

**HIGH PEAK BOROUGH COUNCIL**

**MEDIUM TERM FINANCIAL PLAN 2020/21 to 2023/24**

November 2019

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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 2020/21 to 2023/24. 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 2019 and new political administration, there has been a fundamental review of the Corporate Plan focussing on the period 2019-2023 (up to the end of the current political administration). The Corporate Plan was agreed by Council on 15<sup>th</sup> October 2019 with 2020/21 representing the first full year of the new Corporate Plan.
- 2.3. The Council's 4-year Corporate Plan (2019-2023) establishes the Council's vision, corporate objectives and key priorities for the medium term. It in effect establishes the Council's commitment in the delivery of service and community leadership to the residents of the High Peak.

2.4. The delivery of the Corporate Plan will be measured through the Performance Framework. A set of local performance indicators and targets will be established in preparation for the start of the financial year 2020/21 by the Corporate Select Committee.

2.5. The Council’s Corporate Plan is a document that needs to be owned by the whole Council. As a consequence the Council held a members priority setting day held in July 2019 – the views have been taken into account in the development of the new plan and will also be important in developing the supporting performance framework.

2.6. The Medium Term Financial Plan has been updated to reflect the contents of the plan and to ensure that resources are directed towards key priorities.

2.7. The Council’s vision is expressed as:

“Working together to protect and invest in the High Peak with the Council on your side”

This vision is articulated further by four aims:

- Supporting our communities to create a healthier, safer, cleaner High Peak
- A responsive, smart, financially resilient and forward thinking council
- Protect and create jobs in the High Peak by supporting economic growth, development & regeneration
- Protect and improve the environment including responding to the climate emergency

2.8 The first aim recognises that the Council has a broader role and has to work with partners to deliver more holistic outcomes. The second aim commits to the continuous improvement of services and reinforces the desire to provide value for money.

2.9 The third and fourth aims form the additional ambitions of the Council which continue to be focused around supporting the development of the local economy and protecting the environment.

2.10 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:

	<b>Aim</b>	<b>Objectives</b>
1	Supporting our communities to create a healthier, safer, cleaner High Peak	<ul style="list-style-type: none"> <li>• Effective relationship with strategic partners</li> <li>• Effective provision of high-quality public amenities, clean streets and environmental health</li> <li>• Fit for purpose housing that meets the need of tenants and residents</li> <li>• Practical support of community safety arrangements</li> <li>• Provision of high quality leisure facilities both in formal leisure centres and swimming pools and out in our communities</li> <li>• Work with our partners and the community to address health inequality, food and fuel poverty, mental health and loneliness</li> </ul>

	<b>Aim</b>	<b>Objectives</b>
2	A responsive, smart, financially resilient and forward thinking Council	<ul style="list-style-type: none"> <li>• Ensure our future financial resilience can be financially sustainable whilst offering value for money</li> <li>• Ensure our services are readily available to all our residents in the appropriate channels and provided “right first time”</li> <li>• Invest in our staff to ensure we have the internal expertise to deliver our plans by supporting our high performing and well motivated workforce</li> <li>• More effective use of Council assets to benefit our communities</li> <li>• Effective procurement with a focus on local businesses</li> <li>• Use innovation, technology and partnership with others to help improve the efficiency of services, improve customer satisfaction and reduce our impact on the environment</li> </ul>
3	Protect and create jobs in the High Peak by supporting economic growth, development & regeneration	<ul style="list-style-type: none"> <li>• Encourage business start-ups and enterprises</li> <li>• Work to create flourishing town centres and thriving high streets that support the local economy</li> <li>• Promote tourism to maximise local benefit</li> <li>• High quality development and building control with an “open for business approach”</li> <li>• Car parking arrangements that meet the needs of residents, businesses and visitors</li> <li>• Working to support existing local businesses, both large and small across the High Peak as they respond to future challenges</li> <li>• Supporting the development of innovative green jobs and businesses across the High Peak</li> </ul>
4	Protect and Improve the Environment including responding to the climate emergency	<ul style="list-style-type: none"> <li>• Effective recycling and waste management</li> <li>• Effective provision of quality parks and open spaces</li> <li>• Meeting the challenge of climate change and working with residents and business across the High Peak to implement the climate change action plan</li> </ul>

2.11. 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 Council’s influencing role will be focused in the following priority areas:

- Work with Derbyshire County Council and other partners to enable high speed internet across the borough
- Support the development of more cycle routes whilst working with Derbyshire County Council and residents to ensure harmony amongst road users
- Working with regional partners such as Derbyshire County Council, Greater Manchester Combined Authority and the Sheffield City Region to improve public transport links across the borough and extend the GM rail ticketing boundary
- Encouraging local organisations and businesses to reduce their carbon footprint
- Ensure the best use of public assets across the borough by working via the One Public Estate project

- 2.12 The Council will also continue to seek to influence our partners in the following long term projects:
- Work with the private sector on regeneration schemes including The Crescent and Torr Vale Mill
  - Pressing for more regular and faster rail links and public transport links and essential road infrastructure (i.e. A628 / A6 bypasses, Whaley Bridge 2nd Bridge, Gamesley Station)
  - Supporting the completion of the off road route for the Trans Pennine Trail and access to the Monsal and Tissington Trails
  - Maintaining the provision of accessible health of social care and working with partners to ensure health and well being
  - Support the police in dealing with anti social behaviour
  - Work with partners to bring additional funding into the borough

2.12. 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
Supporting our communities to create a healthier, safer, cleaner High Peak	<ul style="list-style-type: none"> <li>• Improved housing repairs service</li> <li>• Improved private sector housing conditions</li> <li>• Increased supply of affordable housing</li> <li>• Increased level of community support</li> </ul>
A responsive, smart, financially resilient and forward thinking Council	<ul style="list-style-type: none"> <li>• Increased use of local firms through procurement</li> <li>• Provision of more apprenticeships</li> <li>• Increased levels of customer satisfaction</li> <li>• Better engagement with our local communities</li> </ul>
Protect and create jobs in the High Peak by supporting economic growth, development & regeneration	<ul style="list-style-type: none"> <li>• Increased economic growth</li> <li>• Higher paid employment</li> <li>• New tourism opportunities</li> <li>• Thriving and flourishing town centres and high streets</li> </ul>
Protect and improve the environment including responding to the climate emergency	<ul style="list-style-type: none"> <li>• Reduction in carbon emissions</li> <li>• Reduced levels of environmental crime</li> <li>• Appropriate response to the climate emergency declaration through a deliverable plan</li> </ul>

2.13. 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.

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

### 3. CURRENT SPENDING LEVELS

3.11. 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**

3.12. The Council's current year (2019/20) General Fund budget can be summarised as follows:

Income and Expenditure	2019/20 Budget
	£
Employees	11,344,470
Premises	4,522,920
Transport	641,740
Supplies & Services	8,546,630
Benefits	82,460
Borrowing	1,794,630
Parish Grant	51,320
Financing Costs	191,000
<b>Total Expenditure</b>	<b>27,175,170</b>
Fees and Charges / Other Income	(8,177,710)
Interest Receipts	(225,260)
Capital Recharges	(231,240)
HRA Recharges	(7,775,610)
<b>Net Expenditure</b>	<b>10,765,350</b>

3.13. The net expenditure is financed as follows:

Financing	2019/20 Budget
	£
Council Tax	(5,863,060)
Government Funding	-
New Homes Bonus	(560,050)
Business Rates Retention	(3,638,050)
Collection Fund Deficit	(186,880)
Contribution to / (from) Reserves & Balances	(5,010)
Efficiency Requirement	(512,300)
<b>Total Financing</b>	<b>(10,765,350)</b>

### ***Housing Revenue Account Budget***

- 3.14. 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.
- 3.15. The Council's current year (2019/20) Housing Revenue Account budget can be summarised as follows:

<b>Budget Heading</b>	<b>2019/20 Budget</b>
	£
Repairs & Maintenance	3,860,920
Supervision & Management	3,166,590
Rates, Rents, Taxes, Charges	105,260
Other Operating Expenditure	736,450
Depreciation & Impairment Charges	2,099,030
Interest & Debt Management Charges	2,783,310
HRA Contribution to Capital Programme	1,934,210
<b>Total Expenditure</b>	<b>14,685,770</b>
Dwellings Rents	(14,325,340)
Non - Dwelling Rents & Other Income	(622,090)
<b>Total Income</b>	<b>(14,947,430)</b>
<b>Original (Surplus) / Deficit for year</b>	<b>(261,660)</b>

- 3.15.1. Following approval to carry forward capital schemes of £150,000 from 2018/19 and a further increase to the 2019/20 programme of £171,170 in order to accelerate the kitchen programme, the original in year surplus of £261,660 has been revised to the current in year deficit position of £59,510.



