APPENDIX A

STAFFORDSHIRE MOORLANDS DISTRICT 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 framework. It aims to ensure resources are directed effectively and efficiently towards delivery of the Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 4 years.

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

1.3. The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing strategy and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 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, 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 16th 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 Staffordshire Moorlands.

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 via the Resources Overview & Scrutiny 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 restated as:

"Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities"
This vision is articulated further by four aims:-:

- Help create a safer and healthier environment for our communiites to live and work
- Effective use of resources and provide value for money
- Help create a strong economy by supporting further regeneration of towns and villages
- Protect and improve the environment and respond to the climate emergency

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

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

	Aim	Objectives
	the environment and respond to the climate emergency	• Meeting the challenge of climate change • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

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

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

- Support the police and other partners to reduce crime, the fear of crime and anti social behaviour
- Ensure there is effective health provision particularly for the elderly
- Ensure that there an effective provision of waste and recycling centres across the district
- Work with Staffordshire County Council to provide accessible onstreet parking
- We will work with partners to improve the provision of bus services which connect our villages with our three market towns for services, shopping and leisure.
- Expand the Growth Deal partnership with Staffordshire County Council on the will be expanded to provide inward investment
- Work to combat illegal money lenders such as loan sharks
- Continue to support the Churnet Valley Railway with their plans to bring trains back to Leek
- Work with Staffordshire County Council

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

Aim	Objectives
Help create a safer and healthier environment for our communities to live and work	• Increased supply of quality affordable homes • Improved health • Improved community safety
Effective use of resources and provide value for money	• Council services provide value for money • High level of resident and customer satisfaction
Help create a strong economy by supporting further regeneration of towns and villages	• Sustainable towns and rural communities • Increased economic growth • Increased tourism
Protect and improve the environment and respond to the climate emergency	• High recycling rates • Reduction in carbon emissions

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

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

3. Current Spending Levels

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

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

Income and Expenditure	2019/20 Budget
	£
Employees	6,800,120
Premises	2,192,420
Transport	404,260
Supplies & Services	5,746,430
Benefits	5,010
Borrowing	294,400
Financing Costs	621,900
Total Expenditure	**16,064,540**
Fees and Charges / Other Income	(5,185,420)
Interest Receipts	(117,580)
Ascent LLP Income	(584,270)
Net Expenditure	**10,177,270**

3.3. The net expenditure is financed as follows:

Financing	2019/20 Budget
	£
Council Tax	(5,383,480)
New Homes Bonus	(443,760)
Business Rates Retention	(4,040,110)
Collection Fund Deficit	194,640
Contribution from Balances	(4,560)
Efficiency Requirement	(500,000)
Total Financing	(10,177,270)

3.4. The medium-term projection for capital commitments approved by Members in February 2019 is detailed below: -

Service Area	2018/19	2019/20	2020/21	2021/22	2022/23	Total
	£	£	£	£	£	£
Asset Management Plan	483,750	1,467,080	1,085,220	1,036,300	1,627,450	5,699,800
Housing Grants	1,161,650	1,256,000	1,226,000	1,211,000	1,211,000	6,065,650
ICT Strategy	-	255,800	-	-	-	255,800
Fleet Management	1,346,300	1,325,750	2,468,290	129,250	30,000	5,299,590
Other Schemes	600,000	480,620	50,000	50,000	-	1,180,620
Total Programme	**3,591,700**	**4,785,250**	**4,829,510**	**2,426,550**	**2,868,450**	**18,501,460**
Financed by:-						
External Contributions	1,211,000	1,238,390	1,211,000	1,211,000	1,211,000	6,082,390
Capital Receipts	-	40,000	-	140,000	-	180,000
General Fund Balances	953,730	-	-	-	-	953,730
Capital Reserve	392,570	1,620,430	-	-	-	2,013,000
S106 Planning	135,690	-	-	-	-	135,690
Borrowing	898,710	1,886,430	3,618,510	1,075,550	1,657,450	9,136,650
Total Financing	**3,591,700**	**4,785,250**	**4,829,510**	**2,426,550**	**2,868,450**	**18,501,460**

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
- The Efficiency and Rationalisation strategy
- Member Priority Projects
- Alliance Environmental Services (AES)

4.1.2. The delivery of transformation programme projects is monitored by the Transformation Board made up of Directors, 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 and capital 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 alongside 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

