APPENDIX A

High Peak Borough Council
working for our community

HIGH PEAK BOROUGH COUNCIL

2017/18 BUDGET & MEDIUM TERM FINANCIAL PLAN 2017/18 to 2020/21

February 2017

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1. INTRODUCTION

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

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

1.3. The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing plan and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 2017/18 to 2020/21. It also includes an assessment of key risks and a presentation of longer-term financial issues which have the potential to impact on the Council.

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

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

2. STRATEGIC PRIORITIES

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

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

2.3. The purpose of a Corporate Plan is to establish the Council's vision, corporate objectives and key priorities for the medium term. 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 councillors at a priority setting event which was held in July 2015.

2.5. 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

2.6. 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
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

2.7. 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, Woods Mill and Torr Vale Mill
- Press for more regular and faster rail links and road infrastructure
- Provision of accessible health and social care
- Effective snow clearance
- Support the police in dealing with anti social behaviour
- Work with partners to bring additional funding into the borough

2.8. 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

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

2.10. 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 (2016/17) General Fund budget can be summarised as follows:

Income and Expenditure	2016/17 Budget
	£
Employees	11,783,380
Premises	3,432,170
Transport	696,310
Supplies & Services	9,831,890
Benefits	28,960
Borrowing	1,547,970
Parish Grant	51,320
Financing Costs	191,000
Total Expenditure	**27,563,000**
Fees and Charges / Other Income	(10,817,340)
Interest Receipts	(130,660)
Capital Recharges	(231,240)
HRA Recharges	(6,197,820)
Net Expenditure	**10,185,940**

3.3. The net expenditure is financed as follows:

Financing	2016/17 Budget
	£
Council Tax	(5,270,520)
Government Funding	(1,124,580)
New Homes Bonus	(773,320)
Business Rates Retention	(2,851,190)
Collection Fund Deficit	529,570
Contribution to / (from) Reserves & Balances	(695,900)
Total Financing	**(10,185,940)**

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 (2016/17) Housing Revenue Account budget can be summarised as follows:

Budget Heading	2016/17 Budget
	£
Repairs & Maintenance	3,096,290
Supervision & Management	3,001,070
Rates, Rents, Taxes, Charges	130,770
Other Operating Expenditure	1,435,860
Depreciation & Impairment Charges	1,432,000
Interest & Debt Management Charges	3,416,430
HRA Contribution to Capital Programme	2,744,570
Total Expenditure	**15,256,990**
Dwellings Rents	(14,642,120)
Non - Dwelling Rents & Other Income	(614,870)
Total Income	**(15,256,990)**
(Surplus) / Deficit for year	**-**

General Fund Capital Budget

3.6. The medium-term projection for General Fund capital commitments approved by Council in February 2016 is detailed below:

Service Area	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Housing	241,960	-	-	-	-	241,960
Asset Management Plan	313,060	1,474,350	2,215,460	2,970,130	1,104,000	8,077,000
Growth Fund	-	-	-	-	-	-
Housing Grants	250,000	238,000	238,000	238,000	238,000	1,202,000
ICT Strategy	124,710	100,000	100,000	100,000	100,000	524,710
Other Schemes	569,250	275,600	244,130	-	-	1,088,980
Total Programme	**1,498,980**	**2,087,950**	**2,797,590**	**3,308,130**	**1,442,000**	**11,134,650**
Financed by:						
External Contributions	305,360	284,250	238,000	238,000	238,000	1,303,610
Capital Receipts	-	679,000	138,000	845,000	240,000	1,902,000
Capital Reserve	750,000	-	-	-	-	750,000
S106 Planning Obligations	291,960	25,000	-	-	-	316,960
Borrowing	151,660	1,099,700	2,421,590	2,225,130	964,000	6,862,080
Total Financing	**1,498,980**	**2,087,950**	**2,797,590**	**3,308,130**	**1,442,000**	**11,134,650**

Housing Revenue Account Capital Budget

3.7. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2016 was as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Planned Maintenance	2,967,180	3,121,000	3,220,000	3,220,000	3,220,000	15,748,180
Responsive Works	815,750	1,340,000	1,290,000	1,290,000	1,290,000	6,025,750
Aids & Adaptations	319,230	380,000	300,000	300,000	300,000	1,599,230
Environmental Improvements	150,000	-	-	-	-	150,000
New Build Projects	-	194,000	142,000	287,410	200,000	823,410
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
Efficiency Programme	-	(504,430)	-	-	-	(504,430)
Total Programme	**4,407,160**	**4,685,570**	**5,107,000**	**5,252,410**	**5,165,000**	**24,617,140**
HRA Contribution	2,218,850	2,246,570	3,144,000	3,212,000	3,218,000	14,039,420
Major Repairs Reserve	1,421,000	1,432,000	1,432,000	1,432,000	1,432,000	7,149,000
Capital Receipts	30,000	509,000	531,000	608,410	515,000	2,193,410
Capital Investment Fund	737,310	498,000	-	-	-	1,235,310
Total Financing	**4,407,160**	**4,685,570**	**5,107,000**	**5,252,410**	**5,165,000**	**24,617,140**

4. TRANSFORMATION PROGRAMME

4.1. Introduction

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

- The capital programme
- Housing Revenue Account review
- The efficiency and rationalisation strategy
- Other large scale projects
- Member priority projects

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 2018/19 budget setting process.

4.2. General Fund Capital Programme

4.2.1. The General Fund Capital Programme approved by members in February 2016 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2021.

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

Service Area	2016/17	201718	2018/19	2019/20	2020/20	Total
	£	£	£	£	£	£
New Housing Schemes	241,960	142,000	301,050	454,000	454,000	1,593,010
Asset Management Plan	580,300	4,953,780	2,079,630	1,130,000	455,000	9,198,710
Housing Grants	463,140	414,700	389,000	389,000	389,000	2,044,840
ICT Strategy	318,000	50,000	50,000	50,000	41,520	509,520
Other Schemes	431,230	304,130	45,000	45,000	45,000	870,360
Total Programme	**2,034,630**	**5,864,610**	**2,864,680**	**2,068,000**	**1,384,520**	**14,216,440**
Financed by:						
External Contributions	569,180	460,700	389,000	389,000	389,000	2,196,880
Capital Receipts	-	642,000	491,050	1,264,000	734,000	3,131,050
Capital Reserve	-	-	-	-	-	-
S106 Planning Obligations	308,080	10,000	-	-	-	318,080
Borrowing	1,157,370	4,751,910	1,984,630	415,000	261,520	8,570,430
Total Financing	**2,034,630**	**5,864,610**	**2,864,680**	**2,068,000**	**1,384,520**	**14,216,440**

4.2.3. The capital projections above include the carry forward of £523,770 capital budgets from 2015/16 as approved by Members.

Housing Revenue Account Capital Programme

4.2.4. The Housing Revenue Account Capital Programme approved by members in February 2016 has now been updated based on priority works required and an additional year has been added (see ANNEX B). This is pending the results of the stock condition surveys which have now commenced and will inform capital investment requirements going forward.

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Planned Maintenance	2,908,300	3,036,000	3,036,000	3,036,000	3,036,000	15,052,300
Responsive Works	445,000	395,000	395,000	395,000	395,000	2,025,000
Aids & Adaptations	435,670	350,000	350,000	350,000	350,000	1,835,670
New Build	194,000	-	-	-	-	194,000
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
Total Programme	**4,137,970**	**3,936,000**	**3,936,000**	**3,936,000**	**3,936,000**	**19,881,970**
HRA Contribution	1,580,970	1,997,000	2,078,640	2,325,000	2,386,000	10,367,610
Major Repairs Reserve	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Receipts	509,000	389,000	307,360	61,000	-	1,266,360
Capital Investment Fund	498,000	-	-	-	-	498,000
Total Financing	**4,137,970**	**3,936,000**	**3,936,000**	**3,936,000**	**3,936,000**	**19,881,970**

4.2.5. The capital projections above include a £547,600 reduction to the 2016/17 approved programme relating to a transfer to revenue for specific items of expenditure which, as per accounting regulation, should be classified as revenue expenditure (as reported to the HRA Member working group in September). This has also been applied to any planned expenditure in 2017/18 – 2020/21 which should be classed as revenue.