### **General Fund Capital Budget**

3.16. The medium-term projection for General Fund capital commitments approved by Council in February 2019 is detailed below:

<b>Service Area</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
	£	£	£	£	£	£
Fleet Management	1,007,410	2,704,970	691,500	201,250	126,500	<b>4,731,630</b>
New Housing Schemes	178,000	597,000	667,000	350,000	350,000	<b>2,142,000</b>
Asset Management Plan	2,545,680	1,773,490	1,405,000	802,000	2,187,270	<b>8,713,440</b>
Housing Grants	383,370	685,560	421,000	421,000	421,000	<b>2,331,930</b>
ICT Strategy	-	255,800	-	-	-	<b>255,800</b>
Other Schemes	503,210	727,170	161,930	45,000	-	<b>1,437,310</b>
<b>Total Programme</b>	<b>4,617,670</b>	<b>6,743,990</b>	<b>3,346,430</b>	<b>1,819,250</b>	<b>3,084,770</b>	<b>19,612,110</b>
<b>Financed by:</b>						
External Contributions	383,370	765,360	421,000	421,000	421,000	<b>2,411,730</b>
Capital Receipts / Reserves	1,331,690	1,302,310	1,236,000	1,398,250	2,663,770	<b>7,932,020</b>
General Fund Reserve	387,710	-	-	-	-	<b>387,710</b>
S106 Planning Obligations	-	-	-	-	-	-
Borrowing	2,514,900	4,676,320	1,689,430	-	-	<b>8,880,650</b>
<b>Total Financing</b>	<b>4,617,670</b>	<b>6,743,990</b>	<b>3,346,430</b>	<b>1,819,250</b>	<b>3,084,770</b>	<b>19,612,110</b>

### **Housing Revenue Account Capital Budget**

3.17. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2019 was as follows:

	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Total</b>
	£	£	£	£		£
Asset Management works	3,469,000	3,456,740	2,469,240	3,236,970	3,941,600	16,573,550
Repairs Team Capital works	295,000	295,000	295,000	295,000	295,000	1,475,000
Asset Purchases	208,480	242,500	-	-	420,000	870,980
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
<b>Total Programme</b>	<b>4,072,480</b>	<b>4,094,240</b>	<b>2,864,240</b>	<b>3,631,970</b>	<b>4,756,600</b>	<b>19,419,530</b>
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	2,099,030	10,495,150
HRA Contribution	1,566,090	1,934,210	765,210	1,532,940	2,657,570	8,456,020
Capital Receipts	307,360	61,000	-	-	-	368,360
Major Voids Reserve	100,000	-	-	-	-	100,000
<b>Total Financing</b>	<b>4,072,480</b>	<b>4,094,240</b>	<b>2,864,240</b>	<b>3,631,970</b>	<b>4,756,600</b>	<b>19,419,530</b>

## **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
- The Efficiency and Rationalisation strategy
- Member Priority Projects
- Alliance Environment Services (AES)

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

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 future MTFP updates.

### **4.2. Capital Strategy**

4.2.1. In accordance with the requirements of the 2017 edition of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities, a Capital Strategy was produced and approved alongside the MTFP in February 2019.

4.2.2. The Strategy, which will be updated and presented to members along side the MTFP report in February 2020, explains how capital expenditure and investment decisions are taken in line with the Council's Corporate Plan and service objectives, taking account of stewardship, value for money, prudence, risk management, sustainability and affordability.

### **4.3. Capital Programme**

#### **General Fund Capital Programme**

4.3.1. The General Fund Capital Programme approved by members in February 2019 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2024.

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

Service Area	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£
Housing	27,000	667,000	374,000	504,000	504,000	2,076,000
Asset Management	2,384,300	2,135,360	1,926,550	486,050	1,467,640	8,399,900
Housing Grants	556,840	489,110	489,110	489,110	489,110	2,513,280
ICT Strategy	135,000	87,050	50,000	50,000	50,000	372,050
Fleet Management	2,467,010	1,119,780	322,500	147,000	311,140	4,367,430
Other Schemes	580,780	119,380	45,000	0	-	745,160
<b>Total Programme</b>	<b>6,150,930</b>	<b>4,617,680</b>	<b>3,207,160</b>	<b>1,676,160</b>	<b>2,821,890</b>	<b>18,473,820</b>
<b>Financed by:-</b>						
External Contributions	646,640	489,110	489,110	489,110	489,110	2,603,080
Planning Obligations	33,000	-	-	-	-	33,000
Capital Receipts	1,047,090	1,875,000	2,172,480	683,050	1,774,470	7,552,090
Capital Receipts( one for one)	27,000	667,000	374,000	504,000	504,000	2,076,000
Capital Reserves	500,000	-	-	-	-	500,000
Earmarked Reserves	64,450	-	-	-	-	64,450
Borrowing	3,832,750	1,586,570	171,570	-	54,310	5,645,200
<b>Total Financing</b>	<b>6,150,930</b>	<b>4,617,680</b>	<b>3,207,160</b>	<b>1,676,160</b>	<b>2,821,890</b>	<b>18,473,820</b>

4.3.3. The capital projections above include the carry forward of £1,159,850 capital budgets from 2018/19; an increase to the 2019/20 programme of £90,000 (Upgrade of play facilities Whitfield Recreation Ground) as approved by a Delegated Executive decision in September 2019

### Housing Revenue Account Capital Programme

4.3.4. The Housing Revenue Account Capital Programme approved by members in February 2019 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2024.

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£
Asset Management works	2,536,910	4,669,540	3,712,660	4,341,600	2,457,460	17,718,170
Repairs Team Capital works	295,000	295,000	295,000	295,000	295,000	1,475,000
Asset Purchases	0	242,500	0	420,000	0	662,500
Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
<b>Total Programme</b>	<b>2,931,910</b>	<b>5,307,040</b>	<b>4,107,660</b>	<b>5,156,600</b>	<b>2,852,460</b>	<b>20,355,670</b>
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	2,099,030	10,495,150
HRA Contribution	771,880	3,208,010	2,008,630	3,057,570	753,430	9,799,520
Capital Receipts	61,000	0	0	0	0	61,000
<b>Total Financing</b>	<b>2,931,910</b>	<b>5,307,040</b>	<b>4,107,660</b>	<b>5,156,600</b>	<b>2,852,460</b>	<b>20,355,670</b>

4.3.5. The capital projections above include the carry forward of £150,000 from 2018/19 and an increase to the 2019/20 programme of £171,170 (to accelerate the kitchen replacement scheme) as approved by The Executive in August 2019.

## Asset Management Plan (AMP) – General Fund

4.3.6. It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. The Capital Strategy (presented alongside the MTFP in February 2019) sets out the outcomes and actions emerging from a report presented to the Executive in July 2016 – which was based on the result of asset condition surveys completed on the Council’s property portfolio

4.3.7. This included the potential capital and revenue financial implications of maintaining the Council’s current property assets over a 30 year period, as summarised below:-

HPBC - Capital Investment Required (as at July 2016)	2016-17 - 2019-20 (MTFP)	2020-21 - 2045-46 (26 Years)	TOTAL
Public Buildings	8,450,983	6,188,951	<b>14,639,934</b>
Car Parks	120,000	3,754,462	<b>3,874,462</b>
Public Conveniences	123,400	949,300	<b>1,072,700</b>
Waterways & Infrastructure Assets	671,360	1,230,000	<b>1,901,360</b>
Leisure Centres	45,000	6,825,129	<b>6,870,129</b>
Depots and Parks Buildings	144,700	1,301,785	<b>1,446,485</b>
<b>TOTAL</b>	<b>9,555,443</b>	<b>20,249,627</b>	<b>29,805,070</b>
<b>Revenue Consequences</b>	<b>295,619</b>	<b>592,838</b>	<b>888,457</b>

4.3.8. This position has been reviewed and updated in February 2017, 2018 and 2019 to take account of any changes and updates to stock information since July 2016, and has subsequently been reviewed again for the purposes of this report

4.3.9. The table below reflects the updated capital investment requirements as at November 2019, adjusted for 2018/19 actual outturn and any in-year re-profiling that has taken place in 2019/20 and changes to spending plans. This reduces the overall forecast capital spend by £250,293 over the 30 years from the original position; as reported in July 2016.

HPBC AMP Capital	2016-17 (Actuals) £	2017-18 (Actuals) £	2018-19 (Actuals) £	MTFP		2024-25 to 2046-47 (22 Years) £	TOTAL £
				2019-20 to 2022-23 £	2023-24 £		
Public Buildings	339,450	2,124,080	2,362,860	2,861,500	1,332,640	5,484,078	14,504,608
Car Parks	-	87,080	39,530	1,653,530	-	2,062,349	3,842,489
Public Conveniences	-	4,970	-	410,710	-	633,600	1,049,280
Waterways Infrastructure	51,280	170,680	35,260	962,960	100,000	905,000	2,225,180
Leisure Centres	540	72,850	26,510	856,990	-	5,521,775	6,478,665
Depots Parks Cemeteries	-	5,400	-	186,570	35,000	1,227,585	1,454,555
<b>Total</b>	<b>391,270</b>	<b>2,465,060</b>	<b>2,464,160</b>	<b>6,932,260</b>	<b>1,467,640</b>	<b>15,834,387</b>	<b>29,554,777</b>
<b>Revenue Consequences</b>		<b>18,740</b>	<b>75,050</b>	<b>291,210</b>	<b>9,720</b>	<b>425,390</b>	<b>820,110</b>

\*The current MTFP capital programme costs of the AMP include approved carry forwards from 2018/19, projected spend in 2019/20, revised estimates for 2020/21-2022/23 & additional estimated costs of maintaining the asset portfolio in 2023/24

- 4.3.10. The Council will be developing an Asset Management Strategy to ensure the future delivery of efficient asset management. This work will be progressed once the condition surveys have been undertaken and the estimated 30 year costs to maintain the general fund asset stock are known.
- 4.3.11. Any positive revenue implications of the asset management strategy, for example, reduced annual maintenance and utility costs due to fewer and/or more efficient buildings and income receipts from shared accommodation with partners will be taken towards the efficiency programme.

