

HIGH PEAK BOROUGH COUNCIL

Report to the Corporate Select Committee

28th September 2020

TITLE:	Medium Term Financial Plan 2020/21 – 2023/24- Update
EXECUTIVE COUNCILLOR	Cllr Alan Barrow – Executive Councillor for Finance & Corporate Services
CONTACT OFFICERS:	Keith Pointon – Interim Head of Finance
WARDS INVOLVED:	Non-Specific

1. Reason for the Report

- 1.1 The purpose of the report is to present an updated summary version of the Medium-Term Financial Plan 2020/21 – 2023/24, forecasting the longer term impact the Coronavirus pandemic has had on the financial position of the Authority.

2. Recommendations

- 2.1 That Corporate Select Committee notes the forecast updated MTFP position.

3. Executive Summary

- 3.1 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.
- 3.2 The Medium Term Financial Plan (MTFP) which set out the Council's finances over a four-year period, namely 2020/21 to 2023/24 was formally approved in February 2020.
- 3.3 This resulted in a small surplus position of £127,080 on the General Fund by the end of 2023/24, with an overall contribution of £17,910 into reserves over the 4 year life of the plan. There was also a forecast surplus position of £2,061,950 by the end of 2023/24 for the Housing Revenue Account (HRA) with an overall contribution into reserves of £0.93million.
- 3.4 However, since the MTFP was approved, the Coronavirus pandemic has had, and is likely to continue having an adverse impact on the Council's financial position. The financial impact is arising from additional expenditure in dealing with the crisis both externally and organisationally, lost income and savings targets that may not be met within the same timeframe due to resources being diverted elsewhere.

- 3.5 The 2020/21 projected General Fund outturn (as per the Quarter 1 financial report) is currently forecasting a £0.46 million deficit. At the end of 2019/20, the Council established a Covid-19 earmarked reserve specifically to support with the financial impact of Covid-19 totalling £200,000 - utilising part of the 2019/20 underspend generated. Therefore, this earmarked reserve can be drawn to partially cover the projected 2020/21 deficit
- 3.6 The HRA is forecasting a £0.7million underspend against the 2020/21 budget as a result of delays in the delivery of the capital programme.
- 3.7 The current four year MTFP has been updated to reflect Covid-19 related pressures and updated economic forecasts in order to begin to understand the medium term financial impact.
- 3.8 It is extremely difficult to forecast how long the recovery period will be and also what impact the economic recession will have. The report details the assumptions that have been made at this point (as well as the risks), which will be continually under review as new information becomes available and the 2020/21 position develops.
- 3.9 At this stage, the updated MTFP highlights a General Fund deficit over the 4 year period of £1.7million. Utilising the Covid-19 recovery earmarked reserve and re-designating the pensions earmarked reserve, would result in a required drawdown from contingency reserves of £1,289,910, as shown below:

General Fund	£
MTFP Four Year Use of Reserves requirement	1,709,910
Covid-19 Recovery earmarked Reserve	200,000
Pensions Re-designated Reserve	220,000
Balance to be funded	1,289,910
General Fund Contingency	1,289,910
Balance to be funded	0
General Fund Contingency Balance 31 st March 2020	2,841,000
Drawdown over 2020/21 – 2023/24	1,289,910
Forecast General Fund Contingency Balance by 31st March 2024	1,551,090

- 3.10 Consequently, at the end of year 4 of the plan (2023/24) there would be an estimated balance of £1.551million in General Fund Contingency reserves – £0.219 million above the required £1.3 million minimum required balance as set out by the Chief Finance Officer in the MTFP approved in February 2020.
- 3.11 The updated MTFP illustrates a requirement to draw from reserves in year 4 of the plan (2023/24) whereas the position at February 2020 was a small surplus position at that stage. At the next iteration of the MTFP, an additional year will be added to the plan to understand if the Council is back to a balanced budget position at that point.
- 3.12 If reserves are utilised as forecast to fund the deficit position, a plan would need to be put into place in to rebuild reserves over the longer term.

3.13 In terms of the HRA, the financial impact of COVID-19 is expected to be less severe – with an overall contribution into reserves of £0.155million over the 4 years (a £0.78million reduction compared to £0.93million as assumed in February 2020) The anticipated change in the reserves position as at the end of year 4 of the Plan is illustrated below:

HRA	£
MTFP Feb 2020 - forecast reserves at period end 31 st March 2024	17,310,904
MTFP September 2020 – forecast reserves at 31 st March 2024	16,619,244
Potential Reduction in Reserves Balance	691,660
Represented by:	
Additional expenditure	777,430
Additional contribution to Reserves from 2019/20 Outturn Position*	(85,770)
Net Reduction	691,660

**not anticipated at Budget setting in Feb 2020*

3.14 The updated HRA MTFP illustrates a surplus position of £2.08million by year 4 (2023/24), very similar to the MTFP presented in February – which showed a £2.06million surplus in year 4.

3.15 All of the above is subject to the assumptions as detailed in sections 11-13 which is extremely difficult to forecast – and does not assume any further Government support. These assumptions will be continually monitored.

3.16 The next iteration of the MTFP is due towards the end of the calendar year and then again alongside the presentation and setting of the Budget 2021/22 in February 2021

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)
 The Council has been and will continue to support agencies in ensuring compliance with social distancing regulations including the monitoring of parks and open spaces and housing complexes.

6.2 Workforce

The COVID-19 pandemic has impacted significantly on the working arrangements for the Council's employees.

The response to the pandemic has seen the following changes in working practices:

- Where possible staff are working from home;
- Frontline staff are working safely with the appropriate PPE;
- Staff have been redeployed from time to time in order to support the additional demand created by several new service functions, e.g. small business and discretionary grant processing; providing support for vulnerable people etc.

The Council has maintained and continues to maintain a good dialogue with staff representatives and trade unions and they have and continue to be supportive of the Council's approach.

The Council has established a recovery plan that ensures the safety of staff as we look to reinstate services.

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

There have been and continue to be a significant number of regulatory changes during the response and recovery from the pandemic.

16.6 Climate Change

The COVID-19 response has resulted in some positive benefits in respect of carbon reduction, including:

- Reduced employee travel during lockdown;
- Reduced energy consumption in public buildings due to building closures and reduced use; and
- Improved air quality due to general reductions in travel.

