructure	58,790	50,000	667,410	54,310	100,000	930,510
Leisure Centres	66,010	-	144,170	469,200	-	679,380
Depots & Park Buildings	1,107,170	50,000	50,000	-	-	1,207,170
	4,136,530	4,782,680	1,561,580	1,829,490	383,620	12,693,900
Housing(RTB 1 for 1)	374,000	504,000	504,000	504,000	504,000	2,390,000
Disabled Facilities Grants	519,110	555,000	555,000	555,000	555,000	2,739,110
ICT	73,940	50,000	62,780	50,480	-	237,200
Fleet Management	925,960	1,444,490	119,500	1,214,100	1,754,990	5,459,040
Leisure Services						
Play Facilities	88,220	350,000	-	-	-	438,220
Sports Development	30,000	1,957,370	100,000	-	-	2,087,370
	118,220	2,307,370	100,000	-	-	2,525,590
Regeneration						
Fairfield Roundabout	3,158,780	-	-	-	-	3,158,780
Buxton Town Centre	7,781,720	1,898,070	1,100,750	-	-	10,780,540
	10,940,500	1,898,070	1,100,750	-	-	13,939,320
Other Schemes						
Levelling Up Fund (LUF)	-	-	-	-	-	-
Total Programme	17,088,260	11,541,610	4,003,610	4,153,070	3,197,610	39,984,160
Funding of Programme						
External Contributions	9,706,590	2,313,500	555,000	555,000	555,000	13,685,090
Planning Obligations	15,000	170,980	-	-	-	185,980
Capital receipts	45,000	1,000,000	1,900,000	3,057,070	2,138,610	8,140,680
Capital receipts (One for One)	374,000	504,000	504,000	504,000	504,000	2,390,000
Capital Receipts (Vehicles)	90,750	114,750	5,500	37,000	-	248,000
Borrowing	6,856,920	7,438,380	1,039,110	-	-	15,334,410
	17,088,260	11,541,610	4,003,610	4,153,070	3,197,610	39,984,160

Proposed Housing Revenue Account – Capital Programme

Scheme	Budget 2022/23 £	Budget 2023/24 £	Budget 2024/25 £	Budget 2025/26 £	Budget 2026/27 £	Total £
Asset Management						
Structural Works	-	-	100,000	100,000	100,000	300,000
Roofing Works	274,020	198,720	198,720	198,730	198,730	1,068,920
Gladstone St Walkways	25,860	-	-	-	-	25,860
Lift Replacements	419,000	575,000	-	-	-	994,000
Bathroom Programme	123,570	849,180	247,020	247,030	247,030	1,713,830
Kitchen Programme	789,400	251,810	670,300	570,300	570,300	2,852,110
Electrical Works	514,410	496,760	496,760	236,760	236,760	1,981,450
Aids & Adaptations	457,000	295,000	295,000	295,000	295,000	1,637,000
Windows & Doors Programme	900,000	778,150	1,031,100	1,031,110	907,590	4,647,950
Lintels (New)	-	40,000	40,000	40,000	40,000	160,000
Boiler Heating Gas	230,000	515,900	730,780	730,780	730,780	2,938,240
Queens Court Boiler	200,000	-	-	-	-	200,000
Gamesley Carpark/Externals	299,420	250,000	-	-	-	549,420
Watford Lodge Refit	71,740	-	-	-	-	71,740
CCTV & Aerials	100,000	-	-	-	-	100,000
Communal Areas	-	200,000	-	-	-	200,000
External Walls Insulation & Rendering	626,550	500,000	500,000	500,000	500,000	2,626,550
Insulation (Lofts & Walls)	-	100,000	-	-	-	100,000
Decarbonisation (Support ASHP)	-	150,000	150,000	150,000	150,000	600,000
Major Void Retrofit to decarbonise	100,000	100,000	42,320	82,960	65,770	391,050
Environmental & other works	-	-	-	237,730	234,130	471,860
Non Traditional works	-	-	-	11,600	11,600	23,200
External Works (Inc Outbuildings)	-	150,000	-	150,000	150,000	450,000
Fire Alarm -Communal Blocks	-	250,000	250,000	250,000	250,000	1,000,000
Other Capital sums for Fire action	-	50,000	50,000	50,000	50,000	200,000
Radon Fans	-	50,000	50,000	50,000	50,000	200,000
Fairfield View	20,000	-	-	-	-	20,000
Uplands Rd Communal Areas	-	-	-	-	44,310	44,310
Sheltered Fire Alarm	208,500	-	-	-	-	208,500
Hartington Gardens Footbridge	200,000	-	200,000	-	-	400,000
Energy Efficiency Works (LAD)	121,260	-	-	-	-	121,260
	5,680,730	5,800,520	5,052,000	4,932,000	4,832,000	26,297,250
Repairs Capital						
Void Rewires	12,920	-	-	-	-	12,920
Void Kitchens	31,550	-	-	-	-	31,550
Void Bathrooms	21,510	-	-	-	-	21,510
	65,980	-	-	-	-	65,980
Staffing /Commissioning	100,000	100,000	100,000	100,000	100,000	500,000
	100,000	100,000	100,000	100,000	100,000	500,000
Asset Purchases						
Vehicle Replacement	706,860	23,480	-	-	-	730,340
Re-Purchase Dwellings	243,030	200,000	200,000	200,000	200,000	1,043,030
ICT Housing System	-	100,000	88,000	-	-	188,000
	949,890	323,480	288,000	200,000	200,000	1,961,370
TOTAL SPEND	6,796,600	6,224,000	5,440,000	5,232,000	5,132,000	28,824,600