### **Asset Management Plan (AMP) - Housing**

- 4.3.12. The Executive agreed to complete a full condition survey on the Council's portfolio of housing properties by March 2019. The Capital Strategy and HRA Business Plan (presented alongside the MTFP in February 2019) set out the outcomes and actions emerging from this.
- 4.3.13. The actual stock condition survey results suggested that a lower level of capital spend is required in the earlier years of the 30 year Business Plan. However, some re-profiling of expenditure has taken place to increase the capital spend in the early years, with an early focus on ensuring decent homes standards are maintained:-

	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
<b>Original Programme</b>	<b>4,094,240</b>	<b>2,864,240</b>	<b>3,631,970</b>	<b>4,756,600</b>	<b>2,852,460</b>
<b>Re-Profiling:</b>					
Windows & Doors	(821,000)	821,000	-	-	-
Roofing Works	(420,000)	500,000	-	-	-
Disabled Adaptations	50,000	-	-	-	-
Vehicle Purchases	-	242,500	-	-	-
<b>Decent Home Works</b>					
Kitchens	171,170	759,300	475,690	400,000	-
Boiler Replacements	100,000	120,000	-	-	-
<b>Re-Profiled Programme</b>	<b>2,931,910</b>	<b>5,307,040</b>	<b>4,107,660</b>	<b>5,156,600</b>	<b>2,852,460</b>

- 4.3.14. From the work undertaken at this point, the stock condition results remain affordable with the 30-year HRA business plan.

### **Buxton Crescent**

- 4.3.15. The Buxton Crescent Hotel and Thermal Spa construction stage is progressing. The smaller contract to refurbish the Pump Room reached practical completion in June 2018.

- 4.3.16. The Buxton Crescent Heritage Trust already occupies the Pump Room under a licence agreement from the developers prior to being granted a full tenancy upon completion of the capital project. This early occupation has allowed the trust to run events in the building and as a result has raised an additional £265,000 to assist in fitting out the hub for the proposed visitor centre. The Tourist Information Centre (TIC) was relocated from the Pavilion Gardens in March 2019.
- 4.3.17. The main contract to convert the Crescent and the Natural Baths into the hotel and spa is progressing well with a programmed completion in December 2019.
- 4.3.18. A report was presented to The Executive on 11<sup>th</sup> October 2018 which outlined additional capital costs of the project – the Council has agreed a contribution of £25,000 plus due to the completion delay, additional project management costs of £66,560 will be incurred.
- 4.3.19. In addition, full Council has approved the provision of a £250,000 loan as part of the Crescent development (12<sup>th</sup> December 2018) subject to the terms set out in the Individual Executive Decision Report released on 24<sup>th</sup> October 2018 (confidential exempt information by virtue of paragraphs 3 and 5 of Part 1 of schedule 12A to the Local Government act 1972)
- 4.3.20. Funding arrangements are in place for the project, however, it remains necessary to identify the potential financial risks to the Council if the project failed to complete. The corresponding financial risks relate to mothballing costs and ongoing maintenance requirements of the building over a 5-year period (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site). Estimated costs are shown below:

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

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

### Housing Grants

- 4.3.22. 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 was incorporated into the Better Care Fund (BCF) and paid to the County Council.

- 4.3.23. 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.
- 4.3.24. The mechanism for the payment of funds from the fund holder to the Borough Council year on year is now governed through the BCF Commissioning Group, which makes the award based on the newly developed Assurance Plans submitted annually by each Council. The Plans outline how the allocated budget will be spent; including any discretionary or innovative schemes agreed between the Councils and the County Council and identifies the monitoring programme. The Plan requires a quarterly progress update submission to the Commissioning Group, and these updates will inform the discussion around the subsequent year's allocation.
- 4.3.25. Currently, demand for mandatory funding at High Peak exceeds the value of the funding awarded, so provided spend is in line with commitment through the year, it is unlikely that the funding will be reduced. At the current rate of approval, it is anticipated that the 2019/20 allocation, £489,109 will be fully allocated in year. The estimated level of reserves at March 2020 is £376,929; indications are that this will be required.

### **ICT Strategy**

- 4.3.26. The framework for the existing ICT Strategy was established in 2014/15. The key drivers of which were to support delivery of the Efficiency and Rationalisation Plan, provide the infrastructure to support joint working, new ways of working and improve access to services for our customers.
- 4.3.27. Following on from this, a refreshed, updated IT Strategy is currently being developed. The aim of which is to drive a change in culture and deliver the systems, processes and skills required in an environment where information is shared seamlessly through connected systems. This will potentially reduce costs of services through optimisation, improving online services and enabling customers to self-serve. This will also reduce manual administrative tasks, removing paper processes and allowing Officers to focus on high-value tasks.
- 4.3.28. Consequently, additional estimated requirements have been included within the MTFP of £116,250 which primarily relate to the implementation of a system to aid waste collection processes and the migration of the cash receipting system. Migration to Office 365 is assumed to be completed in 2019/20. There are other projects currently at initial business case or procurement stage, relating to the housing system review, asset management system, migration of the current licensing system and review of the customer portal and integration into back office systems. Therefore, at this stage and additional £50,000 per annum has also been added to the capital programme to reflect this. More accurate costings will be developed as business cases progress.

### ***Fleet Management***

- 4.3.29. Fleet management arrangements have been subject to review. Responsibility for maintaining the Council's fleet has now transferred to Alliance Environment Service (AES), however, the responsibility for funding fleet remains with the Council. The fleet review aims to deliver savings to be realised against the efficiency programme by ensuring the most cost effective funding options are selected for the various types of vehicles.
- 4.3.30. The existing contract hire agreements that were in place were terminated on 30<sup>th</sup> June 2018, and the majority of vehicles under the agreement were directly purchased. An options appraisal undertaken on the funding of refuse freighters highlighted direct purchase (via the capital programme funded by borrowing or capital reserves/capital receipts) as the most cost effective method of funding.
- 4.3.31. A Fleet Strategy is currently being drafted which will set out the fleet renewal programme and process, incorporating financial, procurement and operational considerations.
- 4.3.32. For the purposes of this report, it has been assumed that all replacement vehicle requirements over the next four years will be funded via direct capital purchase – but this will be subject to further funding options appraisals prior to purchase. Therefore, at this stage, the capital programme includes an allocation of £4,367,430 in order to replace vehicles as they reach the end of their useful lives.

### ***New/Other Capital Commitments***

- 4.3.33. Details and estimated costs of any new capital schemes which the Council is aiming to progress during the 4 year MTFP period will be included in the Budget and MTFP presented in February 2020. The following additional commitments are currently being assessed:

- *Glossop Halls Project – Market Hall Municipal Buildings Roof*

Phase 1 of Glossop Halls Project; Town Hall roof renewal is due for completion on 8<sup>th</sup> November 2019. Phase 2 involves the Market Hall and Municipal Buildings reroofing and provision of new electrical and fire protection systems. The costings are currently being assessed to establish if the remaining budget is sufficient.

- *Victoria Hall*

The future use of the building is under review, members have committed to consider potential further capital investment into the fabric of the building. The cost of any proposals will form part of the refreshed Asset Management Plan



- *Pay & Display Machines*

Options are being considered around replacing and upgrading the pay and display machines across the Council's income producing car parks. A separate report outlining the details of the proposals and cost implications will be presented to Members for approval.

- *Delivery Programme / Land Disposal Strategy see Capital Strategy (Appendix B)*

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

### **Funding the Capital Programme**

- 4.3.34. The capital programme can be funded from a number of options which include external grants and contributions from third parties, comprising of Government and lottery funding streams; capital receipts from asset sales as part of the asset management plan and sale of council dwellings; earmarked revenue reserves and a planned annual contribution from the Housing Revenue Account to finance construction of and improvements to council dwellings.
- 4.3.35. Borrowing is undertaken to fund the shortfall after the other capital resources have been used. The current programme includes estimates of external funding of £2.6m towards General Fund projects; reserves of £0.56m; capital receipts of £9.62m (£7.55m General Fund + £2.07m 1-for-1 RTB), plus £0.61m HRA capital receipts; Housing Revenue Reserves of £2.871m are forecast to be applied in 2019/20 and a further £17.424 million of Housing Revenue Reserves over the following four years
- 4.3.36. Borrowing is the main funding option in the first two years of the General Fund programme at £5.42m. 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. The forecast of capital receipts to be received against capital spending results in a reduced nil borrowing requirement in 2022/23.
- 4.3.37. The capital receipts applied to the General Fund include the one-for-one right-to-buy element used to fund capital expenditure on new housing properties. Under Government guidelines, these receipts can only represent 30% of overall expenditure, with a further 70% being required to be allocated. The current strategy is to fund this via a third party where possible, i.e. a social housing landlord or developer, with the third party organisation providing the additional 70% expenditure.

