APPENDIX A

HIGH PEAK BOROUGH COUNCIL

MEDIUM TERM FINANCIAL PLAN 2019/20 to 2022/23

November 2018

INDEX

1. INTRODUCTION

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

1.2. The medium-term financial planning process establishes how available resources will be allocated to services in line with the Council's priorities which have been determined following consultation with residents, councillors and other stakeholders. The process facilitates the Council in planning the prudent management of its finances, in building resilience and in providing for the needs of residents over the long term.

1.3. The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing plan and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 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 last 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 High Peak.

2.4. The Council's Corporate Plan has been developed after taking into account the views and aspirations of High Peak 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 July 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 is now in the last year of the current Corporate Plan, with High Peak Borough Elections taking place in May 2019.

2.7. The Council's vision is expressed as:

"Delivering excellent services to High Peak residents and demonstrating value for money"

This vision is articulated further by four aims:

- Help create a safer and healthier environment for our residents to live and work
- Meet financial challenges & provide value for money
- Support economic development & regeneration
- 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 residents to live and work	• Effective relationship with strategic partners • Fit for purpose housing stock that meets the needs of tenants • Effective support of community safety arrangements • Provision of high quality leisure facilities
2	Meet its financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure our services are easily available to all our residents in the appropriate channels and provided 'right first time' • A high performing and highly motivated workforce • More effective use of Council assets

	Aim	Objectives
3	Support economic development and regeneration	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Promote tourism • High quality development and building control with an 'open for business approach'
4	Protect and improve the environment	• Effective recycling and waste management • 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. The priorities for the Council's influencing role will be focused in the following areas:

- Work with the private sector on regeneration schemes including the Crescent
- Press for more regular and faster rail links and road infrastructure
- Provision of accessible health and social care
- Support the police in dealing with anti social behaviour
- Work with partners to bring additional funding into the Borough

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

	Aim	Priority Outcomes
1	Help create a safer and healthier environment for our residents to live and work	• Good quality social housing provision • Improved health
2	Meet financial challenges and provide value for money	• Balanced and sustainable medium term financial position • Council services provide value for money • High level of resident and customer satisfaction
3	Support economic development and regeneration	• 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

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

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

3. CURRENT SPENDING LEVELS

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

General Fund Revenue Budget

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

Income and Expenditure	2018/19 Budget
	£
Employees	13,143,140
Premises	4,383,410
Transport	848,180
Supplies & Services	9,824,360
Benefits	82,460
Borrowing	1,694,500
Parish Grant	51,320
Financing Costs	191,000
Total Expenditure	**30,218,370**
Fees and Charges / Other Income	(11,835,770)
Interest Receipts	(139,940)
Capital Recharges	(231,240)
HRA Recharges	(7,035,080)
Net Expenditure	**10,976,340**

3.3. The net expenditure is financed as follows:

Financing	2018/19 Budget
	£
Council Tax	(5,629,940)
Government Funding	-
New Homes Bonus	(531,810)
Business Rates Retention	(3,491,470)
Collection Fund Deficit	1,037,070
Contribution to / (from) Reserves & Balances	(1,811,090)
Efficiency Requirement	(549,100)
Total Financing	**(10,976,340)**

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 (2018/19) Housing Revenue Account budget can be summarised as follows:

Budget Heading	2018/19 Budget
	£
Repairs & Maintenance	3,905,060
Supervision & Management	3,201,800
Rates, Rents, Taxes, Charges	105,200
Other Operating Expenditure	712,110
Depreciation & Impairment Charges	2,099,030
Interest & Debt Management Charges	2,904,200
HRA Contribution to Capital Programme	1,744,610
Total Expenditure	**14,672,010**
Dwellings Rents	(14,230,620)
Non - Dwelling Rents & Other Income	(617,730)
Total Income	**(14,848,350)**
Original (Surplus) / Deficit for year	**(176,340)**
Additional HRA Contribution to Capital Programme	323,480
Revised (Surplus) / Deficit for year	**147,140**

3.5.1. Following approval to carry forward capital schemes of £115,000 from 2017/18 and a further increase to the 2018/19 programme of £208,480 in order to fund the purchase of fleet vehicles, the original in year surplus of £176,340 has been revised to the current in year deficit position of £147,140.

General Fund Capital Budget

3.6. The medium-term projection for General Fund capital commitments approved by Council in February 2018 is detailed below:

Service Area	201718	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£	£	£
New Housing Schemes	142,000	301,050	597,000	340,000	340,000	**1,720,050**
Asset Management Plan	3,221,360	2,738,440	2,452,640	455,000	2,137,800	**11,005,240**
Housing Grants	443,510	482,730	421,000	421,000	421,000	**2,189,240**
ICT Strategy	104,310	9,640	9,640	9,640	9,640	**142,870**
Other Schemes	264,470	406,370	325,000	45,000	45,000	**1,085,840**
Total Programme	**4,175,650**	**3,938,230**	**3,805,280**	**1,270,640**	**2,953,440**	**16,143,240**
Financed by:						
External Contributions	508,990	482,730	421,000	421,000	421,000	2,254,720
Capital Receipts	142,000	801,050	787,000	849,640	750,000	3,329,690
Capital Reserve	-	-	-	-		**-**
S106 Planning Obligations	-	-	-	-		**-**
Borrowing	3,524,660	2,654,450	2,597,280	0	1,782,440	10,558,830
Total Financing	**4,175,650**	**3,938,230**	**3,805,280**	**1,270,640**	**2,953,440**	**16,143,240**

Housing Revenue Account Capital Budget

3.7. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2018 was as follows:

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£	£	£	£		£
Asset Management works	3,652,200	3,638,000	3,441,000	3,441,000	3,441,000	17,558,200
Repairs Team Capital works	395,000	413,000	395,000	395,000	395,000	1,993,000
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	555,000
Total Programme	**4,147,200**	**4,151,000**	**3,936,000**	**3,936,000**	**3,936,000**	**20,106,200**
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	2,099,030	10,495,150
HRA Contribution	1,659,170	1,644,610	1,775,970	1,836,970	1,836,970	8,753,690
Capital Receipts	389,000	307,360	61,000	-	-	757,360
Major Voids Reserve	-	100,000	-	-	-	100,000
Total Financing	**4,147,200**	**4,151,000**	**3,936,000**	**3,936,000**	**3,936,000**	**20,106,200**

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

4.1.2. The delivery of transformation programme projects is monitored by a Transformation Board made up of Directors, 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 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

General Fund Capital Programme

4.3.1. The General Fund Capital Programme approved by 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
	£	**£**	**£**	**£**	**£**	**£**
Housing	178,000	597,000	667,000	667,000	667,000	2,776,000
Asset Management	2,332,990	3,612,430	405,000	2,129,160	1,351,830	9,831,410
Growth Fund	-	-	-	-	-	-
Housing Grants	615,650	421,000	421,000	421,000	421,000	2,299,650
ICT Strategy	9,640	9,640	9,640	9,640	-	38,560
Other Schemes	2,975,260	325,000	45,000	45,000	-	3,390,260
Total Programme	**6,111,540**	**4,965,070**	**1,547,640**	**3,271,800**	**2,439,830**	**18,335,880**
Financed by:-						
External Contributions	615,650	421,000	421,000	421,000	421,000	2,299,650
Capital Receipts/Reserves	986,480	887,000	1,126,640	1,527,360	767,000	5,294,480
General Fund Balances	387,710	-	-	-	-	387,710
S106 Planning	-	-	-	-	-	-
Borrowing	4,121,700	3,657,070	-	1,323,440	1,251,830	10,354,040
Total Financing	**6,111,540**	**4,965,070**	**1,547,640**	**3,271,800**	**2,439,830**	**18,335,880**

4.3.3. The capital projections above include the carry forward of £897,650 capital budgets from 2017/18 and an increase to the 2018/19 programme of £2,547,070 (to fund the purchase of operational fleet) as approved by Executive in April 2018.

