APPENDIX A

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

MEDIUM TERM FINANCIAL PLAN 2019/20 to 2022/23

November 2018

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1. Introduction

1.1. The Medium Term Financial Plan (MTFP) is a key element of the Council's budget and policy framework. It aims to ensure resources are directed effectively and efficiently towards delivery of the Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 4 years.

1.2. The medium term financial planning process establishes how available resources will be allocated to services in line with Council 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 strategy and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 2019/20 to 2022/23. It also includes an assessment of key risks and a presentation of longer term financial issues which have the potential to impact on the Council..

1.4. The Council will demonstrate economy, efficiency and effectiveness in the application of its resources. Value for Money (VFM) is maximised when there is an optimum balance between economy, efficiency and effectiveness.

- Economy: the price the Council pays for providing its services
- Efficiency: how much the Council gets out of what's put in (productivity)
- Effectiveness: value of the impact achieved (quantitative or qualitative)

2. Strategic Priorities

2.1. The Medium Term Financial Plan is driven by local priorities. The Council's spending strategy is set out in the Corporate Plan formally adopted by members of the Council.

2.2. Following the elections in May 2015, there was a fundamental review of the Corporate Plan focussing on the period 2015-2019 (up to the end of the current political administration).

2.3. The Council's 4-year Corporate Plan (2015-2019) articulates the aims, objectives and priority actions, which the Council is working to achieve over this period. Its delivery is measured through the Performance Framework, which has at its centre the three pillars of value for money - efficiency, economy and effectiveness. It in effect determines the Council's commitments in the delivery of services and community leadership to the citizens of Staffordshire Moorlands.

2.4. The Council's Corporate Plan was developed after taking into account the views and aspirations of Staffordshire Moorlands citizens and having come to a clear understanding of empirical evidence. The plan has taken due recognition of the national and regional policy framework. It has taken on board learning from the progress made by the Council and has benefitted from input from Members at a priority setting event which was held in September 2015.

2.5. The opportunity was taken, at the mid-point of the current administration, to reflect on the progress made during the first two years of the Plan and to reiterate the Council's commitment to the remaining objectives as well as adding any new areas of priority that have emerged since the Plan was first developed.

2.6. The Council in now in the last year of the current Corporate Plan, with Staffordshire Moorlands District Elections taking place in May 2019.

2.7. The Council's vision is expressed as:

"Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities"

This vision is articulated further by four aims:-:

- Help create a safer and healthier environment for our communiites to live and work
- Meet our financial challenges and provide value for money
- Help create a strong economy by supporting further regeneration of towns and villages
- Protect and improve the environment

2.8. These aims are supported by a number of objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

	Aim	Objectives
1	Help create a safer and healthier environment for our communities to live and work	• Increased supply of good quality affordable homes • Develop a positive relationship with communities • Effective relationship with strategic partners • Effective support of community safety arrangements including CCTV • Provision of sports facilities and leisure opportunities focused upon improving health
2	Meet our financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure services are easily available to all our residents in the appropriate channels and provided "right first time" • A high performing and well motivated workforce • More effective use of Council assets
3	Help create a strong economy by supporting further regeneration of towns and villages	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Encourage and develop tourism • High quality development and building control with an "open for business" approach

	Aim	Objectives
4	Protect and improve the environment	• Effective recycling and waste management • Promote environmentally sustainable policies and practices • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

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

2.10. The Council's influencing role is focused in the following areas:

- Support the police and other partners to reduce crime, the fear of crime and anti social behaviour
- Ensure there is effective health provision particularly for the elderly
- Support the development of rail links to the city of Stoke-on-Trent
- Ensure that the services provided by other public sector partners meet the needs of residents
- Work with Staffordshire County Council and other partners to ensure an effective partnership with central government

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

	Aim	Objectives
1	Help create a safer and healthier environment for our communities to live and work	• Increased supply of quality affordable homes • Improved health • Improved community safety
2	Meet our financial challenges and provide value for money	• Balanced and sustainable medium term financial plan position • Council services provide value for money • High level of resident and customer satisfaction
3	Help create a strong economy by supporting further regeneration of towns and villages	• Sustainable towns and rural communities • Increased economic growth
4	Protect and improve the environment	• High recycling rates • Quality parks and open spaces and clean streets

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

2.13. 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.

3.2. The Council's current year (2018/19) General Fund budget can be summarised as follows:

Income and Expenditure	2018/19 Budget
	£
Employees	8,604,930
Premises	1,938,950
Transport	1,203,260
Supplies & Services	4,573,350
Benefits	5,010
Borrowing	272,760
Parish Grant	13,830
Financing Costs	555,000
Contribution to / (from) Reserves and Balances	(801,050)
Total Expenditure	**16,366,040**
Fees and Charges / Other Income	(5,797,000)
Interest Receipts	(73,590)
Ascent LLP Income	(546,690)
Net Expenditure	**9,948,760**

3.3. The net expenditure is financed as follows:

Financing	2018/19 Budget
	£
Council Tax	(5,199,590)
Government Funding	(389,100)
New Homes Bonus	(682,090)
Business Rates Retention	(3,530,390)
Collection Fund Deficit	590,410
Efficiency Requirement	(738,000)
Total Financing	**(9,948,760)**

3.4. The medium-term projection for capital commitments approved by Members in February 2018 is detailed below: -

Service Area	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	£
Asset Management Plan	932,840	1,749,570	617,400	393,470	2,640,970	6,334,250
Affordable Housing	-	-	-	-	-	-
Growth Fund	-	-	-	-	-	-
Housing Grants	501,630	1,241,000	1,211,000	1,211,000	1,211,000	5,375,630
ICT Strategy	104,310	19,390	19,390	19,390	19,390	181,870
Other Schemes	173,690	600,000	150,000	50,000	50,000	1,023,690
Total Programme	**1,712,470**	**3,609,960**	**1,997,790**	**1,673,860**	**3,921,360**	**12,915,440**
Financed by:-						
External Contributions	775,850	1,241,000	1,211,000	1,211,000	1,211,000	5,649,850
Capital Receipts	-	21,000	150,000	190,000	-	361,000
Capital Reserve	420,000	-	-	-	-	420,000
S106 Planning	16,700	114,000	-	-	-	130,700
Borrowing	499,920	2,233,960	636,790	272,860	2,710,360	6,353,890
Total Financing	**1,712,470**	**3,609,960**	**1,997,790**	**1,673,860**	**3,921,360**	**12,915,440**

4. Transformation Programme

4.1. Introduction

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

- Reference to the Capital Strategy (to be presented in February 2019)
- The Capital Programme
- The Efficiency and Rationalisation strategy
- Member Priority Projects
- Alliance Environmental Services (AES)

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

4.1.3. The progress and current financial projections of the transformation programme is explored below along with any potential revenue and capital consequences. Any further work required to identify the financial implications of the programme are discussed and will feed into the 2019/20 budget setting process.

