

HIGH PEAK BOROUGH COUNCIL

The Executive

11 February 2021

TITLE:	2021/22 Budget & Medium Term Financial Plan 2021/22 to 2024/25
EXECUTIVE COUNCILLOR	Cllr Alan Barrow – Executive Councillor for Finance & Corporate Services
CONTACT OFFICERS:	Keith Pointon – Interim Head of Finance
WARDS INVOLVED:	Non-Specific

Appendix Attached

- **Appendix A (Medium Term Financial Plan 2021/22 to 2024/25)**
- **Appendix B (Capital Strategy 2021/22)**
- **Appendix C (Fees & Charges 2021/22)**
- **Appendix D (Procurement Forward Plan 2021/22)**

1. Reason for the Report

- 1.1 The purpose of the report is to present the proposed Budget for 2021/22, updated Medium-Term Financial Plan 2021/22 – 2024/25, Capital Strategy 2021/22, proposed Fees and Charges for 2021/22 and Procurement Forward Plan 2021/22.

2. Recommendations

- 2.1 That the Executive make the following **recommendations** to Council:
- Approves the General Fund Budget for 2021/22 as detailed in **Appendix A (section 9)**
 - Approves the revised Medium-Term Financial Plan (2021/22 to 2024/25) as detailed in **Appendix A**, including the revised Capital Programme (attached at Annex A)
 - Approves the Capital Strategy 2021/22 as set out in **Appendix B**
 - Approves the updated Housing Revenue Account Business Plan Forecast as detailed in **Appendix A (Annex F)**

- Approves the proposed Fees and Charges for 2021/22 as detailed in **Appendix C**
- Approves the proposed Procurement Forward Plan for 2021/22, providing the authority to procure based on procurement activity detailed in **Appendix D**
- A Band D Council Tax of £200.40 for 2021/22 (an increase of 2.56% or £5 from 2020/21)
- HRA charges as follows:
 - Dwellings rents to increase by an average of 1.66% from £71.45 to £72.64 average per week (*average rent takes into account new tenancies where formula rent is charged*)
 - Garage rents to be increased by 5% from £7.13 to £7.49 average per week
 - Other Charges including service charges to increase by a maximum of 5%
 - Fuel charges at individual blocks have been reviewed and the 2021/22 charge is based on the 2020/21 estimated costs and 2019/20 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 D**)

3. Executive Summary

- 3.1 This report makes recommendations to Council for the budget and the level of Council Tax for 2021/22. The report also provides an update on the Council's medium-term financial position through to 2024/25. Additionally, it establishes an overarching Capital Strategy, sets out the fees and charges that are proposed for 2021/22, and details the Procurement Forward Plan 2021/22.
- 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 2020/21 – 2023/24 MTFP was approved by the Council in February 2020. This resulted in a 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 This position was dependent on the continued delivery of a the Efficiency & Rationalisation Programme which was commenced in April 2017. The report also flagged 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.

- 3.5 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.
- 3.6 The current four year MTFP was updated in September to reflect Covid-19 related pressures and updated economic forecasts in order to begin to understand the medium term financial impact. It was subsequently updated again in November, this time adding an additional year - 2024/25 - to the MTFP period
- 3.7 The September / November MTFP updates highlighted a forecast **use** of General Fund reserves would now be required over the 4 years in order to balance the MTFP position (as opposed to a contribution which was originally forecast in February 2020) :-

MTFP Version	Use of / (Contribution to) General Fund Reserves
Feb 2020	(£17,910)
Sept 2020	£1,709,910
Nov 2020	£1,741,630

The HRA position was forecast to be less severely impacted by Covid-19 with the reserve position remaining relatively stable:

MTFP Version	Forecast HRA Reserve Balance by Year 4 of the Plan
Feb 2020	£17,310,904
Sept 2020	£16,619,244
Nov 2020	£17,514,306

- 3.8 This version of the MTFP updates the forecasts included in November based on the provisional settlement information released in December, latest economic forecasts, assumptions around the timing and level of capital and revenue expenditure and income and impact of the recovery from Covid-19
- 3.9 Having completed the annual budget exercise, a balanced General Fund budget for 2021/22 has been achieved by drawing £901,880 from reserves . The final General Fund budget proposal for 2021/22 provides for a net budget of £11,644,300 and a Council Tax increase of £5 (or 2.56%). Consequently, the Band D Council Tax increases to £200.40.
- 3.10 The final HRA budget proposal for 2021/22 provides for a net budget of £15,154,770 and a Council Dwelling Rent increase of 1.66%.
- 3.11 A new financial year (2024/25) has now been added to the MTFP and the overall financial assumptions have been updated for the four years. This has resulted in a surplus position of £310,290 on the General Fund by the end of 2024/25. An overall use of reserves of £1,082,070 is forecast during the 4 year life of the plan.

- 3.12 The changed position from February 2020 is largely as a result of Covid-19 related assumptions, for example, the continued financial support provided to the Council's leisure centre operator and forecasts in regard to income streams (Council Tax, Business Rates, Fees & Charges, New Homes Bonus). Government has made grants available to Local Authorities in 2021/22 towards Covid-19 related pressures, but these grants are not assumed to continue into 2022/23.
- 3.13 The HRA is now showing a surplus position of £590,930 by the end of 2024/25, with an overall use of reserves of £1,340,590 during the 4 year life of the plan. The shift in this position is as a result of movements in the capital programme and the addition of new schemes; principally a new £1.5million rendering scheme arising out of the existing window replacement programme.
- 3.14 It must be stressed that there is a great deal of uncertainty in regard to the MTFP position which is dependent on the continued response to the coronavirus pandemic and the recovery phase. It is also necessary to remain cautious as the outcomes of national funding reviews (i.e. fair funding; business rates retention; and new homes bonus) are unknown at this stage.
- 3.15 However, this position is improved compared to the November 2020 position and the forecasts result in general fund contingency reserves of £2.74m by the end of 2024/25, which allows some flexibility if the assumptions are incorrect and the position worsens. The forecast also predicts a surplus budget position by 2024/25 – on the basis the Country has fully recovered from the Coronavirus pandemic at that point and the Council can once again become self-sustainable (without reliance on reserves) – albeit it with the risks identified above.
- 3.16 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 General Fund Capital Programme of £22,764,820 and updated HRA Capital Programme of £24,629,670 over the period 2020/21 – 2024/25.
- 3.17 The Procurement Forward Plan sets out details of the expected activity during 2021/22. The new Procurement Strategy will be presented during 2021 (having been delayed due to Covid pressures) . 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

An earmarked reserve has been established to support with climate change related activities. Climate Change considerations are indirectly included in many aspects of the MTFP – including capital programme projects focused on Council buildings and vehicle purchases. As well as being a consideration in procurement activity as per the Forward Plan.

6.7 External Consultation

The Council's budget plans have been subject to a consultation exercise – utilising the business newsletter. Consultation has been more low key for this budget exercise as a result of all the uncertainty around coronavirus response and recovery.

CLAIRE HAZELDENE

Acting Executive Director (Finance & Customer Services) & Chief Finance Officer

Web Links and Background Papers

Location

Contact details

Various background working papers

Moorlands House

Keith Pointon
Interim Finance & Procurement
Manager
01538 395400 Ext. 4193