Asset Management Plan (AMP) – General Fund

4.2.6 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.

4.2.7 A stock condition survey has been undertaken on the Council's property assets. A report detailing the outcomes and actions emerging was presented to 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 now been reviewed and updated to take account of any changes and updates to stock information since July 2016.

4.2.8 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 consequently impacts on future revenue budgets.

4.2.9 The report discussed 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

4.2.10 Additionally, it also recommended the review of:

- Public conveniences and car parks provision, with a view to disposal of assets that are surplus to requirements.
- Leisure asset portfolio in the context of the expiry of the existing leisure management contract with a view to reducing the on-going assets and operating costs
- Operational depot asset portfolio in the context of a potential new operating model with a view to reducing overall costs
- Strategic land holdings with a view to developing options to either generate additional capital receipts or opportunities to generate ongoing financial returns

4.2.11 Consequently, a Member working group has been established to consider these points. The working group has to date agreed proposals to progress emergency building works which present significant hazards and the deferral of car parks works to focus on other priorities (with the exception of Sylvan car park which required early investment). Additionally, public convenience provision has been reviewed and a strategy agreed to maintain current standards in recently refurbished locations with a phased scheme of improvements at public conveniences which require investment. These recommendations have been incorporated into the revised AMP.

4.2.12. The current capital programme costs of the AMP include approved carry forwards from 2015/16, projected spend in 2016/17, revised estimates for 2017/18-2019/20 and the additional estimated costs of maintaining the asset portfolio in 2020/21. The current programme includes significant early investment in key public buildings: Pavilion Gardens, Buxton Town Hall and Glossop Halls.

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

HPBC AMP Capital Investment & Revenue Consequence	2016-17 – 2019-20 £	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**

4.2.14 The table below reflects the **updated** capital investment requirements which have increased by £300,200 over the 30 year period and will therefore have a marginal increase in revenue consequences (see 4.2.33) to what was reported in July 2016:

HPBC AMP Capital Investment & Revenue Consequence	2016-17 (current year forecast) £	2017-18 – 2020-21 (MTFP) £	2021-22 – 2045-46 (25 years) £	TOTAL £
Public Buildings	558,000	7,024,652	6,059,078	13,641,730
Car Parks		120,000	3,754,462	3,874,462
Public Conveniences		123,400	949,300	1,072,700
Waterways & Infrastructure Assets	22,300	1,053,310	1,105,000	2,180,610
Leisure Centres		245,000	7,736,945	7,981,945
Depots and Parks Buildings		52,050	1,301,785	1,353,835
TOTAL	**580,300**	**8,618,412**	**20,906,570**	**30,105,282**

4.2.15. The consequential borrowing costs of capital investment up to 2020/21 have been incorporated into the MTFP. This contributes to the overall budget deficit position, therefore, an asset management review project has been included within the refreshed efficiency programme. This will focus on assessing and confirming the approach for asset investment in key buildings to identify positive revenue implications, for example, reduced annual maintenance and utility costs due to fewer and/or more efficient buildings and income receipts from shared accommodation partners will be taken towards the efficiency programme.

4.2.16 The most significant capital expenditure over the 4 year period of the MTFP is in relation to Pavilion Gardens. The phase 1 project to commence works required to the Octagon building has been approved and a contractor has now been appointed. The resultant revenue implications of borrowing for this scheme have been identified and a programme of cost saving measures at the Pavilion Gardens is now underway with the aim of covering these additional costs and reducing the overall trading deficit. This is included within the Efficiency and Rationalisation programme 2017/18–2020/21 (Appendix B)

Asset Management Plan (AMP) - Housing

4.2.17 The Executive agreed to complete a full condition survey on the Council's portfolio of housing properties by March 2019. The last stock condition survey was undertaken in 2012 and was based on a 20% sample of properties. It is 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 will be based on property type and phased in the following way:

- Phase 1 – Non Traditional properties (is now underway to be completed during 2017/18)
- Phase 2 – Sheltered Accommodation (is now underway to be completed during 2017/18
- Phase 3 – Large town concentrations of stock (to be completed during 2017/18)
- Phase 4 – Rural Stock (to be completed by 2018/19)

4.2.18 Stock condition requirements will then be considered in line with the affordability of the HRA Business Plan. The results of the stock condition surveys will start to emerge during 2017, which will then feed into the 2018/19-2021/22 MTFP. The HRA capital programme proposed within this update is based on current stock condition information held. The 2017/18 programme has been reviewed using existing internal data and prioritising schemes, consequently reducing the overall programme by approximately £700,000 per annum. This has then been applied to 2018/19 – 2020/21 pending the stock condition information being presented.

Buxton Crescent

4.2.19. The Buxton Crescent Hotel and Thermal Spa construction contracts have commenced. The smaller contract to refurbish the Pump Room is now virtually complete. This will eventually become the hub for the proposed visitor centre. The main contract to convert the Crescent and the Natural Baths into the hotel and spa is progressing well with a programmed completion towards the end of 2018.

4.2.20. Funding arrangements are in place for the project. It is, however, still 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). These costs remain as previously reported but will start to decline as the construction contracts progress, therefore the costs are not included in the MTFP, but are flagged as a risk. Estimated costs are shown below:

Costs	HPBC Liability Cost over 5 years
	£
Mothballing costs (security, insurance, utilities)	257,500
Work to the Nestle pipe*	200,000
Maintenance Costs	1,600,000
TOTAL	**2,057,500**

**Work to Nestle pipe, as part of phase one. The water pipe from the natural baths running to George Street is suspended on steel girders. This is a temporary measure pending phase 2 construction works. If the project was cancelled an immediate measure would be to relay the water pipe underground*

4.2.21. As the contracts are progressing and the risks surrounding the project begin to reduce, it is proposed to redesignate a proportion of the £1,000,000 earmarked reserve established to support this project. As the main contract is due to complete during 2018, the MTFP assumes that £800,000 of the reserve will be transferred to the general contingency reserve on 1st April 2019. This would leave £200,000 to support the establishment of the proposed new tourism delivery model at the Crescent.

Housing Grants

4.2.22. The Borough Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant and this status remains despite changes to funding arrangements. All eligible applicants are entitled to receive mandatory funding for certain major adaptations to their properties. The funding for these adaptations has previously been given directly to the Council but from 2015/16, the funding has been incorporated into the Better Care Fund and paid to the County Council. In 2016-17 the County Council paid over DFG funding of £389,000 which represents an increase of £151,000 from the previous year's allocation

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

4.2.24. However, it is still not clear what the level of funding or the payment mechanism might be for future years. The County Council has launched a review of DFG provision in partnership with the District Authorities which intends to re-engineer the delivery of adaptation services. This will lead to the development of jointly agreed plans between partner agencies that will subsequently inform the allocation of funding. There is a risk that High Peak will need to increase its level of funding contribution in future years depending on levels of demand and any revised funding regime. Further updates will be provided as this becomes clear

ICT Strategy

4.2.25. The framework for a new 3 year ICT Strategy was established in 2014/15. The key drivers of which are 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.

4.2.26. Implementation of the Strategy has commenced in order to find an Alliance wide solution in regard to IT provision. The aim of which is to reduce the number of applications and software and consequently pressure on server space. The capital provision for this project has been reprofiled to account for the acceleration of the infrastructure and Microsoft compliancy phase of the project resulting in higher than originally anticipated expenditure in 2016/17. An additional £100,000 has been added to the ICT capital programme overall to account for an additional years expenditure.

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

Funding the Capital Programme

4.2.28. 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 improvements to council dwellings.