4.2 Capital Strategy

4.2.1 The 2017 edition of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities requires Local Authorities to produce a 'Capital Strategy' from 2019/20. The Strategy should demonstrate that capital expenditure and investment decisions are taken in line with the Council's Corporate Plan and service objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

4.2.2 The Capital Strategy is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. It allows individual Authorities to give greater weight to local circumstances and explain their approach to borrowing and investment.

4.2.3 The Strategy should form part of the Authority's integrated revenue, capital and balance sheet planning and set out the long term context in which capital expenditure and investment decisions are made. It is an integral component of the MTFP but should be aligned with:-

- Corporate Plan Objectives
- Asset management Strategy
- Treasury Management Strategy
- Procurement Strategy

4.2.4 The Council will be presenting its Capital Strategy alongside the Budget and Medium Term Financial Plan in February 2019.

4.3 Capital Programme

4.3.1 The Capital Programme presented to Members in February 2018 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2023.

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

Service Area	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£	£	£	£	£	£
Asset Management Plan	793,360	1,777,480	393,470	2,540,970	1,384,550	6,889,830
Housing Grants	1,241,650	1,211,000	1,211,000	1,211,000	1,211,000	6,085,650
ICT Strategy	19,390	19,390	19,390	19,390	-	77,560
Other Schemes	2,740,410	150,000	50,000	50,000	-	2,990,410
Total Programme	**4,794,810**	**3,157,870**	**1,673,860**	**3,821,360**	**2,595,550**	**16,043,450**
Financed by:-						
External Contributions	1,238,390	1,211,000	1,211,000	1,211,000	1,211,000	6,082,390
Capital Receipts	18,000	150,000	190,000	0	-	358,000
General Fund Balances	953,740	-	-	-	-	953,740
Capital Reserve	1,131,160	500,000	-	-	-	1,631,160
S106 Planning	135,690	-	-	-	-	135,690
Borrowing	1,317,830	1,296,870	272,860	2,610,360	1,384,550	6,882,470
Total Financing	**4,794,810**	**3,157,870**	**1,673,860**	**3,821,360**	**2,595,550**	**16,043,450**

4.3.3 The capital projections above include the carry forward of £93,190 capital budgets from 2017/18, a further prior year adjustment of £16,850, an increase to the 2018/19 programme of £2,084,890 (to fund the purchase of fleet – as approved by Council in May 2018) and increased budget provision of £50,000 against an existing scheme as approved by Members.

Asset Management Plan (AMP)

4.3.4 It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. This is becoming increasingly difficult due to the age of a number of the Council's key buildings and the shrinking amount of financial resources available to support service delivery.

4.3.5 A stock condition survey has been undertaken on the Council's property assets. A report detailing the outcomes and actions emerging was presented to Cabinet on 20th September 2016. This included the potential capital and revenue financial implications of maintaining the Council's current property assets over a 30 year period. This was reviewed and updated in February 2017 and 2018 to take account of any changes and updates to stock information since September 2016, and has subsequently been reviewed again for the purposes of this report.

4.3.6 The surveys have confirmed that a number of the Council's operational assets are dated in appearance, have structural issues or urgent health and safety work requirements or the electrical and mechanical infrastructure require updating. The investment required to ensure the assets remain fit for purpose is significant over the 30 year period and would consequently impact on future revenue budgets.

4.3.7 Therefore, the report discusses the options to either reduce the amount of capital expenditure or reduce the impact on revenue of the necessary capital spending:-

- Asset rationalisation
- Shared use of assets
- Reduction in specification and functionality
- Generate additional capital receipts
- Identify grants to support investment
- Generate additional revenue from asset holdings

4.3.8 The table below illustrates the capital investment requirements on the Council's property portfolio and revenue consequences (cost of borrowing) over a 30 year period **as reported in September 2016**:-

SMDC AMP Capital Investment & Revenue Consequence	**2016-17 – 2019-20 £**	**2020-21 – 2045-46 (26 years) £**	**TOTAL £**
Public Buildings	1,010,850	2,761,600	3,772,450
Car Parks	754,000	4,293,431	5,047,431
Public Conveniences	181,400	415,800	597,200
Waterways & Infrastructure Assets	479,361	448,761	928,122
Leisure Centres	310,000	10,005,995	10,315,995
Depots and Parks Buildings	97,070	2,355,714	2,452,784
Industrial Units	80,380	392,050	472,430
TOTAL	**2,913,061**	**20,673,351**	**23,586,412**
Revenue Consequences (cost of borrowing)	***115,959***	***943,653***	***1,059,612***

4.3.9 The AMP and consequent financial implications were then updated within the Budget & MTFP in February 2016 and February 2017 to take account of any more up-to-date asset data and the forecast outturn positions.

4.3.10 For this iteration of the MTFP, the overall 30 year programme remains consistent with the programme reported when setting the Budget and MTFP in February 2018. However, there has been some slight re-profiling of expenditure between financial years to take account of 2017/18 outturn/carry forwards and projections for 2018/19

4.3.11 The table below reflects the updated capital investment requirements as at February 2018, adjusted for 2017/18 actual outturn and any in-year reprofiling that has taken place in 2018/19 – which increases the forecast capital spend by £283,990 over the 30 years from the original position.