4.3.1 The Capital Programme presented to 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**
	£	**£**	**£**	**£**	**£**	**£**
Asset Management Plan	798,660	1,732,360	1,202,120	957,260	309,070	4,999,470
Housing Grants	1,256,650	1,515,000	1,500,000	1,500,000	1,500,000	7,271,650
ICT Strategy	138,000	91,900	50,000	50,000	50,000	379,900
Fleet Management	1,285,100	2,533,290	187,500	-	301,640	4,307,530
Other Schemes	513,620	181,920	50,000	50,000	-	795,540
Total Programme	**3,992,030**	**6,054,470**	**2,989,620**	**2,557,260**	**2,160,710**	**17,754,090**
Financed by:-						
External Contributions	1,238,390	1,500,000	1,500,000	1,500,000	1,500,000	7,238,390
Capital Receipts	15,650	15,000	-	-	-	30,650
Capital Reserve	1,500,000	-	-	-	-	1,500,000
Earmarked Reserves	220,850	-	-	-	-	220,850
Borrowing	1,017,140	4,539,470	1,489,620	1,057,260	660,710	8,764,200
Total Financing	**3,992,030**	**6,054,470**	**2,989,620**	**2,557,260**	**2,160,710**	**17,754,090**

4.3.3 The capital projections above include the carry forward of £1,017,110 capital budgets from 2018/19,

Asset Management Plan (AMP)

4.3.4 It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. The Capital Strategy (presented alongside the MTFP in February 2019) sets out the outcomes and actions emerging from a report presented to Cabinet on 20th September 2016 – which was based on the result of asset condition surveys completed on the Council's property portfolio.

4.3.5 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:-

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

4.3.6 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 September 2016, and has subsequently been reviewed again for the purposes of this report.

4.3.7 The table below reflects the updated capital investment requirements as at November 2019, adjusted for 2018/19 actual outturn, any in-year re-profiling that has taken place in 2019/20 and changes to spending plans – which reduces the forecast capital spend by £936,940 over the 30 years from the original position; reported in September 2016.

SMDC AMP Capital Investment & Revenue Consequences	2016-17 (actuals) £	2017/18 (actuals) £	£	MTFP 2019/20– 2022/23 £	MTFP 2023/24 (new year MTFP) £	2024/25 - 2045/46 (22 Years) £	TOTAL £
Public Buildings	70,020	410,000	387,460	1,081,900	-	2,153,770	4,103,150
Car Parks	-	1,290	4,660	991,160	-	3,982,322	4,979,432
Public Conveniences	-	3,280	-	197,800	-	361,900	562,980
Waterways & Infrastructure	5,270	261,090	1,790	166,260	208,220	343,761	986,391
Leisure Centres	1,700	95,170	5,090	1,351,700	-	7,669,215	9,122,875
Depots and Parks Buildings	-	-	1,650	825,010	40,000	1,555,554	2,422,214
Industrial Units	-	-	3,810	76,570	60,850	331,200	472,430
TOTAL	**76,990**	**770,830**	**404,460**	**4,690,400**	**309,070**	**16,397,722**	**22,649,472**
Revenue Consequences	-	***11,250***	***30,700***	***224,080***	***36,710***	***679,650***	***936,510***

4.3.8. 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 30 year costs of maintain the general fund asset stock are known.

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

Affordable Housing Project

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

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

4.3.12 £14 million of the £20 million loan facility has been drawn to date, it is assumed for the purposes of this report that the remaining £6million loan facility will not be drawn during the 4 year period (which is subject to review as per paragraph 4.3.14)

4.3.13 The first tranche of the loan facility of £7m matured from the initial five year loan period in October 2017 and since then has been refinanced by Ascent with the Council for short-term periods of up to 1 year on a rolling basis; the current period ends October 2020. The second tranche of the loan facility matured from the initial five year loan period in November 2019; this has similarly been refinanced for a short-term period of up to 1 year until November 2020. At each point of refinancing, the rate is reset at the PWLB rate on the day plus the margin of 1.25%.

4.3.14 The short-term refinancing has been completed whilst the dissolution of Ascent progresses (as per the report approved by Cabinet on 18th June 2019) and wider funding arrangements are being explored between Your Housing and the Council. There are no assumptions of the potential financial impact of the outcome of this review included at this stage. Any potential additional income streams generated as a result of the review would be realised against the Efficiency Programme. An update will be provided in the MTFP presented in February 2019.