It is important that these areas are reviewed to identify potential new ways of working as part of the recovery process that will have a positive legacy on the climate change challenge.

Although there is a positive environmental impact on the borough due to reduced emissions, there has been an increase in environmental crime which the Council is continuing to monitor and enforce if necessary.

6.7 Consultation

The Council's annual budget plans are the subject of an annual public consultation exercise.

6.8 Risk A Risk Assessment

The pandemic has resulted in a number of risks that need to be assessed and managed and may have a financial impact, these include:

- Inability to deliver critical services due to loss of staff,
- Inability to maintain the financial stability of the Council,
- Failure to deliver health and safety responsibilities,
- Safeguarding issues arise through the enhanced level of community support,
- Staff are at increased risk of the disease in certain services,
- Increased risk of fraud and cyber security,
- Lack of PPE for key workers,
- Increase in community safety issues which are difficult to respond to due to capacity,
- The economy is deflated post-recovery leading to ongoing economic problems in town centres and the broader economy,
- Increased demand on certain services e.g. Benefits and economic support.

Risk assessments have been completed for all services and mitigation measures have been built into the Council's recovery plans.
Financial risks have been identified within the report.

CLAIRE HAZELDENE

Interim Executive Director (Finance & Customer Services)

**Web Links and
Background Papers**

Location

Contact details

Various background working papers

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7. Introduction

- 7.1 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.
- 7.2 The current MTFP was approved by Full Council in February 2020, and the next scheduled update was due for presentation in November/December 2020.
- 7.3 However, the Coronavirus pandemic has had, and is likely to continue having an adverse impact on the Council's financial position. The financial impact is arising from additional expenditure in dealing with the crisis both externally and organisationally, lost income and savings targets that may not be met within the same timeframe due to resources being diverted elsewhere.
- 7.4 There is concern about the longer-term financial impact this will have on the delivery of corporate plan objectives. Therefore to attempt to understand and forecast this and to allow more time to effectively plan the longer term response, an early review of the MTFP has been undertaken.
- 7.5 The review focuses on the current approved MTFP. At this stage, no additional financial years have been added and no additional budget demand items have been included. The review simply updates the current MTFP in light of the estimated financial impact of Covid-19.

8. Current Approved Medium Term Financial Plan

- 8.1 The Medium Term Financial Plan (MTFP) which set out the Council's finances over a four-year period, namely 2020/21 to 2023/24 was formally approved in February 2020. A balanced budget for 2020/21 was presented, providing for a net general fund budget of £10,902,470 and a net HRA budget of £15,000,350
- 8.2 A new financial year (2023/24) was added to the MTFP and the overall financial assumptions were updated for the four years. This 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 was forecast during the 4 year life of the plan.
- 8.3 There was also a forecast surplus position of £2,061,950 by the end of 2023/24 for the Housing Revenue Account (HRA) and a £0.93million contribution into reserves over the 4 years. The financial forecasts for the 30-year business plan continued to show a significant surplus.
- 8.4 The MTFP also included an updated General Fund Capital Programme of £19,401,020 and HRA Capital Programme of £20,295,620 over the period 2019/20 – 2023/24.

- 8.5 The report did flag the risks around the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) which may have a detrimental impact on the future financial position.
- 8.6 The forecast general fund reserves position over the life of the approved MTFP is shown below:-

Contingency Reserves	2019/20 (£)	2020/21 (£)	2021/22 (£)	2022/23 (£)	2023/24 (£)
Balance at Year End	2,837,990	2,976,280	2,798,700	2,728,820	2,855,900
Minimum Requirement	1,203,000	1,332,000	1,332,000	1,332,000	1,332,000
Headroom	1,634,990	1,644,280	1,466,700	1,396,820	1,523,900

- 8.7 HRA balances were forecast to total 16.3million at the end of 2019/20.
- 8.8 A summary of the approved four year revenue position for the General Fund and HRA is shown in **ANNEX A**.

9. Coronavirus Pandemic – 2020/21 Impact

- 9.1 As a priority, the financial impact that Covid-19 would have on the current financial year (2020/21) was reviewed in June 2020. This has now been updated as part of the Quarter 1 Financial Report, which also takes account of the confirmed and estimated future Government funding.

2020/21 Financial risk Assessment

- 9.2 A ‘Finance and Performance Impact of COVID-19’ Report was presented to Members on 4th June 2020. The report attempted to forecast the impact that COVID-19 will have on the financial position and performance of the Council in 2020/21.
- 9.3 In terms of the estimated impact on the 2020/21 financial position, a risk matrix was completed which listed potential financial risks – which were rated dependent on current status:-

Rating	Description
IMPACT EMERGING	Costs already being incurred
IMPACT LIKELY	Costs likely to occur – as yet unidentified
POTENTIAL RISK	Remains a risk – not emerged to date

- 9.4 Each risk was then reviewed and an attempt made at forecasting the financial impact (where possible) - an ‘impact range’ of **LOW – MEDIUM - HIGH** was applied taking into account length of lockdown and recovery period
- 9.5 The estimated financial impact of COVID-19 on the 2020/21 budget position was presented as below:

HPBC - GF	IMPACT RANGE		
	LOW	MEDIUM	HIGH
IMPACT EMERGING	646,405	964,463	1,516,740
IMPACT LIKELY	332,870	566,465	851,173
POTENTIAL RISK	72,765	191,062	472,648
TOTAL	1,052,040	1,721,990	2,840,561

HPBC - HRA	IMPACT RANGE		
	LOW	MEDIUM	HIGH
IMPACT EMERGING	4,320	6,320	8,320
IMPACT LIKELY	(33,400)	13,200	84,800
POTENTIAL RISK	82,500	132,000	198,000
TOTAL	53,420	151,520	291,120

