

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	14th FEBRUARY 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/Feb19
SUBJECT:	FINAL BUDGET PROPOSALS 2019/2020 and FINANCIAL PLAN to 2024	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That a Council Tax increase for 2019/20 is recommended to Full Council on 27th February 2019.
- 1.2 That estimated net General Fund Revenue Expenditure totalling £13,023,967 for 2019/20 is recommended to Full Council on 27th February 2019.
- 1.3 That the Medium-term Financial Plan to 2024 on the Council's General Fund Revenue Account as detailed in **Appendix 1** is approved.
- 1.4 That the Financial Plan for the Housing Revenue Account (HRA) to 2029 as detailed in **Appendix 2** is approved.
- 1.5 That the 5-year capital investment and financing plan to 2024 as detailed in **Appendix 3** is approved.
- 1.6 That the Council's National Non-Domestic Rate Return (NNDR 1) for 2019/20, showing retained business rates of £10,515,933 for 2019/20 and £13,123,996 for 2018/19 is noted.
- 1.7 That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 is noted.

2.0 Purpose of the Report

- 2.1 To detail the Council's final budget proposals for 2019/20 and medium-term financial projections on its main revenue and capital accounts. This includes an assessment of the overall budget and level of reserves as required by the Local Government Act 2003.

- 2.2 These proposals will form the basis of setting the Council Tax for 2019/20 by Full Council on 27th February 2019. The Committee is required to recommend to Council a level of Council Tax for 2019/20.
- 2.3 The Council's proposed base budget for 2019/20 and projected medium-term financial position was reported in detail to the Committee on 10th January 2019 (*details are available at: [CMIS - F&M Committee](#)*)
- 2.4 This report does not repeat those details but firms up the position following a period of public scrutiny and consultation, together with confirmation of some provisional figures from January.
- 2.5 The report also provides an overview of the Housing Revenue Account and its updated financial projection that was considered and approved by the Housing and Community Services Committee on 8th January 2019 (*details are available at: [CMIS - HCS Committee](#)*)
- 2.6 This report is divided into the following sections.
- Section 3: General Fund Revenue Account, including Council Tax
 - Section 4: Housing Revenue Account
 - Section 5: Capital Investment
 - Section 6: Report of the Chief Finance Officer under Section 25 of the Local Government Act 2003

Appendices

- *Appendix 1 – Projected General Fund Revenue Account*
- *Appendix 2 – Projected Housing Revenue Account*
- *Appendix 3 – Capital Investment Programme*
- *Appendix 4 – List of Earmarked reserves*

3.0 General Fund Revenue Account

- 3.1 As reported in January, the Council's Base Budget and Medium Term Financial Plan (MTFP) were approved ahead of 2019/20. This took account of the Provisional Local Government Finance Settlement for 2019/20, together with proposals contained in the Service Base Budgets for 2019/20.
- 3.2 The overall projection on the General Fund, as reported in January, is summarised in the following table.

General Fund: Medium-Term Projection as at Jan 2019

	Budget Deficit / Surplus (-) £	Earmarked against Reserve £	Balance of General Reserve £
Base Budget 2018/19	-831,697	1,835,323	-9,040,105
Projection 2019/20	430,506	791,519	-7,818,081
Projection 2020/21	701,719	361,206	-6,755,156
Projection 2021/22	893,964	358,878	-5,502,314
Projection 2022/23	1,133,774	356,411	-4,012,129
Projection 2023/24	1,521,472	393,217	-2,097,441

Updates Since January

- Further review of the proposed Senior Management restructure has been undertaken and an additional £125,458 has been added to expenditure over the five year plan. The detail regarding the changes to the total estimated cost of the restructure are included within a separate report to this Committee on agenda item 21.
- The restructure of Legal and Democratic Services approved in January 2019 and an update to the roles within the Business and Systems team approved in November 2018 have been included within the base expenditure. The additional cost of these changes is £379,809 over the five year plan.
- Grant payments and Parish Concurrent Expenses have been uplifted by 2% as approved in January and have been included at a cost of £77,950 in the base budget over the five year plan.
- No other major changes to service base budgets have been identified since those reported in January.

The Final Financial Settlement for Local Government

Business Rates

- 3.3 The Council has included amounts from retained Business Rates in its medium-term financial projections. Each year, the Council is required to submit estimated figures to the Government through an annual return (*NDR1*) by 31st January.
- 3.4 This Return details the estimated rates available for distribution as Precepts – effectively on-account payments during the year. Following the completion of the annual return for 2019/20, the distributable amounts are estimated as shown in the following table with comparisons to 2018/19.