4.2.29. Borrowing is undertaken to fund the shortfall after the other capital resources have been used. The current programme includes estimates of external funding of £2.197m towards General Fund projects; capital receipts of £4.397m (£3,131m General Fund, and £1.266m HRA); Housing Revenue Reserves of £3.629m are forecast to be applied in 2016/17 and a further £14.987m of Housing Revenue Reserves over the following four years (subject to review – see 4.3). Borrowing is the main funding option for the General Fund programme at £8.570m. 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.

4.2.30. Capital receipts include one-for-one right-to-buy receipts (which is a proportion of the overall receipt from the sale of Council housing stock). These have to be 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.

4.2.31 The HRA can also apply capital receipts which are not subject to the same restrictions 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.

4.2.32. 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

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

Revenue Consequences	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£	£	£	£
Borrowing Costs	54,810	161,110	139,730	117,760
Other (Income)/Expenditure	-	-	-	-
General Fund	**54,810**	**161,110**	**139,730**	**117,760**
HRA contribution to Capital	(747,570)	81,640	246,360	61,000
Borrowing Costs	(88,660)	(124,120)	(63,870)	(35,600)
Housing Revenue Account	**(836,230)**	**(42,480)**	**182,490**	**25,400**
Total	**(781,420)**	**118,630**	**322,220**	**143,160**

4.3. Housing Revenue Account review

Background

4.3.1 In 2014, the Council made a commitment in its Corporate Plan to undertake a fundamental review of the Housing Revenue Account (HRA) Business Plan. Consequently the Executive agreed to adopt the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Housing (CIH) Voluntary Code for Self-Financed HRAs with a commitment to perform a full self-assessment against the code, the outcome of which will provide the agenda for the development of the HRA Business Plan.

4.3.2 The business plan is being developed in the context of significant financial constraints. In 2015, government announced far reaching legislative and financial changes for the social housing sector, which will have significant implications for the Council and in particular a negative financial impact on the HRA. The expected 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.

4.3.3. **Appendix B** details the HRA financial improvement plan 2017/18 – 2020/21, which includes the scope of the review.

HRA Business Plan Sub-Committee

4.3.4. 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 be complete by June 2017 when a new business plan will be agreed.

4.3.5. 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.

4.3.6. The sub-committee review schedule and the progress made to date is summarised in the table below:

Meeting Date	Agenda Items	Actions
June 2016	Stock Condition Financing Transactions Housing & Planning Bill Implications	• Full stock condition survey underway, majority completed in 2017/18 • Option to vary annual debt repayment – further comparative work to be carried out
August 2016	Capital Programme Rent Policy Carelink / Other Support	• 2017/18 capital programme reviewed with schemes included on a priority basis using internal information pending stock data • Rent Policy currently being written with an implementation plan to start during 2017/18, which focuses on raising additional income streams
November 2016	Lettings Voids Sheltered Accommodation	• Review of voids/tenancies underway to reduce loss of income and streamline processes • Options analysis for the operation of sheltered accommodation to ensure service is affordable – stock condition information to be incorporated when available
January 2017	Tenancy & Neighbourhood Management Repairs	• Emerging findings presented of Tenancy & Neighbourhood process and service review operational changes and enhancements to the allocations process. Further review/consdieration required for some aspects • Emerging findings presented from the review of void and responsive repairs. Business case for rationalisation of systems and integration in development. Revised policy for repairs recharges and void repairs required.
March 2017	Revised HRA Business Plan Tenant Engagement	
April/May 2017	Housing Need & Supply Future Development	

Financial Position

4.3.7. The MTFP summarises the latest financial forecasts for the HRA Business Plan and provides a detailed summary of the financial position from 2017/18 to 2020/21.

4.3.8. The original forecast annual deficit upon the announcement of the social sector rent reduction was some £2.2 million. At this stage, the HRA shows an annual deficit position of £770,000 by 2020/21 – which shows an improved position by £1.4 million.

4.3.9. The £1.4 million reduction in the deficit is made up as follows:

Budget Heading	Savings	Annual Reduction
		£
Rent Income	Reduction to bad debt provision based on recent collection rates	80,000
Various Expenditure Headings	Reduction to general inflation assumptions	60,000
Employee Costs	Reduction to pensions contribution to deficit based on recent valuation	200,000
Capital Financing	Reduction in interest costs in respect of the refinancing of debt at lower levels and the removal of loan premiums	320,000
Accommodation	Reduction in accommodation charges following move from Furness Vale to Buxton Town Hall	40,000
Total Annual Saving before reduction in Capital Contribution		**700,000**
HRA Contribution to Capital	Annual reduction in capital contribution (to be confirmed upon completion of the stock condition survey	700,000
Total Annual Saving		**1,400,000**

4.3.10. The 30-year HRA business plan is based upon capital expenditure that is derived from the existing stock condition information. The plan also currently makes provision to repay outstanding debt at £1.2 million per annum – although alternative options have been presented to the HRA working group and further supporting information is being collated for review.

4.3.11. The financial implications of the recent reforms have resulted in the need to fundamentally review all of the current assumptions. The current annual repairs and capital programme budget are not sustainable going forward as this level of expenditure would create an annual deficit, requiring reserves to be applied. As it stands, the HRA contingency balance would reach its recommended minimum £1million by approximately 2026/27 due to supplementing the revenue budget through use of reserves.

4.3.12. Consequently, additional external borrowing is then required to be undertaken to support the HRA capital programme. However, by 2033/34, the Council would reach the Government imposed 'debt cap' of £68,232,000, at which point there is no headroom for further borrowing to fund the capital programme.

4.3.13. Therefore, it is essential that further efficiency measures are achieved in order to ensure the HRA Business Plan is financially sustainable over the long-term. A high level savings plan to address the remaining deficit position is shown in the Financial Improvement Plan (**Appendix B)**. The final programme of financial savings will be dependent upon completion of the sub-committee's work in June 2017.

4.4. **Efficiency & Rationalisation Programme**

4.4.1. The current Efficiency and Rationalisation Strategy was approved by Members in April 2014, which identified a programme of £2.8million in savings to be made over the period 2014/15 – 2016/17, of which £300,000 relates to the HRA.

4.4.2. In establishing that plan, importance was placed on ensuring the programme of savings was well focussed and recognised the capacity constraints on the organisation following the departure of a significant number of staff under voluntary redundancy.

4.4.3. During 2016/17, £408,000 in Procurement related savings (reduced spend as a result of procurement activity being challenged/increased on contract spend etc) have been realised against the efficiency programme. Additionally the majority of the £485,000 targeted service review savings will be relaised by the end of 2016/17.

4.4.4. However, current forecasts suggest that there will be £431,200 outstanding against the £2.8 million target at the end of 2016/17.

4.4.5. In addition to the existing efficiency programme; in order to balance the general fund budget in 2017/18-2020/21; there is a new savings requirement of £1,699,480. This results in a new efficiency programme for the general fund of £2,130,680.

4.4.6. Consequently, a new Efficiency Programme has been developed to address the MTFP budget shortfall and incorporate unachieved efficiencies from the previous efficiency programme. The new Efficiency and Rationalisation Strategy is attached at **Appendix C**.

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

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

4.4.9. 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 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 cpaital investment
- **Growth** – development of a clear focus upon housing and economic growth based upon the established Local Plan.
- **Income Generation** – focus on increasing the yeild from existing sources on income and a drive towards identifying new sources of income, including a savings programme for Pavilion Gardens.
- **Rationalisation** – a commitment to redcuing expenditure on non-priority areas of spend e.g. management arrangements, channel shift, non-statutory services.

4.4.10. The below table summarises the finanical savings requirements and profile for achievement (ANNEX C provides more detil of the savings plan):-

General Fund Efficiency Strategy	2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£
Major Procurements	100,000	275,000	100,000	500,000	**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**

4.4.11. A further exercise reviewing the revenue underspends of recent years will also take place during the 2017/18 budget setting process. The review will identify areas, which have consistently underspent against the base budget, with a view to removing the excess provision. Any budget adjustments will be used to support the Efficiency & Rationalisation Strategy.