Housing Grants

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

4.3.16 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

4.3.17 Government funding has increased each year since 2015/16. Based on current information the additional resources will not be utilised fully in 2019/20 support the current years grants programme; this will bring Disabled Facility reserve up to £2.6m at year end.

4.3.18 If there is to be any significant spend against the new increased budget, there is a need to find new areas to invest as well as embarking on a robust campaign to promote the traditional DFG to local residents. There is scope to do this as part of the funding agreement as long as any proactive scheme outside the mandatory DFG programme is agreed with the County Council and is restricted to capital expenditure.

4.3.20 There are several possible options which for example include; investment in local schools, catering for persons with disability needs; work with local social housing providers to look at dementia friendly adaptations or improvements to existing housing schemes with a significant number of elderly residents. There are also opportunities to work with local community groups to help them develop schemes in their areas that benefit the larger disabled community. A paper was submitted to the Strategic Partnership Board in November 2018 seeking approval to seek out new ways of utilising the DFG funding on capital adaptation programmes within the wider local community and this was supported by the other Staffordshire Authorities and the County Council.

ICT Strategy

4.3.21 The framework for the existing ICT Strategy was established in 2014/15. The key drivers of which were to support delivery of the Efficiency and Rationalisation Plan, provide the infrastructure to support joint working, support new ways of working and improve access to services for our customers.

4.3.22 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 though connected systems. This will reduce costs of services through optimisation, improving online services and enabling customers to self-serve more transactions. This will also reduce manual administrative tasks, removing paper processes and allowing Officers to focus on high-value tasks.

4.3.23 Consequently, additional estimated requirements have been included within the MTFP of £124,100 which primarily relate to the implementation of a system to aid waste collection processes and the migration of the cash receipting system, with migration to Office 365 assumed to be completed in 2019/20.

4.2.24. There are other projects currently at initial business case or procurement stage, relating to the 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 businesses cases progress.

Fleet Management

4.3.24 The Council's Fleet management arrangements have been subject to a 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.

4.3.25 The existing contract hire agreements that were in place were terminated on 30th 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.

4.3.26 A Fleet Strategy is currently being drafted which will set out the fleet renewal programme and process, incorporating financial, procurement and operational considerations.

4.3.27 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 £4,307,530 in order to replace vehicles as they reach the end of their useful lives.

New/Other Capital Commitments

New Capital Schemes

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

- *Brough Park Improvements*

Plans to potentially re-site play facilities and to undertake access improvements to John Hall Gardens are being considered; the additional cost and member approval are being assessed

- *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.

Financing the Capital Programme

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

4.3.29 The main element of spending within the current programme which is expected to be funded from external resources is support towards Disabled Facilities Grants. Estimated capital receipts of £0.03m will be available over the next five years subject to a review of surplus assets. Revenue and capital reserves of £1.72m are forecast (at this stage) to be applied over the period.

4.3.30 Borrowing is therefore the main funding option for the programme. The Treasury Management Strategy then considers whether this is funded externally or internally - both options have a consequence on revenue either through reduced investment income or increased external interest liability as highlighted in the table below.

4.3.31 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.

Revenue Consequences of the Capital Programme

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

Revenue Consequence (changes year-on-year)	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Ascent Loan Income	(56,130)	0	0	0
Debenture Income	0	0	0	0
Investment Income	18,180	440	1,440	2,220
Borrowing Costs	109,090	399,320	68,000	46,910
Total	**71,140**	**399,760**	**69,440**	**49,130**

4.4 Efficiency & Rationalisation Strategy

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

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

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

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

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

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

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

4.4.6 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 reprofiled Efficiency Programme:-

	2017/18	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**TOTAL**
	£	£	£	£	£	£
Original Programme	661,000	830,000	475,000	1,175,000	-	**3,141,000**
Amended Programme	661,000	395,000	935,000	702,000	448,000	**3,141,000**
Variance	**-**	**(435,000)**	**460,000**	**(473,000)**	**448,000**	**-**

4.4.7 The Efficiency Programme continues to progress well, with £856,000 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.

4.4.8 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. There are also significant income generation targets focusing on housing and economic growth, linked to the approval of the Local Plan.