Housing Revenue Account Capital Programme

4.3.4. The Housing Revenue Account Capital Programme approved by 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.

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£	£	£	£	£	£
Asset Management works	3,469,000	3,903,000	3,903,000	3,903,000	3,903,000	19,081,000
Repairs Team Capital works	295,000	295,000	295,000	295,000	295,000	1,475,000
Asset Purchases	208,480	-	-	-	-	208,480
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
Total Programme	**4,072,480**	**4,298,000**	**4,298,000**	**4,298,000**	**4,298,000**	**21,264,480**
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	2,099,030	10,495,150
HRA Contribution	1,566,090	2,137,970	2,198,970	2,198,970	2,198,970	10,300,970
Capital Receipts	307,360	61,000	-	-	-	368,360
Major Voids Reserve	100,000	-	-	-	-	100,000
Total Financing	**4,072,480**	**4,298,000**	**4,298,000**	**4,298,000**	**4,298,000**	**21,264,480**

4.3.5. The capital projections above include the carry forward of £115,000 from 2017/18 and an increase to the 2018/19 programme of £208,480 (to fund the purchase of operational fleet) as approved by Executive in April 2018.

Asset Management Plan (AMP) – General Fund

4.3.6. It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. 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.

4.3.7. A stock condition survey was undertaken on the Council's property assets in 2016. Subsequently, a report detailing the outcomes and actions emerging was presented to the Executive in July 2016. This included the potential capital and revenue financial implications of maintaining the Council's current property assets over a 30-year period. This has then been regularly reviewed and updated to take account of any changes and updates to stock information since July 2016.

4.3.8. The surveys 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.

4.3.9. 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

4.3.10. The current 30 year programme includes significant early investment in key public buildings: Pavilion Gardens, Buxton Town Hall and Glossop Halls.

4.3.11. Options are being explored for an alternative usage for Buxton Town Hall which aim to reduce the investment required and realise savings.

4.3.12. The roofing works at Glossop Town Hall are now progressing utilising the £2million provision in the capital programme. A second bid is being progressed for external funding towards the wider Glossop Halls renovation project.

4.3.13. The phase 1 Pavilion Gardens project to undertake works required to the Octagon building is now partially complete. The resultant revenue implications of borrowing for this scheme have consequently increased the subsidy required by the Council to operate the facility. Therefore, a tender exercise for a concession contract has taken place to identify if the overall subsidy can be reduced if the facility was run by an external operator. An external operator has now been awarded the concession contract – aiming for a handover date of 1st January 2019.

4.3.14. Phase two works at Pavilion Gardens (as detailed in a report to the Executive on 21st July 2016) are now being considered for progression in liaison with the new Operator – in an attempt to coincide with internal works they are proposing as part of the concession contract. A provision for these works is already included in the capital programme, however, the severity and urgency of the works required is now being reviewed to ascertain the timing (in liaison with the new Operator) and overall budget requirement

4.3.15. 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 <u>July 2016</u>**:-

HPBC - Capital Investment Required	**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**
Revenue Consequences	**295,619**	**592,838**	**888,457**

4.3.16. 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.

4.3.17. 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.

4.3.18. The table below reflects the updated capital investment requirements as at February 2018, adjusted for 2017/18 actual outturn and any in-year re-profiling that has taken place in 2018/19- which increases the forecast capital spend by £239,611 over the 30 years from the original position.

HPBC AMP Capital Investment & Revenue Consequence	**2016-17 (Actuals) £**	**2017-18 (Actuals) £**	**MTFP***		**2023-24 – 2045-46 (23 years) £**	**TOTAL £**
			2018-19–2021-22 (existing MTFP) £	**2022/23 (new year MTFP) £**		
Public Buildings	339,450	2,124,080	5,208,980	-	5,901,048	13,573,558
Car Parks	-	87,080	123,930	502,530	3,130,933	3,844,473
Public Conveniences	-	4,970	222,610	188,100	633,600	1,049,280
Waterways/Infrastructure Assets	51,280	170,680	1,177,890	100,000	905,000	2,404,850
Leisure Centres	540	72,850	1,746,170	524,000	5,521,775	7,865,335
Depots and Parks Buildings	-	5,400	-	37,200	1,264,585	1,307,185
TOTAL	**391,270**	**2,465,060**	**8,479,580**	**1,351,830**	**17,356,941**	**30,044,681**
Revenue Consequences	**-**	**18,740**	**294,490**	**65,230**	**466,290**	**844,750**

**The current MTFP capital programme costs of the AMP include approved carry forwards from 2017/18, projected spend in 20187/18,revised estimates for 2018/19-2021/22& additional estimated costs of maintaining the asset portfolio in 2022/23*

4.3.19. The Chartered Institute of Public Finance Accountancy (CIPFA) Property Team have 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.

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

Asset Management Plan (AMP) - Housing

4.3.21. The Executive agreed to complete a full condition survey on the Council's portfolio of housing properties by March 2019. The previous stock condition survey was undertaken in 2012 and was based on a 20% sample of properties.

4.3.22. It was recognised that reliable and up-to-date stock condition data is critical for investment planning and consequently it was agreed to undertake a phased prioritised approach to assessing the condition of the stock to validate the data currently held. This was based on property type and phased in the following way:

- Phase 1 – Non Traditional properties
- Phase 2 – Sheltered Accommodation
- Phase 3 – Large town concentrations of stock
- Phase 4 – Rural Stock

4.3.23. The stock condition surveys have now been completed, validated and assessed. A report was approved by Executive on 11th October 2018 which set out the stock condition process undertaken, results obtained and the financial consequences.

4.3.24. The HRA four-year capital programme proposed within this update is based on the stock condition surveys results (straight-lined over the 30 years). This is currently based on an 'average' annual amount, based on the total estimated spend requirements over the 30 years.

4.3.25. The actual stock condition survey results suggested that a lower level of capital spend was required in the earlier years of the 30 year Business Plan. However, it is intended that there is an early focus on improving SAP energy ratings and a potential reprofiling of works – hence a 'straight-lined' capital allocation has been included at this stage.