- 4.3.38. The HRA can also apply capital receipts which are not subject to the same restrictions as the one for one receipts to the overall capital programme. Therefore these un-ring-fenced receipts have been applied to the overall HRA capital programme as a source of funding. There remains a balance held on un-ring-fenced capital receipts which can be applied to future spending.
- 4.3.39. It is proposed to utilise reserves allocated for capital spend (where possible) where an options appraisal on the acquisition of vehicles, plant and equipment has been carried out and suggests that the most financially viable option is to outright purchase. Similarly, an increase in the contribution to capital is proposed where it is best value to do so for the HRA.

#### *Revenue Consequences of the Capital Programme*

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

Revenue Consequences	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Borrowing Costs	126,220	258,070	84,370	46,270
Other (Income)/Expenditure	(9,130)	(20,770)	(44,460)	(27,000)
<b>General Fund</b>	<b>117,090</b>	<b>237,300</b>	<b>39,910</b>	<b>19,270</b>
HRA contribution to Capital	1,273,800	(1,199,380)	1,048,940	(2,304,140)
Borrowing Costs	-	-	-	-
<b>Housing Revenue Account</b>	<b>1,273,800</b>	<b>(1,199,380)</b>	<b>1,048,940</b>	<b>(2,304,140)</b>

#### **4.4. Housing Revenue Account (HRA) review**

- 4.4.1. In 2015, Government announced legislative and financial changes for the social housing sector - which had significant negative financial implications for the Council's HRA
- 4.4.2. Consequently, a fundamental review of the HRA business Plan was undertaken via a sub-committee working group established by the Corporate Select Committee. Through the establishment of a Financial Improvement Plan, focus was directed to areas where reductions in financial provisions in the HRA could be made or additional income could be generated in order to ensure that the longer term financial position can be sustained.
- 4.4.3. Alongside this, a full stock condition survey was commissioned to provide an understanding of the capital requirements of maintaining the housing stock over the 30 year business plan period.
- 4.4.4. The work commenced in June 2016 and resulted in an updated sustainable 30 year business plan – as presented alongside the MTFP in February 2019. Based on the savings achieved as part of the Financial Improvement Plan and the updated stock condition information, the updated HRA business plan forecast healthy surpluses over the 30 year period, with a reduction in debt (with no additional borrowing assumed):-

	2018/19 (Year 1 forecast)	2047/48 (Year 30 forecast)	Variance
Capital Financing Requirement (Debt Level)	£54.9m	£25.9m	<b>Reduction in debt of £29m</b>
HRA Working Balance (general reserves)	£11.2m	£53.0m	<b>Increase in balances of £41.8m</b>

- 4.4.5. This report summarises the latest financial forecasts and provides a detailed summary of the financial position from 2020/21 to 2023/24. The updated position now shows an estimated surplus of £2,139,840 by the end of 2023/24.
- 4.4.6. The HRA Business Plan highlighted a number of key issues and challenges going forward, for example: impact of the welfare reform, completion of the Financial Improvement Plan savings, understanding tenant priorities, considering the outcomes of estate regeneration reviews, prioritising decent homes standard failures and development of new stock.
- 4.4.7. An action plan was developed in order to respond to these issues, progression against this will be monitored and any financial impact will be adjusted for within the MTFP and HRA Business Plan going forward.

#### **4.5. Efficiency & Rationalisation Programme**

##### *General Fund Efficiency Programme*

- 4.5.1. The current Efficiency and Rationalisation Strategy was approved by Members in February 2017, which identified a programme of £2.1 million (including £431,200 in unachieved efficiencies from the previous efficiency programme) in savings to be made over the period 2017/18 – 2020/21.
- 4.5.2. The Efficiency and Rationalisation Strategy has the effect of both reducing expenditure and increasing income. The need to grow income is now more of a priority as the Council moves more towards being self-financing i.e. not reliant on direct government funding such as revenue support grant.
- 4.5.3. The strategy has been developed with the underlying principles of protecting frontline service delivery. It is also intended that the strategy is a tool to enable the Council to ensure that its service spending is determined by the established priorities set out in the Corporate Plan.
- 4.5.4. It is intended that there will be five areas of focus:-
- **Major Procurements** - There is the opportunity to focus attention on a number of large service functions which are currently provided by an external contractor / supplier. A number of significant contracts are coming to an end. This will also allow a fundamental review of these services with proper consideration of the current financial constraints. The contract commitments have sometimes restricted the opportunity to align services across the alliance with Staffordshire Moorlands. The individual projects will focus on Waste Collection & Environment Services, Leisure Management and Facilities Management

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

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

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

4.5.6. Subsequently, a review was undertaken in February 2019 to assess the timing and estimated value of future savings based on the current programme. The table below shows the projected re-profiled Efficiency Programme:-

	2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£
<b>Original Programme</b>	310,000	581,000	430,000	810,000	<b>2,131,000</b>
<b>Amended Programme</b>	388,000	449,000	789,000	505,000	<b>2,131,000</b>
<b>Variance</b>	<b>78,000</b>	<b>(132,000)</b>	<b>359,000</b>	<b>(305,000)</b>	<b>-</b>

4.5.7. The Efficiency Programme continues to progress well, with £900,000 in savings realised to date in 2019/20. A review of the remaining year (2020/21) of the efficiency programme will be undertaken and any re-profiling will be presented in the February 2020 MTFP.

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

#### *HRA Efficiency Programme*

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

4.5.10. A HRA Review Progress report was presented to the HRA working group in April 2017 which further developed and provided more detail on the savings programme and likely profiling for the realisation of savings - this is detailed in Annex B. A summary is provided below:-

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

4.5.11. Progress against the HRA Financial Improvement Plan is positive, with one further year remaining. The Financial Improvement Plan was re-profiled in February 2018 as shown below:

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

## 4.6. Member Priority Projects

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

Member Priority Projects	Financial Implications			
	(Y/N)	Firm - in plans	Costs understood - not in plans	Costs not known
<b>Leader</b>				
Refresh and implement the Asset Management Plan, including a review of the public estate, and ensure adequate facilities management arrangements are in place	Y			✓
Develop an Access to Services Strategy to ensure that Council services are accessible to all	Y			✓
Refresh the Council's Communications and Engagement Strategy in order to ensure there is a more effective dialogue and engagement with residents	N			
Review the Council's community support arrangements in order to maintain strong partnership working with community groups	N			
Review the implementation of the Local Plan to ensure that the requirements for affordable housing and developer contributions are being met	Y	✓		
Conduct a review of the democratic processes and scrutiny arrangements to make the Council as open and transparent as possible	N			
<b>Regeneration, Tourism and Leisure</b>				
Support the development of the Glossop Halls	Y	✓		
Implement the accelerated housing delivery programme	Y	✓		
Implement the accelerated business growth and employment programme	Y			✓
Develop a Cultural Strategy to support and celebrate the rich history and culture of the Borough	N			
Review the Council's Growth Strategy to ensure that it is focussed on the effective regeneration our towns and rural communities	Y			✓
Develop and implement an ongoing Leisure Facilities plan focussed on improving the health and wellbeing of residents	Y			✓
Review the Sports & Physical Activity Strategy in order to integrate the communities and sports clubs into the delivery of its objectives	N			
Develop a parks development plan to support the widest community use of parks and support community / friends groups	N			

Member Priority Projects	Financial Implications			
	(Y/N)	Firm - in plans	Costs understood - not in plans	Costs not known
<b>Climate Change, Environment and Community Safety</b>				
Establish a developer open space contributions plan	N			
Complete the review of the CCTV system and implement the agreed recommendations	Y	✓		
Successfully deliver Phase 3 of the transfer of services to Alliance Environmental Services Limited in order to achieve improved performance and value for money outcomes	Y	✓		
Develop a Climate Change Strategy and an action plan of response to a declared climate emergency	Y			✓
Review the Community Safety Strategy to ensure that the Council is supportive in fighting crime and anti-social behaviour	N			
Review the Environmental Enforcement Policy in order to take steps to further reduce dog fouling and littering	N			
Review the Council's waste & recycling arrangements to increase recycling and to respond to the emerging new national strategy	Y			✓
<b>Corporate Services and Finance</b>				
Implement the Council's Efficiency and Rationalisation Programme	Y	✓		
Provide advice and support for residents affected by the rollout of Universal Credit	N			
Continue to embed good information management practices through the ASSURED framework	N			
Develop and implement a plan to identify new and innovative ways of generating income	Y			✓
Develop a new ICT Strategy to enhance and support the delivery of services	Y			✓
Review the Council's Diversity Policies including working with faith and cultural groups to celebrate the traditions and diversity of our community	N			
Develop a new Organisational Development Strategy to ensure that our workforce is developed effectively and that the Council makes effective use of apprenticeships	Y			✓
Develop a new Procurement Strategy with a focus upon spending money locally	N			
<b>Housing and Licensing</b>				
Implement the Homelessness Strategy effectively to ensure that voluntary groups and social enterprises that work to tackle the issue are supported effectively	Y	✓		
Implement the agreed Housing Revenue Account Business Plan	Y	✓		
Review the delivery of services to older persons to ensure that they are effective	N			
Develop a Private Sector Housing Strategy to improve conditions for private renters	N			

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

#### **4.7. Alliance Environment Service (AES)**

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

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

4.7.3. Phase 2 of the transfer of services commenced on 1<sup>st</sup> July 2018 with the transfer of all fleet management. Phase 3 is currently estimated to commence in February 2020, which will involve the transfer of Street Scene and Grounds Maintenance.