4.5 Member Priority Actions / Projects

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

Member Priority Actions / Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Leader				
Develop and implement a plan to identify new and innovative ways of generating income	**Y**			✓
Support the development of Cornhill and improved rail links	**Y**			✓
Develop a masterplan for bringing redundant mills back into use	**Y**			✓
Support the development of Cornhill and improved rail links	**Y**			✓
Refresh the Council's Communications Strategy in order to ensure that there is a more effective dialogue with residents	**N**			
Implement the Council's Growth Strategy to bring about the regeneration of towns and rural communities	**N**			
Develop a new Organisational Development Strategy to ensure that our workforce is developed effectively	**Y**			✓
Leisure and Sports				
Identify and implement an approach to reduce the cost of country parks	**Y**		✓	
Review the Sport and Physical Activity Strategy in order to integrate the communities and sports clubs into the delivery of its objectives	**N**			
Successfully deliver Phase 3 of the transfer of services to Alliance Environmental Services Ltd, to deliver ground maintenance services on behalf of the Council in order to achieve improved performance and value for money outcomes	**Y**	✓		
Develop a plan to improve Brough Park and John Hall Gardens	**Y**			✓
Develop and implement an ongoing indoor leisure facilities improvement plan focussed on improving the health and wellbeing of residents	**Y**			✓
Develop and implement an outdoor leisure facilities improvement plan focussed around the "sports village" concept	**Y**			✓

Member Priority Actions / Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Customer Services				
Continue to embed good information management practices through the ASSURED framework	**N**			
Develop a new ICT Strategy to enhance and support the delivery of services	**Y**			✓
Develop a new Procurement Strategy with a focus on spending money locally	**N**			
Develop an Access to Services to ensure that Council services are accessible to all	**N**			
Environment				
Successfully deliver Phase 3 of the transfer of services to Alliance Environmental Services Ltd to deliver street cleansing services on behalf of the Council in order to achieve improved performance and value for money outcomes	**Y**	✓		
Review the Council's waste & recycling arrangements to increase recycling and to respond to the emerging new national strategy	**Y**			✓
Review the Environmental Enforcement Policy in order to take steps to further environmental crime	**N**			
Climate Change				
Develop a Climate Change Strategy and an action plan of response to a declared climate emergency	**Y**			✓
Communities				
Complete the review of the CCTV system and implement the agreed recommendations	**Y**	✓		
Develop a strategy for further development of affordable and specialist housing	**Y**			✓
Develop a Private Sector Housing Strategy to improve conditions for homeowners and private tenants	**N**			
Develop a Tourism Strategy to maximise the positive impact to our communities	**N**			
Review the Council's community support arrangements in order to maintain strong partnerships with community groups	**N**			
Planning & Property				
Refresh and implement the Asset Management Plan, including a review of public estate, and ensure adequate facilities management arrangements are in place	**Y**	✓		
Develop and implement plans to improve the public market operations	**Y**	✓		
Adopt a new Local Plan	**Y**			✓

Develop a new Parking Strategy to ensure that our car parks meet the needs of residents and visitors	Y			✓

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

4.6 Alliance Environment Service (AES)

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

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

4.6.3 Phase 2 of the transfer of services commenced on 1st July 2018 with the transfer of all fleet management across the Alliance and the transfer of the Staffordshire Moorlands Waste Collection service. Phase 3 is currently estimated to commence in February 2020, which will involve the transfer of Street Scene and Grounds Maintenance.

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

4.6.5 The contract fee for 2020/21 is currently being reviewed with discussions taking place between the Council and AES. 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 9th 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, changes in investment income and borrowing costs (based on interest rate changes) are highlighted below:-

Investment Income	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Changes in Investment Income	(14,170)	(5,000)	(52,350)	(9,990)
Changes in Borrowing costs	13,200	740	1,040	6,760

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 2.43 % and 1.83% 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. The full costs to the Council arising from inflation are forecast in the table below.

Expenditure/Income	2020/21	2021/22	2021/22	2022/23
	£	£	£	£
Employee Costs	260,170	237,330	244,520	249,750
Premises Costs	32,510	32,620	33,110	35,850
Transport	-	-	850	850
Supplies and Services	101,360	123,710	122,930	125,590
In-Year Inflation Pressure	**394,040**	**393,660**	**401,410**	**412,040**

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 changes in budgetary demand, included in this iteration of MTFP, are highlighted below:-

Increased / (Reduced) Budget Demand	2020/21	2021/22	2021/22	2022/23
	£	£	£	£
Uniforms – Customer Services	2,500	(2,500)	2,500	(2,500)
DWP – Benefits Admin Grant reduction	12,000	-	-	-
Council Tax support administration grant reduction	4,500	-	-	-
Vehicle Funding – Contract hire adjustment	120,200	270,320	-	-
Car Park tickets – Printing costs	5,000	-	-	-
AES – SCC Transfer station handling costs	29,000	-	-	-
AES – Paper recyclate income reduction	27,000	-	-	-
Total	**200,200**	**267,820**	**2,500**	**(2,500)**