4.4.12. The deficit position relating to the HRA is be addressed as part of the Financial Improvement Plan (see Appendix B) as discussed in section 4.3 of this report. This will be met from savings and additional income identified from the HRA review and service review outcomes.

4.5. Member Priority Projects

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

Member Priority Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not known
Leader				
Adopt an approved Local Plan which will be kept under review	Y	✓		
Communicate more effectively with residents	N			
Review and improve our relationships with Strategic Partners	N			
Work with our Combined Authority partners and the Local Enterprise Partnership to bring funding to High Peak	Y			✓
Use our influence to secure better health and care services through commissioners and from providers	N			
Parks, Leisure & Recycling				
Establish a developer open space contributions plan	Y			✓
Work with local residents to improve our parks	N			
Take steps to reduce dog fouling and littering	Y	✓		
Finance & Corporate Services				
Continually review and implement an efficiency and rationalisation programme	Y	✓		
Improve customer service	Y			✓
Review car parking provision and extend resident concessionary parking	Y	✓		
Tourism, Regeneration & Licensing				
Review TIC and tourism service	Y			✓
Together with partners work for the delivery of the Crescent development	Y	✓		
Support the development of the Woods Mill area, Glossop Halls and Torr Vale Mill	Y			✓
Create an “Open for Business” environment in High Peak	N			
Housing				
Complete and implement a Housing Management and Revenue Plan	Y		✓	

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

5. FINANCIAL FORECASTS

5.1. Interest Rates

5.1.1. The Bank of England Base Rate was cut from 0.50% to 0.25% following the Monetary Policy Committee (MPC) meeting of 4th August 2016. Forward views are that the Bank Rate could still go up or down depending on how economic data evolves in the coming months. Capita (the Council's treasury advisors) are forecasting the rate to remain at 0.25% with the first increase to 0.50% in June 2019.

5.1.2. Economic forecasting remains difficult with so many external influences weighing on the UK. Bank Rate forecasts will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

5.1.3. Borrowing commentary reports that yields are at historic lows and borrowing should be considered where appropriate to the strategy. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates remains.

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

	2017/18	2018/19	2019/20	2020//21
	£	£	£	£
Changes in Investment Income	65,940	1,030	(51,850)	(58,720)
Changes in Borrowing Costs	(177,550)	77,970	(49,150)	(66,120)

5.2. Inflationary Projections

5.2.1. The Retail Price Index (RPI) and Consumer Price Index (CPI) 12-month rate, as at December 2016, stood at 2.5% and 1.6% 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 inflation assumptions included in the MTFP presented to members in November 2016 have been updated, where appropriate, to reflect the latest available information. The additional costs to the Council arising from inflation are forecast in the table below:

Inflationary Changes	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Employee Costs	320,650	256,970	261,220	255,430
Premises Costs	52,150	62,040	69,390	75,110
Transport	1,540	3,850	8,680	8,800
Supplies and Services	93,660	122,090	127,130	128,820
In-Year Inflation Pressure	**468,000**	**444,950**	**466,420**	**468,160**
General Fund	336,600	320,980	337,190	342,670
Housing Revenue Account	131,400	123,970	129,230	125,490
TOTAL	**468,000**	**444,950**	**466,420**	**468,160**

5.3. Budgetary Demand

5.3.1. The Medium Term Financial Plan presented to Council in February 2016 analysed and projected forward both income and expenditure. This has been revised to reflect known changes in budgetary demand. A small number of additional items have been added to those presented in November

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

Increased / (Reduced) Budget Demand	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Cemetery wall and paths backlog maintenance	(20,000)	-	-	-
HRA pension past service deficit costs	(22,400)	(22,400)	(24,400)	(25,400)
Uniforms – Customer Services (cyclical)	(2,500)	2,500	(2,500)	2,500
Supported Housing – subsidy loss arising out of increase	75,000	-	-	-
Pavilion Gardens – Octagon closure	(50,000)	(59,000)	(59,000)	-
Internal Audit – 5 yearly external review	(2,500)	-	-	-
MMI Second levy (funded from earmarked reserve)	(61,700)	-	-	-
Pension Fund Deficit Repair – budget adjustment	50,000	-	-	-
Hathersage Pool – Access grant increase	2,220			
Building Control – service change	90,000	-	-	-
Recharge to HRA re: Buxton Town Hall	(50,000)	-	-	-
Local Tax administration support funding	(6,240)			
Benefits administration – reduced funding	25,050	21,000		
DCC - Discontinue on-street parking arrangements	-	24,580		
Total – General Fund	**26,930**	**(33,320)**	**(85,900)**	**(22,900)**
Major works transfer to revenue from capital*	300,000	-	-	-
Survey and related minor works transfer to revenue	290,000	-	-	-
Vacating of Furness Vale	(90,310)	-	-	-
Reduction in mobile phone costs	(15,410)	-	-	-
Radon Monitoring Programme (funded by HRA savings)	(149,760)	-	-	-
Recharge to HRA re: Buxton Town Hall	50,000	-	-	-
Total – Housing Revenue Account	**384,520**	**-**	**-**	**-**

**offset by reduction in revenue contribution to capital*

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.

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

5.5. Pensions

5.5.1. The Derbyshire Pension Fund underwent a triennial actuarial valuation in 2016 to determine the level of future contributions necessary to achieve a balanced position. The final outcome has now been received.

5.5.2. At the last valuation, in 2013, the Derbyshire Fund had a funding level (the ratio of assets to liabilities) of 82.5% and a scheme deficit of £663 million. The 2016 valuation results show that the scheme deficit has improved by £100 million to £563 million; a funding level of 86.7%.

5.5.3. The High Peak Borough Council portion of the Fund had a funding level of 69% at the 2013 valuation and a deficit of £25.9 million. The 2016 valuation results show that this position has improved in line with the wider Fund position (75% funding level and a deficit of £22.1 million). The High Peak portion of the Fund remains, however, poorly funded in comparison with the Fund as a whole.

5.5.4. The contributions necessary over the next three years have been actuarially determined by the 2016 Fund valuation exercise. The Council is required to contribute 12.4% of pensionable pay annually over the next 3 years, together with secondary contributions totalling £5.445 million over that period. This represents an increase of £54,000 (£321,000 less than the position reported in November).

5.5.5. In year 4 of the MTFP (2020/21) the contributions necessary will be determined by a further revaluation scheduled to take place in 2019. Provision for an increase in contributions of £18,000 has been included in this iteration in line with the increases seen in the 2016 valuation.

5.5.6. These additional pension costs are included in the employee inflation element of the Plan.

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. Increase in Other Operating Expenditure - The updated HRA plan provides for a number of changes to operating expenditure as set out in the table below:

Expenditure / (Income)	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Provision for Irrecoverable Debts	(74,670)	(2,180)	560	(1,320)
Charges for Depreciation	118,000	-	-	-
Interest Receipts	53,860	(13,450)	(22,420)	(22,420)
Past Service Pension Deficit Contribution	22,400	22,400	24,400	25,400
Increased / (Reduced) Other Operating Expenditure	**119,590**	**6,770**	**2,540**	**1,660**

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 1.99% is subject to referendum.

6.1.2. The MTFP assumes that a 1.9% increase will be implemented in each of the 4 years covered by this Plan.

6.1.3. Provision has been made in the Plan to reflect anticipated growth in Council Tax base over the next 4 years. The table below sets out the additional yield from Council Tax as assumed in the Medium Term Financial Plan:

Increased Council Tax Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue from increased Council Tax	(100,140)	(103,200)	(106,210)	(109,410)
Revenue from Tax Base growth	(60,860)	(55,370)	(62,060)	(57,490)
Total	**(161,000)**	**(158,570)**	**(168,270)**	**(166,900)**

6.2. Business Rates Retention

6.2.1. The 2013/14 Local Government Finance Settlement saw the introduction of the new business rates retention system, replacing the previous system of financing with a system based on the retention of business rates.

6.2.2. Under the current system, the Authority retains 40% of Business Rates less a tariff that is payable in to a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,209,510 for 2017/18): 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.