Quarter 1 Financial Update

- 9.6 The 2020/21 forecast has been updated as part of the Quarter 1 financial update (see separate report on this agenda).
- 9.7 In summary, the Quarter 1 financial update forecasts a £460,000 General Fund deficit for 2020/21 after taking into account Covid-19 related funding. The deficit is mainly due to the impact from losses in fees and charges income, additional costs in supporting the operation of the leisure centres, waste collection, additional cleaning and a potential shortfall in realising efficiency savings.
- 9.8 When establishing the 2020/21 budget, it included a contribution into general fund contingency reserves of £0.14million. Therefore, the forecast deficit position results in a variance to this assumption of £0.46 million – with an overall £0.32 million use of reserves.
- 9.9 However, at the end of 2019/20, the Council established a Covid-19 earmarked reserve specifically to support with the financial impact of Covid-19 totalling £200,000 - utilising part of the 2019/20 underspend generated.
- 9.10 Therefore, this reserve will be used to partially fund any 2020/21 in year deficit. Based on the quarter 1 projection, the full £200,000 would be drawn.
- 9.11 The Quarter 1 financial update projects a £0.749million underspend against the 2020/21 HRA budget (largely as a result of a delay in the delivery of the capital programme), and is showing no significant adverse financial impact of Covid-19 in terms of loss of income/additional costs as yet.

- 9.12 The 2020/21 financial position will be monitored and updated throughout the year taking into account the actual recovery of income levels and services and any further updates on Government funding.

Government Covid-19 Funding

- 9.13 On 2nd July 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government (MHCLG) announced a package of financial support for local government, providing three central pillars of support:

COVID-19 related expenditure

- An overall £4.3 billion non ring-fenced allocation. The Council has so far received three allocations of non-ringfenced funding from Government totalling £1,096,350. The allocations reflect the factors from which the MHCLG monthly data returns (as completed by each Local Authority) correlate most closely with expenditure. The allocations also take account of population, deprivation and the way that service costs vary across the country.
- A further £170,000 towards the additional costs of the administration of the business grants process.

Irrecoverable income loss

- Recognises that Councils have lost a great deal of income from sales, fees and charges (SFC) since the start of the pandemic.
- Reimbursements of lost income where these losses are more than 5% of planned income - Government will fund 75p in every pound. The income scheme will cover transactional income from the delivery of services which is unavoidably irrecoverable – this will be the net loss. The 5% deductible will be based on total SFC's budgets - it is not a line by line analysis. No forms of commercial income will be covered by this scheme.

Losses in tax revenue

- Tax deficits can be repaid over three years rather than the usual one
- There is uncertainty at this point how much tax loss will materialise, so the government will agree a fair apportionment of irrecoverable council tax and business rates losses, between central and local government, for 2020 to 2021.

9.14 The table below provides a summary of Government funding (confirmed and estimated)

Covid Grant Support	HPBC £
Covid 19 General Support- Phase 1	41,700
Covid 19 General Support- Phase 2	918,183
Covid 19 General Support- Phase 3	136,467
Covid 19 Grants Admin Support	170,000
Covid 19 Income Loss Support (est)	280,020
General Support	1,546,370
Covid 19 Track & Trace (via County)	50,000
Covid 19 Rough Sleepers Initiative	1,650
Service Specific Support	51,650
Total	1,598,020

9.15 The 2020/21 position will be monitored regularly and formally reported to Members as part of the usual quarterly financial reporting process. Finance will be working with Services on a monthly basis to assess the 2020/21 position.

10. Coronavirus Pandemic - Medium Term Financial Plan Impact

10.1 Whilst the Council appears to be in a position to offset the majority of the impact of COVID-19 on the 2020/21 budget via Government funding and use of reserves, there is concern about the longer-term financial impact this will have on the delivery of corporate plan objectives.

10.2 Therefore, a review of the current MTFP has been undertaken to estimate any significant changes to the 4 year forecast as a result of the impact of Covid-19. The following sections of this report will focus on the four key areas which form part of the MTFP:

- Transformation Programme
- Financial Forecasts
- Funding & Income Generation
- Risks, Contingencies & Reserves

11. Transformation Programme

11.1 The key areas of review within the Transformation programme include:-

- Reprofiting of Capital Programme forecasts
- Update of land disposal forecasts – time line and estimated values
- Treasury management implications of capital programme and economic changes
- Review of current Efficiency plan – remaining savings profile and any potential reversal of savings already achieved
- Impact on major contracts

11.2 The table below details the changes made as a result of Covid-19 and assumptions that have been taken in making those changes:-

Transformation Programme	Covid-19 Changes / Assumptions	Financial Impact (£'000's)
Capital Programme – General Fund	<p>The General Fund capital programme has been reviewed to understand the impact Covid-19 has had on delivery of the approved programme. Some projects have inevitably been delayed due to the lockdown period, social distancing measures and contractor availability.</p> <p>Consequently the capital programme has been re-profiled. Overall capital expenditure over the four year period has decreased by (£955,480) after taking account of the approved carry forward of £385,670 from 2019/20. The majority of the variance relates to (£953,190) fleet acquisitions rolled forward into 2024/25. The updated general fund capital programme, with a comparison to the programme approved in February 2020 is detailed in ANNEX B</p>	<p>CAPITAL SPEND IMPACT: Year 1 decrease (£1,850,560) Year 2 decrease (£1,218,640) Year 3 increase £1,965,880 Year 4 increase £147,840</p>
Capital Programme - HRA	<p>The HRA capital programme has been reviewed to understand the impact Covid-19 has had on delivery of the approved programme. Some projects have inevitably been delayed due to the lockdown period, social distancing measures and contractor availability.</p> <p>Consequently the capital programme has been re-profiled. Overall capital expenditure over the four year period has actually increased by £708,000 after taking into account the approved carry forward of £120,000 from 2019/20. The variance consists of £300,000 additional budget for the Gamesley Cladding scheme; an additional £90,000 to support the purchase of repairs vehicles; an additional £280,000 for a new scheme to upgrade fire alarm systems in various sheltered blocks; other minor projected outturn variances £38,000</p> <p>The updated HRA capital programme, with a comparison to the programme approved in February 2020 is detailed in ANNEX B</p>	<p>CAPITAL SPEND IMPACT: Year 1 decrease (£765,150) Year 2 increase £1,278,150 Year 3 increase £195,000 Year 4 no impact</p>
Capital Programme Funding	<p>In light of Covid-19, the capital receipts forecast from the Land Disposal Strategy have been reviewed to incorporate any delays in realisation. At this stage, no significant changes to the value of receipts has been included, as it is still too early to understand the impact the pandemic and subsequent recession may have on land values.</p> <p>As a result of re-profiling, less receipts are forecast in 2020/21 and 2021/22 offset by increased levels in the last two years. Overall due to the reduction in General Fund capital expenditure in 2020/21 and 2021/22, (£335,350) fewer capital receipts are required to support funding.</p> <p>The HRA capital programme is fully funded from reserves.</p>	<p>Capital Funding Impact on External Borrowing Year 1 decrease (£1,071,880) Year 2 increase £512,930 Year 3 nil impact Year 4 decrease (£21,250)</p> <p>Overall reduction of (£580,200)</p>