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 Cabinet report 24th April 2018

- AES: Pressures on contracts within AES services are anticipated to have an impact on the AES management fee payable by the Council:
    - £39,000 – The bulking charge from Staffordshire County Council at the Fowlchurch Leek Waste Transfer Station is being reviewed by the County Council.
    - £37,000 – Paper recycling tonnage continues to fall in line with the national picture, creating a pressure on income.
    - £10,000 – An inflation increase is anticipated on the contract for Organic waste processing.

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

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

5.5. Pensions

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

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

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

5.5.4. Provisional results of this valuation have been released showing a marked improvement to the funding position of the Fund. The Staffordshire Moorlands pool has seen its funding position improve from 66% to 84% as a result of a growth in Fund assets.

5.5.5. The provisional results are based on primary contributions remaining at 16.6% of payroll over the next 3 years and secondary contributions of £3.109 million also being paid over this period. This amount is to be discounted to £2.924 million if paid in one lump sum in April 2020. The Authority has indicated its intention to take up this option.

5.5.6. The MTFP has been amended to reflect the provisional outcome of the valuation.

5.5.7. In year 4 of the MTFP (2023/24) the Fund will undergo a further valuation. At this stage an additional £125,000 in pension costs has been included.

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 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
	£	£	£	£
Council Tax increase	(107,670)	(110,370)	(113,190)	(116,190)
Revenue from tax base growth	(27,460)	(30,330)	(36,950)	(30,000)
TOTAL	**(135,130)**	**(140,700)**	**(150,140)**	**(146,190)**

6.2. Business Rates Retention

6.2.1. Under the 50% Business Rates Retention system, the Authority retains 40% of Business Rates less a tariff that is payable into a pool maintained by a number of Staffordshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,764,640 for 2020/21): any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

6.2.2. As part of the Staffordshire Pool, the levy or the safety net payment is made to or from the Pool instead of Central Government. If the Council was not in the Staffordshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain 40% of this levy; meaning that each £1 achieved above the baseline, is distributed as follows:

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

The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £418,800 in 2020/21.

6.2.3. In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to local government retaining 100% of the rates that they received (subsequently being revised to a 75% scheme) with an end to Revenue Support Grant. The 75% scheme will now not be introduced until 2021/22 at the earliest.

6.2.4. There remains uncertainly surrounding how the new system will be phased in and in what form. Following invitation from DCLG, Staffordshire Authorities made an application to become a pilot area for the Business Rates Retention scheme. The application was unsuccessful for 2018/19, but the application was submitted again to the MHCLG for the 2019/20 75% pilot and Staffordshire Authorities were successful in being named as a pilot authority for 2019/20. For the purpose of the MTFP, a windfall of £200,000 was included based on the minimum payment to be received by each Member Authority as detailed in the Memorandum of Understanding to the Pilot Pool. It has been confirmed that no further pilots will take place during 2020/21, therefore this windfall of £200,000 has been removed from the MTFP going forwards.

6.2.5. The MTFP anticipates that Business Rates retention will be above the baseline. Net income is somewhat suppressed due to the award of reliefs including increased small business rate relief including the changes in thresholds, multiplier cap, extended rural relief, supporting small businesses relief, retail discount and local discretionary relief; and the increase in the provision for RV reductions on successful appeals, including potential NHS Trust applications and ATM RV changes. 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.

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

Business Rates Retention	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£	£	£	£
In year:				
Baseline Funding	(2,764,640)	(2,894,250)	(3,029,940)	(3,171,980)
Achievement against Baseline	34,040	(178,670)	(216,020)	(261,510)
Section 31 Grant	(1,400,800)	(1,249,690)	(1,272,190)	(1,305,740)
Total	**(4,131,400)**	**(4,322,610)**	**(4,518,150)**	**(4,739,230)**
Change between years:				
Business Rates retained	(347,300)	(342,320)	(173,040)	(187,530)
Section 31 Grant	256,010	151,110	(22,500)	(33,550)
Total	**(91,290)**	**(191,210)**	**(195,540)**	**(221,080)**

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 Staffordshire Moorlands' share of a surplus, in respect of Council Tax, will be £33,630 in 2020/21.