4.3.26. From the work undertaken at this point, the stock condition results appear affordable with the 30-year HRA business plan. However, an updated version of the 30 year HRA Business Plan, taking account of the stock condition results as well as other financial updates will be presented alongside the Budget and MTFP in February 2018 to demonstrate affordability.

Buxton Crescent

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

4.3.28. The Buxton Crescent Heritage Trust already occupies the Pump Room under a licence agreement from the developers prior to being granted a full tenancy upon completion of the capital project. This early occupation allows the trust to run events in the building to raise funds and to fit out as the hub for the proposed visitor centre as well as the Tourist Information Centre (TIC) which will be relocated from the Pavilion Gardens. Current plans are for the TIC to open in February with the visitor centre opening later in the year.

4.3.29. The main contract to convert the Crescent and the Natural Baths into the hotel and spa is progressing well with a programmed completion in Autumn 2019.

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

4.3.31. In addition, the Council is currently considering the provision of a loan as part of the Crescent development subject to the terms set out in the Individual Executive Decision Report released on 24th October 2018 (confidential exempt information by virtue of paragraphs 3 and 5 of Part 1 of schedule 12A to the Local Government act 1972)

4.3.32. Funding arrangements are in place for the project, however, it remains necessary to identify the potential financial risks to the Council if the project failed to complete. The corresponding financial risks relate to mothballing costs and ongoing maintenance requirements of the building over a 5-year period (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site). Estimated costs are shown below:

Costs	HPBC Liability Cost over 5 years
	£
Mothballing costs (security, insurance, utilities)	257,500
Maintenance Costs	1,600,000
TOTAL	**1,857,500**

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

Housing Grants

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

4.3.35. 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.

4.3.36. The mechanism for the payment of funds from the fund holder to the Borough Council year on year is now governed through the BCF Commissioning Group, which makes the award based on the newly developed Assurance Plans submitted annually by each Council. The Plans outline how the allocated budget will be spent; including any discretionary or innovative schemes agreed between the Councils and the County Council and identifies the monitoring programme. The Plan requires a quarterly progress update submission to the Commissioning Group, and these updates will inform the discussion around the subsequent year's allocation.

4.3.37. Currently, demand for mandatory funding at High Peak exceeds the value of the funding awarded, so provided spend is in line with commitment through the year, it is unlikely that the funding will be reduced. At the current rate of approval, it is anticipated that the 2018/19 allocation will be fully committed in year. It may be, however, that High Peak will need to consider investing funds at a local level in future years, over and above the allocation for mandatory grants, should the level of demand continue to increase and if new discretionary or innovative schemes are to be funded.

ICT Strategy

4.3.38. 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 – progress made will feed into the next update of the MTFP.

4.3.39. 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 infrastratucture 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.

4.3.40. 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

4.3.41. 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.

- *Accelerated Housing Delivery Programme / Land Disposal Strategy (see 4.2.41)*

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

- *Third Party Loans*

The Council is currently considering the provision of a loan as part of the Buxton Crescent development (see 4.2.31).
A request has also been made by the new Operator of the Pavilion Gardens concession contract for the Council to provide a loan to fund part of the internal works. Due diligence is currently underway to assess any alternative options, loan terms required, security offered and consequent applicable interest rate based on risk.

Land Disposal Strategy

4.3.42 A report was approved by Executive on 9th August 2018 which set out the Council's Land Disposal Strategy. The purpose of the report was to consider the outcomes from a review of the Council's strategic land holdings and to agree a strategy for taking forward a programme of disposals.

4.3.43 The aim of which is to encourage development and generate capital receipts – benefiting the Council through revenue income growth and reduced borrowing.

4.3.44 A forecast timeframe for the realisation of capital receipts was included in the report. The Council is currently reviewing and updating this to provide the latest position for those land disposal sites where a capital receipt is anticipated within the next four years (i.e. the MTFP timeframe). The updated capital receipts projections will then be included within the Budget and MTFP to be presented in February 2018.

Funding the Capital Programme

4.3.45 The capital programme can be funded from a number of options which include external grants and contributions from third parties, comprising of Government and lottery funding streams; capital receipts from asset sales as part of the asset management plan and sale of council dwellings; earmarked revenue reserves and a planned annual contribution from the Housing Revenue Account to finance construction of and improvements to council dwellings.

4.3.46 Borrowing is undertaken to fund the shortfall after the other capital resources have been used. The current programme includes estimates of external funding of £2.3m towards General Fund projects; reserves of £1m; capital receipts of £4.68m (£1.91m General Fund + £2.77m 1-for-1 1RTB), plus £0.368m HRA capital receipts; Housing Revenue Reserves of £3.765m are forecast to be applied in 2018/19 and a further £17.131million of Housing Revenue Reserves over the following four years (subject to review – see 4.3).

4.3.47. Borrowing is the main funding option for the General Fund programme at £10.354m. 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.

4.3.48. The capital receipts applied to the General Fund include the one-for-one right-to-buy element used to fund capital expenditure on new housing properties. Under Government guidelines, these receipts can only represent 30% of overall expenditure, with a further 70% being required to be allocated. The current strategy is to fund this via a third party, i.e. a social housing landlord or developer, with the third party organisation providing the additional 70% expenditure.

4.3.49. The HRA can also apply capital receipts which are not subject to the same restrictions as the one for one receipts to the overall capital programme. Therefore these un-ring-fenced receipts have been applied to the overall HRA capital programme as a source of funding. There remains a balance held on un-ring-fenced capital receipts which can be applied to future spending. This will be reviewed as part of the HRA Business Plan update.

4.3.50. There remains a balance of £100,000 within the general fund 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. Similarly, an increase in the contribution to capital is proposed where it is best value to do so for the HRA.

Revenue Consequences of the Capital Programme

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

Revenue Consequences	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
Borrowing Costs	287,500	340,340	285,350	330,070
Other (Income)/Expenditure				
General Fund	**287,500**	**340,340**	**285,350**	**330,070**
HRA contribution to Capital	471,880	61,000	-	-
Borrowing Costs	-	-	-	-
Housing Revenue Account	**471,880**	**61,000**	**-**	**-**

4.4. Housing Revenue Account review

Background

4.4.1. In 2014, the Council made a commitment in its Corporate Plan to undertake a fundamental review of the Housing Revenue Account (HRA) business plan.

4.4.2. In 2015, government announced far reaching legislative and financial changes for the social housing sector, which have had significant implications for the Council and in particular a negative financial impact on the HRA. The financial impact of these changes, the most significant being the 1% rent reduction imposed over 4 financial years, is approximately £2.2 million by 2020/21.

HRA Business Plan Sub-Committee

4.4.3. The development of the business plan is being undertaken through a sub-committee established by the Corporate Select Committee. The work commenced in June 2016 and is expected to result in an updated sustainable business plan in preparation for the February 2019 Budget and MTFP update.

4.4.4. Given the significance of the financial position there has been an early focus on areas where reductions in financial provisions in the HRA can be made or additional income can be generated in order to ensure that the longer term financial position can be brought into balance.