	<p>The changes made to the capital programmes have resulted in a reduction of (£580,220) in external borrowing requirements over the next four years; with nil borrowing forecast in years 2022/23 & 2023/24</p>	
<p>Treasury Management implications of capital programme changes</p>	<p>The treasury management implications have also been updated to take account of both the re-profiled capital programme and land disposal programme.</p> <p>Consequently, borrowing costs have reduced due to slippage in the capital programme and overall reduced borrowing requirement. Year 1 (2020/21) remains unchanged at this point as the majority of the borrowing costs budget relates to the borrowing requirement from previous years.</p>	<p>REVENUE SPEND IMPACT Year 1 no impact Year 2 £4,260 decrease Year 3 £27,930 decrease Year 4 £46,200 decrease</p>
<p>Efficiency Programme Review</p>	<p>When setting the MTFP in February, there remained a £0.505 million savings target to be achieved in 2020/21. Following additional savings that were realised in quarter 4 of 2019/20, the overall target remaining has been reduced to £352,000 (£257,000 targeted in 2020/21, £95,000 targeted in 2021/22)</p> <p>At quarter 1 stage, it is assumed that the 2020/21 target of £257,000 will not be achieved due to Covid-19 pressures (this will be monitored during the year) – which is built into the projected outturn of a £460,000 deficit.</p> <p>It is proposed that the Covid-19 recovery earmarked reserve will partially fund the estimated shortfall in 2020/21.</p> <p>At this stage it is proposed to move the 2020/21 target into 2021/22, resulting in a savings target in 2021/22 of £352,000.</p> <p>The Covid-19 recovery phase and impact on the Council’s financial position is forecast at this stage to continue into 2021/22 (if not longer). Therefore it is recognised that there is a risk that the £0.35million saving target in 2021/22 may not be fully met. However, there are significant savings planned for realisation in the next 12 months in regard to fleet procurement.</p> <p>In addition, the Council has an earmarked reserve established to support with any re-profiling requirements of the efficiency programme with £200,000 currently set aside. Therefore, if there was a shortfall in achieving savings in 2021/22, this reserve could be drawn</p>	<p>REVENUE IMPACT Year 1 £257,000 shortfall Year 2 (£257,000) increase Year 3 no impact Year 4 no impact</p>

Major Contracts	<p>One of the major cost pressures as a result of Covid-19 has been the impact on some of the Council's major contracts.</p> <p>Leisure Centres & Pavilion Gardens Financial support has been provided in regard to the Council's leisure centres and Pavilion Gardens operation during the lockdown and recovery period – which at this stage is assumed to be until the end of 2020/21. The leisure centre operation has seen income receipts wiped out during the period the centres were closed and is forecasting slow recovery phase as footfall is reduced in the early stages of recovery to maintain social distancing and facilities are opened on a phased basis. An estimated £628,000 spend pressure is currently assumed in 2020/21. Recognising that recovery may be prolonged and income levels may not reach pre-Covid levels in the near future, a £340,000 growth item has been built into the MTFP in 2021/22 – but then removed from 2022/23.</p> <p>Alliance Environmental Services The Council owned company has experienced cost pressures in regard to additional agency and overtime costs to enable social distancing and additional cleaning and personal protective equipment – this is forecast at an additional £200,000 in 2020/21 and £50,000 in 2021/22.</p> <p>Facilities Management Enhanced cleaning regimes have been put into place in public buildings and public conveniences, increasing costs in 2020/21 by approximately £25,000. This is assumed to continue into 2021/22.</p>	<p>REVENUE SPEND IMPACT Year 1 £854,000 increase Year 2 £410,000 increase Year 3 no impact Year 4 no impact</p>
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12. Financial Forecasts

- 12.1 A review of financial forecasts includes:-
- Updated interest rate forecasts
 - Updated inflationary projections
 - Any pensions impact relating to economic changes
 - Estimation of any additional medium term costs of COVID recovery:
 - Reinstating Services
 - Economic recovery
 - Community recovery
 - Potential financial savings developing from new ways of working in accordance with recovery plan stream:-
 - Taking advantage of the positive legacy
- 12.2 The table below details the changes made as a result of Covid-19 and assumptions that have been taken in making those changes:-

