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Our Ref: DS
Your Ref:

Date: 20 December 2018

Dear Councillor,

Housing & Community Services (Special – Budget)

A Meeting of the **Housing and Community Services Committee** will be held in the **Council Chamber (Special)**, on **Tuesday, 08 January 2019 at 18:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**
Councillor Hewlett (Chairman), Councillor Smith (Vice-Chairman) and Councillors Dr Coyle, Grant, Roberts, Watson and Wyatt

Labour Group
Councillors Rhind, Richards, Shepherd and Wilkins

Independent / Non-Grouped Members
Councillors Coe and Tipping

AGENDA

Open to Public and Press

- 1** Apologies and to note any Substitutes appointed for the Meeting.
- 2** To note any declarations of interest arising from any items on the Agenda
- 3** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 4** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 5** Reports of Overview and Scrutiny Committee
- 6** SERVICE BASE BUDGETS 2019 - 2020 **3 - 23**
- 7** HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2019 - 2020 **24 - 39**

Exclusion of the Public and Press:

- 8** The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 9** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)	AGENDA ITEM: 6
DATE OF MEETING:	8th JANUARY 2019	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: s/finance/committee/2018-19/Jan 19/budget
SUBJECT:	SERVICE BASE BUDGETS 2019 / 2020	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS

1.0 Recommendations

- 1.1 That the proposed revenue income and expenditure for 2019/20 for the Committee's Services as detailed in **Appendix 1** are considered and referred to the Finance and Management Committee for approval.
- 1.2 That the proposed fees and charges as detailed in **Appendix 2** for 2019/20 are considered and approved.
- 1.3 That consideration is given to the level of any increase in Grants to Voluntary Bodies in 2019/20.

2.0 Purpose of Report

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2019/20, with a comparison to the current year 2018/19. This includes an overview of the Committee's main spending areas.
- 2.2 It is proposed that the estimated income and expenditure is included in the consolidated budget of the Council for 2019/20 subject to the Council's overall medium-term financial position. This will be considered by the Finance and Management Committee during the coming month.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for the next financial year, 2019/20.

3.0 Executive Summary

- 3.1 The Committee is responsible for some large spending areas, in particular on leisure, recreational facilities, community development and private sector (General Fund) housing.

- 3.2 A large part of the Committee’s annual spending on community development, crime prevention, together with active communities, health and homelessness prevention, is delivered in partnership with other agencies. Expenditure is financed in part from their contributions which can in turn be reliant on specific central government funding.
- 3.3 This funding is not necessarily available from year to year. The Council maintains specific reserves which hold funding awarded in previous years and is drawn down to meet projects and costs on a yearly basis. Some of this funding is not always replaced each year and expenditure is adjusted accordingly.
- 3.4 Although the Council still has access to longer term funding, this is finite unless replaced. Consequently, some budgets in these services could come under pressure in future years and this will be kept under review. This is detailed later in the report.
- 3.5 Furthermore, some expenditure on parks and the maintenance of open spaces is supplemented by drawing down commuted sums received as part of residential developments. Although current funds will support expenditure for several more years, this funding is also finite and will eventually end if not replaced. This will also be kept under review.

The Council’s Overall Financial Position

- 3.6 The Council’s MTFP was reviewed and updated in October 2018. In principle, the overall position on the General Fund has not changed fundamentally over the last year. The current level of the General Fund Reserve remains healthy and is projected to remain so over the next 3 to 4 years based on current forecasts.
- 3.7 However, the continuing issue is the projected budget deficit over the medium-term from 2019/20 when the impact of the reduction in core funding takes effect. Although the current level of reserves can be used to meet the projected deficit, this is not a sustainable solution in the longer-term. The MTFP continues to assume that base budget expenditure will increase year-on-year but overall core funding will reduce.
- 3.8 The Finance and Management Committee will consider the detail of the overall financial position on 10th January, including proposals from this Committee.
- 3.9 Therefore, it is important that the Committee scrutinises its spending base closely to identify potential budget savings and carefully examines any areas where there are cost pressures, together with any proposals to increase spending.

Summary of Expenditure

- 3.10 The following table provides an overall summary at service level of the Committee’s net revenue expenditure.

Summary of Net Revenue Expenditure	Approved Budget 2018/19	Proposed Budget 2019/20	Change
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	£	£	£
Community Development and Support	570,776	606,796	36,020
Recreational Activities	172,314	178,689	6,375
Leisure Centres and Community Facilities	579,612	632,355	52,743
Parks and Open Spaces	889,562	1,055,863	166,301
Private Sector Housing	421,991	432,904	10,914
	2,634,255	2,906,606	272,351

3.11 The above table shows that the Committee's net expenditure is estimated to increase overall between 2018/19 and 2019/20 by £272,351. Detail of the changes within each service area is listed in **Appendix 1**. A summary of changes is shown in the following table.

Changes in Base Budget 2018/19 to 2019/20	£'000
Staffing Costs	164
County Contribution	77
Reduced Grounds Maintenance Recharge to Highways	44
Provision for New Community Centre - Stenson	30
Professional Fees Rosliston	-32
MHCLG Flexible support Grant	-28
Insurance	-14
Increased Grounds Maintenance Recharge to HRA	-13
Approved Changes	228
Business Rates	7
Rosliston Income Increase	-5
Additional Changes	2
Change in Service Expenditure	230
Add: Depreciation	42
Base Budget Increase	272

3.12 Excluding the increase in Depreciation, which is an accounting adjustment and not a cost to the Council, the increase in actual expenditure based on the proposed budgets, is £200k. Of the £200k increase, known expenditure of £198k has previously been reported to Committee and is included in the MTFP. The main reasons for the variances are detailed in the following sections.

3.13 The main variance is the increased staffing costs which are as a result of the additional temporary resource at Rosliston approved on 30th August plus incremental rises, the apprenticeship levy and the nationally agreed pay award. Detail of the increase is included below.

Staffing Costs Changes 2018/19 to 2019/20	£'000
Rosliston Temporary Resource	78
Pay Award and National Living Wage	55
Incremental Pay Rises	21
Apprenticeship Levy	10
Total Staffing Changes	164

3.14 The main reasons for other variances are detailed in the following sections.

- 3.15 Total funding of £77k from Derbyshire County Council will no longer be received in 2019/20. The reduction in funding is due to the responsibility for the Travelers site in Lullington being taken back by the County Council and second homes funding for homelessness being time limited for 2 years, ending in 2018/19.
- 3.16 The Travelers site was fully funded with an additional sum contributed towards central service overheads which has now been withdrawn after responsibility was transferred back to the County Council which leaves a net cost of £15k.
- 3.17 Second homes funding from additional Council Tax receipts of £62k was approved by Cabinet at County Council to be transferred to support homelessness prevention for 2017/18 and 2018/19. This funding was previously used to support disabled facility grants. It is not clear at this stage whether this grant income will still be received in 2019/20 and so has not been included in the Base Budget.

Grounds Maintenance Recharges

- 3.18 Recharges to Highways have reduced due to increased costs for gulley cleaning. An off-set between the recharge to Grounds Maintenance and the gulley cleaning budget has been included in the proposed budget to Environmental & Development Committee. The net effect of this change to the General Fund is nil.
- 3.19 The HRA recharge from Grounds Maintenance has increased by £13k due to general increases to staffing as noted above. The overall charge for central support services to the HRA has reduced by £7k during the budget round, more detail of which is included in the proposed budget reported to Finance & Management Committee.

Insurance

- 3.18 The overall proposed insurance budget has increased the cost to the Council by £8k but this is split over a number of individual policies, some of which are a saving from prior year. The reduced cost to this Committee is £14k which is due mainly to the decrease in Public Liability which reflects a better claims experience.

Business Rates

- 3.19 Increased costs for Business Rates have been based on the current year's actual charge with a 2% inflationary increase. Rosliston Forestry Centre, Community Centres and Cemeteries are the areas of spend within this Committee.

Grant Funding under the Homeless Reduction Act 2017

- 3.20 A 3 year funding deal covering 2017/18 to 2019/20 was secured from the MHCLG for Flexible Support but the value of the expected grant for 2019/20 was not announced.
- 3.21 The receipt in 2018/19 totalled £90,506 and was included in the MTFP as the forecast amount for 2019/20. It has since been confirmed that the Council are set to receive £118,421 in 2019/20 but no further detail has been released regarding any future funding. This grant has been included within the MTFP but at a reducing rate over future years as, although it is unlikely that the funding will be withdrawn, it is still unknown how the future basis of funding will be determined.
- 3.22 Currently, the grant is being utilised to fund temporary posts within the Homelessness team.