Financial Position

4.4.5. The MTFP summarises the latest financial forecasts and provides a detailed summary of the financial position from 2019/20 to 2022/23.

4.4.6. The original forecast 4-year deficit upon the announcement of the social sector rent reduction was some £2.2 million, which had been reduced to £770,430 (taking into account savings already achieved) by the end of 2020/21 as part of the MTFP presented in February 2017.

4.4.7. The HRA Financial Improvement Plan - which was presented alongside the MTFP in February 2017 – identified a further £1.2m in savings to be achieved over a four year period (see Annex B). The anticipated timing of the realisation of savings and further detail are shown within section 4.4.

4.4.8. Building in the £1.2 million savings plan, the HRA was now showing a surplus position by 2021/22. However, this assumed a continuation of a reduced annual capital programme of £3.9million.

4.4.9. The current 30-year HRA business plan is based upon capital expenditure that is derived from the previous stock condition information. The plan also currently makes provision to repay outstanding debt at £1million per annum from 2018/19 (a reduction from the current £1.2million per annum as proposed in the HRA working group report presented in January 2018)

4.4.10. However, the stock condition surveys have now been completed and therefore the 30 year capital programme estimated requirements are now understood. The capital programme in this iteration of the MTFP has been updated to reflect the revised figures.

4.4.11. The updated position now shows an estimated surplus of £365,580 by the end of 2022/23.

4.4.12. The 30 year business plan will also be updated with the inclusion of information coming out of the stock condition surveys along with other updated financial information. This will then be presented alongside the February 2019 Budget and MTFP.

4.5. Efficiency & Rationalisation Programme

General Fund Efficiency Programme

4.5.1. The current Efficiency and Rationalisation Strategy was approved by Members in February 2017, which identified a programme of £2.1 million (including £431,200 in unachieved efficiencies from the previous efficiency programme) in savings to be made over the period 2017/18 – 2020/21.

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

4.5.3. The strategy 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.

4.5.4. 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 Staffordshire Moorlands. The individual projects will focus on Waste Collection & Environment Services, Leisure Management and Facilities Management
- **Asset Management Plan** – continuation of the existing priority of rationalising the Council's asset base with a focus around priorities in order to allow for the necessary capital investment
- **Growth** – development of a clear focus upon housing and economic growth based upon the established Local Plan.
- **Income Generation** – focus on increasing the yield from existing sources on income and a drive towards identifying new sources of income
- **Rationalisation** – a commitment to reducing expenditure on non-priority areas of spend e.g. management arrangements, channel shift, non-statutory services

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

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

4.5.6. The £310,000 2017/18 target was achieved, and to date savings of £345,650 have been realised against the 2018/19 efficiency target. At this stage, it is estimated that there will be a potential shortfall of approximately £100,000 anticipated against the 2018/19 efficiency target (as per the Quarter 2 Financial Report)

4.5.7. 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.

4.5.8. 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 as a result of implementing the Local Plan.

HRA Efficiency Programme

4.5.9. When setting the budget in February 2017, the HRA was in a deficit position of £770,430 by the end of 2020/21 due to the consequences of the four year 1% rent reduction.

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

4.5.11. A HRA Review Progress report was presented to the HRA working group in April 2017 which further developed and provided more detail on the savings programme and likely profiling for the realisation of savings:-

HRA Review Focus	**Savings Description**	**Potential Annual Reduction**			
		2017/18	**2018/19**	**2019/20**	**2020/21**
Capital Financing	Initial reduction in voluntary repayment of debt (currently £1.25 million per annum) – to be benchmarked – maximum annual reduction	250,000			
	*Further reduction dependent on stock condition survey information – i.e. if an increase in capital expenditure is required, reduction in MRP could offset		*potential further reduction		
Rental Income – introduction of new rent policy	New tenancies – commence at higher of 'social rent rate or 'assumed rent rate' (less 1% during rent reduction period) plus any service charges where calculated		30,000	30,000	30,000
	Review of services charges – ensuring full cost is rechargeable by accurately recording costs associated with specific properties/reducing costs of services provided De-pooling basic rent and service charges		5,000	5,000	

	Review of leasehold management arrangements (service charges) – to ensure we reflect the cost of providing services in the charging process and/or to highlight where costs are high and the service provided requires review		10,000	10,000	
	Other, for example: - annual rent amendments carried out in-house removing of consultant - review of payment methods - maximising garage rental income - Repairs recharges – ensuring all rechargeable repairs are billed correctly		15,000	15000	
Staffing structures – service review process	Post service review completion, removal of vacancies where responsibilities are now covered by joint service arrangements	200,000			
Repairs and Maintenance – overall reduction in expenditure	Productivity improvements (review of processes internally) increased on-contract expenditure, capturing back office savings post service review	85,000	50,000		
	Implementation of an alternative service delivery model and / or further improvements in productivity and procurement savnigs				150,000
ICT Costs – reduction in costs	Streamlining of systems, saving annual license/software fees, removing duplication and releasing Officer time. Focus on using the remaining systems more effectively.	25,000	25,000		
Voids review	Increased income from improvements in voids turn around times and review of tenancy commencements	20,000	20,000		
	Reduction in expenditure from a review of voids maintenance works carried out	30,000	30,000		
Tenancy Arrangements	Review of tenancy and neighbourhood management processes	15,000			
Stock Condition surveys	Disposal of surplus stock after consideration of net present value assessment following completion of stock condition survey				150,000
Total Annual Saving		**625,000**	**185,000**	**60,000**	**330,000**

4.5.12. Savings against the 2017/18 target of £625,000 were realised.

4.5.13. In addition, a report was presented to the HRA working group which proposed a reduction to the annual voluntary minimum revenue provision (MRP) payment of £1.25million – which is set aside to repay debt. A reduction of £245,000 was proposed on a temporary 4 year basis to support with the realisation of the Financial Improvement Plan. This included an option to apply additional MRP if an in year surplus was achieved.

4.5.14. Therefore, by applying the £245,000 reduction to annual MRP, this achieves the 2018/19 and 2019/20 efficiency targets. Therefore the Financial Improvement Plan was re-profiled in February 2018 on this basis:-

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

4.5.15. By including the four-year HRA Financial Improvement Plan targets as above and updating the capital programme based on the stock condition survey information, this results in a £365,580 surplus position by the end of 2022/23.