SMDC AMP Capital Investment & Revenue Consequences	2016-17 (actuals) £	2017/18 (actuals) £	MTFP 2018/19–2021/22 £	MTFP 2022/23 £	2023/24 - 2045/46 (23 Years) £	TOTAL £
Public Buildings	70,020	410,000	1,345,260	105,000	2,153,770	4,084,050
Car Parks	-	1,290	684,710	676,930	3,616,502	4,979,432
Public Conveniences	-	3,280	178,120	53,900	361,900	597,200
Waterways & Infrastructure	5,270	261,090	376,270	-	343,761	986,391
Leisure Centres	1,700	95,170	2,022,780	514,000	7,669,215	10,302,865
Depots and Parks Buildings	-	-	817,760	34,720	1,595,554	2,448,034
Industrial Units	-	-	80,380	-	392,050	472,430
TOTAL	**76,990**	**770,830**	**5,505,280**	**1,384,550**	**16,132,752**	**23,870,402**
Revenue Consequences	**-**	***11,250***	***210,290***	***130,220***	***631,970***	***983,730***

4.3.12 The Chartered Institute of Public Finance Accountancy (CIPFA) Property Team has been commissioned to support the Council in producing an Asset Management Strategy to ensure the future delivery of efficient asset management. Progress on this will be reported within the Budget and MTFP presented in February 2019.

4.3.13 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 partners will be taken towards the efficiency programme

Affordable Housing Project

4.3.14 The Council's affordable housing project is being delivered via Ascent Housing – the joint venture established by the Council in partnership with Your Housing. Phase one resulted in 276 housing units.

4.3.15 The £5 million debenture facility was fully drawn in 2014/15, and is generating annual income of £100,000 for the remainder of the 25 year period (subject to early repayments by Ascent).

4.3.16 £14 million of the £20 million loan facility has been drawn to date, it is assumed for the purposes of this report that the remaining £6million loan facility will not be drawn during the 4 year period (which is subject to review as per paragraph 4.2.21)

4.3.17 The first tranche of the loan facility matured in October 2017, the £7m was refinanced by Ascent with the Council for a short-term period of 1 year until October 2018; and has since be refinanced again for another short-term period of up to 1 year from October 2018 with a slightly improved interest rate.

4.3.18 The short-term refinancing has been completed whilst a full review of the Ascent business plan and wider funding arrangements is being carried out by Your Housing and the Council. There are no assumptions of the potential financial impact of the outcome of this review included at this stage. An update will be provided in February 2019.

Housing Grants

4.3.19 The District Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant (DFGs) and this status remains despite changes to funding arrangements. All eligible applicants are entitled to receive mandatory funding for certain major adaptations to their properties. The funding for these adaptations has previously been given directly to the council but from 2015/16, the funding has been incorporated into the Better Care Fund and paid to the County Council.

4.3.20 The Better Care Fund is a single pooled fund for all health and social care provision and covers the whole range of services including public health, social care services and clinical commissioning groups

4.3.21 A county-wide review of the approval process was undertaken during 2017 and resulted in the commissioning of new home improvement agency arrangements which took effect from April 2018. The award of the new 5 year contract to Millbrook Healthcare Ltd will facilitate improvements in the processes in order that completions can be achieved to ensure that grants are approved at the new higher level of resources available. The current amount of unspent funding as at 31st March 2018 (prior to receipt of future funding and 2018/19 outturn) is £1.4m – this is held in a capital grants reserve.

4.3.22 In the meantime because of current demand and changes to the delivery of DFGs during this transitional year of hand-over to the new service provider, it is unlikely that the existing funds will be required to deliver the mandatory grants programme. If there is to be any significant spend against the new increased budget, there is a need to find new areas to invest as well as embarking on a robust campaign to promote the traditional DFG to local residents in partnership with the new service provider.

4.3.23 There is scope to do this as part of the funding agreement as long as any proactive scheme outside the mandatory DFG programme is agreed with the County Council and is restricted to capital expenditure.

4.3.24 There are several possible options which for example include; investment in local schools, catering for persons with disability needs; work with local social housing providers to look at dementia friendly adaptations or improvements to existing housing schemes with a significant number of elderly residents. There are also opportunities to work with local community groups to help them develop schemes in their areas that benefit the larger disabled community. A paper was submitted to the Strategic Partnership Board in November seeking approval to seek out new ways of utilising the DFG funding on capital adaptation programmes within the wider local community.

ICT Strategy

4.3.25 The framework for the existing ICT Strategy was established in 2014/15. The key drivers of which were to support delivery of the Efficiency and Rationalisation Plan, provide the infrastructure to support joint working, support new ways of working and improve access to services for our customers. The Strategy is currently being reviewed and refreshed to take account of work undertaken to date and priorities going forward – which will then feed into the next update of the MTFP.

4.3.26 The aim of the current Strategy is to reduce the number of applications and software and consequently pressure on server space. The capital provision for this project was reprofiled to account for the acceleration of the infrastructure and Microsoft compliancy phase of the project resulting in higher than originally anticipated expenditure in 2016/17 and forecast spend in 2017/18. Therefore the annual capital budget post 2017/18 is minimal.

4.3.27 Capital investment is required to establish the infrastructure required to meet the key drivers. This in turn will identify the revenue consequences of capital purchases – increased costs including maintenance, updates and annual licence purchases, offset by savings resulting from better usage and consolidation of the Council's suite of systems.

New Capital Schemes

4.3.28 Details and estimated costs of any new capital schemes which the Council is aiming to progress during the 4 year MTFP period will be included in the Budget and MTFP presented in February 2019.

Financing the Capital Programme

4.3.29 The capital programme can be funded from a number of options which include external grants and contributions from third parties comprising of Government and lottery funding; capital receipts from asset sales as part of the asset management plan; earmarked revenue reserves and borrowing.

4.3.30 The main element of spending within the current programme which is expected to be funded from external resources is support towards Disabled Facilities Grants. Estimated capital receipts of £0.36m will be available over the next four years subject to a review of surplus assets. Revenue and capital reserves of £2.58m are forecast (at this stage) to be applied 2018/19.

4.3.31 Borrowing is therefore the main funding option for the programme. 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.

4.3.32 There remains a balance of £381,840 within the earmarked reserve established specifically to fund capital projects. It is proposed to use this fund where an options appraisal on the acquisition of vehicles, plant and equipment has been carried out and suggests that the most financially viable option is to outright purchase.