Depreciation

- 3.24 Depreciation charges are reversed out in Finance Committee on consolidating the Council's budget. They reflect charges for using capital assets in service delivery in accordance with accounting regulations. The increase relates to a revised valuation for Green Bank Leisure Centre. There is no impact on actual spending levels.

Rosliston Forestry Centre

- 3.25 As part of the transition back to the Council, a consultant was recruited and the costs for this support were included within the Base Budget. Further reports have been approved to allow temporary recruitment of posts which has then resulted in a lessor requirement for consultancy support. It is proposed to reduce the professional fees budget in 2019/20 by £32k.
- 3.26 After the first half year of trading, it has also been proposed to increase car park income by £5k as this will be more in line with anticipated revenue during 2019/20.

Community Centres

- 3.27 Further to approval at Finance & Management Committee in June 2018, a budget for a new facility in Stenson of £30k has been added to the Base Budget. The total 3 year budget as approved has been included in the MTFP.
- 3.28 The community facility in Midway has had an additional year included within the Base Budget at a cost of £20k due to there being no community group transfer in place at this stage. A report regarding the facility is to be presented in February. This has been included in the MTFP previously and is therefore not an additional cost.

Earmarked Reserves

- 3.29 Some spending is financed by drawing down earmarked reserves. After taking account of these amounts, the estimated balance on the relevant reserves is shown in the following table.

Community Services Earmarked Reserves	Balance b/fwd 01/04/18	Estimated drawdown 18/19	Estimated drawdown 19/20	Estimated balance 31/03/20
Homeless Prevention	173,598	0	-33,965	139,633
Schools Sport Partnership	189,948	-100,134	-48,394	41,420
New Play Equipment	3,207	-3,207	0	0
Leisure Maintenance	33,127	0	0	33,127
Young Peoples Cultural Partnership	7,306	0	0	7,306
Crime and Disorder Partnership	331,667	-47,368	-44,143	240,156
Youth Engagement Partnership	637,526	-95,322	-74,921	467,283
Get Active in the Forest Partnership	43,289	-5,429	-2,911	34,949
Public Open Space - Commuted Sums	1,263,006	-30,514	-45,791	1,186,701
Swadlincote Woodlands	50,774	-16,000	0	34,774
Maurice Lee Park Development Fund	23,012	0	0	23,012
Total Earmarked Reserves	2,756,460	-297,974	-250,125	2,208,361

- 3.30 The estimated drawdowns are included in the appropriate cost centres in the Committee's budget.
- 3.31 CCTV at Rosliston Forestry Centre and pool works at Green Bank Leisure Centre are currently under review and once evaluated, any necessary expenditure will be drawn down from the Leisure Maintenance Reserve.

- 3.32 At this stage, none of the Reserves include any further income from external contributions although, based on past years, it is likely that some will be received.
- 3.33 Based on current projections, the School Sports Partnership will run out of reserves in 2020/21 if additional external funding isn't sourced. The position presented is a worst case scenario and in the last two financial years sums have been contributed to these reserves and no drawdown has been necessary. This is being kept under review.

4.0 Detail

- 4.1 The Committee's budgets by service area are detailed in **Appendix 1**.

Basis of the Budget

- 4.2 Budgets are generally calculated on a "no increase basis," i.e. they are maintained at the same level as the previous year adjusted only for known changes, price increases and variations due to contractual conditions, etc.
- 4.3 In addition, budgets are also subject to a base line review which is used to justify proposed spending. This process places responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner. This is supported by the Financial Services Unit, who analyse recent trends across services compared to current budgets.

On-going Service Provision

- 4.4 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 4.5 The full year effects of previous year's restructures and budget savings have been included, with any non-recurring items removed.

Changes in Pay

- 4.6 A pay award is included within the Base Budget at 2% as agreed by the Local Government Unions and the National Employers.

Inflation

- 4.7 The base budget for 2019/20 has been uplifted by inflation/indexation where this applies, for example contract obligations.
- 4.8 Clearly, some base costs will be subject to inflation during future years and in some cases it will be "unavoidable," for example employee costs, when national pay increases are approved.
- 4.9 Allowances for inflation based on various assumptions regarding price increases, etc. are calculated across the main spending heads at an average of 2%.

Increase in Grants provided to Support Voluntary Bodies

- 4.10 As part of the annual Budget Round, the Committee gives consideration to increasing the base contribution [Page 8 of 19](#) to recognise inflationary pressures. Increases in recent years have been as follows:

- 2018/19 – 2.0%
- 2017/18 – 1.0%
- 2016/17 – 2.0%
- 2015/16 – 2.3%
- 2014/15 – 2.0%
- 2013/14 – 2.6%

4.11 Latest inflation rates show CPI running at 2.4%. The Government's Autumn Statement forecasts CPI inflation falling to 2.0% by the end of 2019/20. The Council's MTFP currently provides for a 2% increase.

4.12 Every 1% increase in the base level across all grants equates to approximately £3,000 per year in total.

4.13 The actual increase will be considered by the Finance and Management Committee as part of the Council's overall Budget for 2019/20 and this Committee are requested to make an appropriate recommendation.

Risks

4.14 All Committee budgets have been reviewed and known changes to income and expenditure levels have been reflected in the proposed base budget for 2019/20 as detailed in the report. Other financial risks associated with the Committee's services are identified in the following table.

Risk	Issue / Potential Effect	Mitigating Action
External Funding	As detailed in the report; several services reliant on external contributions and reserve funding.	Earmarked reserves maintained to spread expenditure over a number of years. These are currently estimated to remain at approximately £2.2m by 2020 as detailed in the report. It is considered that this will maintain existing services over the MTFP period to 2024, but clearly this will need to be kept under review.
Growth	The Council's MTFP identifies "underlying cost pressures yet to surface" as a risk, due to pressure from residential development. It is considered that this is likely to impact on services such as parks and open space provision / maintenance.	A provision for growth has been set-aside in the MTFP and this is forecast to increase every year over the length of the Plan. In addition, the Council can currently rely on the Section 106 Reserve to meet additional costs.

Proposed Fees and Charges 2019/20

4.15 **Appendix 2** provides a schedule of the proposed charges for the next financial year 2019/20, together with a comparison to the existing charge. All charges are exclusive of VAT and where applicable, VAT is added at the appropriate rate in accordance with HMRC regulations.

- 4.16 A detailed review of fees and charges has been undertaken as part of this Budget Round. Where possible, charges have been increased to reflect inflation and the demand for services. The key points are detailed in the following sections.
- 4.17 As in recent years, increases are being proposed for Parks and other leisure activities to cover inflation and additional costs of the services. These increases are generally 2% / 3% and are in line with recent Government forecasts for inflation in 2018/19.

Cemeteries

- 4.18 There have been a number of varying increases proposed, all of which have been benchmarked against other neighbouring authorities. The Council under these proposals would still be considerably cheaper than other local authority providers.

Housing Charges

- 4.19 A 1% increase in garage rents is being proposed.
- 4.20 No change to charges is being proposed at this stage to the Telecare service in light of Derbyshire County Council consulting on funding for customers on benefits. Once the consultation is complete any proposed changes to the service will be reported to Committee.
- 4.21 No change to other Housing Services is proposed for 2019/20.

Rosliston Forestry Centre

- 4.22 Charges applied at Rosliston Forestry Centre for lodge hire and activities, etc. are set by the Executive Board of the Partnership in accordance with the Business Plan for the Centre.

5.0 Financial Implications

- 5.1 As detailed in the report

6.0 Corporate Implications

Employment Implications

- 6.1 None.

Legal Implications

- 6.2 None.

Corporate Plan Implications

- 6.3 The proposed budgets and spending under the responsibility of the Committee provides the financial resources to enable many of the on-going services and Council priorities as outlined in the Corporate Plan.

Risk Impact

- 6.4 The Financial Risk Register is [Detailed on 39](#) The Medium Term Financial Plan and financial risks specific to this Committee are detailed in Section 4.

7.0 Community Impact

Consultation

- 7.1 The Budget will be disseminated through Local Area Forums and separate consultation will be undertaken with the local business community.