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

4.7.5. The contract fee for 2020/21 is currently being reviewed with discussions taking place between the Council and AES – draft forecasts have been included in this version of the MTFP. The contract fee will be calculated based on the base 2019/20 contract fee plus 2020/21 inflation/growth items less forecast savings achieved. The payment of any identified risk items (which the Council is currently paying an additional fee) primarily relating to the cost of short-term vehicle hire prior to procurement will continue if they materialise. However, every effort will be made to remove these or offset them with other savings.



## 5. FINANCIAL FORECASTS

### 5.1. Interest Rates

- 5.1.1. The Bank of England Base Rate has remained at 0.75% since the most recent change in August 2018. Link (the Council's advisors) has produced an interest rate forecast for interest movements over the coming three year period. This includes an increase to 1.00% in the quarter ending March 2021 with no further increases until June 2022. Link continues to acknowledge that unfolding events could prompt movements in rates of 0.25% to 0.50% in either direction at any time.
- 5.1.2. HM Treasury made an announcement on 9<sup>th</sup> October that with immediate effect the PWLB new loan rates would be increased by 1% making any new external borrowing through the PWLB more expensive than it had been. Although this makes future borrowing more expensive, the MTFP presented in February had included an assumption around interest rate increases, therefore, the financial impact at this stage is limited.
- 5.1.3. Based on the current forecasts, and the refinancing assumptions, changes in investment income and borrowing costs are highlighted below:

	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
<b>General Fund</b>				
Changes in Investment Income	61,870	(7,960)	(76,780)	(20,180)
Changes in Borrowing Costs	67,480	(172,480)	(175,010)	(28,650)
<b>HRA</b>				
Changes in Investment Income	27,990	(41,520)	(70)	(42,020)
Changes in Borrowing Costs	(99,570)	4,350	(8,350)	(47,460)

### 5.2. Inflationary Projections

- 5.2.1. The Retail Price Index (RPI) and Consumer Price Index (CPI) 12 month rate, as at September 2019, stood at 2.4% and 1.8% respectively. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council.
- 5.2.2. The MTFP presented to members in February 2019 has been updated to reflect the latest forecasts on inflation and to roll forward a further 12 months to include the 2023/24 financial year. below:

Inflationary Changes	2020/21	2021/22	2022//23	2023/24
	£	£	£	£
Employee Costs	242,040	221,950	226,500	224,180
Premises Costs	76,100	64,790	65,860	66,960
Transport	3,930	3,220	5,100	5,160
Supplies and Services	196,140	163,110	166,390	169,460
<b>In-Year Inflation Pressure</b>	<b>518,210</b>	<b>453,070</b>	<b>463,850</b>	<b>465,760</b>
General Fund	369,500	298,130	304,710	306,790
Housing Revenue Account	148,710	154,940	159,140	158,970

### 5.3. Budgetary Demand

5.3.1. The Medium Term Financial Plan presented to Council in February 2019 analysed and projected forward both income and expenditure. This has been revised to reflect known changes in budgetary demand.

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

Increased / (Reduced) Budget Demand	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Pension past service deficit costs charged to HRA	(24,400)	(20,000)	(21,000)	(21,000)
Uniforms – Customer Services (cyclical)	2,500	(2,500)	2,500	(2,500)
DWP – HB administration grant reduction	20,000	10,000		
Local Council Tax Support administration grant	4,500	2,500		
War Memorial – Whaley Bridge	(50,000)			
Vacated Buildings – Residual cost	(16,500)			
Car park re-lining		(10,700)		
Vehicle Funding – Contract hire adjustment	76,680	92,190		
Elections reserve contribution	(22,000)			
Car Park Tickets – printing costs	6,900			
Opera House - plasterwork	12,000	(12,000)		
Buxton Town Hall – window repairs	50,000	(50,000)		
AES – Bulky Collection - HSE notice	27,300			
AES – Recyclate handling costs	62,500			
AES – Vehicle premium costs	(26,400)			
AES – Round growth	11,250			
<b>Total – General Fund</b>	<b>134,330</b>	<b>9,490</b>	<b>(18,500)</b>	<b>(23,500)</b>
HRA – Estate Improvements	60,000			
<b>Total – Housing Revenue Account</b>	<b>60,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

5.3.3. In the table above the following items merit further explanation:

- Vehicle Funding - contract hire adjustment – increased costs arising out of the replenishment of reserves used to fund SFS contract hire buy-out as per Executive report 26th April 2018
- Elections reserve – reduction in the level of annual contribution necessary to build up the reserve put in place to meet the costs of the next Borough Council election.
- AES Bulky Collections – A Health & Safety (HSE) enforcement notice required operational change in the collection of bulky items. Growth includes labour and vehicle costs.
- AES Recyclate handling costs – A potential increase in haulage and gate fees compounded by reduced income on the basket of goods received for recyclate.

- AES Vehicle Premium costs – the management fee payable to AES initially included a vehicle premium to cover the additional cost of short term hire vehicles during the procurement of new waste vehicles. As the procurement draws to completion, the remaining premium is removed from the contract management fee.

5.3.4 In addition to the above, there may be a requirement to include upfront increased budget demand in relation to climate change related projects and the provision of Facilities Management. The costs of which will be assessed and included within the February version of the MTFP.

#### **5.4. Budget Growth**

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

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

#### **5.5. Pensions**

5.5.1. The last triennial actuarial valuation of the Derbyshire Pension Fund took place in 2016. At this valuation, the High Peak portion of the Fund was in deficit by £22.1 million and was 75% funded.

5.5.2. The 2016 valuation determined the level of contributions necessary for the following 3 year period (2017 – 2020). The Council was required to make a primary contribution equivalent to 12.4% of pensionable pay plus a payment of £1,779,000 per annum, in secondary contributions, to meet the Fund's past service deficit.

5.5.3. A further valuation of the Fund is currently underway. This will set employer contribution rates payable between 2020/21 and 2022/23 (years 1-3 of this plan). The outcome of the valuation is expected in December.

5.5.4. This iteration of the MTFP includes contribution assumptions in line with section 5.5.2 above. Any adjustments arising out of the final valuation report will be incorporated in the February update.

#### **5.6. Housing Revenue Account – Other Operating Expenditure**

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

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

Expenditure / (Income)	2020/21	2021/22	2022//23	2023/24
	£	£	£	
Provision for Irrecoverable Debts	700	2,770	2,890	2,950
Past Service Pension Deficit Contribution	24,400	20,000	21,000	21,000
<b>Increased / (Reduced) Other Operating Expenditure</b>	<b>25,100</b>	<b>22,770</b>	<b>23,890</b>	<b>23,950</b>

## 6. FUNDING & INCOME GENERATION

### 6.1. Council Tax

6.1.1. The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than a certain percentage is subject to referendum. Government consultation is currently on-going regarding the level of this percentage.

6.1.2. In line with the current consultation, this iteration of the MTFP assumes that a 2.0% Council Tax increase will be implemented throughout the 4 year life of this plan.

6.1.3. Provision for tax base growth remains unchanged from the levels assumed in February. A provisional figure has been included for Year 4. Further work will be carried out in the course of the next few months to recalculate likely changes in the tax base. The figures included are shown in the table below:

Increased Council Tax Income	2020/21	2021/22	2022//23	2023/24
	£	£	£	£
Revenue from increased Council Tax	(117,260)	(120,920)	(124,710)	(128,750)
Revenue from Tax Base growth	(65,660)	(68,700)	(77,230)	(65,000)
<b>Total</b>	<b>(182,920)</b>	<b>(189,620)</b>	<b>(201,940)</b>	<b>(193,750)</b>

### 6.2. Business Rates Retention

6.2.1. Under the 50% Business Rates Retention system the Authority retains 40% of Business Rates less a tariff that is payable in to a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,381,430 for 2020/21) and any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

- 6.2.2. As part of the Derbyshire Pool in the 50% retention scheme, the levy is made to the Pool instead of Central Government. If the Council was not in the Derbyshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain some of this levy. Under the Pool agreement, this amount will depend on the amount all members of the Pool pay in at the end of the year, and the proportional success of the Council against its own baseline.
- 6.2.3. The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £300,000 in 2020/21 for this element of the retention arrangements.
- 6.2.4. In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to local government retaining 100% of the rates that they received (subsequently being revised to a 75% scheme) with an end to Revenue Support Grant. The 75% scheme will now not be introduced until 2021/22 at the earliest.
- 6.2.5. The MTFP anticipates that Business Rates retention will be above the baseline. Net Business Rate income is somewhat suppressed due to the award of reliefs including increased small business rate relief including the changes in thresholds, multiplier cap, extended rural relief, supporting small businesses relief, retail discount and local discretionary relief; and the increase in the provision for rateable value (RV) reductions on successful appeals, including ATM RV changes.
- 6.2.6. 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 equivalent Section 31 grants will continue.
- 6.2.7. Changes in the level of the Council's business rates will be impacted by a range of factors, including business growth in the area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

<b>Business Rates Retention</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	£	£	£	£
In year:				
Baseline Funding	(2,381,430)	(2,434,250)	(2,488,240)	(2,543,420)
Achievement against Baseline	321,830	85,020	64,690	33,920
Section 31 Grant	(1,608,290)	(1,418,750)	(1,448,730)	(1,484,380)
	<b>(3,667,890)</b>	<b>(3,767,980)</b>	<b>(3,872,280)</b>	<b>(3,993,880)</b>
Change between years:				
Business Rates retained	(429,090)	(289,630)	(74,320)	(85,950)
Section 31 Grant	399,250	189,540	(29,980)	(35,650)
	<b>(29,840)</b>	<b>(100,090)</b>	<b>(104,300)</b>	<b>(121,600)</b>

### 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 £69,240 in 2020/21.
- 6.3.3. It is assumed that a surplus, after providing for appeals, of £704,390 will be distributed in 2020/21 in respect of retained Business Rates generated in the current and previous years. High Peak's share of this surplus will be £281,760. It is assumed the Business Rates element of the collection fund will break even in future years, leaving no surplus or deficit for distribution.
- 6.3.4. These and future year movements are set out in the table below:

Changes in Collection Fund Income	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Council Tax	9,970	22,760	(440)	10,530
Business Rates	(174,090)	281,760	0	0
<b>Total</b>	<b>(164,120)</b>	<b>304,520</b>	<b>(440)</b>	<b>10,530</b>

### 6.4. Income from Government Grants

#### Revenue Support Grant

- 6.4.1. In October 2015, Government announced the phasing out of Revenue Support Grant (RSG). 2018/19 was the final year of RSG grant; none will be received in throughout the life of the plan.