Revenue Consequences of the Capital Programme

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

Revenue Consequence (changes year-on-year)	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Ascent Loan Income	(34,670)	(29,640)	-	-
Debenture Income	-	-	-	-
Borrowing Costs	40,350	34,940	25,110	80,540
Total	**5,680**	**5,300**	**25,110**	**80,540**

4.4 Efficiency & Rationalisation Strategy

4.4.1 The current Efficiency and Rationalisation Strategy was approved by Members in February 2017, which identified a programme of £3.1 million (including £443,600 in unachieved efficiencies from the previous efficiency programme) in savings to be made over the period 2017/18 – 2020/21.

4.4.2 The new Efficiency and Rationalisation Strategy has the effect of both reducing expenditure and increasing income. The need to grow income is now more of a priority as the Council moves more towards being self-financing i.e. not reliant on direct government funding such as revenue support grant.

4.4.3 The strategy has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.

4.4.4 It is intended that there will be five areas of focus:-

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

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

General Fund Efficiency Strategy	ACHIEVED 2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£
Major Procurements	100,000	275,000	100,000	600,000	**1,075,000**
Asset Management	50,000	50,000	25,000	25,000	**150,000**
Growth	65,000	150,000	250,000	300,000	**765,000**
Income Generation	305,000	355,000	100,000	250,000	**1,010,000**
Rationalisation	141,000	-	-	-	**141,000**
TOTAL	**661,000**	**830,000**	**475,000**	**1,175,000**	**3,141,000**

4.4.6 The £661,000 target for 2017/18 was achieved in year, and to date, £299,630 in savings have been realised against the 2018/19 efficiency target. At this stage it is estimated that there will be a potential shortfall of approximately £350,000 against the 2018/19 efficiency target (as per Quarter 2 Financial Report).

4.4.7 An exercise reviewing the revenue underspends of the last 3 years has taken place. The review identified areas, which have consistently underspent against the base budget, and as such the excess provision has been removed and used to support the Efficiency & Rationalisation Strategy. The underspends are in part due to the impact of projects whereby procurement, IT, print and postage and other miscellaneous spend has been reduced over time.

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

4.5 Member Priority Actions / Projects

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

Member Priority Actions / Projects	**Financial Implications**			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Environment				
Work with ANSA and Cheshire East to launch Alliance Environmental Services Ltd, our new joint venture company, to deliver waste, streets and grounds maintenance services on behalf of the Council in order to achieve improved performance and value for money outcomes.	**Y**	✓		
Establish a developer open space contributions plan	**Y**			✓
Reduce the Council’s energy consumption and associated costs (through the Asset Management Plan)	**Y**			✓
Customer Services				
Undertake detailed process benchmarking with high performing / low cost councils with a view to identifying value for money improvements around Housing Benefit processing	**Y**			✓

Member Priority Actions / Projects	Financial Implications (y/n)	✓ Firm - in plans	Costs understood - not in plans	Costs not yet known
Planning & Property				
Refresh and implement the Asset Management Plan, including a review of public estate, and ensure adequate facilities management arrangements are in place	**Y**	✓		
Undertake detailed process benchmarking with high performing / low cost councils with a view to identifying value for money improvements for planning application processing	**Y**			✓
Develop and implement plans to extend the public market operation in Leek and Cheadle	**Y**	✓		
Leisure, Sports, Parks, Countryside and Communities				
Identify and implement an approach to reduce the cost of country parks	**Y**		✓	
Develop a plan to improve Brough Park with HLF support	**Y**	✓		
Develop a strategy for further development of affordable and specialist housing	**Y**			✓
Develop and agree a new empty properties strategy	**Y**	✓		
Develop a scheme that supports the upgrading of security in vulnerable people's homes	**N**			
Support the Community Safety Partnership with improved provision of outreach workers for dealing with domestic violence	**N**			
Undertake a review of the current CCTV system to look at its cost-effectiveness in preparation for the expiry of the maintenance contract in early 2018	**Y**	✓		
Help to ensure, through the scrutiny work programme, that partner service provision, particularly health provision for the elderly, is effective	**N**			
Implement the Council's new sport and physical activity strategy and carry out research into nil cost facility provision being achieved by other councils; in order to achieve improved health and value for money outcomes for the Staffs Moorlands	**N**			
Leader				
Develop and implement a plan to identify new and innovative ways of generating income	**Y**			✓
Implement the Growth Fund initiative to support small businesses	**Y**			✓
Support the development of London Mill as part of a wider redevelopment scheme	**Y**			✓
Support the development of Cornhill and improved rail links	**Y**			✓
Implement the town deal in Biddulph in partnership with Biddulph Town Council	**N**			
Work with Staffordshire County Council and other partners to ensure an effective partnership with central government	**N**			

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

4.5 Alliance Environment Service (AES)

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

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

4.7.3 Phase 2 of the transfer of services commenced on 1st July 2018 with the transfer of all fleet management across the Alliance and the transfer of the Staffordshire Moorlands Waste Collection service. Phase 3 is due to commence in early 2019, which will involve the transfer of Street Scene and Grounds Maintenance.

4.7.4 Savings of £500,000 are forecast in the Efficiency & Rationalisation Programme by the end of 2020/21 – which are split between AES and savings to be achieved from Council retained budgets.

4.7.5 The contract fee for 2019/20 is currently being discussed by the Council and AES, which will include the base 2018/19 contract fee plus 2019/20 inflation/growth items less savings achieved. Discussions will also focus on a review of the risk items (which the Council is currently paying an additional fee) primarily relating to the cost of short-term vehicle hire prior to procurement.

4.7.6. At this stage £81,640 has been included in the MTFP in 2019/20 for AES inflation/growth items.

5. Financial Forecasts

5.1 Interest Rates

5.1.1. The Bank of England Base Rate was increased from 0.50% to 0.75% at the Monetary Policy Committee (MPC) meeting on 2nd August 2018. The MPC emphasised again that the future bank rate increases would be gradual.

5.1.2. Some market expectations are for a further increase in February 2019, but the Council's advisors, Link Asset Services, are of the opinion that this is unlikely ahead of the deadline in March 2019 for Brexit and have therefore not changed their forecast of the next increase taking place in September 2019. Indeed the progress and outcome of Brexit continues to make forecasting of interest rates extremely difficult both in terms of bank rate and PWLB borrowing rates.