Equality and Diversity Impact

- 7.2 None.

Social Value Impact

- 7.3 None.

Environmental Sustainability

- 7.4 None.

8.0 Conclusions

- 8.1 That the proposed base budgets are scrutinised and approved to provide the financial resources for continuation of service delivery.

9.0 Background Papers

- 9.1 None.

BUDGET - 2019/20

Housing & Community

£'s		BUDGET			
		2019/20	2018/19	VARIANCE	
ACT00	General Grants, Bequests & Donations	289,100	288,412	(688)	Adverse salaries
CCD00	Community Centres	105,292	101,066	(4,227)	Adverse salaries (£2k), business rates (£1k), repairs (£1k)
CEG00	Community Safety (Crime Reduction)	133,498	131,796	(1,702)	Favourable grants (£3k) room hire (£1k); adverse salaries (£3k), reserve funding (£3k)
CEK00	Defences Against Flooding	50,667	48,364	(2,302)	Adverse salaries (£1k), repairs (£1k)
CPH20	Market Undertakings	(8,877)	(7,227)	1,650	Favourable insurance
CCF10	Village Halls	7,163	8,365	1,202	Favourable insurance
Community Development and Support		576,844	570,776	(6,068)	
CCA10	Arts Development & Support	15,290	13,510	(1,780)	Adverse dance class income (£1k), tools (£1k)
CCA40	Events Management	163,399	158,804	(4,595)	Adverse salaries (£4), prof fees (£1k)
Recreational Activities		178,689	172,314	(6,375)	
CCD20	Sports Development & Community Recreation	161,658	157,538	(4,120)	Favourable materials (£1k), prof fees (£5k), grant income (£15k), insurance (£3k); adverse salaries (£7k), reserve funding (£21k)
CCD30	Indoor Sports & Recreation Facilities	400,969	355,207	(45,761)	Adverse depreciation (£44k), insurance (£2k)
CCD40	Outdoor Sports & Recreation Facilities (SSP)	0	1,990	1,990	Favourable insurance (£1k), grant income (£58k), prof fees (£10k), tools (£2k); adverse salaries (£17k), reserve funding (£52k)
CCA00	Melbourne Leisure Centre	2,390	2,327	(64)	Adverse repairs
CCA50	Chestnut Avenue Community Facility	20,217	15,740	(4,477)	Adverse salaries (£1k), business rates (£2k), income (£1k)
CCA60	Stenson Fields Community Facility	29,952	0	(29,952)	New Facility
CCD10	Get Active in the Forest	27,616	27,442	(174)	Favourable insurance (£1k), income (£2k), prof fees (£7k); adverse salaries (£7k), reserve funding (£3k)

CCD50	Playschemes	19,505	19,369	(136)
Leisure Centres and Community Facilities		662,307	579,612	(82,695)
CCE00	Ground Maintenance	604,333	507,463	(96,870)
CCE10	Countryside Recreation & Management	13,944	13,126	(818)
CCE20	Allotments	(2,067)	(2,067)	0
CCF20	Rosliston Forestry Centre	222,836	158,740	(64,095)
CEA00	Cemeteries	14,941	9,873	(5,068)
CEA30	Closed Churchyards	6,267	6,816	550
KJE70	Community Parks & Open Spaces	195,610	195,610	(0)
Parks and Open Spaces		1,055,864	889,562	(166,302)
KGA00	Housing Strategy	96,182	106,634	10,452
CEE20	Housing Standards	81,418	79,695	(1,722)
KGE10	Administration of Renovation & Improvement Grants	46,682	41,905	(4,777)
KGH10	Bed / Breakfast Accommodation	6,500	6,500	0
KGH30	Pre-tenancy Services	178,254	178,253	(0)
KGX20	Housing Department Support Staff and Costs	23,868	23,805	(64)
KGT00	Travellers' Sites	0	(14,803)	(14,803)
Private Sector Housing		432,904	421,991	(10,914)
		2,906,607	2,634,255	(272,352)

Favourable reserve funding (£1k), insurance (£1k), grant income (£1k); adverse salaries (£4k)

Favourable insurance (£5k), income (£5k); adverse salaries (£70k), training (£5k), recharges (£29k), tools (£3k)

Adverse salaries

Favourable prof fees (£32k), depreciation (£2k), income (£6k); adverse salaries (£89k), business rates (£4k), tools (£10k), insurance (£1k)

Favourable insurance (£1k); adverse salaries (£1k), income (£5k)

Favourable insurance

Favourable insurance (£1k), reserve funding (£14k); adverse salaries (£10k), licences (£3k), grant income (£2k)

Favourable salaries (£11k); adverse legal advice (£1k)

Adverse salaries (£2k)

Favourable salaries (£11k); adverse capital recharge (£16k)

Favourable grant income (£28k), reserve funding (£34k), grants (£10k); adverse salaries (£8k), County contribution (£62k), insurance (£1k)

Adverse salaries

Favourable salaries (£23k), insurance (£1k), repairs (£4k), utilities (£16k), recharges (£2k); adverse County contribution (£48k), income (£13k)

VAT WILL BE CHARGED WHERE APPLICABLE AT THE APPROPRIATE RATE

Cemeteries	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For an infant's grave(0-12 months)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For an infant's grave for a child's grave (between 12 months - 12 years)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For a child's grave (between 12 years - 16 years)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Adult grave 9' x 4' (for a coffin)	524.00	629.00	20% increase rounded up/down
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Adult grave 10' x 5' (for a casket)	640.50	769.00	20% increase rounded up/down
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Ashes plot 2' x 2'	252.00	302.00	20% increase rounded up/down
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a further period of 25 years) Adult grave 9' x 4' (for a coffin)	262.00	314.50	1/2 price 50yr grant
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of 25 years) Adult grave 10' x 5' (for a casket)	320.00	384.50	1/2 price 50yr grant
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of 25 years) Ashes plot 2' x 2'	126.00	151.00	1/2 price 50yr grant
Burials Infant, 0 - 12 months	Free	Free	
Burials For a child's grave (between 12 months - 12 years)	Free	Free	
Burials For a child's grave (between 12 years - 16 years)	Free	Free	
Burials Adult- single depth grave	447.00	492.00	10% increase rounded up/down
Burials - double depth grave	412.50	454.00	10% increase rounded up/down
Burials - surcharge for a casket	122.00	134.00	10% increase rounded up/down
Burials - common grave	414.50	456.00	10% increase rounded up/down
Burials For any burial after the first	400.00	410.00	10% increase rounded up/down
Burial of cremated remains in an ashes plot (infant, 0 - 12 months)	Free	Free	

Burial of cremated remains in an ashes plot (child, 12 months plus to 12 years)	Free	Free	
Burial of Cremated remains in ashes plot (child 12 years - 16 years)	Free	Free	
Burial of cremated remains in an ashes plot (adult)	120.50	132.50	10% increase rounded up/down
Strewing of ashes (if carried out by SDDC staff)	70.00	77.00	10% increase rounded up/down
Strewing of ashes (if not carried out by SDDC staff)	60.00	66.00	10% increase rounded up/down
All Grant of Right/Burial fees listed above are treble for non-residents of the District			
Monuments A flat stone NB: not permitted in lawned cemeteries	110.00	132.00	20% increase rounded up/down
Monuments A headstone or footstone, not exceeding 2' in height	198.00	238.00	20% increase rounded up/down
Monuments A headstone or footstone, exceeding 2' in height	218.00	262.00	20% increase rounded up/down
Monuments Kerbstones or border stones, for a space not exceeding 6'6" x 3' (not permitted in lawned cemeteries)	218.00	262.00	20% increase rounded up/down
Monuments A vase, not exceeding 18" in height	75.00	80.00	7% increase rounded up/down
Monuments For any inscription after the first, on any form of monument	110.00	118.00	7% increase rounded up/down
Monuments Supply only of 7" x 5" wall plaque (Etwall Cemetery only), inclusive of inscription up to 70 letters	286.00	286.00	No change
Replacement of Memorial Stone	110.00	118.00	7% increase
Exhumation	984.00	1013.50	3% increase
Search of records, including copy of entry	25.00	25.00	No change
Slabbing or sealing a grave	110.00	121.00	10% increase rounded up/down
Alterations to coffin size once shoring is in place	67.50	74.00	10% increase rounded up/down
Transfer of ownership of Grant of Right	30.00	36.00	20% increase rounded up/down
Saturday funeral for child between 12 months and 16 years (in addition to the Grant of Right)	240.00	246.00	1/2 standard adult charge
Saturday funeral (in addition to the Grant of Right) for person whose age exceeds 16 years	720.00	738.00	1.5 x normal rate
Sunday/Bank Holiday funeral for a child between 12 months and 16 years (In addition to the grant of right)	316.00	369.00	1.5 x Saturday Child Charge
Sunday/Bank Holiday funeral (in addition to the Grant of Right) for person whose age exceeds 16 years	894.00	984.00	2 x normal rate
Grants for Closed Church Yards	344.50	344.50	No change

