

HIGH PEAK BOROUGH COUNCIL

Report to the the Executive

13th February 2020

TITLE:	2020/21 Budget & Medium Term Financial Plan 2020/21 to 2023/24
EXECUTIVE COUNCILLOR	Cllr Alan Barrow – Executive Councillor for Finance & Corporate Services
CONTACT OFFICERS:	Claire Hazeldene – Finance & Procurement Manager
WARDS INVOLVED:	Non-Specific

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2020/21 to 2023/24)**
- **Appendix B (Capital Strategy 2020/21)**
- **Appendix C (Housing Revenue Account Updated Business Plan Forecasts)**
- **Appendix D (Fees & Charges 2020/21)**
- **Appendix E (Procurement Forward Plan 2020/21)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2020/21, updated Medium-Term Financial Plan 2020/21 – 2023/24, Capital Strategy 2020/21, proposed Fees and Charges for 2020/21 and Procurement Forward Plan 2020/21.

2. Recommendations

- 2.1 That the Executive support the following **recommendations** to Council:
- Approves the General Fund Budget for 2020/21 as detailed in **Appendix A (section 8)**
 - Approves the revised Medium-Term Financial Plan (2020/21 to 2023/24) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
 - Approves the Capital Strategy 2020/21 as set out in **Appendix B**
 - Approves the update Housing Revenue Account Business Plan Forecast as detailed in **Appendix C**

- Approves the proposed Fees and Charges for 2020/21 as detailed in **Appendix D**
- Approves the proposed Procurement Forward Plan for 2020/21, providing the authority to procure based on procurement activity detailed in **Appendix E**
- A Band D Council Tax of £195.40 for 2020/21 (an increase of 1.9% from 2019/20)
- HRA charges as follows:
 - Dwellings rents to increase by an average of 2.7% from £69.40 to £71.45 average per week (*average rent takes into account new tenancies where formula rent is charged*)
 - Garage rents to be increased by 5% from £6.79 to £7.13 average per week
 - Other Charges including service charges to increase by a maximum of 5% for current tenants
 - Fuel charges at individual blocks have been reviewed and the 2020/21 charge is based on the 2019/20 estimated costs and 2018/19 actual fuel usage/prices, charged on an individual scheme basis.
- Notes the Chief Finance Officer's view that the level of reserves are adequate for the Council based on this budget and the circumstances in place at the time of preparing it (**Appendix A Annex E**)

3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2020/21. The report also provides an update on the Council's medium-term financial position through to 2023/24. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2020/21, and details the Procurement Forward Plan 2020/21.
- 3.2 The budget setting and medium term financial planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities.
- 3.3 The Medium Term Financial Plan (MTFP) has been updated in accordance with the budget setting process. The MTFP presents the Council's finances over a four-year period, namely 2020/21 to 2023/24 and provides:
- Details of local spending influences in the context of the recently approved new Corporate Plan;
 - A focus on the transformation programme and the consequential financial implications, including the capital programme and efficiency & rationalisation plan;
 - Updated inflation and interest assumptions using the latest forecasts and the impact of any budgetary demand; and
 - An update on any national issues that will impact on the Council's financial position

- 3.4 The 2019/20 – 2022/23 MTFP was approved by the Council last February (2019), and showed a surplus position on the General Fund. It was forecast that an overall contribution into reserves of £480,000 was made during the 4 years of the plan. However this position was dependent on the continued delivery of a £2.1 million four-year Efficiency & Rationalisation Programme which was commenced in April 2017.
- 3.5 Progress with the delivery of the efficiency programme has been positive, delivery of the £714,000 efficiency target for the current financial year has already been achieved and the Council remains on course to deliver the remainder of the programme. The ability to progress and achieve the overall efficiency programme target has been underpinned by the following:
- The realisation of savings from the establishment and transfer of services to the Council's company Alliance Environmental Services (AES);
 - Implementation of a new fleet procurement policy that has moved to purchase of vehicles as opposed to contract hire;
 - Implementation of new leisure centre management arrangements which have reduced the Council's subsidy; and
 - Retained business rates through economic growth and the saving of the levy payable to central government as a consequence of the Council's membership of the Derbyshire Business Rates Pool (as per the current business rates system)
- 3.6 Having completed the annual budget exercise, a balanced budget for 2020/21 has been achieved. The final General Fund budget proposal for 2020/21 provides for a net budget of £10,807,470 and a Council Tax increase of 1.9%. Consequently, the Band D Council Tax increases to £195.40.
- 3.7 The final HRA budget proposal for 2020/21 provides for a net budget of £15,000,350 and a Council Dwelling Rent increase of 2.7%.
- 3.8 A new financial year (2023/24) has now been added to the MTFP and the overall financial assumptions have been updated for the four years. This has resulted in a small surplus position of £127,080 on the General Fund by the end of 2023/24. An overall contribution of £17,910 into reserves is forecast during the 4 year life of the plan.
- 3.9 Whilst the surplus position is positive, it is necessary as there is a need to be cautious as the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) are unknown at this stage.
- 3.10 The overall financial position forecast in the MTFP is similar to the position presented last year. There is however a reduction in the level of surplus reserves that are expected to be generated over the four years. This changed position is primarily due to:
- **Reduction in additional Council Tax income** – reflecting an assumption that 1.9% increases will be applied throughout the MTFP as opposed to the 2.9% that was included last year; and