5.1.3. Based on the current forecasts, changes in investment income and borrowing costs are highlighted below:-

Investment Income	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Changes in Investment Income	(19,880)	(56,720)	(40,860)	(2,080)
Changes in Borrowing costs	27,390	24,880	(3,840)	(210)
	7,510	**(31,840)**	**(44,700)**	**(2,290)**

5.2. Inflationary Projections

5.2.1. The Retail Price Index (RPI) and Consumer Price Index (CPI) 12 month rate, as at September 2018, stood at 3.27% and 2.56% respectively. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council.

5.2.2. The MTFP presented to members in February 2018 was premised on inflation assumptions at the time. Those assumptions haver now been rolled forward a further 12 months to incorporate the 202/23 financial year and have been updated to reflect the latest available information on trends in Council expenditure. Employee inflation for 2019/20 is in line with the 2 year pay deal agreed in December 2017; thereafter provision has been made for a 2% pay award as well as annual increment costs and pension changes. The full costs to the Council arising from inflation are forecast in the table below.

Expenditure/Income	2019/20	2020/21	2021/22	2021/22
	£	£	£	£
Employee Costs	275,240	267,600	272,310	277,620
Premises Costs	46,330	41,180	41,490	42,280
Transport	400	400	2,830	2,850
Supplies and Services	116,350	116,730	107,000	109,190
In-Year Inflation Pressure	**438,320**	**425,910**	**423,630**	**431,940**

5.3. Budgetary Demand

5.3.1. The Medium Term Financial Plan presented to Council in February 2018 analysed and projected forward both income and expenditure. This has been revised to reflect known changes in budgetary demand.

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

Increased / (Reduced) Budget Demand	2019/20	2020/21	2021/22	2021/22
	£	£	£	£
Reduction in level of Parish Council Local Council Tax Support	(13,830)	-	-	-
Uniforms – Customer Services	(2,500)	2,500	(2,500)	2,500
DWP – Benefits Admin Grant reduction	15,000	-	-	-
End of WWI Centenary	(20,000)	-	-	-
Markets Promotion – Temp post	-	(26,150)	-	-
Markets Promotion – Income generation	(3,300)	-	-	-
Council Tax support administration grant reduction	5,500	-	-	-
Leek Market - stall renovation	12,000	(12,000)	-	-
Parks Development Works	60,000	(60,000)	-	-
Benefits – Fairer Charging transfer to SCC	10,180	-	-	-
AES – Fuel price base	12,500	-	-	-
Total	**75,550**	**(95,650)**	**(2,500)**	**2,500**

5.4. Budget Growth

5.4.1. In previous years, very few additions in respect of budget growth have been included in the MTFP. It is assumed in light of the financial pressures faced by the Council, that any local issues that necessitate budget growth will be financed by internal spending reductions elsewhere. Occasionally, however, it is necessary to include budget growth to meet spending commitments.

5.4.2. No such items are included in this iteration of the MTFP.

5.5. Pensions

5.5.1. The last triennial actuarial valuation of the Staffordshire Pension Fund took place in 2016. At this valuation, the Staffordshire Moorlands portion of the Fund was in deficit by £23 million and was 66% funded.

5.5.2. The 2016 valuation determined the level of contributions necessary for the following 3 year period (2017 – 2020). The Council was required to contribute 16.6% of pensionable pay plus the equivalent of £667,000 per annum in secondary payments with effect from 2017/18. The Council made a £1.9m lump sum payment in 2017/18 to discharge the secondary payment liability realising a £100,000 discount for paying the full amount in a single advance payment.

5.5.3. A further valuation of the Fund is scheduled to take place in 2019. This will set employer contribution rates payable between 2020/21 and 2022/23 (years 2-4 of this plan). As well as national factors; such as investment returns, inflation factors, demographics etc; this valuation will also take into account the impact on pensions of local changes in the Council's service delivery model in respect of environmental services. These local factors are likely to have an upward pressure on primary contribution rates as overall numbers in the Fund reduce.

5.5.4. Provision for an increase in contributions of £125,000 in Years 2-4 have been included in this iteration of the MTFP. This working assumption will be monitored as details of the 2019 valuation emerge over the next 12 months

5.5.5. The outcome of the 2019 valuation is expected in December 2019

6. Funding & Income Generation

6.1. Council Tax

6.1.1. The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than a certain percentage is subject to referendum. This threshold was increased to 2.99% for 2018/19 in order to better reflect CPI. Recent Government consultation suggests this threshold will also apply in 2019/20.

6.1.2. This iteration of the MTFP assumes that a 2.9% Council Tax increase will be implemented in 2019/20 reverting to 1.9% in each of the 3 remaining years covered by this Plan.

6.1.3. Provision for tax base growth remains unchanged from the levels assumed in February. A provisional figure has been included for Year 4. Further work will be carried out in the course of the next few months to recalculate likely changes in the tax base. Updated figures will be included in the February iteration of the MTFP. The table below sets out the additional yield from Council Tax as currently assumed in the Medium Term Financial Plan:

Increased Council Tax Income	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Council Tax increase	(150,790)	(102,770)	(105,910)	(109,160)
Revenue from tax base growth	(58,740)	(62,290)	(65,020)	(67,000)
TOTAL	**(209,530)**	**(165,060)**	**(170,930)**	**(176,160)**

6.2. Business Rates Retention

6.2.1. Under the 50% Business Rates Retention system, the Authority retains 40% of Business Rates less a tariff that is payable into a pool maintained by a number of Staffordshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,578,520 for 2019/20): any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

6.2.2. As part of the Staffordshire 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 Staffordshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain 40% of this levy; meaning that each £1 achieved above the baseline, is distributed as follows:

- 70p is retained by the Council;
- 20p is paid to a Central Incentive Fund which is managed by the Pool Board;
- 10p is paid to a Contingency Fund maintained by the Pool Board to assist should a safety net payment be triggered.

The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £292,000 in 2019/20.

6.2.3. In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to local government retaining 100% of the rates that they received (subsequently being revised to a 75% scheme) with an end to Revenue Support Grant.