HOUSING FEES AND CHARGES	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Homelessness			
Bed and Breakfast - recharge per week			
Each adult	Actual Cost	Actual Cost	
Each child under 16	Actual Cost	Actual Cost	
Homelessness			
Out of Hours Calls			
Yearly charge	500.00	500.00	
Cost per call taken	4.00	4.00	
Supported Housing			
Hire of Communal Lounges (per 1/2 day session)			
Sheltered housing schemes	10.00	10.00	
Commercial rate	50.00	50.00	
Use of guest bedroom per night	15.00	15.00	
Lifelines			
Registered disabled persons - Installation	0.00	0.00	
Registered disabled persons - Lifeline Monitoring per week	2.00	2.00	
Registered disabled persons - Lifeline equipment rental per week (includes monitoring)	5.10	5.10	
Other persons - Installation	Defunct	Defunct	
Other persons - Monitoring per week	3.00	3.00	
Other persons - Rental per week (includes monitoring)	5.00	5.00	
Monthly Basic Telecare package monitoring charge	21.67	21.67	
Telecare installation - private resident	50.00	50.00	
Monthly 1st year instalment charge installation and monitoring	33.60	33.60	
Telecare - Monthly 1st year instalment charge, rental and monitoring	25.84	25.84	
Monitoring & Support level 1 - Monitoring only	3.00	3.00	
Monitoring & Support level 2 - Monitoring only	9.00	9.00	
Monitoring & Support level 3 - Monitoring only	12.00	12.00	
Monitoring & Support level 4 - Monitoring only	20.00	20.00	
Monitoring & Support level 1 - Daily visit	20.00	20.00	

Monitoring & Support level 2 - 2 visits per week	12.00	12.00	
Monitoring & Support level 3 - 1 visit per week	9.00	9.00	
Monitoring & Support level 4 - 1 visit per fortnight	6.00	6.00	
Monitoring & Support level 5 - 1 visit per month	5.00	5.00	
Monitoring & Support level 6 - 1 visit per week	4.00	4.00	
Monitoring & Support level 7 - 1 monitoring only	3.00	3.00	
Garages			
Rent per week - Council Tenants - Garage in Proximity to Rented Property	8.87	8.96	1% increase
Rent per week - Council Tenants - Garage in Proximity to Rented Property (Chatsworth Road)	10.36	10.46	1% increase
Rent per week - All other circumstances	8.87 or 10.36 + 20% VAT	8.96 or 10.46 + 20% VAT	1% increase
Garage Plots			
Rent per annum - Council Tenants - Plot in Proximity to Rented Property	1.14	1.15	1% increase
Rent per annum - All other circumstances	1.14 + 20% VAT	1.15 + 20% VAT	1% increase
Miscellaneous Housing			
Heating - Council Tenants (Pear Tree Court communal)	4.00	6.00	Incremental increases to achieve £7.00 in 2021/22 to reflect actual
Management Fee - Tenants (B&B)	60.00	60.00	
Insurance - Council Tenants	varies - £0.59 to £5.56	varies - £0.40 to £7.03	
Statutory Notices			
Housing Act 2004 S.49			
Recovery of administrative and other expenses incurred in taking enforcement action	Actual Cost	Actual Cost	
STRATEGIC HOUSING			
Issue of Immigration Certificates	150.00	150.00	
Application for new licence	364.00	364.00	
Additional application fee per pitch in excess of 1	£6.00 per pitch	£6.00 per pitch	
Amendment of licence	204.00	204.00	
Transfer of licence	148.00	148.00	
Annual fee	206.00	206.00	

Additional annual fee per pitch in excess of 1	£7.00 per pitch	£7.00 per pitch	
Deposit, vary or delete site rules	129.00	129.00	
Enforcement costs relating to caravan sites based on actual officer time	£42 per hour	£42 per hour	
Licensing of Houses in Multiple Occupation	693.00	693.00	
Interest charges applied to outstanding enforcement debts, for example works in default	3.06%	3.06%	
Housing Standards Enforcement costs based on actual officer time	Manager £49 / hour, EHO £42 / hour, Assistant £31 / hour	Manager £49 / hour, EHO £42 / hour, Assistant £31 / hour	
LEISURE ACTIVITIES FEES AND CHARGES	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Get Active, Hire of Sports Equipment and Facilities			
Get active in the forest Tai Chi	3.75	4.00	
Get active in the forest Senior Cycling - incl bike hire	3.25	3.50	
Get active in the forest Senior Cycling - excl bike hire	1.60	1.75	
Get active in the forest Nordic Walking - incl poles	3.25	3.50	
Get active in the forest Nordic Walking - excl poles	1.60	1.75	
Get active in the forest Walks	Free to 4.00	Free to 4.50	Cover costs of refreshments. Will be set per walk as appropriate
Get active in the forest Schools Sessions	£70 to £80	£70 to £100 / hour	To cover increase staffing costs
Get active in the forest Out & Active - per day	£20.00	£15 to £25	to cover staffing costs and dependent upon the activity / staff numbers required
Get active in the forest Activity Days	£15 to £30	£15 to £30	to cover staffing costs and dependent upon the activity / staff numbers required
General Get active Sessions- which may from time to time run	Free to 10.00	Free to 10.00	

Get active goes mobile	80 to 100	80 to 150 / hour	to cover staffing costs and dependent upon the activity / staff numbers required
Parish Council Charge-sports mobile/2 hr/all inclusive	170	180	All parish council charges increased to reflect increased staffing costs
Parish Council Charge-play mobile/2 hr/all inclusive	165	180	
Parish Council Charge-wheels mobile/2 hr/all inclusive	195	210	
Parish Council Charge-Laser Games (£175.00) plus additional provision (wheels probably)	335	340	
Parish Council Charge-Climbing wall/2 hr/all inclusive and or other new provision provided which replaces the Climbing wall	260	270	
Parish Council-Sport and Play Combo	300	310	
Parish Council-Wheels and Xtreme Mobile Combo	360	370	
Parish Council-possible new kit/provision		300	
Parish Council-Friday Combo	£500	£550 to £600	To cover staffing increases and dependent upon the activity chosen
General Hire Charge-normal including staff / hour * **	£80 to £95	£80 to £150	to cover staffing costs and dependent upon the activity / staff numbers required
Coach education courses	30-160	35-250	Scope to expand range of courses offered / increased costs to run
Sports / Physical activity sessions- e.g. basketball / netball etc	Free to 5.00	Free to 5.00	
Activity options for businesses/schools		Up to £250/hour	Potential new provision
Coaching cost recharge		20-30/hour	Potential new provision offer- price dependent upon activity request / staff requirements
Travel-per staff member / hour	11.50	12.00	New rate for charge back of coaching cost
Travel per mile	0.50	0.50	Increased staffing costs
Glade Performances	Dependant on Performance	Dependant on Performance	