6.2.3. As part of the Derbyshire Pool, 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.

6.2.4. 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 with an end to Revenue Support Grant.

6.2.5. In outline the proposals for reform are as follows:

- Local authorities will retain 100% of Business Rates to fund local spending on services;
- The new system will be in place by the end of the current Parliament;
- Local authorities with be able to retain income from growth – i.e. there will be no levy;
- The reform will be fiscally neutral and local authorities will have new responsibilities and / or central government grants will be phased out;
- Local authorities will have the ability to reduce rates – there will be the ability to increase for combined authority mayors; and
- The new system will retain a system of tariffs and top ups subject to a fundamental review of needs.

6.2.6. In July 2016 the Department for Communities and Local Government (DCLG) published two consultation papers:

- Self-sufficient local government: 100% Business Rates Retention; and
- Business Rates Reform - Fair Funding Review: Call for evidence on Needs and Redistribution.

6.2.7. The Council responded to the consultation documents, detail of which was reported to Executive on 22nd September 2016.

6.2.8. There remains uncertainly surrounding how the new system will be phased in and in what form. Further updates will be presented as more information is released. For the purpose of the MTFP, no financial assumptions have been included based on the proposed new system, however, any financial benefits of the scheme will contribute towards the growth efficiency project as part of the new Efficiency and Rationalisation Strategy.

6.2.9. A national revaluation of Business Rates premises has taken place and the new list of rateable values will be introduced from 1st April 2017. Central Government has adjusted the tariff applied to the Council's Business Rates income to take account of this change. The change in this tariff is offset by the net change in income following the introduction of the revised rateable values.

6.2.10. The MTFP anticipates that Business Rates retention will be above the baseline, but is somewhat suppressed due to the extension of reliefs including increased small business rate relief, multiplier cap, re-occupied long-term empty property relief, and newly built empty relief. 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.

6.2.11. Changes in the level of the Council's business rates will be impacted by a range of factors, including the Derbyshire Pool's success in generating new and retaining existing business within its area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

Business Rates Retention	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
In year:				
Baseline Funding	(2,209,510)	(2,274,700)	(2,347,400)	(2,422,430)
Achievement against Baseline	(223,830)	(179,240)	(120,250)	(58,200)
Section 31 Grant	(617,170)	(628,510)	(639,780)	(651,230)
	(3,050,510)	**(3,082,450)**	**(3,107,430)**	**(3,131,860)**
Change between years:				
Business Rates retained	(178,748)	(20,600)	(13,710)	(12,980)
Section 31 Grant	(20,572)	(11,340)	(11,270)	(11,450)
	(199,320)	**(31,940)**	**(24,980)**	**(24,430)**

6.3. Collection Fund

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

6.3.2. It is expected that the High Peak's share of a surplus, in respect of Council Tax, will be £64,700 in 2017/18.

6.3.3. There is an anticipated surplus on the Business Rates collection fund; the Council's share is currently estimated at £80,410.

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

Changes in Collection Fund Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Council Tax	(7,500)	240	(1,550)	(1,630)
Business Rates	(667,180)	80,410	-	-
Total	**(674,680)**	**80,650**	**(1,550)**	**(1,630)**

6.4. Income from Government Grants

Revenue Support Grant

6.4.1. The current approved MTFP, reported to Council in February 2016, includes the phased elimination of Revenue Support Grant (RSG) announced by the Government in October 2015.

6.4.2. This revision of the MTFP maintains the profile of RSG reduction proposed by the Government as part of the 4 year settlement in February 2016. Reductions of £544,480 (33%), £334,340 (21%) and £245,760 (15%) in 2017/18, 2018/19 and 2019/20 respectively are included. This results in no RSG being included in the Authority's funding by 2019/20.

6.4.3. Local Authorities were required to submit an efficiency plan to Government by 14th October 2016 if they wanted to accept the 4 year settlement. The plan should set out what the Council intends to do in order to address the challenge of financial sustainability. If the four-year offer is not accepted the Council would be subject to the existing annual process for determining the local government finance settlement. Allocations could be subject to additional reductions dependent on the fiscal climate and the need to make further savings to reduce the deficit. The Council accepted the 4 year settlement and submitted an efficiency plan – a copy of which was attached to the November 2016 iteration of this report.

New Homes Bonus

6.4.4. 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.

6.4.5. New Homes Bonus represents a significant element of the Authority's funding. Historically, the Council has been awarded £0 (2011/12), £147,410 (2012/13), £170,950 (2013/14), £132,600 (2014/15), £159,360 (2015/16) and £163,000 (2016/17) in New Homes Bonus.

6.4.6. Consultation on the future format of New Homes Bonus was carried out in 2016 with the outcome being included in the settlement details released in December. The main changes to the scheme, which will come into effect on 1st April, include:

- The reduction in the number of years for which the Bonus is paid from the current 6 years to 5 years in 2017/18; to be followed by a further reduction to 4 years in 2018/19;
- The removal of New Homes Bonus paid on development below a 0.4% baseline; representing the percentage of housing that would have been built anyway.

6.4.7. Further changes, proposed in the consultation, have been put on hold to be considered for implementation in 2018/19. 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.

6.4.8. Under the new rules; New Homes Bonus of £99,150 has been awarded for 2017/18. This has been incorporated into the MTFP together with anticipated receipts of £88,400 in respect of 2018/19; 2019/20 and 2020/21.

6.4.9. The reduction in NHB payment from 6 to 5 to 4 years was included in the previous iteration of the MTFP. This change has cost the Authority £1.4 million in forecast NHB receipts over the next 4 years

6.4.10. The removal of bonus payments on property growth below the 0.4% (deadweight) threshold has been incorporated into the MTFP. This change has cost the Authority £0.1 million in forecast NHB receipts over the next 4 years

Local Council Tax Support Scheme

6.4.11. 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.

6.4.12. 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. This comes at a cost to the Council, which in 2017/18 equates to £24,850.

Summary of Income from Government Grants

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

Government Grant	2014/15 (baseline)	2015/16 (actual)	2016/17 (actual)	2017/18 (actual)	2018/19 (forecast)	2019/20 (forecast)	2020/21 (forecast)
	£	£	£	£	£	£	£
Revenue Support Grant	(2,371,010)	738,550	507,880	544,480	334,340	245,760	-
Council Tax Freeze	(113,630)	(62,040)	175,670	-	-	-	-
New Homes Bonus	(450,960)	(159,360)	(163,000)	48,260	215,150	70,950	74,600
Change in Govt Funding	**(2,935,600)**	**517,150**	**520,550**	**592,740**	**549,490**	**316,710**	**74,600**

6.5. Fees and Charges

General Fees and Charges

6.5.1. Charging for local services makes a significant contribution to the Council's finances. The Council also uses charging to influence individual choices and behaviour, and to bring other benefits to local communities. The Council's

Charging Policy sets out the following principles for establishing the level of fees and charges:

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

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

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

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

Increased Fees and Changes	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£	£	£	£
Revenue from increased Fees and Charges	(128,000)	(100,000)	(100,000)	(100,000)
Total	**(128,000)**	**(100,000)**	**(100,000)**	**(100,000)**

6.5.5 Further work will be developed in order to review fees and charges and identify new areas of charging in order to contribute to the Efficiency Programme.

Housing Revenue Account – Rent Charges

6.5.5. As detailed in section 4.3, the Government announced 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.

6.5.6. Therefore, the HRA Plan projects an average rent decrease on dwellings of 1.0% in 2017/18 – 2019/20, with a 1.5% increase assumed from 2020/21. It is proposed that 'Other Charges', including garages and sheltered housing service, will increase in 2017/18 by a maximum of 1%. Fuel charges have been reviewed based on 2015/16 usage information at specific properties and an adjustment for 2017/18 applied accordingly.

Reduced Rental Income	2017/18	2018/19	2019/20*	2020/21
	£	£	£	£
Reduced revenue from Rental Income and Other Charges	143,720	212,580	(61,420)	121,200

**53 week rent year*

6.5.7. There is a rent policy review currently being undertaken (with early discussion points presented to the HRA working group). This will progress throughout 2017/18 with staged implementation.