4.5.16. As discussed, an updated version of the 30 year HRA Business Plan will be presented in February 2019.

4.6. Member Priority Projects

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

Member Priority Projects	**Financial Implications**			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not known
Leader				
Review and improve our relationships with Strategic Partners Continue to influence the provision of accessible health and social care services through the Council's Scrutiny work programme	N			
Parks, Leisure & Recycling				
Establish a developer open space contributions plan	Y			✓
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	✓		
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 High Peak	N			
Finance & Corporate Services				
Benchmark and review the Council's approach to customer complaints as part of the introduction of a new automated management system for complaint handling and reporting	N			
Deliver the Channel Shift Programme	Y	✓		
Undertake detailed process benchmarking with high performing / low cost councils with a view to identifying value for money improvements for Housing Benefit processing	Y			✓
Develop and implement a plan to identify new and innovative ways of generating income	Y			✓
Refresh and implement the Asset Management Plan, including a review of public estate, and ensure adequate facilities management arrangements are in place	Y	✓		
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	✓		

Tourism, Regeneration & Licensing				
Market test the commercial operation of the Pavilion Gardens, including a review of the Tourist Information Centre and Tourism Service	Y	✓		
Together with partners work for the delivery of the Crescent development	Y	✓		
Support the development of Glossop Halls	Y	✓		
Support the development of Torr Vale Mill	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			✓
Implement the accelerated business growth and employment programme	Y	✓		
Housing				
Complete and implement a Housing Management and Revenue Plan	Y	✓		
Implement the accelerated housing delivery programme	Y	✓		

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

4.7 Alliance Environment Service (AES)

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

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

4.7.3 Phase 2 of the transfer of services commenced on 1st July 2018 with the transfer of all fleet management. 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. £64,000 was achieved in savings in 2017/18.

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 £82,960 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 any 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, and the refinancing assumptions, changes in investment income and borrowing costs are highlighted below:

	2019/20	2020/21	2021/22	2022//23
	£	£	£	£
General Fund				
Changes in Investment Income	(41,360)	(42,800)	(110,990)	4,390
Changes in Borrowing Costs	(120,430)	(167,870)	(277,520)	(345,680)
HRA				
Changes in Investment Income	(56,610)	(54,870)	(18,430)	12,690
Changes in Borrowing Costs	(7,500)	340	14,130	(62,310)

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 have 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.

Inflationary Changes	2019/20	2020/21	2021/22	2022//23
	£	£	£	£
Employee Costs	341,600	272,500	269,150	260,250
Premises Costs	134,410	106,160	103,690	99,220
Transport	12,090	10,430	11,430	11,760
Supplies and Services	192,030	175,220	167,130	168,590
In-Year Inflation Pressure	**680,130**	**564,310**	**551,400**	**539,820**
General Fund	464,690	375,930	374,890	382,390
Housing Revenue Account	215,440	188,380	176,510	157,430

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 increases and decreases 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	2022/23
	£	£	£	£
HRA pension past service deficit costs	(24,400)	(25,400)	(20,000)	(21,000)
Uniforms – Customer Services (cyclical)	(2,500)	2,500	(2,500)	2,500
Pavilion Gardens – Octagon closure	(59,000)	-	-	-
DWP – HB administration grant reduction	24,000	-	-	-
Local Council Tax Support administration grant	4,000	-	-	-
End of WW1 commemorations	(11,000)	-	-	-
NDR – Transitional rate relief removal	31,000	-	-	-
War Memorial repair – Whaley Bridge	50,000	(50,000)	-	-
Depot rent review – Waterswallows	10,000	-	-	-
Vacated buildings – Residual costs	16,500	(16,500)	-	-
Car park re-lining	10,700	10,500	-	-
AES – fuel price base growth	12,500	-	-	-
Total – General Fund	**61,800**	**(78,900)**	**(22,500)**	**(18,500)**
HRA - Radon remediation works	(100,000)	-	-	-
HRA – Asbestos surveys and works	(104,000)	-	-	-
HRA – Radon system costs	(21,000)	-	-	-
HRA – Smoke detectors	(64,000)	-	-	-
HRA – Loft insulation	(338,000)	-	-	-
HRA – Reduced administration costs	(69,730)			
Total – Housing Revenue Account	**(696,730)**	**-**	**0**	**0**

5.4. Budget Growth

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

5.4.2. No items of budget growth have been included in this version of the Medium Term Financial Plan.

5.5. Pensions

5.5.1. The last triennial actuarial valuation of the Derbyshire Pension Fund took place in 2016. At this valuation, the High Peak portion of the Fund was in deficit by £22.1 million and was 76% 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 make a primary contribution equivalent to 12.4% of pensionable pay plus a payment of £1,779,000 per annum, in secondary contributions, to meet the Fund's past service deficit.

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 and Pavilion Gardens. These local factors are likely to have an upward pressure on primary contribution rates as overall numbers in the Fund reduce.

5.5.4. At this stage it has been assumed that the contributions arising out of this valuation will remain unaltered from the current levels mentioned in 5.5.2 above. 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.

5.6. Housing Revenue Account – Other Operating Expenditure

5.6.1. There are a number of items that relate only to the HRA. They include some direct elements of income and expenditure as well as notional charges for asset depreciation and debt impairment.

5.6.2. The HRA provides for a number of changes to operating expenditure over the next four year as set out in the table below:

Expenditure / (Income)	2019/20	2020/21	2021/22	2022//23
	£	£	£	
Provision for Irrecoverable Debts	940	90	2,830	2,890
Charges for Depreciation	-	-	-	-
HRA Voluntary MRP Contribution	-	-	-	-
Past Service Pension Deficit Contribution	23,400	24,400	20,000	21,000
Increased / (Reduced) Other Operating Expenditure	**24,340**	**24,490**	**22,830**	**23,890**

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 following three years of the MTFP.

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
	£	£	£	£
Revenue from increased Council Tax	(163,270)	(111,480	(115,050)	(118,750)
Revenue from Tax Base growth	(74,060)	(76,440)	(79,860)	(80,000)
Total	**(237,330)**	**(187,920)**	**(194,910)**	**(198,750)**

6.2. Business Rates Retention

6.2.1. Under the 50% Business Rates Retention system the Authority retains 40% of Business Rates less a tariff that is payable in to a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline and any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

6.2.2. As part of the Derbyshire Pool in the 50% retention scheme, the levy is made to the Pool instead of Central Government. If the Council was not in the Derbyshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain some of this levy. Under the Pool agreement, this amount will depend on the amount all members of the Pool pay in at the end of the year, and the proportional success of the Council against its own baseline.

6.2.3. The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £200,000 in 2019/20 for this element of the retention arrangements.

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

6.2.5. It was announced in December 2017 that Derbyshire was successful in its application for all authorities in the area to be a pilot for the 100% Business Rates Retention scheme. The pilot is only applicable to 2018/19.

6.2.6. Derbyshire has submitted its application to be a pilot area for the 2019/20 75% scheme released by MHCLG; the outcome of this application will be announced in the December settlement. Therefore the potential financial impact is not included in this MTFP, the assumption being that the Council will return to the 50% pool scheme.

6.2.7. The MTFP anticipates that Business Rates retention will be above the baseline. Net NDR 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.

6.2.8. 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.