	2019/20 £	2018/19 £
Central Government	13,683,552	-381,914
South Derbyshire District Council	10,515,933	13,123,996
Derbyshire County Council	1,951,366	13,002,657
Derbyshire Fire Authority	263,229	259,125
Total Estimated Income	26,414,080	26,003,864

Note: The Police and Crime Commissioner is not funded through the Business Rates system

- 3.5 The change in funding between 2018/19 and 2019/20 is due to the Derbyshire Business Rates Pilot where all rates are maintained with each authority in 2018/19. In 2019/20, approximately 50% of rates collected are due to the Government under the Pooling System which will be re-continued following the one year Pilot.
- 3.6 It should be noted that the Council's actual amount is netted down to approximately £4.9 million (from £13.1 million) in 2018/19 and to £3.5m (from £10.5 million) in 2019/20. This is due to the Levy payment as part of the redistribution system. It also

allows for the share of the current deficit on the Business Rates Collection Fund as previously reported. The increase for the Council in 2018/19 includes an amount of £1m previously set-aside in the MTFP for Economic Regeneration in accordance with the Pilot Agreement with the Government. These net amounts are those included in the MTFP for 2018/19 and 2019/20.

- 3.7 It is not intended to change the current assumptions and forecasted amounts in the MTFP from that reported in January at this stage. It is likely that the actual income will increase, but given the uncertainty surrounding outstanding appeals and in particular the rating of cash machines, it is considered prudent to maintain the original forecasts and keep the position under review.

New Homes Bonus (NHB)

- 3.8 The allocation of NHB was published within the main financial settlement. The Government has not amended the funding formula for 2019/20 allocations.
- 3.9 The growth baseline set at 0.4% by the Government for 2018/19 has remained unchanged for 2019/20 allocations. This is subject to annual review depending on any significant changes to annual growth.
- 3.10 An additional £1.5m income was included within the MTFP in January over the four year period from 2019/20 to 2022/23. The total allocation for 2019/20 is £3.2m and includes on-going amounts from previous years. The allocation specific to 2019/20 is £1.1m and is based on an average Band D national rate of £1,671 per property.

Updated Projection

- 3.11 The updated MTFP is detailed in **Appendix 1**. This includes the effects of the changes detailed in the above sections.
- 3.12 All other budgets and forward projections remain unchanged from that reported in January. The updated position is summarised in the following table.

General Fund: Medium-Term Projection as at Feb 2019

	Budget Deficit / Surplus (-) £	Earmarked against Reserve £	Balance of General Reserve £
Base Budget 2018/19	-832,258	1,835,323	-9,040,666
Projection 2019/20	622,044	791,519	-7,627,103
Projection 2020/21	800,747	361,206	-6,465,150
Projection 2021/22	900,377	358,878	-5,205,895
Projection 2022/23	1,149,301	356,411	-3,700,183
Projection 2023/24	1,792,741	393,217	-1,514,225

- 3.13 An assessment of the projected financial position is detailed in **Section 6** later in the report.

Financial Risks

- 3.14 During the annual budget round, several risks have been considered by the Council's Policy Committees. An updated risk analysis is also detailed in Section 6.

Council Tax 2019/20

- 3.15 The Base Budget for 2019/20 includes a proposed increase in Council Tax of 1.95%. As usual, the Committee are required to recommend the level of Council Tax for 2019/20 to the Full Council on 27th February 2019.
- 3.16 The Band D Tax for 2018/19 is £159.21. The 1.95% increase in the MTFP will raise Band D to £162.31, an increase of £3.10 in 2019/20.
- 3.17 The Council has the flexibility to increase Council Tax by 3% or £5 at Band D, whichever is the higher, without triggering a local referendum. A £5 increase would raise Band D to £164.21, equivalent to 3.1%.