	Dependant on external funding, members, venue etc	Dependant on external funding, members, venue etc	
Dance classes/session			
Festival of Leisure			
Voluntary/Charity/Club fund raising stall - per M frontage for 1 day	6.80	7.00	3% increase
Voluntary/Charity/Club fund raising stall - per M frontage for 2 day	8.70	9.00	3% increase
Voluntary/Charity/Club information only stall - per M frontage for 1 day or 2 day	Free	10.00	New fee to cover nominal administration/processing costs
Trade stall - per M frontage for 1 day	11.60	12.00	3% increase
Trade stall - per M frontage for 2 day	17.35	18.00	3% increase
Trade Stall - Information Only 4m stall (admin fee)	32.00	32.00	3% increase
Fairground 1-99m.sq. for 2 day	115.00	118.50	3% increase
Fairground 100-199m.sq. for 2 day	216.00	222.50	3% increase
Fairground 200-299m.sq. for 2 day	323.00	333.00	3% increase
Fairground 300-399m.sq. for 2 day	417.15	430.00	3% increase
Fairground 400+m.sq. for 2 day	516.00	531.50	3% increase
Travelling Fairs & Events			
Commons & Parks - Daily Charge - large fair	400.00	412.00	3% increase
Commons & Parks - Daily Charge - small fair	233.00	240.00	3% increase
Fairs - Returnable Deposit	1,022.00	1,022.00	3% increase
Commons & Parks - Daily Charge - large circus	246.00	254.00	3% increase
Commons & Parks - Daily Charge - small Circus	206.50	213.00	3% increase
Circus - Returnable Deposit	607.50	607.50	3% increase
Commons & Parks - Daily Charge - commercial events	N/A	240.00	New charge - based on same rate as small fair
Commercial activities - Returnable deposit	N/A	607.50	New charge based on lowest deposit fee
Commons & Parks - Charitable Organisations etc - Admin Cost	45.00	46.00	3% increase
Commons & Parks - Charitable Organisations etc - Returnable Deposit	190.00	190.00	No change
Parks			
Football - Grass Pitches - Seniors per Season	504.16	519.15	3% increase
Football - Grass Pitches - Seniors per match (casual bookings)	45.83	47.20	3% increase

Football - Grass Pitches - Seniors per match (casual bookings) without changing	34.33	35.40	3% increase
Football - Grass Pitches - Seniors per Season - CHESTNUT AVE ONLY	504.16	519.15	3% increase
Football - Grass Pitches - Seniors per match (casual bookings) CHESTNUT AVE ONLY	45.83	47.20	3% increase
Football - Grass Pitches - Seniors per match (casual bookings) without changing - CHESTNUT AVE ONLY	34.33	35.40	3% increase
Football - Grass Pitches - Juniors per Season with changing - ALL SITES EXCEPT CHESTNUT AVE	237.50	244.50	3% increase
Football - Grass Pitches - Juniors per Season without changing - ALL SITES EXCEPT CHESTNUT AVE	137.50	141.70	3% increase
Football - Grass Pitches - Juniors per match (casual bookings) ALL SITES EXCEPT CHESTNUT AVE	23.75	24.45	3% increase
Football - Grass Pitches - Juniors per match (casual bookings) without changing - ALL SITES EXCEPT CHESTNUT AVE	13.75	14.20	3% increase
Football - Grass Pitches - Juniors per Season - CHESTNUT AVE ONLY	237.50	244.50	3% increase
Football - Grass Pitches - Juniors per Season without changing - CHESTNUT AVE ONLY	137.50	141.70	3% increase
Football - Grass Pitches - Juniors per match (casual bookings) - CHESTNUT AVE ONLY	23.75	24.45	3% increase
Football - Grass Pitches - Juniors per match (casual bookings) without changing - CHESTNUT AVE ONLY	13.75	14.17	3% increase
Netball – senior per match or hour	13.75	14.20	3% increase
Netball – junior per match or hour	6.88	7.10	3% increase
Bowling Green Season Ticket - Adult	41.20	42.45	3% increase
Bowling Green Season Ticket - Concession	25.25	26.00	3% increase
Bowling Green Casual - Adult per hour	2.42	2.50	3% increase
Bowling Green Casual - Concession per hour	1.38	1.40	3% increase
Hire of Greens - Adult matches	27.92	28.75	3% increase
Hire of Greens - Junior matches	16.88	17.40	3% increase
Hire of Greens - without pavilion	18.75	19.35	3% increase
Crazy Golf - Adults	1.83	1.90	3% increase
Crazy Golf - Juniors	1.00	1.05	3% increase
Other Services			
Allotment Rent	26.00	27.00	3% increase

Stall at Liberation Day	Nil	Nil	
Traffic Island Sponsorship (per year for 3 year sponsorship deal)	1,000.00	1,000.00	Subject to review
Swadlincote Town Hall	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Hire of Town hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Town hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	15.00	15.00	
Hire of Town hall - Peak (Sun/Bank Holiday) 1st hour	22.50	22.50	
Hire of Town hall - Peak (Sun/Bank Holiday) per hour after 1st hour	15.00	15.00	
Hire of Town hall - After 10pm any day	25.00	25.00	
Midway Community Centre	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Hire of Sports Hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Sports hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	15.00	15.00	
Hire of Sports hall - Peak (Sun/Bank Holiday) 1st hour	22.50	22.50	
Hire of Sports hall - Peak (Sun/Bank Holiday) per hour after 1st hour	15.00	15.00	
Hire of Sports hall - After 10pm any day	25.00	25.00	
Hire of Foyer Meeting Room Hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Foyer Meeting Room - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	12.50	12.50	
Hire of Foyer Meeting Room - Peak (Sun/Bank Holiday) 1st hour	12.50	12.50	
Hire of Foyer Meeting Room - Peak (Sun/Bank Holiday) per hour after 1st hour	18.75	18.75	
Hire of Foyer Meeting Room - After 10pm any day	25.00	25.00	
Midway Community Centre - Use of full kitchen for catered functions (discretionary charge)	30.00	30.00	
Stenson Fields Community Centre	Fee 2018/19 exc VAT £:P	Proposed Fee 19/20 £:P	Note
Hire of Main Hall - Off Peak (Mon-Fri 7am till 4pm) per hour		10.00	New facility due to come online Spring 19
Hire of Main hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour		15.00	New facility due to come online Spring 19
Hire of Main hall - Peak (Sun/Bank Holiday) 1st hour		22.50	New facility due to come online Spring 19
Hire of Main hall - Peak (Sun/Bank Holiday) per hour after 1st hour		15.00	New facility due to come online Spring 19

Hire of Main hall - After 10pm any day		25.00	New facility due to come online Spring 19
Hire of Meeting Room - Off Peak (Mon-Fri 7am till 4pm) per hour		10.00	New facility due to come online Spring 19
Hire of Meeting Room - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour		12.50	New facility due to come online Spring 19
Hire of Meeting Room - Peak (Sun/Bank Holiday) 1st hour		12.50	New facility due to come online Spring 19
Hire of Meeting Room - Peak (Sun/Bank Holiday) per hour after 1st hour		18.75	New facility due to come online Spring 19
Hire of Meeting Room - After 10pm any day		25.00	New facility due to come online Spring 19
Stenson Fields Community Centre - Use of full kitchen for catered functions (discretionary charge)		30.00	Charge only implemented if additional cleaning required following hire.

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE (SPECIAL – BUDGET)	AGENDA ITEM: 7
DATE OF MEETING:	8th JANUARY 2019	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: s/finance/committee/2018-19/Jan 19/budget
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2019/20	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HC 01

1.0 Recommendations

- 1.1 That Council House Rents are reduced by 1% for Tenants with effect from 1st April 2019 in accordance with provisions contained in the Welfare Reform and Work Act 2016.
- 1.2 That the proposed revenue income and expenditure for 2019/20, together with the 10-year Financial Plan for the Housing Revenue Account (HRA) as detailed in **Appendix 1**, are considered and referred to the Finance and Management Committee for approval.
- 1.3 That the HRA is kept under review and measures identified to mitigate the financial risks detailed in the report and to maintain a sustainable financial position.

2.0 Purpose of the Report

- 2.1 As part of the annual financial cycle, the report details the Housing Revenue Account's (HRA) base budget for 2019/20, with a comparison to the current year, 2018/19. In addition, the report details the updated 10-year financial projection for the HRA following a review during the annual budget round.
- 2.2 The report also sets out details of the proposed rent level for 2019/20 in accordance with the Welfare Reform and Work Act 2016.

3.0 Detail

The Position Entering the 2019/20 Budget Round

- 3.1 During 2018/19, the financial position of the HRA has been reviewed and updated to reflect changes to the on-going capital investment, together with the 2017/18 budget out-turn position.
- 3.2 The latest position reported in October 2018, estimated a surplus on the HRA in 2019/20 of £159k, increasing the HRA's General Reserve to approximately £5.30m.
- 3.3 As previously reported, the longer-term financial position for the HRA was significantly changed in 2015 due to the Government legislating to reduce Council House rents by 1% per year to 2020. Consequently, planned capital expenditure was reduced in the 10-year financial plan to reflect this reduction in resources.