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 E.

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 • Outsourced waste contract • Outsourced leisure contract	• 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

7.2. 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.

7.2.4. While there is no detailed guidance on calculating the level of general reserves the Council is encouraged to take into account the strategic, operational and financial risks facing the Council. The table below present analysis undertaken by the Council in calculating the minimum level of general reserve required:

Risk Item	Calculation Factor	Value	Reserve Requirement
		£'m	£
Expenditure Items (gross) – Employee Related	2% of value	12.15	243,000
Expenditure Items (gross) – Other	2% of value	8.77	175,000
New Budget Growth	Additional 10% of value	0.00	0
Housing Benefits	0.25% of value	14.48	36,000
Fees and Charges	3.5% of value	9.70	340,000
Interest Receipts/Payments	5% fall in average rate	1.49	74,000
Efficiency Provisions	30% of value	0.47	140,000
Council Tax Collection	1.0% of value	5.43	54,000
Business Rates Retention	5% of value	3.05	153,000
Development Services Income	10% of value	0.87	57,000
Local Land Charges	5% income fall	0.12	6,000
Total Minimum Requirement			**1,278,000**

7.2.5. It is proposed that the minimum general reserve contingency balance should remain at £1,300,000 to meet unforeseen expenditure and/or shortfalls in income. The Council currently holds a contingency reserve of £2,200,000 (forecast to increase to £2,500,000 at year end).

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

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

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

7.2.9. [Note: A formal record of the Chief Finance Officer's advice is recorded in the minutes of the Council meeting. In the unusual event that a Chief Finance Officer's advice is not accepted by a Council, the rejection by a Council of the Chief Finance Officer's advice must be recorded in the minutes].

7.3. Use of Reserves and Balances

General Fund Reserves and Balances

7.3.1. The February Medium Term Financial Plan included a £68,250 contribution from General Fund Reserves in 2016/17. This reflected usage of the Section 106 (Commuted Sum) Reserve (£6,550) and usage of the Insurance Fund to meet the costs of the Council's obligations under the Municipal Mutual Insurance (MMI) scheme of arrangement (£61,700). The MMI obligation is a one-off payment, at this stage, affecting 2016/17 only. The level of Section 106 reserve usage is assumed to continue throughout the life of this Plan.

7.3.2. The February MTFP also included a use of £627,650 from General Fund contingency reserve in 2016/17, made possible by the anticipated levels of Business Rates Retention. It is likely that £910,900 will be drawn from reserves in 2016/17 – as an additional £215,000 is forecast to be drawn from earmarked reserves.

7.3.3. The use of reserves anticipated over the next 4 years has been updated and is included in this iteration of the plan. The annual changes are shown in the table below:

Reserve / Balance	2016/17 (Budget)	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£
General Fund Contingency Reserve	(627,650)	(547,020)	(833,420)	(715,350)	-
Other Earmarked Reserves	(68,250)	(6,550)	(6,550)	(6,550)	(6,550)
	(695,900)	**(553,570)**	**(839,970)**	**(721,900)**	**(6,550)**
Change in contribution to reserves		142,330	(286,400)	118,070	715,350

7.3.4. Consequently, the forecast year-end detailed useable reserves position is shown below:-

Reserve / Balance	2015/16	2016/17	2017/18	2018/19	2019/20	2019/20
	£	£	£	£	£	£
General Fund Contingency	2,920,470	2,500,440	2,173,420	1,340,000	1,424,650	1,424,650
Earmarked Reserves:-						
Efficiency & Rationalisation	-	-	-	-	-	-
Pension	220,000	220,000	-	-	-	-
Buxton Crescent/Business Grant Incentive	1,000,000	1,000,000	1,000,000	1,000,000	200,000	200,000
Insurance	525,000	463,000	463,000	463,000	463,000	463,000
Other	1,320,450	1,324,420	1,317,870	1,311,320	1,304,770	1,298,220
Capital Schemes	100,000	100,000	100,000	100,000	100,000	100,000
Total	**6,085,920**	**5,607,860**	**5,054,290**	**4,214,320**	**3,492,420**	**3,485,870**

7.3.5. As discussed in section 4.2.21 it is proposed to re-designate a proportion of the £1,000,000 earmarked reserve established to support the Buxton Crescent project. As the main contract is progressing and due to complete during 2018, the risks surrounding the project are reducing. Therefore, the MTFP assumes that £800,000 of the reserve will be transferred to the general contingency reserve on 1st April 2019. This would leave £200,000 to support the establishment of the proposed new tourism delivery model at the Crescent.

7.3.6. In addition, as the outcomes of the Derbyshire Pension scheme triannual review have been built into the MTFP, it is not necessary to carry an earmarked pension reserve. This has been transferred to general contingency in 2017/18.

HRA Reserves and Balances

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

7.3.8. Due to the strict ring-fencing rules that apply to the HRA, any funds set aside form part of HRA reserves. The table below summarises the projected 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 has been set aside to fund the cost of providing a stock condition survey.
- Major Void Reserve – this reserve is a contingency against the costs of Void properties requiring external or structural major works.
- Capital Investment Fund – this reserve is used to smooth the cost of borrowing required to fund any capital expenditure.

	2016/17	2017/18	2018/19	2019/20	2020/21
	£	£	£	£	£
HRA Reserves Brought Forward	7,490,742	8,806,555	8,863,555	8,619,715	8,123,035
Surplus/(Loss) for the year	1,217,813	57,000	(243,840)	(496,680)	(770,430)
Transfers to / from reserves	98,000	-	-	-	-
HRA Working Balance	**8,806,555**	**8,863,555**	**8,619,715**	**8,123,035**	**7,352,605**
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
Major Void Reserve	100,000	100,000	100,000	100,000	100,000
Total Working Balance carried forward	**9,664,115**	**9,721,115**	**9,477,275**	**8,980,595**	**8,210,165**
Capital Investment Fund carried forward	446,872	446,872	446,872	446,872	446,872
Total HRA Reserves carried forward	**10,110,987**	**10,167,987**	**9,924,147**	**9,427,467**	**8,657,037**

7.3.9. 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. However, due to the 1% reduction in rental income per annum over the next four years, the HRA balances are significantly reducing based on current expenditure assumptions.

8. Budget 2017/18

8.1 The prospects for the 2017/18 Budget were considered by the Executive, as part of the update of the Medium-Term Financial Plan, on 8th December 2016 prior to the commencement of the budget exercise.

8.2 Budget preparation work has now been completed and an overall balanced budget position has been reached with the inclusion of a £310,000 efficiency target on the General Fund and a drawdown of £547,000 in reserves. The HRA is balanced with a reduction to the overall capital programme pending stock condition survey information.

8.3 The proposed 2017/18 General Fund Budget is detailed below:

Budget Heading	2017/18 Projection
	£
Employees	12,154,030
Premises	3,817,240
Transport	694,690
Supplies & Services	9,957,330
Benefits	82,460
Borrowing	1,425,230
Parish Grant re Council Tax Support	51,320
Financing Costs	191,000
Unachieved Efficiencies (2014/15 - 2016/17 Plan)	431,200
Total Expenditure	**28,804,500**
Fees and Charges / Other Income	(11,048,930)
Interest Receipts	(64,720)
HRA Recharges	(6,663,740)
Capital Recharges	(231,240)
Net Expenditure	**10,795,870**
Council Tax	(5,431,520)
Revenue Support Grant	(580,100)
Business Rates Retention	(3,050,510)
New Homes Bonus	(725,060)
Contribution to / (use of) Reserves	(553,570)
Collection Fund	(145,110)
Total Financing	**(10,485,870)**
Deficit / (Surplus)	**310,000**
New Efficiency Requirement	(310,000)
Total Efficiency Requirement	**(310,000)**
In-Year Deficit / (Surplus)	**-**