#### New Homes Bonus

- 6.4.2. 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.
- 6.4.3. The bonus is paid on the increase in occupied homes in the Borough compared with the previous year. This payment is subject to certain conditions:
- The bonus is only paid on development in excess of a national 'deadweight' threshold (currently 0.4% of the tax base). This threshold represents the percentage of housing that would have been built anyway.

For High Peak, the current threshold is the equivalent of 165 properties. The Government had indicated that it intended to raise the threshold in 2019/20, but deferred this decision in the short term, leaving the deadweight threshold at 0.4%. The possibility remains of this threshold increasing in the future and should it happen; this would reduce the value of future New Homes Bonus receipts.

- Once awarded New Homes Bonus is currently paid for the following 4 years.

6.4.4. The current financial year represents the final year of funding agreed through the 2015 Spending Review. Uncertainties remain as to the Government's intention with regard to the future of New Homes Bonus. There is therefore a risk that the system may change fundamentally during the life of this Plan with the consequent impact on the Council's funding. Any changes to the scheme will be subject to a Government consultation exercise.

6.4.5. Given the above; this iteration of the MTFP is based on the current arrangements and includes New Home Bonus receipts of £2.766 million over the next 4 years. However; these amounts assume no detrimental increase in the Government's (0.4%) 'deadweight' threshold.

6.4.6. Based on the latest tax base growth figures, additional New Homes Bonus of £243,610 has been estimated for 2020/21.

6.4.7. The Efficiency and Rationalisation Programme anticipates £120,000 in additional New Homes Bonus over the next 4 years, arising out of stimulated housing growth. Any future detrimental change to the 'deadweight' threshold would make this target more difficult to achieve.

### **Local Council Tax Support Scheme**

6.4.8. 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.

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

6.4.10. Under the Borough's Efficiency and Rationalisation Strategy the basis of the model underlying this scheme is currently being reviewed. The result of this review, including any budgetary consequences, will be built into future iterations of the MTFP.

## Summary of Income from Government Grants

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

Government Grant (gain) / loss of funding	2016/17 (baseline)	2017-2019 (actual) PYs	2019/20 (forecast)	2020/21 (forecast)	2021/22 (forecast)	2022/23 (forecast)	2023/24 (forecast)
	£	£	£	£	£	£	
Revenue Support Grant	(1,124,580)	1,124,580	-	-	-	-	-
New Homes Bonus	(773,320)	241,510	(28,240)	(80,610)	(44,860)	(78,510)	88,410
<b>Change in Govt Funding</b>	<b>(1,897,900)</b>	<b>1,366,090</b>	<b>(28,240)</b>	<b>(80,610)</b>	<b>(44,860)</b>	<b>(78,510)</b>	<b>88,410</b>

6.4.12. The changes shown in the table above mean that the Government grant funding received by the Council will have reduced to £675,620 by 2023/24 compared to the £1,897,900 received in 2016/17.

## 6.5. Fees and Charges

### General Fees and Charges

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

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

6.5.2. The annual revision of the Council's fees and charges will take place over the next few months. The outcome of which will be reported in February.

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



- 6.5.4. The underlying annual total expected from inflationary increases to fees and charges was set at £25,000 in the MTFP approved in February 2018. This assumption is maintained in this iteration of the Plan, recognising the potential overlap with income generation themes included in the Efficiency Programme.
- 6.5.5. The projected revenue from increased fees and charges (and other income) is summarised in the table below:

Increased Fees and Charges	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Revenue from increased Fees and Charges	(55,000)	(55,000)	(55,000)	(55,000)
Increase in statutory planning fees	-	-	-	-
Increase in planning income (activity led)	(10,000)	-	-	-
<b>Total</b>	<b>(65,000)</b>	<b>(55,000)</b>	<b>(55,000)</b>	<b>(55,000)</b>

### Housing Revenue Account – Rent Charges

- 6.5.6. The Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, the most significant financially being the announcement to reduce rents by 1% per annum from April 2016 for 4 years.
- 6.5.7. The Government subsequently announced in October 2017 that after the four year 1% rent reduction ends in 2019/20, Authorities will then be able to increase rents from 2020/21 by CPI +1%.
- 6.5.8. Therefore, the current HRA Plan projects a 2.7% increase from 2020/21. It also assumes that 'Other Charges', including garages and service charges, will increase in 2020/21 – 2023/24.

Rental Income	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Revenue from Rental Income and Other Charges	(77,000)	(276,920)	(289,500)	(294,800)

- 6.5.9. As part of the HRA review, a revised rent policy was presented to the HRA working group during 2017/18, which aimed to increase income targets (and partially offset the HRA Financial Improvement Plan savings targets).
- 6.5.10. This included a review of current service charges to ascertain the cost to the Council in providing services. The review revealed that the cost in providing services was higher than the service charge paid by tenants. It was proposed therefore, to increase current service charges paid by current tenants by a maximum of 5% per annum – to limit the financial impact (this would be the equivalent of a maximum of £1.18p per week) up to the point the actual service charge matches the actual cost.
- 6.5.11. It was also proposed that for new tenants, 'formula' rent is charged – which in most cases is slightly higher than current rent. In addition, if any services are provided as part of the tenancy, the service charge will be based on the actual cost in providing the services. The rent and service charge is fully advertised prior to a new tenant taking a tenancy.

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

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

## 7. RISKS, CONTINGENCIES & USE OF RESERVES

### 7.1. Risks and Contingencies

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

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

Revenue Risks	Capital Risks
<ul style="list-style-type: none"> <li>• Inflationary assumptions</li> <li>• Interest rates</li> <li>• Housing benefits</li> <li>• Fees and charges</li> <li>• Universal Credit</li> <li>• Business Rates</li> <li>• Council Tax collection</li> <li>• Housing Rent levels (HRA affordability)</li> <li>• Government grants</li> <li>• Financial benefits from partnerships / shared services</li> <li>• Pension costs</li> <li>• Contract Management</li> </ul>	<ul style="list-style-type: none"> <li>• Interest rates</li> <li>• External funding</li> <li>• Capital receipts</li> <li>• Capacity to deliver capital programme</li> <li>• Project overspend</li> <li>• Project overrun</li> <li>• External factors (e.g. planning objections, judicial reviews etc. leading to project delay)</li> <li>• Housing finance</li> <li>• Weather</li> </ul>

### Britain’s Exit from the European Union

7.1.3. At this stage it is impossible to predict the impact of the Brexit process on the Authority’s finances and financial planning – now further complicated by the General Election taking place on 12<sup>th</sup> December 2019.

- 7.1.4. It has the potential to influence a number of local and national economic drivers such as inflation, interest rates, the valuation of assets and liabilities and the demand for and funding of services.
- 7.1.5. Currently the timing and direction of Brexit's influence on these areas is a matter of debate. To give an idea of the potential financial consequences the table below quantifies the impact on the Authority's current 2020/21 budget had there been a 1% change in its key economic drivers.

Risk item	Impact on 2020/21
1 % change in inflation	290,000
1 % change in interest rates	120,150

### Contingencies

- 7.1.6. The Medium Term Financial Plan is underpinned by a number of assumptions. These assumptions have been made in the light of currently available information. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the financial position.
- 7.1.7. 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.
- 5.1.1. The Council carries reserves as a contingency for situations where risks cannot be fully mitigated. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the robustness of the estimates included in the budget and the adequacy of the reserves that the budget provides. The Council is currently required to hold a general (contingency) reserve of £1,203,000 to meet unforeseen expenditure.

## 7.2. Use of Reserves and Balances

### General Fund Reserves and Balances

- 7.2.1. The February 2019 Medium Term Financial Plan included a £6,550 contribution from General Fund Reserves in 2019/20 in respect of Section 106 (Commuted Sum). The assumed level of Section 106 reserve usage reduces to £1,640 throughout the remaining life of this plan.
- 7.2.2. The February 2019 MTFP also anticipated contributions into the General Fund contingency over the lifetime of the plan. This continues to be the case.
- 7.2.3. The Quarter Two report forecasts that there will be a surplus against budget of approximately £252,870. During 2019/20 the Council anticipates using £14,450 of contingency reserves to support capital expenditure. The level of contingency reserve will also however have a significant boost as £800,000 of previously earmarked funds are released for general activities. The result of these movements is that it is now forecast that there will be a net contribution into General Fund contingency reserves of £1,039,960 in 2019/20.