Formulating the 2019/20 Base Budget

- 3.4 Budgets are generally calculated on a "no increase basis," i.e. they are maintained at the same level as the previous year adjusted only for known changes, price increases and variations due to contractual conditions, etc.
- 3.5 In addition, budgets are also subject to a base line review which is used to justify proposed spending. This process places responsibility on budget holders to justify their spending budgets by specifying their needs in a more constructed manner. This is supported by the Financial Services Unit, who analyse recent trends across services compared to current budgets.

On-going Service Provision

- 3.6 The budgets are based substantively on a continuation of existing service provision (in respect of staffing levels, frequency, quality of service, etc.).
- 3.7 The full year effects of previous year's restructures and budget savings have been included, with any non-recurring items removed.

Base Budget 2019/20

- 3.8 The HRA's Base Budget and longer-term financial projection up to 2028/29 is detailed in **Appendix 1**. A projection of this length is required for the HRA to ensure that future debt repayments and capital expenditure are affordable for the longer-term sustainability of the Council's housing stock.
- 3.9 The following table provides an overall summary the HRA's Net Operating Income position with a comparison to the approved 2018/19 budget.

Summary of the HRA	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Rental income	-12,200,641	-11,955,124	245,517
Careline Provision	-150,000	-150,000	0
Supporting People Grant	-164,262	-164,262	0
Non-Dwelling Income	-145,810	-144,624	1,186
Bad Debt Provision	100,000	100,000	0
Supporting People	795,449	830,696	35,247
Responsive	1,282,777	1,246,018	-36,759
Planned Maintenance	1,860,110	1,914,763	54,653
Interest	1,797,575	1,797,805	230
General Management	1,941,815	1,879,820	-61,995
Depreciation	4,535,000	4,312,293	-222,707
Net Operating Income	-347,987	-332,615	15,372
Reversal of Depreciation Charge	-4,535,000	-4,312,293	222,707
Capital Expenditure - Major Repairs	2,143,000	2,588,000	445,000
Disabled Adaptations	300,000	300,000	0
Asbestos and Health & Safety Surveys	100,000	100,000	0
Apprenticeship Levy	5,675	0	-5,675
Senior Management Restructure	0	-10,000	-10,000
JEQ On-going Support Costs	4,770	4,770	0
Asset Replacement Reserve Transfer	45,000	45,000	0
Debt Repayment Provision	1,992,000	1,424,000	-568,000
Total Net Expenditure	-292,542	-193,138	99,404

3.10 The above table shows that the HRA's Surplus is budgeted to decrease by £99,404 between 2018/19 and 2019/20. The estimated surplus of £193k is broadly in line with the forecasted surplus reported in October of £159k. The main variances are summarised in the following table.

Changes in Base Budget 2018/19 to 2019/20	£'000
Capital Expenditure	445
Rental and Service Charge Income	246
Staffing Costs	76
Revenue Repairs & Maintenance	26
Insurance	-4
General Fund Recharges	-7
Senior Management Restructure	-10
Computer Upgrades & Maintenance	-105
Debt Repayment Provision	-568
Base Budget Increase	99

3.11 The overall change between 2018/19 and 2019/20 is an estimated reduction of £246k. This is due mainly to the application of the 1% statutory deduction to rents, which is detailed later in the report. After allowing for Council House Sales, the number of properties is expected to decrease from 3,006 in 2017/18 to 2,988 by the end of 2018/19. The Medium Term Financial Plan (MTFP) assumes a loss of 20 properties per annum through Right to Buy and as at November 2018, 19 have been sold in 2018/19 to-date.

3.12 The following table shows the movement in the HRA housing stock over the past three years. During 2016/17 23 properties were sold under the Right to Buy Scheme, 20 properties were acquired and completion of phase 1 of new build increased the stock by an additional 45 properties to 3,015.

Housing Stock Movements	Mar-17	Mar-18	To-date Nov 18	MTFP Estimate Mar-19
Houses	1,584	1,562	1,543	1,542
Flats	793	793	793	793
Bungalows	638	638	638	638
	3,015	2,993	2,974	2,973

Capital Expenditure and Debt Repayment

3.13 Proposed capital expenditure is based on stock condition survey data and the fluctuation in required expenditure year-on-year is included within the MTFP.

3.14 The contribution to the Debt Repayment Reserve is profiled in line with capital expenditure to not only ensure that the HRA General Reserve does not fall below the statutory £1m but to also have available funds to repay debts as they become due. The contribution and repayment of debt is included within the MTFP.

Increased Staffing Costs

3.15 Staffing costs have increased by £76k from 2018/19 to 2019/20 due to incremental pay, the nationally agreed pay award and the Apprenticeship Levy. Detail of the increase is included below.

Staffing Costs Changes 2018/19 to 2019/20	£'000
Pay Award and National Living Wage	58
Incremental Pay Rises	12
Apprenticeship Levy	6
Total Staffing Changes	76

Senior Management Restructure

3.16 Further to the approval at Finance and Management Committee of the proposed Senior Management Restructure (subject to consultation), a saving in 2019/20 to the HRA of approximately £10k for implementation has been included in the Base Budget with an increase in cost from 2020/21 included in

the MTFP going forward. This will be reviewed in February 2019 following the consultation process but is included at this stage so that the potential effect on the HRA is taken into account in the longer-term financial plan.

Repairs & Maintenance

- 3.17 Planned maintenance costs have been increased marginally due to known contracted electrical and gas maintenance works. This has previously been included within the MTFP.

Insurance

- 3.17 The overall proposed insurance budget has increased the cost to the Council by £8k but this is split over a number of individual policies, some of which are a saving from prior year. The reduced cost to the HRA is £4k which is due mainly to the savings on Premises Insurance for Leasehold properties.

Computer Upgrades & Maintenance

- 3.18 During the Budget round for 2018/19, it was approved for the HRA to spend a one-off sum of £105k to upgrade the Orchard Housing system alongside the implementation of mobile working.
- 3.19 Due to recruitment into vacant posts for the revised Housing team plus the ICT and Business Change Manager during the final quarter of 2017/18, implementation of mobile working and large system upgrades have been delayed and are now under review as a corporate project.
- 3.20 It is proposed to reduce the budget by £105k in 2019/20 but to include this one-off expenditure in 2020/21 for future developments to systems that should be underway within the next two financial years and this has been included within the MTFP. Any saving in the current year will increase the HRA General Reserve in the short-term.

General Fund Recharges

- 3.21 The recharges from the General Fund have reduced by £7k in the proposed budget. There are fluctuations in charges for all of the central services but after review, the main reason for the reduction to the HRA is the overall Council saving for the shared service arrangement for Procurement with Chesterfield NHS Trust.

Debt Interest

- 3.23 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2018/19 and 2019/20 estimate an interest on this debt of 3%.
- 3.24 There is currently some uncertainty in the economy on whether interest rates will increase over the next year. However, it is considered unlikely that rates will increase up to 3% by March 2020. Therefore, the cost of servicing debt is

likely to be lower than budgeted, although this will be kept under review. A 1% variance in the rate equates to approximately £100,000 per year.

Depreciation

- 3.25 The decrease is due to the revaluation of Council Dwellings in March 2019 which will be depreciated in accordance with accounting practice.
- 3.26 Depreciation is calculated on the existing use value and age of each property in the HRA. This is designed to ensure that the Council sets-aside sufficient resources to maintain and replace properties in future years.
- 3.27 The Council has an on-going capital programme and properties generally have a substantial useful life if maintained properly. Although the depreciation charge is included as a cost charged in the net operating income of the HRA, it is reversed out when calculating the overall surplus or deficit on the HRA.
- 3.28 However, under accounting regulations, the annual amount of capital expenditure, plus sums set-aside to repay debt, need to be greater than the depreciation charge for the year. This is effectively testing that the Council is properly maintaining and financing the liabilities associated with its housing stock.
- 3.29 Where the depreciation charge is lower than actual capital expenditure/debt repayment, the HRA would be charged with the difference in that particular year. For 2019/20, expenditure is in excess of depreciation.