Financial Forecasts	Covid-19 Changes / Assumptions	Financial Impact (£'000's)
Interest Rates	<p>When setting the MTFP in February, it was assumed that interest rates would be increasing to 1.00% in the quarter ending March 2021 with no further increases until June 2022. However, the Bank of England reduced the base rate in March 2020 to 0.1%</p> <p>This took into account the known situation with regard to coronavirus at the time and its potential impact on economies around the world. The Council's Treasury advisors have updated their forecast to assume the base rate will remain at this level for 2 years.</p> <p>Consequently the cost of borrowing and the return on cash investments has reduced.</p>	<p>GENERAL FUND REVENUE NET INCOME IMPACT: Year 1 £61,280 decrease Year 2 £108,720 decrease Year 3 £196,810 decrease Year 4 £218,420 decrease</p> <p>HRA IMPACT Year 1 no impact Year 2 £14,980 decrease Year 3 £42,760 decrease Year 4 £16,850 decrease</p>
Inflation	<p>The inflationary effects of Covid-safe working arrangements will feed through the system as increased supplies and service costs as contracts are renewed and uplifted.</p>	<p>REVENUE SPEND IMPACT: Year 1 £20,000 increase Year 2 £30,000 increase Year 3 no further impact Year 4 no further impact</p>
Pensions	<p>The impacts of Covid19 are not expected to have an effect on pension contribution rates at this stage. The Fund was revalued in 2019 and is not due another formal revaluation until 2022. The long term nature of Pension Fund forecasting means the impacts of short term financial shocks are mitigated. This situation will continue to be monitored following the outcome of this next valuation.</p> <p>The Council carries an earmarked reserve for Pension purposes, which was originally set up to meet extraordinary pension costs outside of the actuarial valuation process. It has become obsolete having never been used for this purpose and is potentially available for re-designation. This will be reviewed alongside all other earmarked reserves and Third Party funds.</p>	<p>No impact assumed</p>
Additional cost pressures of Covid-19	<p>In addition to the more significant areas of additional spend pressures, there are other service areas that are seeing additional cost pressures. For example, Homelessness and additional costs incurred in providing teleconferencing / video conferencing facilities and overtime associated with undertaking extended duties and dealing with backlogs of work.</p> <p>Whilst these pressures are being seen in 2020/21, it is difficult to forecast if this will continue or even increase into future years as the impact of recession is seen within the Borough.</p> <p>Therefore at this stage, no additional cost pressures are included in year 2 – 4 of the MTFP. This will be reviewed later in the year.</p>	<p>GENERAL FUND REVENUE SPEND IMPACT: Year 1 £50,000 Year 2 no impact Year 3 no impact Year 4 no impact</p> <p>HRA IMPACT Year 1 £25,000 Year 2 no impact Year 3 no impact Year 4 no impact</p>

Potential Savings arising from Covid recovery	<p>There have been some savings developing during 2020/21 as a result of the lockdown restrictions that were imposed. Travel costs, utilities, reduced postage and print and reduced general expenditure (through stalled projects) have generated to offset some of the financial pressures being incurred. The 'taking advantage of the positive legacy' work stream of the Covid-19 Recovery project will focus on how some of the benefits can be embedded going forward.</p> <p>Any financial savings realised as a result of this will be offset against the remaining efficiency programme targets.</p>	<p>REVENUE INCOME IMPACT: Year 1 (£50,000) Year 2 no impact Year 3 no impact Year 4 no impact</p> <p>Any savings delivered, to be realised against the Efficiency Programme.</p>
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13. Funding & Income Generation

13.1 The key areas of funding and income generation include:

- Council Tax, Business Rates and Housing Rents collection
- Impact on the Collection Fund
- Income from Government Grants
- Longer term impact on fees and charges income

13.2 The table below details the changes made as a result of Covid-19 and assumptions that have been taken in making those changes:-

Funding & Income Generation	Covid-19 Changes / Assumptions	Financial Impact (£'000's)
Council Tax	<p>The Government announced that it will extend the period over which Councils must manage shortfalls in Council Tax income relating to 2020/21, compared to expected levels from the usual one year to three years. This is intended to ease immediate pressures on Councils when budget setting for 2021/22, protecting their ability to deliver essential local services. The Council has seen a significant increase in the volume of Local Council Tax Support applications, which reduces the collectable Council Tax creating a Collection Fund deficit. However, the increase in empty property premium implemented from April 2020, has offset some of this impact.</p> <p>There is also a risk associated with non-payment, with some households potentially struggling to meet instalments. Collection Rates for 2020/21 are behind what they normally are, however this is currently largely distorted by deferred payment plans and stalled recovery.</p> <p>Having said that, it is recognised that there will be an impact on collection rates in 2020/21. However, the financial impact will only be realised if outstanding debts are not collected in the near term and are subsequently written off. This will be considered in future iterations.</p>	<p>REVENUE INCOME IMPACT: Year 1 no impact Year 2 £60,000 decrease Year 3 £60,000 decrease Year 4 £60,000 decrease</p> <p>There is an overall £180,000 forecast increase in the Collection Fund deficit as a result of Covid-19 on the 2020/21 position - to be charged over a 3 year period</p>

<p>Business Rates</p>	<p>Extended Retail Relief was announced by Government in March 2020 which awarded full Business Rates relief to all retail, hospitality and leisure related businesses. It is unknown at this stage if the extended Retail Relief will continue into 2021/22. Either way, the Council would either be reimbursed via Government grant or the amount would be collectable from businesses.</p> <p>However, as a result of Covid-19 and the impact recession and social distancing measures are having on businesses, there is a risk that the Borough may see a reduction in the business tax base and therefore business rates retention</p> <p>No assumptions on a reduced business rates base have been included in this version of the MTFP, this will be considered at the next iteration.</p> <p>There is also a risk associated with non-payment, with businesses potentially struggling to meet instalments. Collection Rates for 2020/21 are behind what they normally are, however this is currently largely distorted by deferred / changed payments plans and stalled recovery.</p> <p>Having said that, it is recognised that there will be an impact on collection rates in 2020/21. However, the financial impact will only be realised if outstanding debts are not collected in the near term and are subsequently written off. This will be considered in future iterations.</p>	<p>REVENUE INCOME IMPACT: Year 1 no impact Year 2 £1,091,000* Year 3 £1,091,000* Year 4 £1,091,000*</p> <p>*There is an overall £3,273,000 forecast increase in the Collection Fund deficit as a result of the extension to Retail Relief - to be charged over a 3 year period. The deficit is to be funded from upfront Government funding received in 2020/21 to cover the extended reliefs.</p>
<p>Housing Rent</p>	<p>The collection of rent income has not been too adversely affected; the level of arrears has remained fairly stable during the first quarter with the main impact being a small rent loss of £9,500 due to the inability to assign tenancies during the lock down period.</p>	<p>REVENUE INCOME IMPACT: Year 1 £9,500 decrease Year 2 no impact Year 3 no impact Year 4 no impact</p>
<p>Government Grants</p>	<p>The Council has received Government funding towards Covid-19 pressures during 2020/21. This has included non-ringfenced grants, specific grants (for additional services provided such as the administration of the grants process) and partial reimbursement of irrecoverable fees and charges income.</p> <p>It is assumed at this stage that this funding will not continue into future years</p>	<p>REVENUE INCOME IMPACT: Year 1 £1,546,180 increase Year 2 no impact Year 3 no impact Year 4 no impact</p>
<p>Fees & Charges</p>	<p>The assumed annual increase in base income has been suspended for years 2 and 3 of the plan, whilst fees and charges income levels recover from the Covid19 shock.</p> <p>The MTFP has been updated to reflect anticipated income losses being suffered in 2020/21 arising out of the Covid19 outbreak.</p> <p>The service areas affected include car parking, planning, markets, summons, trade waste, pest control. The MTFP anticipates recovery of these income levels over years 2 and 3 of the Plan. By year 4 it is assumed that income levels will be back at pre-Covid19 levels.</p>	<p>REVENUE INCOME IMPACT: Year 1 no impact Year 2 £40,000 decrease Year 3 £40,000 decrease Year 4 no impact</p> <p>Year 1 £1,035,890 decrease Year 2 £950,960 increase Year 3 £50,000 increase Year 4 no impact</p>