6.2.4. There remains uncertainly surrounding how the new system will be phased in and in what form. Following invitation from DCLG, Staffordshire Authorities made an application to become a pilot area for the Business Rates Retention scheme. The application was unsuccessful for 2018/19, but an application has been submitted again to the MHCLG for the 2019/20 75% pilot. For the purpose of the MTFP, no financial assumptions have been included based on the proposed new system or potential pilots, these will be fed into the plans once we have more certainty around how the new system will operate.

6.2.5. The MTFP anticipates that Business Rates retention will be above the baseline. Net income is somewhat suppressed due to the award of reliefs including increased small business rate relief including the changes in thresholds, multiplier cap, supporting small businesses and local discretionary relief; and the increase in the provision for RV reductions on successful appeals. To compensate for the loss of business rates income resulting from the reliefs, funding has to date been made available to Councils under Section 31 of the Local Government Act 2003. The MTFP assumes both the extension of reliefs and Section 31 grants will continue.

6.2.6. Changes in the level of the Council's business rates will be impacted by a range of factors, including the Staffordshire 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 known and expected changes to the business rates listing.

Business Rates Retention	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£	£	£	£
In year:				
Baseline Funding	(2,578,520)	(2,635,710)	(2,694,170)	(2,753,930)
Achievement against Baseline	361,340	308,920	(139,990)	(159,040)
Section 31 Grant	(1,474,700)	(1,470,780)	(1,079,010)	(1,101,260)
Total	**(3,691,880)**	**(3,797,570)**	**(3,913,170)**	**(4,014,230)**
Change between years:				
Business Rates retained	224,840	(109,610)	(507,370)	(78,810)
Section 31 Grant	(386,330)	3,920	391,770	(22,250)
Total	**(161,490)**	**(105,690)**	**(115,600)**	**(101,060)**

6.3. Collection Fund

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

6.3.2. The Collection Fund assumptions regarding council tax remain unaltered from the previous version of the MTFP presented in February 2018. Further work will be carried out over the next few months to update these assumptions. Revised figures will be included in the February 2019 MTFP. At this stage it is expected that Staffordshire Moorlands' share of a surplus, in respect of Council Tax, will be £28,950 in 2019/20.

6.3.3. It is assumed that a deficit, after providing for appeals, of £947,114 will be distributed in 2019/20 in respect of retained Business Rates generated in the current and previous years. Staffordshire Moorlands' share of this deficit will be £378,846. It is assumed the Business Rates element of the collection fund will break even in future years, leaving no surplus or deficit for distribution.

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

Changes in Collection Fund Income	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Council Tax	(1,410)	(11,590)	(3,550)	-
Business Rates	(239,100)	(378,850)	-	-
Total	**(240,510)**	**(390,440)**	**(3,550)**	**-**

6.4. Income from Government Grants

Revenue Support Grant

6.4.1. In October 2015, Government announced the phasing out of Revenue Support Grant (RSG) by 2019/20. Consequently, this iteration of the MTFP reflects receipt of the final tranche of RSG in Year One and nothing thereafter.

6.4.2. In 2016/17 RSG accounted for 12% (£1.25m) of the Council's funding

New Homes Bonus

6.4.3. New Homes Bonus (NHB) is aimed at encouraging local authorities to grant planning permission for the building of new houses, in return for additional revenue.

6.4.4. The bonus is paid on the increase in occupied homes in the District compared with the previous year. This payment is subject to certain conditions:

- The bonus is only paid on development in excess of a national ‘deadweight’ threshold (currently 0.4% of the tax base). This threshold represents the percentage of housing that would have been built anyway. For Staffordshire Moorlands, the current threshold is the equivalent of 173 properties. The Government has indicated that it intends to raise the threshold in 2019/20, but has not announced by how much. Clarification is expected in the settlement announcement in December. This will reduce the value of future New Homes Bonus receipts;
- Once awarded, New Homes Bonus is currently paid for the following 4 years.

6.4.5. Further changes, proposed in the 2016 consultation, have been put on hold to be considered for future implementation. These include:

- Withholding the Bonus from areas where an authority does not have a Local Plan in place; and
- Abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal.

The settlement announcement in December 2018 will confirm whether these measures will be implemented in 2019/20.

6.4.6. This iteration of the MTFP includes total New Home Bonus receipts of £0.93 million over the next 4 years However; these amounts assume no detrimental increase in the Government’s (0.4%) ‘deadweight’ threshold. A modest change in the threshold to 0.5% would reduce this by £240,000 over the life of the Plan.

6.4.7. Based on the latest tax base growth figures, no additional New Homes Bonus receipts have been anticipated for 2019/20. Small additional awards are currently included for Years 2-4 of the Plan, but these are under threat from any detrimental movement in the deadweight threshold referred to above.

6.4.8. The Efficiency and Rationalisation Programme includes £400,000 in additional New Homes Bonus over the next 4 years, arising out of stimulated housing growth. Any detrimental change in the deadweight threshold will make this more difficult to achieve.

6.4.9. The Council’s commitment to encouraging the building of new homes also has the effect of generating additional revenue from an increase in the council tax base. These additional properties may, however, also lead to increased service costs.

Local Council Tax Support Grant

6.4.10. The Council operated a scheme whereby funding received from Central Government in respect of Local Council Tax Support was passed on to the Parishes by means of an annual grant. The allocation of this grant was based on the eligibility of parish residents for Council Tax discounts.

6.4.11. The level of resources made available for this grant has been reduced each year in line with the reduction in overall Government funding suffered by the Authority. The final year of Local Council Tax Support grant funding was 2018/19. No further funding is included for this purpose in the Plan.

Summary of Income from Government Grants

6.4.12. The table below summarises the movement in Government funding from the 2016/17 baseline:-

Government Grant (gain) / loss of funding	2016/17 (baseline)	2017 - 19 (actual)	2019/20 (forecast)	2020/21 (forecast)	2021/22 (forecast)	2022/23 (forecast)
	£	£	£	£	£	£
Revenue Support Grant	(1,246,290)	899,290	347,000	-	-	-
Rural Services Delivery Grant	(14,930)	(22,390)	(11,190)	15,000	15,000	18,510
Transition Grant	-	(4,780)	4,780			
New Homes Bonus	(1,264,390)	582,300	248,420	250,050	580	54,180
Change in Govt Funding	**(2,525,610)**	**1,454,420**	**589,010**	**265,050**	**15,580**	**72,690**

6.4.13. The changes shown in the table above mean that the Government grant funding received by the Council will have reduced to £128,860 by 2022/23, compared to the £2,525,610 received in 2016/17.

