

HIGH PEAK BOROUGH COUNCIL

Report to the Executive

16th February 2017

TITLE:	Budget 2017/18 and Updated Medium Term Financial Plan 2017/18 to 2020/21
EXECUTIVE COUNCILLOR:	Cllr Emily Thrane – Executive Councillor for Finance & Corporate Services
CONTACT OFFICERS:	Claire Hazeldene – Finance & Procurement Manager Keith Pointon – Principal Finance Officer (Financial Planning)
WARDS INVOLVED:	Non-Specific

Appendices Attached

- **Appendix A (Medium Term Financial Plan 2017/18 to 2020/21)**
- **Appendix B (HRA Business Plan – Financial Improvement Plan)**
- **Appendix C (Efficiency & Rationalisation Strategy 2017/18 – 2020/21)**
- **Appendix D (Proposed Fees & Charges 2017/18)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2017/18 updated Medium-Term Financial Plan 2017/18 – 2020/21, present the HRA Financial Improvement Plan 2017/18 – 2020/21, proposed Efficiency and Rationalisation Strategy 2017/18 – 2020/21 and proposed Fees and Charges for 2017/18.

2. Recommendations

- 2.1 That the Executive recommends that Council:

- Approves the General Fund and Housing Revenue Account (HRA) Budget for 2017/18 as detailed in **Appendix A (section 8)**
- Approves the revised Medium-Term Financial Plan (2017/18 to 2020/21) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A & B)

- Approves the proposed HRA Business Plan – Financial Improvement Plan 2017/18 – 2020/21 as detailed in **Appendix B**
- Approves the proposed Efficiency & Rationalisation Strategy for 2017/18 – 2020/21 as detailed in **Appendix C**
- Approves the proposed Fees and Charges for 2017/18 as detailed in **Appendix D**
- Approves a Band D Council Tax of £181.11 for 2017/18 (increase of 1.9%)
- Approves the following HRA charges:
 - Dwellings rents to reduce by an average of 1% (over 52 weeks) from £71.47 to £70.73 average per week
 - Garage rents to be increased by 1% (over 52 weeks) from £6.10 to £6.16 average per week
 - Other Charges including service charges to increase by a maximum of 1%
 - Fuel charges at individual blocks have been reviewed based on 2015/16 fuel costs, the individual charges are detailed in paragraph **8.4 of Appendix A**
- Notes the view of the Chief Finance Officer that the level of reserves is adequate for the Council based on this budget and the circumstances in place at the time of preparing it (**Appendix A section 7**)

3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of council tax and council dwelling rents for 2017/18. The report also provides an update on the Council's medium-term financial position through to 2020/21. Additionally, it proposes a HRA Business Plan Financial Improvement Plan for 2017/18 – 2020/21, a new Efficiency and Rationalisation programme for 2017/18 – 2020/21 and sets out the fees and charges proposed for 2017/18.
- 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 and against the backdrop of unprecedented public sector financial constraint.
- 3.3 Having completed the annual budget exercise, a balanced General Fund budget for 2017/18 has been achieved, with the inclusion of an efficiency and rationalisation target of £310,000 (as per the proposed Efficiency & Rationalisation Strategy) and the drawdown of £547,020 in reserves. A balanced HRA budget for 2017/18 has been achieved (with a contribution to balances of £57,000) with an interim reduction to the capital programme with schemes included on a priority basis pending stock condition information.

- 3.6 The final General Fund budget proposals for 2017/18 provide for a net budget of £10,795,870 and a Council Tax increase of 1.9%. Consequently, the Band D Council Tax increases to £181.11. The final HRA budget proposals for 2017/18 provide for a net budget of £15,113,270 and a Council Dwelling Rent decrease of 1%.
- 3.7 The Medium Term Financial Plan projections have incorporated the reduction in income from central government through revenue support grant, which is to be phased out by 2020, adverse changes to the New Homes Bonus funding system and the impact of a 1% annual rent reduction imposed until 2019/20.
- 3.8 Consequently, there is a cumulative deficit on the General Fund of £1,699,480 by the end of 2020/21. Additionally, there is £431,200 of unachieved efficiencies from 2016/17 carried forward into 2017/18. Therefore, an overall balanced MTFP position has been achieved from the proposed efficiency programme (see Appendix B) which targets £2,130,680 in savings.
- 3.9 However, due to the estimated timing of the achievement of the savings, it is necessary to drawdown from general contingency reserves: £547,020 in 2017/18, £833,420 in 2018/19 and £715,350 in 2019/20. This results in a reduction in the General Fund contingency reserve to £1.4 million by 2020/21; which still remains above the minimum contingency requirement of £1.3million.
- 3.10 The HRA remains unbalanced in 2018/19 to 2020/21, with an annual deficit of £770,430 by the end of 2020/21. This is the position after applying an interim reduction to the capital programme pending stock condition information.
- 3.11 The future financial position of the HRA is subject to a detailed review in order to identify plans to reduce the annual deficit position to ensure the HRA 30 year business plan is financially sustainable. The HRA Business Plan – Financial Improvement Plan is presented at **Appendix B**.
- 3.12 The proposed General Fund Efficiency and Rationalisation Strategy 2017/18 – 2020/21 (**Appendix C**) will have the effect of both reducing expenditure and increasing income. The need to grow income is now more of a priority as the Council moves more towards being self-financing i.e. not reliant on direct government funding such as revenue support grant.
- 3.13 The strategy has been developed with the underlying principle 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.
- 3.14 The Medium Term Financial Plan includes an updated General Fund capital programme of £14,216,440 over the period 2016/17 – 2020/21 and an updated HRA Capital Programme of £19,881,970 over the five years.

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 A number of options have been considered throughout the financial planning process. Any changes to the provisions made would have to be self-financing.

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. The assessment will be further developed to take into account the new Efficiency & Rationalisation Strategy and HRA Business Plan – Financial Improvement Plan.

- 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

Background Papers

Various background working papers

Location

Buxton Town Hall

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