6.3.3. It is assumed that a surplus, after providing for appeals, of £243,760 will be distributed in 2020/21 in respect of retained Business Rates generated in the current and previous years. Staffordshire Moorlands' share of this surplus will be (£97,500). 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	38,240	14,860	(2,430)	(5,220)
Business Rates	(364,020)	97,510	0	0
Total	**(325,780)**	**112,370**	**(2,430)**	**(5,220)**

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 District compared with the previous year. This payment is subject to certain conditions:

- The bonus is only paid on development in excess of a national 'deadweight' threshold (currently 0.4% of the tax base). This threshold represents the percentage of housing that would have been built anyway. For Staffordshire Moorlands, the current threshold is the equivalent of 173 properties. The Government had indicated that it intended to raise the threshold in 2019/20, but due to other challenges on the Government's agenda, it backed off from this position, 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.

6.4.5. Given the above, this iteration of the MTFP is consequently based on the current NHB system and includes total New Home Bonus receipts of £0.807 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 £38,470 has been anticipated for 2020/21.

6.4.7. The Efficiency and Rationalisation Strategy included an assumed £400,000 in from stimulated housing growth, primarily from New Homes Bonus over the four years (2017-21). The current low levels of growth being experienced in the District, together with the risk of detrimental change in the deadweight threshold, make this target more difficult to achieve.

Local Council Tax Support Grant

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

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

6.4.10. Under the District'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 movement in Government funding from the 2016/17 baseline:-

Government Grant (gain) / loss of funding	2016/17 (baseline)	2017 - 20 (actual)	2020/21 (forecast)	2021/22 (forecast)	2022/23 (forecast)	2023/24 (forecast)
	£	£	£	£	£	£
Revenue Support Grant	(1,246,290)	1,246,290	-	-	-	-
Rural Services Delivery Grant	(14,930)	14,930	-	-	-	-
Transition Grant	-	-	-	-	-	-
New Homes Bonus	(1,264,390)	820,630	244,800	22,880	23,960	(128,170)
Change in Govt Funding	**(2,525,610)**	**2,081,850**	**244,800**	**22,880**	**23,960**	**(128,170)**

6.4.12. The changes shown in the table above mean that the Government grant funding received by the Council will have reduced to £280,290 by 2023/24, compared to the £2,525,610 received in 2016/17.

6.5. Fees and Charges

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

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

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

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

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

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

Increased Fees and Changes	2020/21	2021/22	2022/23	2023/24
	£	**£**	**£**	**£**
Revenue from increased Fees and Charges	(25,000)	(25,000)	(25,000)	(25,000)
Total	**(25,000)**	**(25,000)**	**(25,000)**	**(25,000)**

7. Risks, Contingencies & Use of Reserves

7.1. Risk Identification and Management

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

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

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

Revenue Risks	Capital Risks
• Inflationary assumptions • Interest rates • Revenue consequences of capital • Housing benefits • Fees and charges • Universal Credit • Business Rates • Council Tax collection • Government grants • Financial benefits from partnerships / shared services • Pension costs • Insurance costs • Waste management costs	• Interest rates • External funding • Capital receipts • Capacity to deliver capital programme • Project overspend • Project overrun • External factors (e.g. planning objections, judicial reviews etc. leading to project delay) • Housing Joint Venture • Suppliers / Contractors / Contract Management • Weather

7.1.4. 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 12th December 2019

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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	155,000
1 % change in interest rates	35,000

7.2. Contingencies

7.2.1. The Medium Term Financial Plan is underpinned by a number of assumptions. These assumptions have been made in the light of currently available information. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the Council's financial position.

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

7.2.3. The Council carries reserves as a contingency for situations where risks cannot be fully mitigated. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the robustness of the estimates included in the budget and the adequacy of the reserves that the budget provides. The Council is currently required to hold a general (contingency) reserve of £1,052,000 to meet unforeseen expenditure.

7.3. Use of Reserves and Balances

7.3.1. The February 2019 Medium Term Financial Plan included an £7,700 contribution from General Fund Reserves in 2019/20 in respect of Section 106 (Commuted Sum). The level of Section 106 reserve usage remains at £7,700 pa from 2019/20.

7.3.2. The February 2019 MTFP also anticipated contributions into the General Fund contingency over the lifetime of the plan. This position remains the same throughout the period 2020/21 to 2023/24, albeit with a slightly lower overall contribution.