6.5. Fees and Charges

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

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

6.5.2. The annual revision of the Council's fees and charges will take place over the next few months, which will also incorporate some of the work undertaken as part of the Income Generation project. The outcome of which will be reported in February.

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

6.5.4. The underlying annual total expected from inflationary increases to fees and charges was set at £25,000 in the MTFP approved in February 2018. This assumption is maintained in this iteration of the Plan, recognising the potential overlap with income generation themes included in the Efficiency Programme.

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

Increased Fees and Changes	2019/20	2020/21	2021/22	2022/23
	£	**£**	**£**	**£**
Revenue from increased Fees and Charges	(25,000)	(25,000)	(25,000)	(25,000)
Total	**(25,000)**	**(25,000)**	**(25,000)**	**(25,000)**

7. Risks, Contingencies & Use of Reserves

7.1. Risk Identification and Management

7.1.1. The early identification and management of risks is critical to the Budget and Medium Term Financial Planning process. Risks 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 C.

7.1.2. Risk areas will be closely monitored and reviewed on an on-going basis and remedial action taken as appropriate.

7.1.3. The table below highlights specific financial risks that are embedded within this Medium Term Financial Plan:

Revenue Risks	Capital Risks
• Inflationary assumptions • Interest rates • Revenue consequences of capital • Housing benefits • Fees and charges • Universal Credit • Business Rates • Council Tax collection • Government grants • Financial benefits from partnerships / shared services • Pension costs • Insurance costs • Waste management costs	• 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 Joint Venture • Suppliers / Contractors • Weather

7.1.4. **Britain's Exit from the European Union**

At this stage it is impossible to predict the impact of the Brexit process on the Authority's finances and financial planning. It has the potential to influence a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities and the demand for and funding of services. Currently the timing and direction of Brexit's influence on these areas is a matter of debate. To give an idea of the potential financial consequences the table below quantifies the impact on the Authority's current 2018/19 budget had there been a 1% change in its key economic drivers.

Risk item	Impact on MTFP
1 % change in inflation	150,000
1 % change in interest rates	135,000

7.2. Contingencies

7.2.1. 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 Council's financial position.

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

7.2.3. 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. The Council is currently required to hold a general (contingency) reserve of £1,110,000 to meet unforeseen expenditure.

7.3. Use of Reserves and Balances

7.3.1. The February 2018 Medium Term Financial Plan included an £8,180 contribution from General Fund Reserves in 2018/19 in respect of Section 106 (Commuted Sum). The level of Section 106 reserve usage has been revised to £7,700 pa from 2019/20.

7.3.2. The February 2018 MTFP also included the use of General Fund contingency reserves in 2018/19 and 2019/20 necessary to smooth timing differences in the delivery of the Efficiency Programme. The Plan then included an anticipated payment into reserves in both 2020/21 and 2021/22.

7.3.3. The Quarter Two report forecasts that there will be a surplus against budget of approximately £161,530, in which case, there will be a net use of reserves of £639,520 in 2018/19.

7.3.4. Financial assumptions have been updated as part of this plan, but at this stage, no movement to or from reserves have been included (apart from the planned £7,700 draw from the S106 reserve over the 4 years), so the plan remains unbalanced – this will be updated as part of the February 2019 MTFP update. However, based on the deficit/surplus position (as per ANNEX D) the required use of reserves would be some £135,700 more than reported in February 2018:

Reserve / Balance	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	£	£	£	£	£	£
General Fund (use)/contribution to reserves – February 2018	(792,870)	(430,580)	485,100	433,860	0	(304,490)
General Fund (use)/contribution to reserves – November 2018	(639,520)	(797,890)	494,820	392,780	109,620	(440,190)
Change in use of reserves	**153,350**	**(367,310)**	**9,720**	**(41,080)**	**109,620**	**(135,700)**

8. MTFP General Fund Revenue Position

8.1. The medium term general fund revenue position is as set out in the table below, which summaries the impact of the discussions in the previous sections of the report:-

Summary Revenue Position	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.2)	5,680	5,300	25,110	80,540
Interest Rate Changes (section 5.1)	7,510	(31,840)	(44,700)	(2,290)
Inflation Pressures (section 5.2)	438,320	425,910	423,630	431,940
Increased / (Reduced) Budget Demand (section 5.3)	75,550	(95,650)	(2,500)	2,500
Budget Growth (section 5.4)	-	-	-	-
Increased Council Tax Income (section 6.1)	(209,530)	(165,060)	(170,930)	(176,160)
Business Rates Retention (section 6.2)	(161,490)	(105,690)	(115,600)	(101,060)
Changes in Collection Fund Surplus (section 6.3)	(240,510)	(390,440)	(3,550)	-
Reduction in Government Grant (section 6.4)	589,010	265,050	15,580	72,690
Additional Fees and Charges (section 6.5)	(25,000)	(25,000)	(25,000)	(25,000)
Contribution to / (Use of) Reserves & Balances (section 7.3)	793,350	-	-	-
In Year Change in Position	**1,272,890**	**(117,420)**	**102,040**	**283,160**
Existing Efficiency & Rationalisation Plan (section 4.3)	(475,000)	(1,175,290)	-	-
Growth Efficiencies Realised	-	-	-	-
Budget (Surplus) / Deficit	**797,890**	**(1,292,710)**	**102,040**	**283,160**
Cumulative (Surplus) / Deficit	**797,890**	**(494,820)**	**(392,780)**	**(109,620)**

8.2. ANNEX D shows the indicative detailed revenue budget for the period 2019/20 – 2022/23.

9. Consultation

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

9.2. The consultation process for 2019/20 will be undertaken via an online communication available on the Council's website, which summarises the finanicial challenges the Council faces and invites comment on the Plan. There will also be reference included within the December e-newsletter issued by the Regeneration service to local businesses. This will include a brief narrative with links to on-line information.

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

9.4. Going forward, the Council will be developing a timetable of consultation, which will focus on specific emerging issues that potentially have a significant impact on the Council's finances over the medium term.