14. Updated Revenue Position

14.1 Based on the above updated forecasts, the updated revenue forecast for both the general fund and HRA is summarised below.

General Fund Revenue Summary

General Fund	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Employees	10,599,460	10,784,110	11,010,610	11,234,790
Premises	4,274,230	4,322,520	4,388,380	4,455,340
Transport	404,900	408,120	413,220	418,380
Supplies & Services	10,263,840	10,029,700	9,742,890	9,889,850
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,837,940	1,793,930	1,818,490	1,849,190
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	22,130	22,130	22,130	22,130
Total Expenditure	27,536,280	27,494,290	27,529,500	28,003,460
Fees and Charges / Other Income	(5,928,220)	(6,923,880)	(7,053,080)	(7,093,080)
Interest Receipts	(160,000)	(61,700)	(59,200)	(82,370)
HRA Recharges	(8,027,720)	(8,202,660)	(8,382,800)	(8,562,770)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	13,189,100	12,074,810	11,803,180	12,034,000
Council Tax	(6,051,540)	(6,230,240)	(6,409,480)	(6,595,350)
Revenue Support Grant	(1,546,180)	-	-	-
Business Rates Retention	(3,797,710)	(3,895,340)	(4,014,280)	(4,157,700)
New Homes Bonus	(647,250)	(647,250)	(647,250)	(647,250)
Contribution to / (use of) Reserves	(88,940)	(1,640)	(1,640)	(1,640)
Contribution to / (use of) Balances	-	-	-	-
Collection Fund	(455,320)	24,730	23,060	23,750
Total Financing	(12,586,940)	(10,749,740)	(11,049,590)	(11,378,190)
Cumulative Deficit / (Surplus)	602,160	1,325,070	753,590	655,810
Efficiency Requirement (cumulative)	(142,680)	(494,680)	(494,680)	(494,680)
Deficit / (Surplus)	459,480	830,390	258,910	161,130
Cumulative Deficit (call on reserves)	459,480	1,289,870	1,548,780	1,709,910

14.2 The MTFP approved in February 2020 included an assumed £17,910 contribution into reserves over the four year life of the Plan. In order to balance the updated MTFP position, there would now need to be an overall £1,709,910 use of reserves

Housing Revenue Account Summary

HRA	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Repairs & Maintenance	4,314,020	4,395,830	4,494,570	4,593,550
Supervision & Management	2,627,450	2,676,560	2,736,960	2,796,950
Rent, Rates, Taxes & Other Charges	113,030	113,030	113,030	113,030
Other Operating Expenditure	761,310	784,150	808,040	831,980
Depreciation & Impairment Charges	2,099,030	2,099,030	2,099,030	2,099,030
Interest & Debt Management Charges	2,746,340	2,724,540	2,715,870	2,688,300
HRA Contribution to Capital Programme	2,532,910	3,574,180	3,252,570	666,030
Total Expenditure	15,194,090	16,367,320	16,220,070	13,788,870
Dwelling Rents	(14,370,910)	(14,654,780)	(14,943,860)	(15,238,230)
Non-Dwelling Rents & Other Income	(629,440)	(629,440)	(629,440)	(629,440)
Total Income	(15,000,350)	(15,284,220)	(15,573,300)	(15,867,670)
(Surplus) / Deficit for year	193,740	1,083,100	646,770	(2,078,800)
Cumulative (contribution to) / use of reserves	193,740	1,276,840	1,923,610	(155,190)

14.3 The MTFP approved in February 2020 included an assumed £932,620 contribution into HRA reserves over the four year life of the Plan. In order to balance the updated MTFP position, there would now be a reduced contribution into reserves of £155,190.

15. Risks, Contingencies & Use of Reserves

15.1 When setting the Budget and Medium Term Financial Plan in February 2020, the general fund contingency reserves balance as at 31st March 2020 was estimated to total £2.838 million.

15.2 The 2019/20 provisional outturn position highlighted a £295,000 surplus – of which £200,000 was set aside specifically to fund COVID-19 recovery activities. After other earmarked reserves movements, the general fund contingency balance as at 31st March 2020 was £2.841million (just slightly higher than forecast in the MTFP presented in February).

15.3 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.

15.4 While there is no detailed guidance on calculating the level of general reserves, the Council is encouraged to take into account the strategic, operational and financial risks facing the Council. These amounts are then moderated to acknowledge the likelihood of all risk events occurring together. When setting the Budget in February, the minimum level of general fund contingency reserves required was set at £1,332,000

- 15.5 In addition to utilising the £0.2million COVID-19 earmarked reserve (and proposed re-designation of the £0.220million Pensions earmarked reserve) in offsetting the impact in the current financial year, the Council could utilise contingency reserves of approximately £1.5 million, which would leave the contingency balance just above the minimum required amount of £1.3 million over the life of the current MTFP.
- 15.6 The updated MTFP currently shows a forecast cumulative deficit position of £1.710million over the four years – which represents the required use of reserves in order to balance the 4 year plan. Utilising the Covid-19 recovery reserve and potential re-designation of the Pension reserves (as discussed in para. 12.2) would leave £1.290 million to be funded from General Fund Contingency reserves:

	£
MTFP Four Year Use of Reserves requirement	1,709,910
Covid-19 Recovery earmarked Reserve	(200,000)
Pensions Re-designated Reserve	(220,000)
Balance to be funded	1,289,910
General Fund Contingency	(1,289,910)
Balance to be funded	0
General Fund Contingency Balance 31 st March 2020	2,841,000
Drawdown over 2020/21 – 2023/24	(1,289,910)
Forecast General Fund Contingency Balance by 31st March 2024	1,551,090
<i>Forecast General Fund Contingency Balance by 31st March 2024 as at Feb 2020</i>	<i>2,855,900</i>

- 15.7 At the end of year 4 of the plan (2023/24) there would be an estimated balance of £1.551million in General Fund Contingency reserves – which would be £0.219 million above the required £1.3 million minimum balance.
- 15.8 The updated MTFP illustrates a requirement to draw from reserves in year 4 of the plan (2023/24) whereas the position at February 2020 was a surplus position at that stage. At the next iteration of the MTFP, an additional year will be added to the plan to understand if the Council is back to a balanced budget position at that point
- 15.9 If reserves are utilised as forecast to fund the deficit position, a plan would need to be put into place in to rebuild reserves over the longer term.
- 15.10 In terms of the HRA, the financial impact of COVID-19 is expected to be less severe, and the HRA has sufficient reserves to cover this certainly in the medium term. There may be a longer term impact on the HRA business plan which will be considered as part of the MTFP update to be presented in February 2021. The anticipated change in the reserves position as at the end of year 4 of the Plan is illustrated below:

HRA Reserves	2023/24 Projection
	£
MTFP Feb 2020 - forecast reserves at period end 31 st March 2024	17,310,904
MTFP September 2020 – forecast reserves at 31 st March 2024	16,619,244
Potential Reduction in Reserves Balance	691,660
Represented by:	
Net additional expenditure	777,430
Additional contribution to Reserves from 2019/20 Outturn Position*	(85,770)
Net Reduction	691,660

*not anticipated at Budget setting in Feb 2020

- 15.11 The updated HRA MTFP illustrates a surplus position of £2.08million by year 4, very similar to the MTFP presented in February – which showed a £2.06million surplus in year 4
- 15.12 All of the above is subject to the assumptions as detailed in sections 11-13 which is extremely difficult to forecast – and does not assume any further Government support. These assumptions will be continually monitored.

Risk Identification and Management

- 15.13 The early identification and management of risks is critical to the 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 C**.
- 15.14 Risk areas will be closely monitored and reviewed on an on-going basis and remedial action taken as appropriate. Risks associated with specific projects will be identified within the project methodology documents and reviewed monthly by the Transformation Board.
- 15.15 The table below highlights specific financial risks that are embedded within the Medium Term Financial Plan:

Revenue Risks	Capital Risks
<ul style="list-style-type: none"> • Inflationary assumptions • Interest rates • Revenue consequences of capital • Housing benefits • Fees and charges • Universal Credit • Business Rates Retention scheme • Council Tax collection • Housing Rent • New Homes Bonus • Financial benefits from partnerships / shared services • Pension costs • Insurance costs • Waste management costs • Brexit implications 	<ul style="list-style-type: none"> • 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) • Suppliers / Contractors / Contract Management • Weather • Brexit implications

15.16 In addition, there are a number of Covid-19 related financial risks to the MTFP to be regularly reviewed and considered:-

- The impact that a recession may have on Council Tax, Business Rates and Housing Rent collection and increased risk of non-payment which is not subsequently collected
- The period of recovery is prolonged which has further cost pressure consequences for the Council – especially in regard to the operation of leisure centres
- Fees and Charges income levels do not return to pre-Covid levels as forecast
- The economy is deflated post-recovery leading to ongoing economic problems in town centres and the broader economy, as well as community safety issues, which lead to increased cost pressures
- Increased demand on certain services e.g. Benefits and economic support.
- A local or second national lockdown is imposed which leads to further pressures on businesses and households and additional costs to the Council in providing support

16. Future MTFP Updates

16.1 The next iteration of the MTFP is due towards the end of the calendar year and then again alongside the presentation and setting of the Budget 2021/22 in February 2021.

16.2 The forecasts will be updated to reflect latest information, intelligence and monthly in year actuals and an additional year will be added to the plan. In year financial performance will be closely monitored within the quarterly financial reports.

Approved General Fund Revenue Budget (approved February 2020)

Budget Heading	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Employees	10,599,460	10,784,110	11,010,610	11,234,790
Premises	4,274,230	4,322,520	4,388,380	4,455,340
Transport	404,900	408,120	413,220	418,380
Supplies & Services	9,412,780	9,516,280	9,665,170	9,812,130
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,837,940	1,905,240	1,900,580	1,860,010
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	22,130	22,130	22,130	22,130
Total Expenditure	26,685,220	27,092,180	27,533,870	27,936,560
Fees and Charges / Other Income	(6,964,110)	(7,048,810)	(7,168,010)	(7,208,010)
Interest Receipts	(160,000)	(207,500)	(255,000)	(302,500)
HRA Recharges	(8,027,720)	(8,202,660)	(8,382,800)	(8,562,770)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	11,302,150	11,401,970	11,496,820	11,632,040
Council Tax	(6,051,540)	(6,230,240)	(6,409,480)	(6,595,350)
Revenue Support Grant	0	0	0	0
Business Rates Retention	(3,797,710)	(3,871,870)	(3,990,210)	(4,137,210)
New Homes Bonus	(647,250)	(647,250)	(647,250)	(647,250)
Contribution to / (use of) Reserves	(88,940)	(1,640)	(1,640)	(1,640)
Contribution to / (use of) Balances	138,290	(177,580)	(69,880)	127,080
Collection Fund	(455,320)	(35,410)	(37,080)	(36,390)
Total Financing	(10,902,470)	(10,963,990)	(11,155,540)	(11,290,760)
Cumulative Deficit / (Surplus)	399,680	437,980	341,280	341,280
Efficiency Requirement (cumulative)	(399,680)	(437,980)	(341,280)	(341,280)
Deficit / (Surplus)	0	0	0	0

Approved Housing Revenue Budget (approved February 2020)