6.2.9. Changes in the level of the Council's business rates will be impacted by a range of factors, including business growth in the area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

Business Rates Retention	2019/20	2020/21	2021/22	2022/23
	£	£	£	£
In year:				
Baseline Funding	(2,328,080)	(2,379,720)	(2,432,500)	(2,486,450)
Achievement against Baseline	819,440	769,460	123,090	114,580
Section 31 Grant	(1,870,350)	(1,861,850)	(1,263,190)	(1,289,260)
	(3,378,990)	**(3,472,110)**	**(3,572,600)**	**(3,661,130)**
Change between years:				
Business Rates retained	718,540	(101,620)	(699,150)	(62,460)
Section 31 Grant	(606,060)	8,500	598,660	(26,070)
	112,480	**(93,120)**	**(100,490)**	**(88,530)**

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 the High Peak's share of a surplus, in respect of Council Tax, will be £34,280 in 2019/20.

6.3.3. It is assumed that a surplus, after providing for appeals, of £663,550 will be distributed in 2019/20 in respect of retained Business Rates generated in the current and previous years. High Peak's share of this surplus will be £331,780. 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	(3,910)	(8,260)	(2,490)	-
Business Rates	(1,399,210)	331,770	-	-
Total	**(1,403,120)**	**323,510**	**(2,490)**	**-**

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.

6.4.2. However, in the February 2018 MTFP, the profile of RSG reduction was revised to take into account Derbyshire's success in its bid for pilot status in respect of 100% retention of Business Rates. This brought forward the RSG reduction proposed for 2019/20 into 2018/19; meaning that the Council lost its remaining RSG funding (of £580,180) in 2018/19, a year earlier than previously planned. This loss was offset by a corresponding increase in the 2018/19 NDR baseline funding, which allows the Council to retain more of the business rates collected.

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 Borough 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 High Peak, the current threshold is the equivalent of 165 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, originally 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 anticipates New Home Bonus receipts of £2.4million over the next 4 years However; these amounts assume no detrimental increase in the Government's (0.4%) 'deadweight' threshold. A change in the threshold to 0.5% would reduce this by £600,000 over the life of the Plan.

6.4.7. The Efficiency and Rationalisation Programme anticipates £120,000 in additional New Homes Bonus over the next 4 years, arising out of stimulated housing growth. The current plan reflects the realisation of this over the next 4 years. Any change to the deadweight' threshold, referred to in 6.4.4 above, would detrimentally affect this position.

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

Local Council Tax Support Scheme.

6.4.9. The Council operates a scheme whereby funding received from central Government in respect of Local Council Tax Support is passed onto the parishes by means of an annual grant. The allocation of this grant is based on the eligibility of parish residents for council tax discounts.

6.4.10. The level of resources made available for this grant has remained constant in spite of reductions in overall Government funding. The MTFP assumes that this approach will continue at a cost to the Council of £51,320 pa

Summary of Income from Government Grants

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

Government Grant (gain) / loss of funding	2016/17 (baseline)	2017-2019 (actual) PYs	2019/20 (forecast) Yr1	2020/21 (forecast) Yr2	2021/22 (forecast) Yr3	2022/23 (forecast) Yr4
	£	£	£	£	£	£
Revenue Support Grant	(1,124,580)	1,124,580	-	-	-	-
New Homes Bonus	(773,320)	241,510	27,020	(111,630)	(30,340)	13,540
Change in Govt Funding	**(1,897,900)**	**1,366,090**	**27,020**	**(111,630)**	**(30,340)**	**13,540**

6.4.12. The changes shown in the table above mean that the Government grant funding received by the Council will have reduced to £633,220 by 2022/23 compared to the £1,897,900 received in 2016/17.

6.5. Fees and Charges

General Fees and Charges

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

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

6.5.2. The annual revision of the Council's fees and charges will take place over the next few months, 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. An underlying annual increase in Fees and Charges income of £55,000 has been included in this iteration of the MTFP. In addition to this £25,000 has been included in 2019/20 and £10,000 in 2020/21 to reflect the anticipated growth in planning income arising out of increased activity.

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	(55,000)	(55,000)	(55,000)	(55,000)
Increase in statutory planning fees	-	-	-	-
Increase in planning income (activity led)	(25,000)	(10,000)	-	-
Total	**(80,000)**	**(65,000)**	**(55,000)**	**(55,000)**

Housing Revenue Account – Rent Charges

6.5.6. As detailed in section 4.3, the Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, the most significant financially being the announcement to reduce by 1% per annum from April 2016 for 4 years.

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

6.5.8. Therefore, the current HRA Plan projects an average rent decrease on dwellings 1.0% in 2019/20, with a 2% increase assumed from 2020/21. It also assumes that 'Other Charges', including garages and service charges, will increase in 2019/20 – 2022/23.

Reduced Rental Income	**2019/20***	**2020/21**	**2021/22**	**2022/23**
	£	£	£	£
Reduced revenue from Rental Income and Other Charges	(99,080)	(8,780)	(283,280)	(288,480)

**53 week rent year*

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

6.5.10. 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 is higher than the service charge paid by tenants. It was proposed therefore, to increase current service charges paid by current tenants by a maximum of 5% per annum – to limit the financial impact (this would be the equivalent of a maximum of £1.07p per week) up to the point the actual service charge matches the actual cost.

6.5.11. It was also proposed that for new tenants, 'formula' rent is charged – which in most cases is slightly higher than current rent. In addition, if any services are provided as part of the tenancy, the service charge will be based on the actual cost in providing the services. The rent and service charge is fully advertised prior to a new tenant taking a tenancy.

6.5.12. In September 2018, the Department of Works and Pensions rolled out its 'full' service in High Peak – meaning that all new claims from single people and families (of working age) of the six legacy benefits (including Housing Benefit) will be replaced by Universal Credit (UC).

6.5.13. Due to the many changes (UC is paid direct to the tenant rather than the Landlord, there have been some issues with waiting times on receiving payment etc) this may have a potential negative impact on rent collection. No reduction in rental income due to this has been included in this MTFP, but it is flagged as a risk at this stage and will be considered as part of the 30 year HRA Business Plan update.

7. RISKS, CONTINGENCIES & USE OF RESERVES

7.1. Risks and Contingencies

7.1.1. The early identification and management of risks is critical to the Medium Term Financial Planning process. Risks to the MTFP are assessed, mitigated and actively managed to ensure that the Council delivers its services effectively within the funding at its disposal. The principal risks to the Medium Term Financial Plan are summarised in ANNEX C.

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

Revenue Risks	Capital Risks
• 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	• 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

7.1.3. **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	300,000
1 % change in interest rates	400,000

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. The Council will carry adequate reserves as a contingency against risks that cannot be fully mitigated.

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 £1,330,000 to meet unforeseen expenditure.

7.3. Use of Reserves and Balances

General Fund Reserves and Balances

7.3.1. The February 2018 Medium Term Financial Plan included a £6,550 contribution from General Fund Reserves in 2018/19 in respect of Section 106 (Commuted Sum). The assumed level of Section 106 reserve usage remains at £6,550 throughout the life of this plan.