8.4 The proposed 2017/18 Housing Revenue Account Budget is detailed below:

Budget Heading	2017/18 Projection
	£
Repairs & Maintenance	3,932,800
Supervision & Management	2,695,930
Rates, Rents, Taxes, Other Charges	115,320
Other Operating Expenditure	1,383,590
Depreciation & Impairment Charges	1,550,000
Interest & Debt Management Charges	3,381,630
HRA Contribution to Capital Programme	1,997,000
Total Expenditure	**15,056,270**
Dwellings Rents	(14,495,540)
Non - Dwelling Rents & Other Income	(617,730)
Total Income	**(15,113,270)**
(Surplus) / Deficit for year	**(57,000)**

Council Tax & Housing Rent Requirement 2016/17

8.5 The tables below illustrate the Council Tax & Housing Rent requirement for 2016/17:

General Fund	2017/18 Budget
	£
Net Cost of Services	**10,485,870**
Revenue Support Grant	(580,100)
New Homes Bonus	(725,060)
Business Rates Retention	(3,050,510)
Use of Reserves	(553,570)
Collection Fund	(145,110)
Net Requirement from Council Tax	**(5,431,520)**

Housing Revenue Account	2017/18 Budget
	£
Net Cost of Services*	**11,731,640**
Plus:	
Borrowing Costs	3,381,630
Net Expenditure	**15,113,270**
Non - Dwelling Rents & Other Income	(617,730)
Net Requirement from Housing Rents	**(14,495,540)**

**includes contribution to balances of £57,000*

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

	Budget Requirement £	Tax Base	Band D Council Tax £	Increase/ (Decrease) %
Borough Council Tax	**5,431,520**	**29,990**	**181.11**	**1.9%**

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

	Average Rents 16/17 £	Average Rents 17/18 £	Increase/ (Decrease) £	Increase/ (Decrease) %
HRA Rents (over 52 weeks)	**71.47**	**70.73**	**(0.74)**	**(1.0%)**
HRA Garage Rents (over 52 weeks)	**6.10**	**6.16**	**0.06**	**1.0%**

8.8 Charges made to recover fuel costs at various blocks have been reviewed and will now be charged on an individual block basis. Fuel costs during 2015/16 were lower than anticipated achieving a reduction in most cases to the charges made compared to previous years.

	Anticipated Fuel Cost 2017/18	Weekly Charge per Unit (over 52 weeks)				
		Charge Category A	B	C	D	Communal Areas
	£	£	£	£	£	£
Cromford Court	1,278	-	-	-	-	0.59
Northlands	9,483	-	5.95	7.93	-	3.50
Queens Court	10,983	-	4.09	-	6.81	1.00
Alma Square	6,280	2.84	4.26	-	7.10	1.85
Milton Court	19,616	6.34	9.51	-	15.85	2.64
Marian Court	6,506	2.53	3.79	-	6.32	1.31
Hartington Gardens	11,076	1.76	2.64	3.52	4.40	0.42
Ecclesfold	3,374	-	1.31	-	-	0.40
Grange Side Flats	3,276	-	-	-	-	5.73
Fieldhead House	2,983	-	-	-	-	8.20
Watford Lodge	1,337	-	-	-	-	3.21

9. MTFP REVENUE POSITION

9.1. General Fund Revenue Position

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

Summary Revenue Position	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.2)	54,810	161,110	139,730	117,760
Interest Rate Changes (section 5.1)	65,940	1,030	(51,850)	(58,720)
Borrowing Costs (section 5.1)	(177,550)	77,970	(49,150)	(66,120)
Inflation Pressures (section 5.2)	336,600	320,980	337,190	342,670
Increased / (Reduced) Budget Demand (section 5.3)	26,930	(33,320)	(85,900)	(22,900)
Budget Growth (section 5.4)	-	-	-	-
Increased Council Tax Income (section 6.1)	(161,000)	(158,570)	(168,270)	(166,900)
Business Rates Retention (section 6.2)	(199,320)	(31,940)	(24,980)	(24,430)
Changes in Collection Fund (section 6.3)	(674,680)	80,650	(1,550)	(1,630)
Reduction in Government Grant (section 6.4)	592,740	549,490	316,710	74,600
Additional Fees and Charges (section 6.5)	(128,000)	(100,000)	(100,000)	(100,000)
Unachieved Savings (2014/17 Efficiency Plan) (section 4.4)	431,200			
Contribution to Reserves & Balances (section 7.3)	142,330	(286,400)	118,070	715,350
In Year Change in Position	**310,000**	**581,000**	**430,000**	**809,680**
Efficiency & Rationalisation Plan (section 4.3)	(310,000)	(581,000)	(430,000)	(809,680)
Budget (Surplus) / Deficit	**-**	**-**	**-**	**-**
Cumulative (Surplus) / Deficit	**-**	**-**	**-**	**-**

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

9.2. Housing Revenue Account Revenue Position

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

Summary Revenue Position	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Deficit b/f	-	(57,000)	243,840	496,680
Revenue consequence of Capital spend (section 4.2)	(836,230)	(42,480)	182,490	25,400
Inflation pressures (section 5.2)	131,400	123,970	129,230	125,490
Increased / reduced budget demand (section 5.3)	384,520	-	-	-
Increased / reduced budget growth (section 5.4)	-	-	-	-
Increase in Other Operating Expenditure (section 5.6)	119,590	6,770	2,540	1,660
Reduction in Rent and Other Charges (section 6.5)	143,720	212,580	(61,420)	121,200
Budget (surplus)/deficit	**(57,000)**	**243,840**	**496,680**	**770,430**

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

10. CONSULTATION

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

10.2. The consultation process for 2016/17 was undertaken via an online survey available on the Council's website which summarised the financial challenges the Council faces and invited comment. This survey will remain live until 31st March 2016, with any additional responses feeding into the 2018/19 budget setting process.

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

10.4. 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 (2016/17 to 2020/21) – General Fund

Capital Schemes	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Asset Management Plan(AMP)						
Council Offices/Public Buildings	558,000	4,346,830	1,853,270	1,000,000	-	7,758,100
Car Parks	-	120,000	-	-	-	120,000
Infrastructure	22,300	286,950	181,360	130,000	455,000	1,075,610
Leisure Centres	-	200,000	45,000	-	-	245,000
	580,300	**4,953,780**	**2,079,630**	**1,130,000**	455,000	**9,198,710**
Growth Fund	-	-	-	-	-	-
Affordable Housing Projects	**241,960**	-	-	-	-	**241,960**
Housing Projects (RTB 1 for 1)	**-**	**142,000**	**301,050**	**454,000**	**454,000**	**1,351,050**
Private Sector Housing Grants	**463,140**	**414,700**	**389,000**	**389,000**	389,000	**2,044,840**
ICT	**318,000**	**50,000**	**50,000**	**50,000**	**41,520**	**509,520**
Other Schemes						
Play Facilities	114,970	60,000	-	-	-	174,970
Country Parks & Allotments	100,550	-	-	-	-	100,550
Cemeteries	-	-	-	-	-	-
Conservation/Heritage	54,650	45,000	45,000	45,000	45,000	234,650
Market Town Regeneration	161,060	199,130	-	-	-	360,190
	431,230	**304,130**	**45,000**	**45,000**	**45,000**	**870,360**
Total Programme	**2,034,630**	**5,864,610**	**2,864,680**	**2,068,000**	**1,384,520**	**14,216,440**
Funding of Programme						
External Contributions	569,180	460,700	389,000	389,000	389,000	2,196,880
Section 106 Planning Obligations	308,080	10,000	-	-	-	318,080
Capital Receipts	-	642,000	491,050	1,264,000	734,000	3,131,050
Capital Reserves	-	-	-	-	-	-
Borrowing	1,157,370	4,751,910	1,984,630	415,000	261,520	8,570,430
	2,034,630	**5,864,610**	**2,864,680**	**2,068,000**	**1,384,520**	**14,216,440**

ANNEX B

Proposed Capital Projections (2016/17 to 2020/21) – Council Dwellings (HRA)