7.2.4. Financial assumptions have been updated as part of this plan, but at this stage, no movement to or from contingency reserves have been included so the plan remains unbalanced – this will be updated in February. However, based on the deficit/surplus position in ANNEX D (and excluding the £800,000 re-designation referred to above) the anticipated contribution to reserves would be some £362,540 more than reported in February 2019:

Reserve / Balance	2019/20	2020/21	2021/22	2022/23	2023/24	TOTAL
	£	£	£	£	£	£
General Fund (use)/contribution to reserves – February 2019	1,540	123,600	100,620	253,390	0	479,150
General Fund (use)/contribution to reserves – November 2019	239,960	263,530	(72,600)	196,560	214,240	841,690
<b>Change in use of reserves</b>	<b>238,420</b>	<b>139,930</b>	<b>173,220</b>	<b>56,830</b>	<b>214,240</b>	<b>362,540</b>

#### *HRA Reserves and Balances*

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

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

- HRA Working Balance – this reserve is the excess of income after expenditure in any given year and is set aside to provide for both capital and revenue expenditure demands in the future.
- Housing Contingency Reserve – this reserve is set aside to provide a contingency against any unforeseen costs.
- Stock Condition Reserve – this reserve is set aside to provide for major void works and any unforeseen costs.
- Capital Investment Fund – this reserve is set aside to smooth peaks and troughs of capital expenditure following adoption of the results of the stock condition survey and also to smooth the cost of borrowing required to fund any capital expenditure within the HRA.

	2019/20	2020/21	2021/22	2022/23	2023/24
	£	£	£	£	£
HRA Reserves Brought Forward	12,606,682	13,759,148	13,759,148	14,327,538	14,327,538
Surplus/(Loss) for the year*	1,407,594	(767,370)	568,390	(365,660)	2,139,840
Transfers to / from reserves	(255,128)	767,370	0	365,660	0
<b>HRA Working Balance</b>	<b>13,759,148</b>	<b>13,759,148</b>	<b>14,327,538</b>	<b>14,327,538</b>	<b>16,467,378</b>
Housing Contingency Reserve	457,560	457,560	457,560	457,560	457,560
Stock Condition Reserve	100,000	100,000	100,000	100,000	100,000
Total Working Balance carried forward	<b>14,316,708</b>	<b>14,316,708</b>	<b>14,885,098</b>	<b>14,885,098</b>	<b>17,024,938</b>
Capital Investment Fund carried forward	1,500,000	732,630	732,630	366,970	366,970
<b>Total HRA Reserves carried forward</b>	<b>15,816,708</b>	<b>15,049,338</b>	<b>15,617,728</b>	<b>15,252,068</b>	<b>17,391,908</b>

*\*as forecast in the Q2 report and this version of the MTFP*

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

## 8. MTFP REVENUE POSITION

### 8.1. General Fund Revenue Position

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

Summary Revenue Position	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.3)	117,090	237,300	39,910	19,270
Interest Rate Changes (section 5.1)	61,870	(7,960)	(76,780)	(20,180)
Borrowing Costs (section 5.1)	67,480	(172,480)	(175,010)	(28,650)
Inflation Pressures (section 5.2)	369,500	298,130	304,710	306,790
Increased / (Reduced) Budget Demand (section 5.3)	134,330	9,490	(18,500)	(23,500)
Budget Growth (section 5.4)	-	-	-	-
Increased Council Tax Income (section 6.1)	(182,920)	(189,620)	(201,940)	(193,750)
Business Rates Retention (section 6.2)	(29,840)	(100,090)	(104,300)	(121,600)
Changes in Collection Fund (section 6.3)	(164,120)	304,520	(440)	10,530
Reduction in Government Grant (section 6.4)	(80,610)	(44,860)	(78,510)	88,410
Additional Fees and Charges (section 6.5)	(65,000)	(55,000)	(55,000)	(55,000)
Contribution to Reserves & Balances (section 7)	3,370	-	-	-
<b>In Year Change in Position</b>	<b>231,150</b>	<b>279,430</b>	<b>(365,860)</b>	<b>(17,680)</b>
Efficiency & Rationalisation Plan (section 4.4)	(504,680)	-	-	-
Growth efficiencies realised	10,000	56,700	96,700	-
<b>Budget (Surplus) / Deficit</b>	<b>(263,530)</b>	<b>336,130</b>	<b>(269,160)</b>	<b>(17,680)</b>
<b>Cumulative (Surplus) / Deficit</b>	<b>(263,530)</b>	<b>72,600</b>	<b>(196,560)</b>	<b>(214,240)</b>

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

## 8.2. Housing Revenue Account Revenue Position

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

Summary Revenue Position	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Budget (surplus) / deficit brought forward	(261,660)	767,370	(568,390)	365,660
Revenue consequence of Capital spend (section 4.3)	1,273,800	(1,199,380)	1,048,940	(2,304,140)
Interest Rate Changes (section 5.1)	27,990	(41,520)	(70)	(42,020)
Borrowing Costs (section 5.1)	(99,570)	4,350	(8,350)	(47,460)
Inflation Pressures (Section 5.2)	148,710	154,940	159,140	158,970
Increased / reduced budget demand (section 5.3)	60,000	0	0	0
Increased / reduced budget growth (section 5.4)	0	0	0	0
Increase in Other Operating Expenditure (section 5.6)**	25,100	22,770	23,890	23,950
Reduction in Rent and Other Charges (section 6.5)	(77,000)	(276,920)	(289,500)	(294,800)
<b>In Year Change in Position</b>	<b>1,097,370</b>	<b>(568,390)</b>	<b>365,660</b>	<b>(2,139,840)</b>
HRA Rationalisation Plan (section 4.4)**	(330,000)	0	0	0
Budget (Surplus) / Deficit	<b>767,370</b>	<b>(568,390)</b>	<b>365,660</b>	<b>(2,139,840)</b>

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

## 9. CONSULTATION

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

9.2. The consultation process for the 2020/21 Budget is currently being planned in conjunction with the revised Corporate Plan. It is likely that this will be undertaken via an online communication available on the Council's website, which summarises the financial challenges and invites comment on the plan.

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

**ANNEX A**

**Proposed Capital Programme – General Fund**

<b>Capital Schemes</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Asset Management</b>						
Public Buildings	1,514,580	630,920	716,000	-	1,332,640	4,194,140
Car Parks	489,530	1,080,000	-	84,000	-	1,653,530
Public Conveniences	-	100,000	122,610	188,100	-	410,710
Waterways Infrastructure	366,640	-	382,370	213,950	100,000	1,062,960
Leisure Centres	8,550	314,440	534,000	-	-	856,990
Depots & Park Buildings	5,000	10,000	171,570	-	35,000	221,570
	<b>2,384,300</b>	<b>2,135,360</b>	<b>1,926,550</b>	<b>486,050</b>	<b>1,467,640</b>	<b>8,399,900</b>
<b>Housing(RTB 1 for 1)</b>	<b>27,000</b>	<b>667,000</b>	<b>374,000</b>	<b>504,000</b>	<b>504,000</b>	<b>2,076,000</b>
<b>Housing Grants</b>	<b>556,840</b>	<b>489,110</b>	<b>489,110</b>	<b>489,110</b>	<b>489,110</b>	<b>2,513,280</b>
<b>ICT</b>	<b>135,000</b>	<b>87,050</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>372,050</b>
<b>Fleet Management</b>	<b>2,467,010</b>	<b>1,119,780</b>	<b>322,500</b>	<b>147,000</b>	<b>311,140</b>	<b>4,367,430</b>
<b>Other Schemes</b>						
Play Facilities	193,000	34,450	-	-	-	227,450
Country Parks	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-
Conservation/Heritage	-	45,000	45,000	-	-	90,000
Market Town Regeneration	337,780	39,930	-	-	-	377,710
Leisure Centres	-	-	-	-	-	-
CCTV	50,000	-	-	-	-	50,000
	<b>580,780</b>	<b>119,380</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>745,160</b>
<b>Total Programme</b>	<b>6,150,930</b>	<b>4,617,680</b>	<b>3,207,160</b>	<b>1,676,160</b>	<b>2,821,890</b>	<b>18,473,820</b>
<b>Funding of Programme</b>						
External Contributions	646,640	489,110	489,110	489,110	489,110	2,603,080
Planning Obligations	33,000	-	-	-	-	33,000
Capital receipts	1,047,090	1,875,000	2,172,480	683,050	1,774,470	7,552,090
Capital receipts (One for One)	27,000	667,000	374,000	504,000	504,000	2,076,000
Capital reserves	500,000	-	-	-	-	500,000
Earmarked Reserves	64,450	-	-	-	-	64,450
Borrowing	3,832,750	1,586,570	171,570	-	54,310	5,645,200
	<b>6,150,930</b>	<b>4,617,680</b>	<b>3,207,160</b>	<b>1,676,160</b>	<b>2,821,890</b>	<b>18,473,820</b>