ANNEX A

Proposed Capital Projections (2018/19 to 2022/23)

Capital Schemes	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£	£	£	£	£	£
Asset Management Plan						
Public Buildings	398,360	946,900	-	-	105,000	1,450,260
Car Parks	150,000	316,710	218,000	-	676,930	1,361,640
Public Conveniences	-	135,220	42,900	-	53,900	232,020
Infrastructure/Waterways	-	209,270	62,000	105,000	-	376,270
Leisure Centres	200,000	-	-	1,822,780	514,000	2,536,780
Depots & Park Buildings	45,000	89,000	70,570	613,190	34,720	852,480
Industrial Units	-	80,380	-	-	-	80,380
	793,360	1,777,480	393,470	2,540,970	1,384,550	6,889,830
Affordable Housing Project	-	-	-	-	-	-
Growth Fund	-	-	-	-	-	-
Private Housing Grants	1,241,650	1,211,000	1,211,000	1,211,000	1,211,000	6,085,650
ICT Projects	19,390	19,390	19,390	19,390	-	77,560
Other Schemes						
Conservation	55,520	50,000	50,000	50,000	-	205,520
Other Housing Projects	-	-	-	-	-	-
Street Scene & Depots	-	-	-	-	-	-
Outdoor Sports Facilities	-	-	-	-	-	-
Public Parks/Play Facilities	550,000	100,000	-	-	-	650,000
Fleet Management	2,084,890	-	-	-	-	2,084,890
Market Town Regeneration	50,000	-	-	-	-	50,000
	2,740,410	150,000	50,000	50,000	-	2,990,410
TOTAL PROGRAMME	**4,794,810**	**3,157,870**	**1,673,860**	**3,821,360**	**2,595,550**	**16,043,450**
CONTRIBUTIONS	1,238,390	1,211,000	1,211,000	1,211,000	1,211,000	6,082,390
NET PROGRAMME	**3,556,420**	**1,946,870**	**462,860**	**2,610,360**	**1,384,550**	**9,961,060**

ANNEX B

Summary of Approved Efficiency and Rationalisation Strategy (February 2017)

Efficiency	2017/18	2018/19	2019/20	2020/21	TOTAL
	£'000	£'000	£'000	£'000	£'000
Major Procurements					
Ansa Joint Venture	100	200	100	100	500
Leisure Centres	-	-	-	500	500
Facilities	-	75	-	-	75
	100	**275**	**100**	**600**	**1,075**
Asset Management					
Asset Rationalisation	50	50	25	25	150
	50	**50**	**25**	**25**	**150**
Growth					
Housing Growth	50	50	150	150	400
Business Growth	15	50	50	150	265
Industrial Units	-	50	50	-	100
	65	**150**	**250**	**300**	**765**
Income Generation					
Fees & Charges	125	175	100	250	650
Affordable Housing	100	100	-	-	200
Advertising / Sponsorship	30	30	-	-	60
Commercial Property	-	50	-	-	50
Enhanced Trading	50	-	-	-	50
	305	**355**	**100**	**250**	**1,010**
Rationalisation					
Management Staffing	100	-	-	-	100
Channel Shift	-	-	-	-	-
Service Rationalisation	41	-	-	-	41
	141	**-**	**-**	**-**	**141**
TOTAL	**661**	**830**	**475**	**1,175**	**3,141**

ANNEX C

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	Effective governance arrangements in place to monitor plans. Executive Directors and Senior Managers own delivery of efficiencies. Executive Director (Transformation) appointed as programme director.
Programme Delivery	A number of the efficiency / rationalisation initiatives are not achieved	Structured project management approach is in place for delivery including effective exception reporting The strategy is kept under constant review Identification of further efficiency / rationalisation opportunities through benchmarking / effective member working groups
Political Support	Lack of Members support for Plan.	Regular reporting and member briefings including effective scrutiny arrangements

ANNEX D

Proposed Revenue Projections (2019/20 to 2022/23)

Budget Heading	2019/20 Projection	2020/21 Projection	2021/22 Projection	2022/23 Projection
	£	£	£	£
Employees	6,800,120	7,041,570	7,313,880	7,591,500
Premises	2,252,420	2,233,600	2,275,090	2,317,370
Transport	404,260	404,660	407,490	410,340
Supplies & Services	5,946,300	6,053,530	6,158,030	6,269,720
Benefits	5,010	5,010	5,010	5,010
Borrowing	340,500	400,320	421,590	501,920
Parish Grant re Council Tax Support	0	0	0	0
Financing Costs	621,900	621,900	621,900	621,900
Total Expenditure	**16,370,510**	**16,760,590**	**17,202,990**	**17,717,760**
Fees and Charges / Other Income	(5,181,810)	(5,206,810)	(5,231,810)	(5,256,810)
Interest Receipts	(93,470)	(150,190)	(191,050)	(193,130)
Ascent LLP Income	(581,360)	(611,000)	(611,000)	(611,000)
Recharges	0	0	0	0
Net Expenditure	**10,513,870**	**10,792,590**	**11,169,130**	**11,656,820**
Council Tax	(5,409,120)	(5,574,180)	(5,745,110)	(5,921,270)
Revenue Support Grant	0	0	0	0
Business Rates Retention	(3,691,880)	(3,797,570)	(3,913,170)	(4,014,230)
Rural Service Delivery Grant	(48,510)	(33,510)	(18,510)	0
New Homes Bonus	(433,670)	(183,620)	(183,040)	(128,860)
Earmarked Reserves	(7,700)	(7,700)	(7,700)	(7,700)
Contingency Balances	0	0	0	0
Collection Fund	349,900	(40,540)	(44,090)	(44,090)
Total Financing	**(9,240,980)**	**(9,637,120)**	**(9,911,620)**	**(10,116,150)**
Cumulative Deficit / (Surplus)	**1,272,890**	**1,155,470**	**1,257,510**	**1,540,670**
Efficiency Requirement (cumulative)	(475,000)	(1,650,290)	(1,650,290)	(1,650,290)
Growth Efficiencies realised (cumulative)				
Deficit / (Surplus)	**797,890**	**(494,820)**	**(392,780)**	**(109,620)**