4.0 Housing Revenue Account (HRA)

- 4.1 The base budget and financial plan of the HRA was considered in detail by the Housing and Community Services Committee on 8th January 2019. This included reducing rents by 1% for council tenants in 2019/20 in accordance with provisions set out in the Government's Welfare Reform Act (2016).
- 4.2 As previously reported, Regulations included in this Act mean that rents are being reduced by 1% for 4 years, 2016/17 to 2019/20 inclusive. The detailed report to the Housing and Community Services Committee is available at:

[CMIS - HCS Committee](#)

The Position Entering the 2019/20 Budget Round

- 4.3 The position reported in October 2018, estimated a surplus on the HRA in 2019/20 of £159k, increasing the HRA's General Reserve to approximately £5.2m.
- 4.4 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 at that time.

HRA Financial Plan as at February 2019

- 4.5 Following a review of the Base Budget, the overall surplus is now estimated at £150k for 2019/20 which is only a small reduction of £9k to that previously forecast.
- 4.6 Following the base budget review, the 10 year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 2**. The overall position has improved marginally compared to the previous forecast due to a small increase in the estimated surpluses going forward. This is due mainly to the reduction of depreciation charges.

4.7 Overall, the Plan shows a sustainable position and is forecast to make surpluses as planned each year over the 10 year period.

HRA Financial Risks

4.8 The Budget Report to the Housing and Community Services Committee included an assessment of several risks associated with the updated plan. These are summarised in the following table.

Risk Area	Effect / Mitigation
Future Rent Levels	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. Beyond this, it has been confirmed that rents will again be allowed to rise and will return to the inflation-linked formula of cpi + 1%. Clearly, the HRA is dependent on rental income (currently £11.9m 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.
Right to Buys	A moderate decrease in current properties from sales continues to be built into the Financial Plan and this reflects the current level of sales. The main risk relates to a sudden surge in sales; although this will generate capital, the loss in on-going rental income could have a much more adverse impact on the HRA.
Supporting People Grant	It has been assumed that this continues (cash limited) over the Financial Plan; this will be subject to policy decisions and directions from the County Council. There have been indications in recent years that this could be reduced from its current level and is subject to annual review. The Telecare and Floating Support Services are currently being reviewed by the County Council and this is being monitored by the Housing and Community Services Committee.
Impairment	This relates to an accounting adjustment but any impact currently would not affect the HRA, although the issue is periodically reviewed to bring local authorities into line with other organisations in accordance with International Reporting Standards. Large impairment adjustments are rare. However, if there was a significant event affecting many properties, 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 housing stock which would be charged to the HRA.
Changes to Central Government Policy	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.
Welfare Reform and Universal Credit (UC)	UC was implemented for all new claims in South Derbyshire in November 2018. Although there has been some effect on rent arrears, at present it is not material. The HRA Budget includes an annual provision of £100,000 as a contingency should rent arrears increase significantly for those tenants on UC and this is kept under review. In addition, support and advice is available to tenants to help prevent them from falling into arrears.

Future Spending

- 4.9 Although the Financial Plan for the HRA appears sustainable, there are still several risks that could impact on the longer-term projection (as highlighted above), so it is important that any future spending decisions are fully analysed for their affordability and the effect upon the longer-term Financial Plan.
- 4.10 In addition, it is important that services are kept under review given that future budgetary pressures may arise in the medium-term.

5.0 Capital Investment

- 5.1 The main areas of spend continue to be on council housing investment and the acquisition of vehicles.
- 5.2 The full programme along with financing is detailed in **Appendix 3**. The relevant Prudential Indicators for the capital programme are detailed in the Treasury Management Strategy which is a separate report to this Committee on agenda item 8.

Housing Capital Receipts

- 5.3 Council policy is to reinvest all housing receipts (after any pooling payment to Government) from the sale of council houses and land, into the housing stock and in particular, for New Build.
- 5.4 As regards New Build, the Council has an agreement with the Government to enable it to retain additional receipts generated above a target level of council house sales each year (known as 1-4-1 receipts) to be used on New Build.
- 5.5 The level of receipts and their drawdown is included in the HRA's Financial Plan as detailed in Appendix 2.

General Fund Receipts

- 5.6 The current balance of receipts and land sales together with their drawdown to finance capital projects is detailed in Appendix 2. A summary is shown in the following table.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
General Capital Receipts	£	£	£	£	£	£
B/fwd 1st April 2018	-505,845	-1,031,053	-1,291,321	-1,291,321	-1,291,321	-1,291,321
Less: Capital Drawdowns	265,752	139,732	0	0	0	110,000
Capital Receipts - Staley Close	-500,000	0	0	0	0	0
Capital Receipts - Oversetts Road	-290,960	0	0	0	0	0
Capital Receipts - Old Depot Site	0	-400,000	0	0	0	0
C/fwd 31st March 2019	-1,031,053	-1,291,321	-1,291,321	-1,291,321	-1,291,321	-1,181,321

- 5.7 It is likely that the Council will receive some additional receipts which are pending (but not finalised) from further land sales. The current balance includes approximately £3/4m received in 2017/18 from the development of the Chestnut Avenue Recreation Ground and associated land sales.