Capital Schemes	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
ASSET MANAGEMENT WORKS:						
Roofing & External Works	672,280	268,000	268,000	268,000	268,000	1,744,280
Kitchens Programme	233,670	350,000	350,000	350,000	350,000	1,633,670
Bathroom Programme	77,240	100,000	100,000	100,000	100,000	477,240
Central Heating Programme	1,112,180	1,230,000	1,230,000	1,230,000	1,230,000	6,032,180
Electrical Works	489,110	788,000	788,000	788,000	788,000	3,641,110
Health & Safety Works	45,320	125,000	125,000	125,000	125,000	545,320
Aids & Adaptations	435,670	350,000	350,000	350,000	350,000	1,835,670
HRA Shop Works	76,000	-	-	-	-	76,000
Sheltered Schemes Various Works	132,500	-	-	-	-	132,500
External & Structural Works	70,000	100,000	100,000	100,000	100,000	470,000
Other General Works	-	75,000	75,000	75,000	75,000	300,000
REPAIRS TEAM CAPITAL WORKS						
Void External & Structural Works	-	100,000	100,000	100,000	100,000	400,000
Void Electrical Works	35000	35,000	35000	35,000	35000	175,000
Void Kitchens	350,000	200,000	200,000	200,000	200,000	1,150,000
Void Bathrooms	60,000	60,000	60,000	60,000	60,000	300,000
OTHER CAPITAL WORKS:						
New Build	194,000					194,000
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
	4,137,970	**3,936,000**	**3,936,000**	**3,936,000**	**3,936,000**	**19,881,970**
Funding:						
HRA Contribution	1,580,970	1,997,000	2,078,640	2,325,000	2,386,000	10,367,610
Major Repairs Reserve	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Receipts	509,000	389,000	307,360	61,000	-	1,266,360
Capital Investment Fund	498,000	-	-	-	-	498,000
	4,137,970	**3,936,000**	**3,936,000**	**3,936,000**	**3,936,000**	**19,881,970**

ANNEX C

Efficiency and Rationalisation Strategy (April 2017)

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**

ANNEX D

Fees & Charges

	HPBC Proposed Fees & Charges	Charging Policy Category							
Service Area	**2017/18**	**Full commercial**	**Fair charging**	**Cost recovery**	**Subsidised**	**Nominal**	**Free**	**Statutory**	**Total**
Environmental Health	Income	£11,721	£13,009	£1	£2,969	£0	£0	£31,196	£58,895
	Surplus/ (Subsidy) after Costs	£2,173	£815	£0	-£1,663	£0	-£23,994	£8,261	-£14,407
Licensing	Income		£2,000	£92,900				£70,908	£165,808
	Surplus/ (Subsidy) after Costs		-£820	£6,303				£50,546	£56,029
Land Charges	Income			£201,325			£0	£0	£201,325
	Surplus/ (Subsidy) after Costs			£8,955			£0	-£2,029	£6,925
Environmental Crime	Income							£15,585	£15,585
	Surplus/ (Subsidy) after Costs							£6,338	£6,338
Community	Income							£1,050	£1,050
	Surplus/ (Subsidy) after Costs							-£175	-£175
Planning	Income		£27,550	£5,782					£33,332
	Surplus/ (Subsidy) after Costs		£15,028	£3,708					£18,737
Building Control	Income			£4,315					£4,315
Street Naming	Income		£23,447						£23,447
	Surplus/ (Subsidy) after Costs		£20,066						£20,066
Waste	Income			£37,029	£6,584		£0		£43,613
	Surplus/ (Subsidy) after Costs			£5,850	-£2,618		£0		£3,232
Cemeteries	Income		£195,041		£0	£0	£0		£195,041
	Surplus/ (Subsidy) after Costs		£112,068		£0	£0	-£715		£111,353
Street Scene	Income		£6,425						£6,425
	Surplus/ (Subsidy) after Costs		£2,572						£2,572
Horticulture	Income	£5,770	£6,437		£350		£0		£12,557
	Surplus/ (Subsidy) after Costs	£4,589	£5,132		-£28		-£2,883		£6,809
Car Parks	Income		£1,090,306				£0	£118,450	£1,208,756
	Surplus/ (Subsidy) after Costs		£833,591				-£13,754	£0	£819,837
Markets	Income		£9,612						£9,612
	Surplus/ (Subsidy) after Costs		-£2,488						-£2,488
Finance	Income		£180,500	£0					£180,500
	Surplus/ (Subsidy) after Costs		-£8,360	£0					-£8,360
Elections	Income					£1,600			£1,600
	Surplus/ (Subsidy) after Costs					£1,310			£1,310
Carelink	Income		£584,785						£584,785
	Surplus/ (Subsidy) after Costs		£194,045						£194,045

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

ANNEX E

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 F

Proposed Revenue Projections (2017/18 to 2020/21) – General Fund

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Employees	12,154,030	12,540,360	12,801,580	13,057,010
Premises	3,817,240	3,965,520	4,034,910	4,110,020
Transport	694,690	741,660	750,340	759,140
Supplies & Services	9,957,330	10,254,400	10,379,030	10,510,350
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,425,230	1,664,310	1,754,890	1,806,530
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	191,000	191,000	191,000	191,000
Unachieved Efficiencies (2014/17 Plan)	431,200	-	-	-
Total Expenditure	**28,804,500**	**29,491,030**	**30,045,530**	**30,567,830**
Fees and Charges / Other Income	(11,048,930)	(11,184,750)	(11,368,150)	(11,493,550)
Interest Receipts	(64,720)	(63,690)	(115,540)	(174,260)
HRA Recharges	(6,663,740)	(6,787,710)	(6,916,940)	(7,042,430)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	**10,795,870**	**11,223,640**	**11,413,660**	**11,626,350**
Council Tax	(5,431,520)	(5,590,090)	(5,758,360)	(5,925,260)
Revenue Support Grant	(580,100)	(245,760)	-	-
Business Rates Retention	(3,050,510)	(3,082,450)	(3,107,430)	(3,131,860)
New Homes Bonus	(725,060)	(509,910)	(438,960)	(364,360)
Contribution to / (use of) Reserves	(553,570)	(839,970)	(721,900)	(6,550)
Collection Fund	(145,110)	(64,460)	(66,010)	(67,640)
Total Financing	**(10,485,870)**	**(10,332,640)**	**(10,092,660)**	**(9,495,670)**
Cumulative Deficit / (Surplus)	**310,000**	**891,000**	**1,321,000**	**2,130,680**
New Efficiency Requirement (Cumulative)	(310,000)	(891,000)	(1,321,000)	(2,130,680)
Total Efficiency Requirement (Cumulative)	**(310,000)**	**(891,000)**	**(1,321,000)**	**(2,130,680)**
In-Year Deficit / (Surplus)	**-**	**-**	**-**	**-**

ANNEX G

Proposed Revenue Projections (2017/18 to 2020/21) – Housing Revenue Account

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Repairs & Maintenance	3,932,800	4,013,570	4,098,170	4,182,280
Supervision & Management	2,695,930	2,739,130	2,783,760	2,825,140
Rates, Rents, Taxes, Charges	115,320	115,320	115,320	115,320
Other Operating Expenditure	1,383,590	1,403,810	1,428,770	1,452,850
Depreciation & Impairment Charges	1,550,000	1,550,000	1,550,000	1,550,000
Interest & Debt Management Charges	3,381,630	3,244,060	3,157,770	3,099,750
HRA Contribution to Capital Programme	1,997,000	2,078,640	2,325,000	2,386,000
Total Expenditure	**15,056,270**	**15,144,530**	**15,458,790**	**15,611,340**
Dwellings Rents	(14,495,540)	(14,277,940)	(14,334,290)	(14,202,380)
Non - Dwelling Rents & Other Income	(617,730)	(622,750)	(627,820)	(638,530)
Total Income	**(15,113,270)**	**(14,900,690)**	**(14,962,110)**	**(14,840,910)**
(Surplus) / Deficit for year	**(57,000)**	**243,840**	**496,680**	**770,430**