**ANNEX A**

**Proposed Capital Projections (2019/20 to 2023/24) – Council Dwellings (HRA)**

Scheme	Budget 2019/20	Budget 2020/21	Budget 2021/22	Budget 2022/23	Budget 2023/24	Total
	£	£	£	£	£	£
<b>ASSET MANAGEMENT WORKS:</b>						
Roofing Works	75,000	561,760	187,560	332,040	96,720	1,253,080
Kitchens	554,170	954,170	954,180	614,010	112,920	3,189,450
Bathrooms	266,000	337,840	536,590	248,570	109,950	1,498,950
Central Heating	276,500	224,630	134,590	399,030	171,870	1,206,620
Electrical Works	424,000	409,430	549,250	799,020	647,350	2,829,050
Aids & Adaptations	391,740	295,000	295,000	295,000	295,000	1,571,740
Structural Works	191,500	0	0	0	0	191,500
Lift Replacements	100,000	100,000	100,000	100,000	100,000	500,000
Commercial Boiler Renewal	94,000	120,000	0	0	0	214,000
Works to Communal Areas	104,000	141,270	12,640	222,140	55,870	535,920
Window Replacement Programme	60,000	847,930	611,670	512,000	462,910	2,494,510
Door Replacement Programme	0	347,430	7,090	430,510	106,190	891,220
Environmental & Other Works	0	145,080	139,090	204,280	113,680	602,130
Non Traditional Works	0	185,000	185,000	185,000	185,000	740,000
	<b>2,536,910</b>	<b>4,669,540</b>	<b>3,712,660</b>	<b>4,341,600</b>	<b>2,457,460</b>	<b>17,718,170</b>
<b>REPAIRS TEAM CAPITAL WORKS:</b>						
Void Rewires	70,000	70,000	70,000	70,000	70,000	350,000
Void Kitchens	155,000	155,000	155,000	155,000	155,000	775,000
Void Bathrooms	70,000	70,000	70,000	70,000	70,000	350,000
	<b>295,000</b>	<b>295,000</b>	<b>295,000</b>	<b>295,000</b>	<b>295,000</b>	<b>1,475,000</b>
<b>STAFFING:</b>						
Staffing Recharges/ Commissioning Costs	100,000	100,000	100,000	100,000	100,000	500,000
	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>500,000</b>
<b>ASSET PURCHASES:</b>						
Vehicle Purchasing	0	242,500	0	420,000	0	662,500
	<b>0</b>	<b>242,500</b>	<b>0</b>	<b>420,000</b>	<b>0</b>	<b>662,500</b>
<b>TOTAL SPEND</b>	<b>2,931,910</b>	<b>5,307,040</b>	<b>4,107,660</b>	<b>5,156,600</b>	<b>2,852,460</b>	<b>20,355,670</b>

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

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

The above programme has been reprofiled to take account of any changes to the expected timing of savings:-

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>TOTAL</b>
	£	£	£	£	£
<b>Original Programme</b>	310,000	581,000	430,000	810,000	<b>2,131,000</b>
<b>Amended Programme</b>	388,000	449,000	789,000	505,000	<b>2,131,000</b>
<b>Variance</b>	-	<b>(132,000)</b>	<b>359,000</b>	<b>(305,000)</b>	-

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

HRA Review Focus	Savings Description	Potential Annual Reduction			
		2017/18	2018/19	2019/20	2020/21
Capital Financing	Initial reduction in voluntary repayment of debt (currently £1.25 million per annum) – to be benchmarked – maximum annual reduction	250,000			
	*Further reduction dependent on stock condition survey information – i.e. if an increase in capital expenditure is required, reduction in MRP could offset		*potential further reduction		
Rental Income – introduction of new rent policy	New tenancies – commence at higher of 'social rent rate or 'assumed rent rate' (less 1% during rent reduction period) plus any service charges where calculated		30,000	30,000	30,000
	Review of services charges – ensuring full cost is rechargeable by accurately recording costs associated with specific properties/reducing costs of services provided De-pooling basic rent and service charges		5,000	5,000	
	Review of leasehold management arrangements (service charges) – to ensure we reflect the cost of providing services in the charging process and/or to highlight where costs are high and the service provided requires review		10,000	10,000	
	Other, for example: - annual rent amendments carried out in-house removing of consultant - review of payment methods - maximising garage rental income - Repairs recharges – ensuring all rechargeable repairs are billed correctly		15,000	15,000	
Staffing structures – service review process	Post service review completion, removal of vacancies where responsibilities are now covered by joint service arrangements	200,000			
Repairs and Maintenance – overall reduction in expenditure	Productivity improvements (review of processes internally) increased on-contract expenditure, capturing back office savings post service review	85,000	50,000		
	Implementation of an alternative service delivery model and / or further improvements in productivity and procurement savings				150,000
ICT Costs – reduction in costs	Streamlining of systems, saving annual license/software fees, removing duplication and releasing Officer time. Focus on using the remaining systems more effectively.	25,000	25,000		
Voids review	Increased income from improvements in voids turn around times and review of tenancy commencements	20,000	20,000		
	Reduction in expenditure from a review of voids maintenance works carried out	30,000	30,000		
Tenancy Arrangements	Review of tenancy and neighbourhood management processes	15,000			
Stock Condition surveys	Disposal of surplus stock after consideration of net present value assessment following completion of stock condition survey				150,000
<b>Total Annual Saving</b>		<b>625,000</b>	<b>185,000</b>	<b>60,000</b>	<b>330,000</b>

**Medium Term Financial Plan – Principal Risks**

<b>Risk Category</b>	<b>Risk</b>	<b>Mitigation and Controls</b>
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

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

**ANNEX D**

**Proposed Revenue Projections (2020/21 to 2023/24) – General Fund**

Budget Heading	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Employees	10,518,160	10,740,110	10,966,610	11,190,790
Premises	4,257,730	4,322,520	4,388,380	4,455,340
Transport	404,900	408,120	413,220	418,380
Supplies & Services	9,205,780	9,385,880	9,554,770	9,721,730
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,988,330	2,073,920	1,983,280	2,000,900
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	22,130	22,130	22,130	22,130
<b>Total Expenditure</b>	<b>26,530,810</b>	<b>27,086,460</b>	<b>27,462,170</b>	<b>27,943,050</b>
Fees and Charges / Other Income	(7,180,010)	(7,222,510)	(7,277,510)	(7,332,510)
Interest Receipts	(172,520)	(201,250)	(322,490)	(369,670)
HRA Recharges	(8,008,720)	(8,183,660)	(8,363,800)	(8,543,770)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
<b>Net Expenditure</b>	<b>10,938,320</b>	<b>11,247,800</b>	<b>11,267,130</b>	<b>11,465,860</b>
Council Tax	(6,045,980)	(6,235,600)	(6,437,540)	(6,631,290)
Business Rates Retention	(3,667,890)	(3,767,980)	(3,872,280)	(3,993,880)
New Homes Bonus	(640,660)	(685,520)	(764,030)	(675,620)
Contribution to / (use of) Reserves	(1,640)	(1,640)	(1,640)	(1,640)
Contribution to / (use of) Balances	0	0	0	0
Collection Fund	(351,000)	(46,480)	(46,920)	(36,390)
<b>Total Financing</b>	<b>(10,707,170)</b>	<b>(10,737,220)</b>	<b>(11,122,410)</b>	<b>(11,338,820)</b>
<b>Cumulative Deficit / (Surplus)</b>	<b>231,150</b>	<b>510,580</b>	<b>144,720</b>	<b>127,040</b>
Efficiency Requirement (cumulative)	(504,680)	(504,680)	(504,680)	(504,680)
Growth Efficiency realised (cumulative)	10,000	66,700	163,400	163,400
<b>Cumulative Deficit / (Surplus)</b>	<b>(263,530)</b>	<b>72,600</b>	<b>(196,560)</b>	<b>(214,240)</b>

**ANNEX D****Proposed Revenue Projections (2020/21 to 2032/24) – Housing Revenue Account**

<b>Budget Heading</b>	<b>2020/21 Projection</b>	<b>2021/22 Projection</b>	<b>2022/23 Projection</b>	<b>2023/24 Projection</b>
	£	£	£	£
Repairs & Maintenance	4,289,800	4,386,330	4,485,070	4,584,050
Supervision & Management	2,608,650	2,667,060	2,727,460	2,787,450
Rates, Rents, Taxes, Charges	113,030	113,030	113,030	113,030
Other Operating Expenditure	761,550	784,320	808,210	832,160
Depreciation & Impairment Charges	2,099,030	2,099,030	2,099,030	2,099,030
Interest & Debt Management Charges	2,711,730	2,674,560	2,666,140	2,576,660
HRA Contribution to Capital Programme	3,208,010	2,008,630	3,057,570	753,430
<b>Total Expenditure</b>	<b>15,791,800</b>	<b>14,732,960</b>	<b>15,956,510</b>	<b>13,745,810</b>
Dwellings Rents	(14,394,990)	(14,671,910)	(14,961,410)	(15,256,210)
Non - Dwelling Rents & Other Income	(629,440)	(629,440)	(629,440)	(629,440)
<b>Total Income</b>	<b>(15,024,430)</b>	<b>(15,301,350)</b>	<b>(15,590,850)</b>	<b>(15,885,650)</b>
<b>(Surplus) / Deficit for year</b>	<b>767,370</b>	<b>(568,390)</b>	<b>365,660</b>	<b>(2,139,840)</b>