7.3.2. The February 2018 MTFP also included the use of General Fund contingency reserves in 2018/19 and 2019/20 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 £618,780, in which case, there will be a net contribution from reserves of £1,185,760 in 2018/19. The improved reserve position at the end of 2018/19 arises out of additional Business Rates Retention receipts from the Derbyshire Pool and from central Government in the form of s31 grants

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 £6,550 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 £258,620 less 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	(1,805,540)	(650,770)	188,660	305,500	0	(1,962,150)
General Fund (use)/contribution to reserves – November 2018	(1,185,760)	(479,390)	(76,750)	31,150	7,220	(1,703,530)
Change in use of reserves	**619,780**	**171,380**	**(265,410)**	**(274,350)**	**7,220**	**258,620**

HRA Reserves and Balances

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

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

- HRA Working Balance – this reserve is the excess of income after expenditure in any given year and is set aside to provide for capital expenditure demands in the future and to provide a contingency against unforeseen costs.
- Housing Reform / contingency reserve – this reserve was set aside to fund potential additional unforeseen costs of housing reform and self-financing.
- Stock Condition Reserve – this reserve was set aside initially to fund the cost of providing a stock condition survey, and will therefore be redesignated as part of the closure of account process (it is proposed at this stage it is set aside for loft insulation works in 2019/20)
- Capital Investment Fund – this reserve is used to smooth the cost of borrowing required to fund any capital expenditure

	2018/19	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£
HRA Reserves Brought Forward	11,344,043	11,515,962	11,517,082	11,637,642	11,846,442
Surplus/(Loss) for the year*	71,919	1,120	120,560	208,800	365,580
Transfers to / from reserves	100,000	-	-	-	-
HRA Working Balance	**11,515,962**	**11,517,082**	**11,637,642**	**11,846,442**	**12,212,022**
Housing Reform / Contingency Reserves	457,560	457,560	457,560	457,560	457,560
Stock Condition Reserve	300,000	300,000	300,000	300,000	300,000
Total Working Balance carried forward	**12,273,522**	**12,274,642**	**12,395,202**	**12,604,002**	**12,969,582**
Capital Investment Fund carried forward	944,872	944,872	944,872	944,872	944,872
Total HRA Reserves carried forward	**13,218,394**	**13,219,514**	**13,340,074**	**13,548,874**	**13,914,454**

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

8. MTFP REVENUE POSITION

8.1. General Fund Revenue Position

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

Summary Revenue Position	2019/20	2020/21	2021/22	2022//23
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.2)	287,500	340,340	285,350	330,070
Interest Rate Changes (section 5.1)	(41,360)	(42,800)	(110,990)	4,390
Borrowing Costs (section 5.1)	(120,430)	(167,870)	(277,520)	(345,680)
Inflation Pressures (section 5.2)	464,690	375,930	374,890	382,390
Increased / (Reduced) Budget Demand (section 5.3)	61,800	(78,900)	(22,500)	(18,500)
Budget Growth (section 5.4)	0	0	0	0
Increased Council Tax Income (section 6.1)	(237,330)	(187,920)	(194,910)	(198,750)
Business Rates Retention (section 6.2)	112,480	(93,120)	(100,490)	(88,530)
Changes in Collection Fund (section 6.3)	(1,403,120)	323,510	(2,490)	-
Reduction in Government Grant (section 6.4)	27,020	(111,630)	(30,340)	13,540
Additional Fees and Charges (section 6.5)	(80,000)	(65,000)	(55,000)	(55,000)
Contribution to Reserves & Balances (section 7)	1,804,540	0	0	0
In Year Change in Position	**875,790**	**292,540**	**(134,000)**	**23,930**
Efficiency & Rationalisation Plan (section 4.4)	(430,000)	(809,680)	0	0
Growth efficiencies realised	33,600	114,500	26,100	0
Budget (Surplus) / Deficit	**479,390**	**(402,640)**	**(107,900)**	**23,930**
Cumulative (Surplus) / Deficit	**479,390**	**76,750**	**(31,150)**	**(7,220)**

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

8.2. Housing Revenue Account Revenue Position

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

Summary Revenue Position	2019/20	2020/21	2021/22	2022//23
	£	£	£	£
Budget (surplus) / deficit brought forward	147,140	(1,120)	(120,560)	(208,800)
Revenue consequence of Capital spend (section 4.3)	471,880	61,000	-	-
Interest Rate Changes (section 5.1)	(56,610)	(54,870)	(18,430)	12,690
Borrowing Costs (section 5.1)	(7,500)	340	14,130	(62,310)
Inflation Pressures (Section 5.2)	215,440	188,380	176,510	157,430
Increased / reduced budget demand (section 5.3)	(696,730)	-	-	-
Increased / reduced budget growth (section 5.4)	-	-	-	-
Increase in Other Operating Expenditure (section 5.6)**	24,340	24,490	22,830	23,890
Reduction in Rent and Other Charges (section 6.5)	(99,080)	(8,780)	(283,280)	(288,480)
In Year Change in Position	**(1,120)**	**209,440**	**(208,800)**	**(365,580)**
HRA Rationalisation Plan (section 4.4)**	-	(330,000)	-	-
Budget (Surplus) / Deficit	**(1,120)**	**(120,560)**	**(208,800)**	**(365,580)**

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

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 and invites comment on the plan. There will also be reference included within the December e-newsletter issued by Regeneration to local businesses which 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 will potentially have a significant impact on the Council’s finances over the medium term.

ANNEX A

Proposed Capital Projections (2018/19 to 2022/23) – General Fund

Capital Schemes	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£	£	£	£	£	£
Asset Management						
Public Buildings	1,945,130	3,105,820	-	158,030	-	5,208,980
Car Parks	2,930	-	-	121,000	502,530	626,460
Public Conveniences	-	95,010	-	127,600	188,100	410,710
Waterways Infrastructure	269,930	411,600	405,000	91,360	100,000	1,277,890
Leisure Centres	115,000	-	-	1,631,170	524,000	2,270,170
Depots & Park Buildings	-	-	-	-	37,200	37,200
	2,332,990	**3,612,430**	**405,000**	**2,129,160**	**1,351,830**	**9,831,410**
Growth Fund	-	-	-	-	-	-
Affordable Housing	**-**	-	-	-	-	**-**
Housing(RTB 1 for 1)	**178,000**	**597,000**	**667,000**	**667,000**	**667,000**	**2,776,000**
Housing Grants	**615,650**	**421,000**	**421,000**	**421,000**	**421,000**	**2,299,650**
ICT	**9,640**	**9,640**	**9,640**	**9,640**	**-**	**38,560**
Other Schemes						
Play Facilities	100,000	-	-	-	-	100,000
Country Parks	-	-	-	-	-	-
Cemeteries	10,000	190,000	-	-	-	200,000
Conservation/Heritage	45,000	45,000	45,000	45,000	-	180,000
Market Town Regeneration	273,190	-	-	-	-	273,190
Fleet Management	2,547,070	-	-	-	-	2,547,070
Leisure Centres	-	90,000	-	-	-	90,000
	2,975,260	**325,000**	**45,000**	**45,000**	**-**	**3,390,260**
Total Programme	**6,111,540**	**4,965,070**	**1,547,640**	**3,271,800**	**2,439,830**	**18,335,880**
Funding of Programme						
External Contributions	615,650	421,000	421,000	421,000	421,000	2,299,650
Section 106 Planning Obligations	-	-	-	-	-	-
Capital Reserves/Receipts	986,480	887,000	1,126,640	1,527,360	767,000	5,294,480
General Fund Balances	387,710	-	-	-	-	387,710
Borrowing	4,121,700	3,657,070	0	1,323,440	1,251,830	10,354,040
	6,111,540	**4,965,070**	**1,547,640**	**3,271,800**	**2,439,830**	**18,335,880**

