

HIGH PEAK BOROUGH COUNCIL

Report to the Corporate Select Committee

25th November 2019

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| TITLE: | Updated Medium Term Financial Plan 2020/21 to 2023/24 |
| EXECUTIVE COUNCILLOR: | Cllr Alan Barrow – Executive Councillor for Corporate Services & Finance |
| CONTACT OFFICERS: | Claire Hazeldene – Deputy Director & Head of Finance Keith Pointon – Principal Finance Officer (Financial Planning) |
| WARDS INVOLVED: | Non-Specific |

Appendices Attached:

Appendix A - Medium Term Financial Plan 2020/21 to 2023/24

1. Reason for the Report

- 1.1 This report presents the Council's updated Medium Term Financial Plan (MTFP). The MTFP presents the Council's priorities in the context of the likely resources available, providing a financial context to future decision-making.

2. Recommendations

- 2.1 It is recommended that the Corporate Select Committee request that the Executive approves the Medium Term Financial Plan as attached at Appendix A

3. Executive Summary

- 3.1 The medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities.
- 3.2 The Medium Term Financial Plan (MTFP) is updated in accordance with the budget cycle. This version of the MTFP presents the Council's finances over a four-year period, namely 2020/21 to 2023/24. It sets the context for the preparation of the 2020/21 budget which will be presented for approval by the Council in February 2020.
- 3.3 The plan provides:

- Details of local spending influences in the context of the new Corporate Plan
 - A focus on the transformation programme and the consequential financial implications, including the capital programme, housing revenue account (HRA) and efficiency & rationalisation plan
 - Updated inflation and interest assumptions using the latest forecasts and the impact of any budgetary demand
 - Updated income assumptions based on latest information
 - An update on any national issues that will impact on the Council's financial position
- 3.3 The previous version of the MTFP was agreed by the Council in February 2019 when setting the budget for the current financial year. The Plan identified a surplus position of £253,390 by the end of 2022/23. An assumed overall contribution of £479,150 into reserves was made over the life of the MTFP.
- 3.4 The overall financial assumptions have been updated and a new financial year (2023/24) has now been added to the plan, which forecasts a surplus of £214,240 by 2023/24. Taking this into account as well as the projected 2019/20 surplus position as forecast in the Quarter Two report – this would result in an overall contribution to reserves over the life of the plan of £841,690.
- 3.5 The improved position is primarily due to assumptions around new homes bonus and business rates income.
- 3.6 However, this is subject to completion of the current efficiency programme (2020/21 being the final year of the programme) and any changes to financial assumptions going forward. Current progression against the Efficiency programme is positive with the 2019/20 target exceeded due to significant savings achieved from the Leisure Contract, Pavilion Gardens concession and Insurance Contract. A review of the remaining efficiency programme will take place in preparation for the MTFP to be presented in February.
- 3.7 Whilst this is a financially sound position, there are a number of risks to this. Further work is taking place to more accurately understand costings; for example, around capital programme projects and understanding the increased budget requirement in regard to the provision of facilities management. In addition, a review of income forecasts around business rates retention income – which is extremely volatile - and progress against the land disposal strategy and realisation of capital receipts which potentially impacts on borrowing costs.
- 3.8 There is also a risk around the potential impact of the Government's fair funding and spending review, as well as the 75% business rates retention system and any further changes to the New Homes Bonus scheme.
- 3.9 There is a surplus position of £2,139,840 on the HRA by the end of 2023/24. This incorporates the results of the recent stock condition surveys. There is a projected deficit in 2020/21 due to the reprofiling of capital schemes –

however, this deficit will be covered using the underspend projected in 2019/20.

- 3.10 The MTFP currently assumes a Council Tax increase of 2% over the life of the plan, with Housing Rents increasing by CPI +1%.
- 3.4 The General Fund and HRA capital programme has been updated to reflect the 2018/19 outturn position, projections for 2019/20 and any reprofiling required over the life of the MTFP. Further work of estimating the costs of the capital programme is being undertaken, with any financial consequences feeding into the February 2020 MTFP.
- 3.5 As previously stated, this version of the MTFP sets the context for the development of the 2019/20 Budget. Members will receive a further update of the MTFP when considering the final budget proposals in February 2020. The following actions will need to be completed to ensure that these proposals are robust:
- Complete review of the Council's transformation programme (including capital programme and efficiency programme) and produce revised forecasts as required
 - Development of detailed budget plans for 2021/22
 - Development of detailed proposals for fees and charges increases
 - Complete review of reserves and balances
 - Continue to monitor the ongoing issues arising from the Autumn budget, retention of business rates and the associated financial implications for the Council, as well as any changes emerging from the fair funding / spending review.

4. How this Report Links to Corporate Priorities

- 4.1 The successful delivery of all corporate priorities is dependent upon the effective management of financial resources, which is the subject of this report.

5. Options and Analysis

- 5.1 There are no options to consider at this stage. Options will be need to be developed in order to close the financial deficits highlighted in this updated plan.

6. Implications

- 6.1 Community Safety - (Crime and Disorder Act 1998)
None.
- 6.2 Workforce
None.

- 6.3 Equality and Diversity/Equality Impact Assessment
 This report has been prepared in accordance with the Council's Equality and Diversity policies.
 An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.
- 6.4 Financial Considerations
 There are substantial financial considerations contained throughout the report.
- 6.5 Legal
 None.
- 6.6 Sustainability
 None.
- 6.7 External Consultation
 The Council's budget plans are the subject of an annual public consultation exercise. Full details are contained within the plan
- 6.8 Risk Assessment
 A full risk analysis has been undertaken which is contained within the plan

ANDREW P STOKES
Executive Director (Transformation) & Chief Finance Officer

| <u>Background Papers</u> | <u>Location</u> | <u>Contact details</u> |
|-----------------------------------|------------------------|--|
| Various background working papers | Buxton Town Hall | Claire Hazeldene Finance & Procurement Manager 01538 395400 Ext. 4191 Keith Pointon Principal Finance Officer (Financial Planning) 01538 395400 Ext. 4193 |