7.3.3. The Quarter Two report forecasts that there will be a surplus against budget of approximately £9,680, in which case, there will be a net contribution into contingency reserves of £12,820 in 2019/20.

7.3.4. Financial assumptions have been updated as part of this plan, but at this stage, no movement to/from reserves have been included (apart from the planned £7,700 draw from the S106 reserve), so the plan remains unbalanced – this will be updated as part of the February 2020 MTFP update. However, based on the deficit/surplus position (ANNEX D) the expected contribution to reserves would be some £56,830 less 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	3,140	242,340	50,960	29,370	0	325,810
General Fund (use)/contribution to reserves – November 2019	12,820	373,420	(13,900)	(86.790)	(16,570)	268,980
Change in use of reserves	**9,680**	**131,080**	**(64,860)**	**(116,160)**	**(16,570)**	**(56,830)**

8. MTFP General Fund Revenue Position

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

Summary Revenue Position	2020/21	2021/22	2022/23	2023/24
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.3)	71,140	399,760	69,440	49,130
Interest Rate Changes (section 5.1)	(14,170)	(5,000)	(52,350)	(9,990)
Borrowing Cost Changes (section 5.1)	13,200	740	1,040	6,760
Inflation Pressures (section 5.2)	394,040	393,660	401,410	412,040
Increased / (Reduced) Budget Demand (section 5.3)	200,200	267,820	2,500	(2,500)
Budget Growth (section 5.4)	-	-	-	-
Increased Council Tax Income (section 6.1)	(135,130)	(140,700)	(150,140)	(146,190)
Business Rates Retention (section 6.2)	(91,290)	(191,210)	(195,540)	(221,080)
Changes in Collection Fund Surplus (section 6.3)	(325,780)	112,370	(2,430)	(5,220)
Reduction in Government Grant (section 6.4)	244,800	22,880	23,960	(128,170)
Additional Fees and Charges (section 6.5)	(25,000)	(25,000)	(25,000)	(25,000)
Contribution to / (Use of) Reserves & Balances (section 7.3)	(3,140)	-	-	-
In Year Change in Position	**328,870**	**835,320**	**72,890**	**(70,220)**
Existing Efficiency & Rationalisation Plan (section 4.4)	(702,290)	(448,000)	-	-
Growth Efficiencies Realised	-	-	-	-
Budget (Surplus) / Deficit	**(373,420)**	**387,320**	**72,890**	**(70,220)**
Cumulative (Surplus) / Deficit	**(373,420)**	**13,900**	**86,790**	**16,570**

8.2. The Medium Term Financial Plan is unbalanced at this iteration. Further work will take place, in time for the February update, to firm up on the assumptions made and consider the use of reserves necessary to bring the Plan into balance.

8.3. ANNEX D shows the indicative detailed revenue budget for the period 2020/21 – 2023/24.

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 Projections (2019/20 to 2023/24)

Capital Schemes	2019/20	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£	£
Asset Management Plan						
Public Buildings	11,960	193,500	-	876,440	-	1,081,900
Car Parks	373,160	284,000	334,000	-	-	991,160
Public Conveniences	-	189,500	-	8,300	-	197,800
Infrastructure/Waterways	136,140	-	-	30,120	208,220	374,480
Leisure Centres	195,340	1,065,360	91,000	-	-	1,351,700
Depots & Park Buildings	23,350	-	759,260	42,400	40,000	865,010
Industrial Units	**58,710**	-	17,860	-	60,850	137,420
	798,660	**1,732,360**	**1,202,120**	**957,260**	**309,070**	**4,999,470**
Private Housing Grants	**45,650**	**15,000**	**-**	**-**	**-**	**60,650**
Disabled Facilities Grants	**1,211,000**	**1,500,000**	**1,500,000**	**1,500,000**	**1,500,000**	**7,211,000**
ICT Projects	**138,000**	**91,900**	**50,000**	**50,000**	**50,000**	**379,900**
Fleet Management	**1,285,100**	**2,533,290**	**187,500**	**0**	**301,640**	**4,307,530**
Other Schemes						
Conservation	75,900	50,000	50,000	50,000	-	225,900
Public Parks/Play Facilities	162,620	131,920	-	-	-	294,540
CCTV	275,100	-	-	-	-	275,100
	513,620	**181,920**	**50,000**	**50,000**	**-**	**795,540**
TOTAL PROGRAMME	**3,992,030**	**6,054,470**	**2,989,620**	**2,557,260**	**2,160,710**	**17,754,090**
CONTRIBUTIONS	**1,238,390**	**1,500,000**	**1,500,000**			**7,238,390**
NET PROGRAMME	**2,753,640**	**4,554,470**	**1,489,620**			**10,515,700**