- **Reduction in the level of New Homes Bonus** – reflecting the notification that the current scheme is going to end

3.11 Provision has been made in the revenue budget to implement the commitments made in the Council's recently approved Corporate Plan. However the detailed financial consequences of a number key commitments e.g. responding to the climate emergency and leisure centre capital investment will need to be developed during the 2020/21 financial year. New revenue commitments include:

- Additional community support grant funding including supporting the development the creative industries strategy for the Glossop area;
- Additional staffing provision to support the development of regeneration initiatives across the borough; and
- Additional leisure commission resource to implement the Physical Activity Strategy and development of the leisure centres development plan.

3.12 An increase in car parking charges is proposed which is the first increase since 2018. The increases can be summarised as follows:

- General increase of 20p on all tariffs;
- Realignment of tariffs in order that they are more closely matched across the borough – it was originally proposed to include the Wye Street car park in this realignment however this proposal was removed prior to consideration of the budget proposals at the Corporate Select Committee on the 10th February.

The increased concession for residents that was introduced last year is retained and in addition there is a commitment to work with local traders to develop a policy to encourage footfall in the town centres.

3.13 The draft efficiency target for 2020/21 had assumed realisation of income generation from car parking fee increases which included the Wye Street realignment.. Therefore, the efficiency target has been reduced by £95,000 in 2020/21 and added back in 2021/22 and replacement efficiency proposals will need to be developed to meet this target.

3.14 There is a surplus position of £2,061,950 by the end of 2023/24 for the HRA. The financial forecasts for the 30-year business plan and continue to show a significant surplus. This is available for investment in additional areas of priority for which detailed plans are currently being developed including a focus on environmental improvements in areas of council housing stock.

3.14 The Capital Strategy and the Capital Programme have been updated and allow for additional investment in priority areas. The Medium Term Financial Plan includes an updated Capital Programme of £19,401,020 over the period 2019/20 – 2023/24. Additional investments have been included for the following:

- The continued investment in the refurbishment of Glossop Halls
- Car park surfacing improvements and modernisation of ticket machines
- ICT infrastructure investments

- Outdoor sports facility improvements
- 3.15 The Medium Term Financial Plan includes an updated HRA Capital Programme of £20,295,620 over the period 2019/20 – 2023/24. This includes significant addition investment in 2020/21 which is targeted at Decent Homes Standard compliance.
- 3.16 A number of the provisions in the General Fund and HRA Capital Programmes take account of the investment necessary to respond to the climate emergency. The areas where specific investment is expected to be required include:
- Provision for improving the energy ratings of HRA properties;
 - The vehicle fleet replacement programme; and
 - Replacement of plant and machinery in public buildings.
- 3.17 The Procurement Forward Plan sets out details of the expected activity during 2020/21. The plan will be implemented alongside a new Procurement Strategy which will be considered by Cabinet at its next meeting. This strategy will include a response to key commitments such as the response to climate change and the encouragement of local suppliers.

4. How this Report Links to Corporate Priorities

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

5. Options and Analysis

- 5.1 There are no options to consider at this stage.

6. Implications

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

- 6.2 Workforce
None.

- 6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Equality and Diversity policies.

An Equalities Impact Assessment (EIA) has been undertaken on the Corporate Plan, which feeds into budget plans.

- 6.4 Financial Considerations
There are substantial financial considerations contained throughout the report.

- 6.5 Legal
None.
- 6.6 Sustainability
None.
- 6.7 External Consultation
The Council's budget plans are the subject of an annual public consultation exercise. Full details are contained within the plan.
- 6.8 Risk Assessment
A full risk analysis has been undertaken which is contained within the plan

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

<u>Web Links and Background Papers</u>	<u>Location</u>	<u>Contact details</u>
Various background working papers	Moorlands House	Claire Hazeldene Finance & Procurement Manager 01538 395400 Ext. 4191 Keith Pointon Principal Finance Officer (Financial Planning) 01538 395400 Ext. 4193