ANNEX A

Proposed Capital Projections (2018/19 to 2022/23) – Council Dwellings (HRA)

Scheme	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Total
	£	£	£	£	£	£
ASSET MANAGEMENT WORKS:						
Roofing & External Works	602,000	595,000	595,000	595,000	595,000	2,982,000
Kitchens	625,000	433,000	433,000	433,000	433,000	2,357,000
Bathrooms	150,000	326,000	326,000	326,000	326,000	1,454,000
Central Heating	379,000	633,000	633,000	633,000	633,000	2,911,000
Electrical Works	568,000	459,000	459,000	459,000	459,000	2,404,000
Health & Safety	100,000	-	-	-	-	100,000
Aids & Adaptations	350,000	55,000	55,000	55,000	55,000	570,000
Sheltered Schemes Lightning Protection	40,000	-	-	-	-	40,000
Unity Walk & Quarry Close Railing	30,000	-	-	-	-	30,000
Cross Street Structural	50,000	-	-	-	-	50,000
Commercial Boiler Renewal	127,000	-	-	-	-	127,000
Corbar Road Roofing Works	35,000	-	-	-	-	35,000
Scooter Stores	75,000	-	-	-	-	75,000
Communal Rewires	220,000	-	-	-	-	220,000
Major Voids (2)	118,000	-	-	-	-	118,000
Works to Communal Areas	-	150,000	150,000	150,000	150,000	600,000
Window Replacement Programme	-	436,000	436,000	436,000	436,000	1,744,000
Door Replacement Programme	-	257,000	257,000	257,000	257,000	1,028,000
External Works & Outbuildings	-	362,000	362,000	362,000	362,000	1,448,000
Environmental & Other Works	-	197,000	197,000	197,000	197,000	788,000
	3,469,000	**3,903,000**	**3,903,000**	**3,903,000**	**3,903,000**	**19,081,000**
REPAIRS TEAM CAPITAL WORKS:						
Void Rewires	35,000	35,000	35,000	35,000	35,000	175,000
Void Kitchens	200,000	200,000	200,000	200,000	200,000	1,000,000
Void Bathrooms	60,000	60,000	60,000	60,000	60,000	300,000
	295,000	**295,000**	**295,000**	**295,000**	**295,000**	**1,475,000**
STAFFING:						
Staffing Recharges/ Commissioning Costs	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 Purchasing	**208,480**	**-**	**-**	**-**	**-**	**208,480**
	208,480	**-**	**-**	**-**	**-**	**208,480**
TOTAL SPEND	**4,072,480**	**4,298,000**	**4,298,000**	**4,298,000**	**4,298,000**	**21,264,480**

ANNEX B

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

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

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

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

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

Risk Category	Risk	Mitigation and Controls
Performance Management	Adequacy of framework to monitor transition	Risk management processes are embedded
Reputation and Relationship Risks	Maintaining existing partner confidence	Continuing communications process for the delivery of transformation programme
Programme Delivery	Delays in implementation of efficiency savings	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) – General Fund

Budget Heading	2019/20 Projection	2020/21 Projection	2021/22 Projection	2022/23 Projection
	£	£	£	£
Employees	12,302,950	12,575,450	12,844,600	13,104,850
Premises	4,522,920	4,623,080	4,726,770	4,825,990
Transport	641,740	652,170	663,600	675,360
Supplies & Services	9,475,570	9,603,290	9,767,920	9,939,010
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,861,570	2,034,040	2,041,870	2,026,260
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	191,000	191,000	191,000	191,000
Total Expenditure	**29,129,530**	**29,812,810**	**30,369,540**	**30,896,250**
Fees and Charges / Other Income	(9,941,940)	(10,006,940)	(10,061,940)	(10,116,940)
Interest Receipts	(181,300)	(224,100)	(335,090)	(330,700)
HRA Recharges	(7,775,610)	(7,989,390)	(8,185,900)	(8,364,330)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	**10,999,440**	**11,361,140**	**11,555,370**	**11,853,040**
Council Tax	(5,867,270)	(6,055,190)	(6,250,100)	(6,448,850)
Revenue Support Grant	0	0	0	0
Business Rates Retention	(3,378,990)	(3,472,110)	(3,572,600)	(3,661,130)
New Homes Bonus	(504,790)	(616,420)	(646,760)	(633,220)
Contribution to / (use of) Reserves	(6,550)	(6,550)	(6,550)	(6,550)
Collection Fund	(366,050)	(42,540)	(45,030)	(45,030)
Total Financing	**(10,123,650)**	**(10,192,810)**	**(10,521,040)**	**(10,794,780)**
Cumulative Deficit / (Surplus)	**875,790**	**1,168,330**	**1,034,330**	**1,058,260**
Efficiency Requirement (cumulative)	(430,000)	(1,239,680)	(1,239,680)	(1,239,680)
Growth Efficiency realised (cumulative)	33,600	148,100	174,200	174,200
Cumulative Deficit / (Surplus)	**479,390**	**76,750**	**(31,150)**	**(7,220)**

ANNEX D

Proposed Revenue Projections (2019/20 to 2022/23) – Housing Revenue Account

Budget Heading	2019/20 Projection	2020/21 Projection	2021/22 Projection	2022/23 Projection
	£	£	£	£
Repairs & Maintenance	3,860,920	3,646,670	3,754,870	3,854,760
Supervision & Management	3,166,590	3,239,220	3,307,530	3,365,070
Rates, Rents, Taxes, Charges	105,260	105,260	105,260	105,260
Other Operating Expenditure	736,450	760,940	783,770	807,660
Depreciation & Impairment Charges	2,099,030	2,099,030	2,099,030	2,099,030
Interest & Debt Management Charges	2,840,090	2,785,560	2,781,260	2,731,640
HRA Contribution to Capital Programme	2,137,970	2,198,970	2,198,970	2,198,970
Total Expenditure	**14,946,310**	**14,835,650**	**15,030,690**	**15,162,390**
Dwellings Rents	(14,325,340)	(14,334,190)	(14,617,470)	(14,905,950)
Non - Dwelling Rents & Other Income	(622,090)	(622,020)	(622,020)	(622,020)
Total Income	**(14,947,430)**	**(14,956,210)**	**(15,239,490)**	**(15,527,970)**
(Surplus) / Deficit for year	**(1,120)**	**(120,560)**	**(208,800)**	**(365,580)**