ANNEX B

Summary of Approved Efficiency and Rationalisation Strategy (February 2017)

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

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

	2017/18	2018/19	2019/20	2020/21	2021/22	TOTAL
	£	£	£	£	£	£
Original Programme	661,000	830,000	475,000	1,175,000	-	**3,141,000**
Amended Programme	661,000	395,000	935,000	702,000	448,000	**3,141,000**
Variance	**-**	**(435,000)**	**460,000**	**(473,000)**	**448,000**	**-**

ANNEX C

Medium Term Financial Plan – Principal Risks

Risk Category	Risk	Mitigation and Controls
Financial Implications	Robustness of financial assumptions within Efficiency and Rationalisation Strategy	Structured project management arrangements have been put in place with detailed business cases for each initiative – these will be strengthened in the service review process
Financial Implications	Additional financial pressures emerge – cost & income	The strategy is kept under constant review and adjustments will be made where necessary
Service Continuity	Interruptions to key services or performance standards	Resource implications and impact are identified as part of the business case process. Service continuity and maintenance of standards of service are key requirements of any new proposals
Corporate Governance	Maintaining stakeholder confidence; lack of clarity on accountability	Ongoing review of standards of internal control (e.g. Financial Procedure Rules reviewed and updated). Internal Audit Plan will be reviewed to account for the new approach proposed in the Efficiency & Rationalisation Strategy
Management of Change	Management of corporate and local, cultural change; behavioural risks; residual effects of aggregation; proposed changes to organisational structure, roles & responsibilities	Progress with achievement of aims will be monitored through an effective performance management structure. Investment has been made in a new approach to Organisational Development.
People Risks	Impact of cultural changes; assessment of skills; recruitment & retention; capacity issues	Continuing communications process for the delivery of transformation programme
Key Projects & Partnerships	Managing changes to shared service delivery arrangements	The project management methodology provides for an adequate transition where there are changes in service delivery
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

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

ANNEX D

Proposed Revenue Projections (2020/21 to 2023/24)

Budget Heading	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Employees	6,152,260	6,389,590	6,634,110	6,883,860
Premises	2,199,930	2,232,550	2,265,660	2,301,510
Transport	141,260	141,260	142,110	142,960
Supplies & Services	7,195,020	7,586,550	7,711,980	7,835,070
Benefits	5,010	5,010	5,010	5,010
Borrowing	416,690	816,750	885,790	939,460
Parish Grant re Council Tax Support	0	0	0	0
Financing Costs	231,380	231,380	231,380	231,380
Total Expenditure	**16,341,550**	**17,403,090**	**17,876,040**	**18,339,250**
Fees and Charges / Other Income	(5,270,900)	(5,295,900)	(5,320,900)	(5,345,900)
Interest Receipts	(113,570)	(118,130)	(169,040)	(176,810)
Ascent LLP Income	(640,400)	(640,400)	(640,400)	(640,400)
Recharges	0	0	0	0
Net Expenditure	**10,316,680**	**11,348,660**	**11,745,700**	**12,176,140**
Council Tax	(5,518,610)	(5,659,310)	(5,809,450)	(5,955,640)
Revenue Support Grant	0	0	0	0
Business Rates Retention	(4,131,400)	(4,322,610)	(4,518,150)	(4,739,230)
Rural Service Delivery Grant	0	0	0	0
New Homes Bonus	(198,960)	(176,080)	(152,120)	(280,290)
Earmarked Reserves	(7,700)	(7,700)	(7,700)	(7,700)
Contingency Balances	0	0	0	0
Collection Fund	(131,140)	(18,770)	(21,200)	(26,420)
Total Financing	**(9,987,810)**	**(10,184,470)**	**(10,508,620)**	**(11,009,280)**
Cumulative Deficit / (Surplus)	**328,870**	**1,164,190**	**1,237,080**	**1,166,860**
Efficiency Requirement (cumulative)	(702,290)	(1,150,290)	(1,150,290)	(1,150,290)
Growth Efficiencies realised (cumulative)				
Deficit / (Surplus)	**(373,420)**	**13,900**	**86,790**	**16,570**