Medium Term Financial Plan – Principal Risks

Risk Category	Risk	Mitigation and Controls
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
Performance Management	Adequacy of framework to monitor transition	Risk management processes are embedded

Risk Category	Risk	Mitigation and Controls
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 Review of Contingencies / Reserves

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 it 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 Scrutiny Committee and Executive. These reports highlight all variances between spending and budgets.

The proposal for the 2023/24 Budget and updated MTFP are based on analysis and assurances from Heads of Service and their finance support staff. Executive Portfolio Holders have worked with their respective Executive Directors throughout the process. Corporate Select members scrutinised the progress of spending throughout the year and received a report on the draft MTFP in November 2022.

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 Corporate Plan.

The Council has taken all reasonable and practical steps to identify and make provision for the Council's commitments in 2023/24 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 2.9% or £5.96 Band D equivalent increase has been provided for in 2023/24, followed by a 1.9% increase in years 2-4 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 2022/23 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.

Key Budget Risks

The Government has, or 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 remains challenging and unpredictable. The impacts of the coronavirus pandemic have largely receded in economic magnitude, only to be replaced by the impacts of the Ukraine war. This conflict has had a major impact on energy and supply contracts across Europe, fuelling inflation and leading to significant increase in the Council's costs. The economic outlook will continue to be monitored particularly as to how this affects interest rates and asset valuations.

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.

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.

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.

Martin Owen FCCA
Executive Director (Finance & Customer Services (S151 Officer))

Proposed Revenue Projections (2023/24 to 2026/27) – General Fund

Budget Heading	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Employees	11,884,360	12,303,430	12,655,280	13,010,620
Premises	5,005,320	5,255,580	5,469,850	5,661,290
Transport	434,290	440,810	449,630	458,620
Supplies & Services	10,748,030	10,953,950	11,078,440	11,331,540
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,460,670	1,763,850	2,043,540	2,178,880
Parish Grant re Council Tax Support	16,290	0	0	0
Financing Costs	22,130	22,130	22,130	22,130
Total Expenditure	29,653,550	30,822,210	31,801,330	32,745,540
Fees and Charges / Other Income	(7,341,790)	(7,381,790)	(7,421,790)	(7,461,790)
Interest Receipts	(699,260)	(673,640)	(609,110)	(617,440)
HRA Recharges	(8,888,290)	(9,220,690)	(9,544,280)	(9,827,360)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	12,492,970	13,314,850	13,994,910	14,607,710
Council Tax	(6,634,480)	(6,825,540)	(7,020,230)	(7,218,610)
Business Rates Retention	(5,264,130)	(5,691,250)	(5,859,720)	(6,049,120)
Lower Tier Services/ Services Grant	(645,870)	(199,750)	(199,750)	(199,750)
New Homes Bonus	(368,950)	(300,000)	(275,000)	(250,000)
Contribution to / (use of) Reserves	(1,640)	(1,640)	(1,640)	(1,640)
Contribution to / (use of) Balances	1,034,580	(95,300)	(237,240)	(282,060)
Collection Fund	(612,480)	(51,370)	(51,330)	(56,530)
Total Financing	(12,492,970)	(13,164,850)	(13,644,910)	(14,057,710)
Cumulative Deficit / (Surplus)	0	150,000	350,000	550,000
Efficiency Requirement (cumulative)	0	(150,000)	(350,000)	(550,000)
Deficit / (Surplus)	0	0	0	0
Cumulative Deficit (call on reserves)	0	0	0	0

Proposed Revenue Projections (2023/24 to 2026/27) – Housing Revenue Account

Budget Heading	2023/24 Projection	2024/25 Projection	2025/26 Projection	2026/27 Projection
	£	£	£	£
Repairs & Maintenance	5,245,690	5,512,090	5,770,680	5,988,760
Supervision & Management	2,804,230	2,848,230	2,890,230	2,932,230
Rates, Rents, Taxes, Charges	109,130	109,130	109,130	109,130
Other Operating Expenditure	827,290	851,180	877,110	903,040
Depreciation & Impairment Charges	2,182,000	2,182,000	2,182,000	2,182,000
Interest & Debt Management Charges	2,579,580	2,478,690	2,305,160	2,207,450
HRA Contribution to Capital Program	3,842,000	3,058,000	2,850,000	2,750,000
Total Expenditure	17,589,920	17,039,320	16,984,310	17,072,610
Dwellings Rents	(15,322,760)	(16,467,160)	(16,632,820)	(17,122,480)
Non - Dwelling Rents & Other Income	(638,990)	(648,630)	(658,750)	(669,380)
Total Income	(15,961,750)	(17,115,790)	(17,291,570)	(17,791,860)
(Surplus) / Deficit for year	1,628,170	(76,470)	(307,260)	(719,250)