The Longer-term Financial Projection

- 3.30 Following the introduction of the self-financing framework for the HRA in 2012, this generated a surplus for the HRA as the Council was no longer required to pay a proportion (approximately 40%) of its rental income to the Government in accordance with a national redistribution framework.
- 3.31 This released resources, which in the early years of the Housing Business Plan, were available for capital investment in the existing stock, together with resources for New Build. Surpluses in later years are to be used to repay the debt that the Council inherited in return for becoming “self-financing” and to continue a programme of capital maintenance in future years.
- 3.32 The HRA budget and projection is based on the principles that the HRA will carry a minimum unallocated contingency of at least £1m as a working balance and that sufficient resources are set-aside in an earmarked reserve to repay debt as instalments become due.

HRA Reserves

- 3.33 The HRA has 5 separate reserves as detailed in the following table.

General Reserve	Page 29 of 39	Held as a contingency with a minimum
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	balance of at least £1m.
New Build Reserve (Capital Receipts Reserve)	Accumulated Capital Receipts pending expenditure on building new properties. The financial model assumes that these are drawn down each year to finance New Build ahead of any further borrowing. Therefore, the carrying balance from year to year remains low.
Debt Repayment Reserve	Sums set-aside to repay debt; contributions to the Reserve started from 2016/17 in accordance with the debt repayment profile.
Major Repairs Reserve	A Capital Reserve with sums set-aside each year for future programmed major repairs on the housing stock.
Earmarked Reserve	Sums set-aside for future replacement of vehicles for the Direct Labour Organisation.

The Updated Financial Position

- 3.34 Following the base budget review, the 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 1**. The overall position has worsened slightly compared to the previous forecast due to the detail explained previously.
- 3.35 The General Reserve remains above the statutory £1m for the duration of the 10-year projection.
- 3.36 After review of the capital programme, sums are being set-aside in the Major Repairs Reserve to ensure that future capital improvements can be funded. A revised stock condition survey has been completed and an update regarding profiling of the works over the next 30 years is to be reported during before the end of the 2018/19 financial year.
- 3.37 Due to the completion of phase 1 of New Build there is only one site remaining on phase 2 for development at Lullington Road which will be complete in 2018/19. The Capital Receipts Reserve is set to increase each year due to capital receipts from the sale of houses under the Right to Buy Scheme. A review of New Build and the potential for direct acquisition is currently underway with opportunities regarding future development and acquisition to be reported during 2018/19.

Debt Repayments and Borrowing

- 3.38 The Council took on the management of debt valued at £58m in 2012. No additional borrowing has been required.
- 3.36 The following debt repayments are due over the life of the current financial plan:

- 2021/22 - £10m
- 2023/24 - £10m
- 2026/27 - £10m

3.37 The financial projection to 2028/29 shows that these repayments can be met. The next repayments are not then due until beyond 2030.

Key Variables and Assumptions

3.38 The Financial Plan is based on certain assumptions in future years regarding what are considered to be the key variables. These are summarised in the following table.

Cost inflation	2.5% per year. This is lower than the current level of inflation although some economic forecasts predict that a level of 2% could be seen in the medium-term. A provision of 2.5% in the short-term is considered prudent to reflect that prices for materials in the building industry tend to rise quicker than average inflation.
Annual rent increases	A 1% reduction per year for 4 four years (2016/17 to 2019/20) in accordance with the Welfare Reform and Work Act 2016. Thereafter, CPI + 1% giving 2.5% increases in 2020/21 and 2021/22 and 3% per year thereafter.
Council house sales – “Right to Buys”	20 in 2018/19 and 18 in 2019/20. Future years are based on targets set by the Government in calculating the self-financing settlement. These reduce incrementally per year eventually reaching 10 per year by 2026.
Interest Rates	Predominantly fixed; £10m variable debt at 3% until maturity in 2021/22.

Financial Risks

3.39 The main risks to the HRA are considered to be those as detailed in the following sections.

Future Rent Levels

3.40 The biggest risk in the Financial Plan is considered to be future rent levels. The rent level from 2016/17 to 2019/20 has been set in accordance with statutory requirements i.e. a 1% reduction for each of those years.

3.41 Beyond this, it has been confirmed that rents will return to the former calculation using CPI + 1%.

3.42 The HRA is dependent on rental income (currently £12.2m per year) for its resources. Even small variations in rent changes (e.g. 0.5%) can have significant implications in monetary terms for the Financial Plan over the longer-term.

- 3.43 A moderate decrease in current properties from sales continues to be built into the Budget and Financial Plan and this reflects the current level of sales. Therefore, the HRA will continue to generate resources for further New Build and capital works in the future, although on-going rental income is lost.
- 3.44 The main risk relates to a sudden surge in sales which has been apparent in recent years; although this generates capital, the loss in on-going rental income could have a much more adverse impact on the HRA.

Supporting People Grant

- 3.45 It has been assumed that this continues (cash limited) over the Financial Plan; However, this will be subject to policy decisions and directions from Derbyshire County Council. A full review is currently being undertaken by County Council which will impact on the HRA finances, although to what extent is currently unknown; the detail of proposals is listed below.

Alarm and Telecare Monitoring

- 3.46 The Council has received confirmation that the contract for telecare services is to be extended for a further two years. A consultation is underway with service users which closes on 25th January 2019.
- 3.47 Currently, customers in receipt of Housing Benefit who require the telecare services are fully funded by the County Council through the grant. Proposals under the consultation are to change the eligibility criteria to a 'needs based' assessment in line with the Care Act 2014.
- 3.48 The threshold under the Care Act 2014 is higher than the criteria currently in place and initial review has suggested that up to 70% of current recipients could be at risk of losing their funding.
- 3.49 The County Council will update the Council once the consultation closes but has informed the Council that it is intending to implement the changes after Cabinet approval as early as the summer in 2019.

Floating Support

- 3.50 The warden visiting service contract has been previously extended by the County Council and will end in October 2019. The County Council is looking to procure a new contract during the spring of 2019 but to-date, no specification for the contract has been released. The tender exercise is a large value contract for the County Council and will therefore be open to all competition.
- 3.51 If the Council is unsuccessful in the tender exercise, the contract will end and TUPE will potentially apply. This will reduce the cost base to the Council but has not been reviewed in any great length at this stage.

Impairment

- 3.52 Impairment is an accounting adjustment that reflects a sudden reduction in the value of an asset. An asset becomes impaired where a one-off event (e.g. fire, vandalism, etc.) causes significant damage or there is a significant change in market conditions, which reduces the value of the asset.
- 3.53 In accordance with accounting regulations, provision has to be made in an organisation's accounts for the loss in an asset's value through impairment. However, as with depreciation, this is purely an accounting exercise for local authorities. Impairment charges are reversed out of revenue accounts to ensure that it does not affect the "bottom line" and Rent (in the HRA's case) payable by Council Tenants.
- 3.54 The Government has been reviewing this accounting treatment to bring local authorities into line with other organisations in accordance with International Reporting Standards. This has been challenged by the relevant professional bodies.
- 3.55 Large impairment adjustments are rare. In addition, impairment needs to affect the wider asset base. For example, damage to one property would not affect the overall value of the Council's stock, which is currently valued at £123m in total.
- 3.56 If there was a wider event affecting many properties however, this would lead to an impairment charge. It is considered that the most likely scenario is a sudden fall in property values as this would affect the overall valuation of the stock. The potential for impairment charges could have serious implications for all housing authorities and this is why it has been challenged.

Changes in Central Government Policy

- 3.57 Although the HRA continues to operate under a self-financing framework, Central Government retain the power to change policy in many areas which can impact upon the Financial Projection.

Changes to Welfare Reform and Universal Credit (UC)

- 3.58 Universal Credit has been implemented in South Derbyshire for all working age new claimants during 2018 and although there is concern amongst housing professionals that changes could see a reduction in payment of rent and an increase in arrears, the impact so far has been minimal.
- 3.59 Currently, Housing Benefit is paid directly to a tenant's Rent Account where this is due. In a system of Universal Credit, the benefit element is effectively paid direct to the Tenant. The Pilot Schemes and evidence locally suggests that this gives the potential for tenants to default on their rent payments.
- 3.60 As mentioned previously, UC only applies to new working age claimants at this stage and so hasn't currently had a large impact but this will be kept under review.