	2020/21 Projection	2021/22 Projection	2022/23 Projection	2023/24 Projection
	£	£	£	£
Repairs & Maintenance	4,299,300	4,395,830	4,494,570	4,593,550
Supervision & Management	2,618,150	2,676,560	2,736,960	2,796,950
Rent, Rates, Taxes & Other Charges	113,030	113,030	113,030	113,030
Other Operating Expenditure	761,310	784,150	808,040	831,980
Depreciation & Impairment Charges	2,099,030	2,099,030	2,099,030	2,099,030
Interest & Debt Management Charges	2,746,340	2,739,520	2,758,630	2,705,150
HRA Contribution to Capital Programme	3,178,060	2,296,030	3,057,570	666,030
Total Expenditure	15,815,220	15,104,150	16,067,830	13,805,720
Dwelling Rents	(14,370,910)	(14,654,780)	(14,943,860)	(15,238,230)
Non-Dwelling Rents & Other Income	(629,440)	(629,440)	(629,440)	(629,440)
Total Income	(15,000,350)	(15,284,220)	(15,573,300)	(15,867,670)
(Surplus) / Deficit for year	814,870	(180,070)	494,530	(2,061,950)

Updated General Fund Capital Programme

Service Area	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
Housing	667,000	374,000	504,000	504,000	2,049,000
Asset Management	1,668,340	1,524,690	1,950,820	2,185,120	7,328,970
Housing Grants	519,110	489,110	489,110	489,110	1,986,440
ICT Strategy	118,160	67,050	50,000	50,000	285,210
Fleet Management	-	633,000	725,780	172,000	1,530,780
Other Schemes	213,250	59,040	50,000	-	322,290
Total Revised Programme	3,185,860	3,146,890	3,769,710	3,400,230	13,502,690
Original Programme	5,036,420	4,365,530	1,803,830	3,252,390	14,458,170
Change increase (decrease)	(1,850,560)	(1,218,640)	1,965,880	147,840	(955,480)
Financed by:-					
External Contributions	519,110	489,110	489,110	489,110	1,986,440
Planning Obligations	43,000	-	-	-	43,000
Capital Receipts(Land)	-	812,180	2,744,100	2,388,370	5,944,650
Capital Receipts(one for one)	667,000	374,000	504,000	504,000	2,049,000
Capital Receipts (Vehicles)	-	-	32,500	18,750	51,250
Capital Reserves	100,000	-	-	-	100,000
Earmarked Reserves	64,450	-	-	-	64,450
Borrowing	1,792,300	1,471,600	-	-	3,263,900
Total Revised Financing	3,185,860	3,146,890	3,769,710	3,400,230	13,502,690
Original Programme	5,036,420	4,365,530	1,803,830	3,252,390	14,458,170
Change Increase (decrease)	(1,850,560)	(1,218,640)	1,965,880	147,840	(955,480)

Comparison with February 2020 increase (decrease)

Service Area	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
Housing	-	-	-	-	-
Asset Management	(870,530)	(1,151,950)	1,362,100	629,270	(31,110)
Housing Grants	(31,180)	-	-	-	(31,180)
ICT Strategy	(17,050)	17,050	-	-	-
Fleet Management	(932,760)	(92,780)	553,780	(481,430)	(953,190)
Other Schemes	960	9,040	50,000	-	60,000
Total Programme	(1,850,560)	(1,218,640)	1,965,880	147,840	(955,480)
Financed by:-					
External Contributions	(31,180)	-	-	-	(31,180)
Planning Obligations	10,000	-	-	-	10,000
Capital Receipts(Land)	(725,000)	(1,712,820)	1,933,380	169,090	(335,350)
Capital Receipts(one for one)	-	-	-	-	-
Capital Receipts (Vehicles)	(32,500)	(18,750)	32,500	-	(18,750)
Capital Reserves	-	-	-	-	-
Earmarked Reserves	-	-	-	-	-
Borrowing	(1,071,880)	512,930	-	(21,250)	(580,200)
Total Financing	(1,850,560)	(1,218,640)	1,965,880	147,840	(955,480)

Updated Housing Revenue Accounts Capital Programme

Service Area	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
Asset Management Works	4,171,940	4,835,710	4,536,600	2,370,060	15,914,310
Repairs Team Capital Works	270,000	295,000	295,000	295,000	1,155,000
Professional & Commissioning Fees	100,000	100,000	100,000	100,000	400,000
Vehicle Purchasing	90,000	242,500	420,000	-	752,500
Housing IT System	-	200,000	-	-	200,000
Total Revised Programme	4,631,940	5,673,210	5,351,600	2,765,060	18,421,810
Original Programme*	5,397,090	4,395,060	5,156,600	2,765,060	17,713,810
Change increase (decrease)	(765,150)	1,278,150	195,000	-	708,000
Financed by:					
HRA Contribution	2,532,910	3,574,180	3,252,570	666,030	10,025,690
Major Repairs Reserve	2,099,030	2,099,030	2,099,030	2,099,030	8,396,120
Total Revised Financing	4,631,940	5,673,210	5,351,600	2,765,060	18,421,810
Original Programme*	5,397,090	4,395,060	5,156,600	2,765,060	17,713,810
Change increase (decrease)	(765,150)	1,278,150	195,000	-	708,000

* 2020/21 original programme includes £120,000 approved carry forwards from 2019/20

Comparison with February 2020 increase (decrease)

Service Area	2020/21	2021/22	2022/23	2023/24	Total
	£	£	£	£	£
Asset Management Works	(587,650)	1,035,650	195,000	-	643,000
Repairs Team Capital Works	(25,000)	-	-	-	(25,000)
Professional & Commissioning Fees	-	-	-	-	-
Vehicle Purchasing	(152,500)	242,500	-	-	90,000
Housing IT System	-	-	-	-	-
Total Programme	(765,150)	1,278,150	195,000	-	708,000
Financed by:					
HRA Contribution	(765,150)	1,278,150	195,000	-	708,000
Major Repairs Reserve	-	-	-	-	-
Total Financing	(765,150)	1,278,150	195,000	-	708,000

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

Risk Category	Risk	Mitigation and Controls
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	Effective governance arrangements in place to monitor plans. Executive Directors and Senior Managers own delivery of efficiencies.
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