Rent Levels

- 3.58 As previously highlighted, the Council is now required to follow provisions contained in the Welfare Reform and Work Act 2016. This requires the Council to reduce current rents for tenants by 1% per year, between 2016/17 and 2019/20. The effect has been built into the HRA's Financial Plan.
- 3.59 The starting point for the 1% reduction is the rent level that existed on 8th July 2015, i.e. the date of Central Government's Budget which proposed the statutory provisions. However, this is different when voids are relet to new tenants.
- 3.60 There is now a mixture of rent levels that exist in the "self-financing" system which apply to existing and new tenants, together with those that apply to properties built or acquired as part of the New Build programme. These are detailed below:

- **The Base (Current) Rent:** This is the actual rent that applied in July 2015. For many tenants, this rent is lower than the "Formula Rent" that existed in the previous Rent Restructuring System. This rent will remain unless a property becomes void.
- **Formula Rent:** This was a rent level (target) set nationally as part of Central Government's Rent Restructuring Policy. Approximately 2/3rds of the Council's properties were below this Target and were being phased-in towards the Target over a 10-year period.

This phasing ended in 2014/15, although a Formula Rent for each property remains. Councils have the option to relet void properties to new tenants at the Formula Rent and this is part of the Council's Rent Policy. The Formula Rent is generally lower than Social Rents.

- **Social Rent:** This is determined by the Ministry of Housing, Communities and Local Government (MHCLG). Generally, it reflects rents charged by Registered Social Landlords in the area. New Build properties have to be let at Social Rent levels, unless they have been partly funded by grant from Homes England. In that case, properties need to be let at an "Affordable Rent." Void properties, when relet to new tenants, can also be let at Social Rent levels.
- **Affordable Rent:** This is 80% of the Market Rent and tends to be higher than Social Rents
- **Market Rent:** This is determined by the District Valuer and reflects rent levels in the private rented sector in the area.

3.61 In accordance with the statutory provisions, current rents (from whatever basis) will be reduced by 1%.

Effect on Individual Tenants

3.62 Having calculated rents for individual tenants, the average rent level for existing council tenants will reduce from £78.81 per week in 2018/19 to £77.71 in 2019/20, a reduction on average of £1.10 per week. This is greater than 1% due to the loss through right to buy of a number of the larger Council houses during the past 12 months which were at a higher level of social rent.

Limit Rent

3.63 This is effectively a cap (set by the Department for Work and Pensions (DWP) each year) that the Council's average rent needs to stay below, to avoid a financial penalty through loss of benefit subsidy for rent rebates. However, New Build properties let at Affordable Rent levels are excluded from this Limit.

3.64 For 2018/19, the Council Limit Rent was set at £79.81 per week, which is above the Council's average rent of £78.66. The Limit Rent is still to be notified to the Council for 2019/20.

4.0 Financial Implications

4.1 As detailed in the report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

5.3 The proposed budgets and spending included in the HRA contribute to the key aim of "improving the quality and making best use of existing Council housing stock to meet current and future needs (PE1).

Risk Impact

5.4 The Financial Risk Register is detailed in the Medium Term Financial Plan and financial risks specific to this Committee are detailed in Section 4.

6.0 Community Impact

Consultation

- 6.1 The proposed Budget will be disseminated through Local Area Forums and also through tenant representative groups.

Equality and Diversity Impact

- 6.2 None.

Social Value Impact

- 6.3 None.

Environmental Sustainability

- 6.4 None.

7.0 Conclusions

- 7.1 That the proposed base budgets are scrutinised and approved to provide the financial resources for continuation of service delivery.

8.0 Background Papers

- 8.1 None.

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2019

	2018.19 Approved Budget £'000	2019.20 Proposed Budget £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000
INCOME											
Rental Income	-12,201	-11,955	-12,204	-12,437	-12,743	-13,062	-13,396	-13,738	-14,093	-14,463	-14,842
Non-Dwelling Income	-121	-124	-126	-129	-133	-136	-140	-144	-148	-152	-156
Supporting People Grant	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164
Other Income	-175	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171
Total Income	-12,661	-12,414	-12,665	-12,901	-13,211	-13,533	-13,871	-14,217	-14,576	-14,950	-15,333
EXPENDITURE											
General Management	1,942	1,880	1,923	1,967	2,013	2,059	2,107	2,155	2,205	2,256	2,308
Supporting People	795	829	851	873	897	921	947	973	1,000	1,029	1,059
Responsive	1,283	1,247	1,278	1,309	1,341	1,374	1,408	1,443	1,479	1,515	1,552
Planned Maintenance	1,860	1,915	1,961	2,009	2,059	2,109	2,160	2,213	2,267	2,322	2,379
Bad Debt Provision	100	100	122	124	127	130	133	137	140	144	148
Interest Payable & Receivable	1,798	1,798	1,798	1,798	1,498	1,498	1,228	1,228	1,228	927	928
Depreciation	4,535	4,312	4,483	4,464	4,445	4,430	4,416	4,401	4,390	4,378	4,367
Net Operating Income	-348	-333	-249	-357	-831	-1,012	-1,472	-1,667	-1,867	-2,378	-2,592
Known variations:											
Reversal of Depreciation	-4,535	-4,312	-4,483	-4,464	-4,445	-4,430	-4,416	-4,401	-4,390	-4,378	-4,367
Capital Expenditure	1,543	1,888	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment	1,992	1,424	1,548	1,781	1,975	2,297	1,939	1,885	1,843	2,196	2,106
Major Repairs Reserve	600	700	600	600	600	300	600	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45	45

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2019

	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	Approved Budget	Forecast									
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Apprenticeship Levy	6	0	0	0	0	0	0	0	0	0	0
ICT Upgrades	0	0	105	0	0	0	0	0	0	0	0
Senior Management Restructure	0	-10	13	36	32	32	32	32	32	32	32
Job Evaluation On-going Support Costs	5	5	5	5	5	5	5	5	5	5	6
Incremental Salary Increases	0	0	10	10	10	10	10	10	10	10	11
HRA Surplus (-) / Deficit	-293	-193	-71	-261	-739	-920	-1,379	-1,574	-1,774	-2,285	-2,499
HRA General Reserve											
HRA Reserve B/fwd	-5,147	-5,340	-5,333	-5,304	-3,765	-2,204	-1,095	-1,074	-1,198	-1,489	-3,524
(Surplus) / Deficit for year	-293	-193	-71	-261	-739	-920	-1,379	-1,574	-1,774	-2,285	-2,499
Earmarked non-traditional properties	100	200	100	100	100	0	0	0	0	0	0
Transfer to Debt Repayment Reserve	0	0	0	1,700	2,200	2,029	1,400	1,450	1,483	250	500
HRA Reserve C/fwd	-5,340	-5,333	-5,304	-3,765	-2,204	-1,095	-1,074	-1,198	-1,489	-3,524	-5,523
RESERVES											
Debt Repayment Reserve											
Balance B/fwd	-3,054	-5,046	-6,470	-8,018	-1,499	-5,674	0	-3,339	-6,674	0	-2,446
Depreciation balance	-1,992	-1,424	-1,548	-1,781	-1,975	-2,297	-1,939	-1,885	-1,843	-2,196	-2,106
Transfers to reserve	0	0	0	-1,700	-2,200	-2,029	-1,400	-1,450	-1,483	-250	-500
Repayment of loan	0	0	0	10,000	0	10,000	0	0	10,000	0	0
Reserve C/fwd	-5,046	-6,470	-8,018	-1,499	-5,674	0	-3,339	-6,674	0	-2,446	-5,052

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2019

	2018.19 Approved Budget £'000	2019.20 Forecast £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000
Earmarked Reserve											
Balance B/fwd	-215	-10	-55	-100	-145	-190	-235	-10	-55	-100	-145
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	250	0	0	0	0	0	270	0	0	0	0
Reserve C/fwd	-10	-55	-100	-145	-190	-235	-10	-55	-100	-145	-190
Major Repairs Reserve											
Balance B/fwd	-2,754	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154
Transfers to reserve	-600	-700	-600	-600	-600	-300	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-100	-200	-100	-100	-100	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154	-9,754
New Build Reserve											
Capital Receipts B/fwd	-1,529	-1,733	-2,360	-2,984	-3,450	-3,913	-4,219	-4,521	-4,824	-5,023	-5,222
Lullington Rd Phase 2	754	0	0	0	0	0	0	0	0	0	0
Deed of Release	-45	0	0	0	0	0	0	0	0	0	0
Homes England grant	-180	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-733	-627	-624	-466	-463	-305	-302	-302	-199	-199	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	-1,733	-2,360	-2,984	-3,450	-3,913	-4,219	-4,521	-4,824	-5,023	-5,222	-5,421