5.8 No prior investment commitments have been made against any of these additional receipts.

6.0 Section 25 Report (under the Local Government Act 2003)

6.1 In his role as the Council's Section 151 (Chief Finance) Officer, the Strategic Director (Corporate Resources) is required to provide an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council reserves. An assessment is set out in the sections that follow.

Comments of the Chief Finance Officer

6.2 This report, together with that considered on 10th January 2019, highlights the challenge that the Council continues to face to ensure that its financial position remains robust and sustainable over the medium-term.

6.3 It is considered that estimates of income and expenditure included in the Base Budget and longer-term financial forecasts are prudent. They provide for inflation and other known variations, together with provisions that recognise both current cost pressures and potential costs associated with growth of the District.

6.4 It is noted that additional resources continue to be set-aside for "Growth" to provide on-going investment to meet additional demand on services.

6.5 The Budget for 2019/20 and forward projections are based on the most up-to-date economic forecasts for inflation and interest rates, etc.

6.6 In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This also includes the likely effects of future funding in the form of Retained Business Rates, the New Homes Bonus and Council Tax receipts, based on provisional allocations (updated for local factors) from Central Government for the period ending in March 2020.

6.7 The compilation of detailed budgets has been undertaken in conjunction with service managers. It is recognised that the Council has well established performance and budget monitoring arrangements in place to help ensure that Council finances are monitored effectively. This includes quarterly reports to the Council.

6.8 The Council's Financial Strategy directs the Council to plan its spending over a 5 year rolling period for the General Fund and 10 years for the Housing Revenue Account. This provides an indication of the sustainability of spending plans and allows sufficient time in which remedial action can be implemented to address any issues in a planned and timely manner.

6.9 The following table shows the projected level of Reserves over the planning period, 2019 to 2024.

Projected Level of Reserves

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
ESTIMATED USABLE RESERVES	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserve	9,041	7,627	6,465	5,206	3,700	1,514
Earmarked Reserves	9,677	9,480	9,881	10,281	10,681	11,056
Capital Receipts and Grants	2,172	2,012	1,932	1,852	1,772	1,692
General Fund Reserves	20,890	19,119	18,278	17,339	16,153	14,262
HRA General reserve	5,340	5,290	5,238	3,695	2,125	1,007
Earmarked Reserve	10	55	100	145	190	235
Capital Reserves - incl New Build	5,187	6,714	8,038	9,204	10,367	10,973
Debt Repayment Reserve	5,046	6,470	8,018	1,499	5,674	0
HRA Reserves	15,583	18,529	21,394	14,543	18,356	12,215
TOTAL USABLE RESERVES	36,473	37,648	39,672	31,882	34,509	26,477

6.10 The Council, based on the recommendation of the Chief Finance Officer, has approved to set a minimum (contingency) level of General Reserves of £1.5m on the General Fund and £1m on the Housing Revenue Account. This meets the requirements of the Local Government Act 2003.

General Fund

6.11 The above table shows that the level of reserves on the General Fund is currently healthy compared to the minimum target of £1.5m and is forecast to remain just above the minimum level of £1.5m by 2023/24.

6.12 Although the General Fund is forecast to achieve a budget surplus for 2018/19 based on current projections, annual deficits are then forecast from 2019/20.

6.13 These annual deficits could be financed by drawing down the current level of the General Reserve. Effectively, the financial projection shows the implications of taking that action.

6.14 However, it is considered that this is a high risk strategy. The annual budget deficits are projected to be significant from 2019/20 onwards.

6.15 If no action is taken to reduce future deficits, it could quickly de-stabilise the financial position given that any action to achieve budget savings may take time to fully implement. Effectively, the current base budget remains unsustainable in the medium-term based on current projections.

6.16 However, a provision for certain cost pressures and potential risks have prudently been included in the MTFP. In addition, it is likely that income from the New Homes Bonus and the increasing Council Tax Base will exceed projections, although this cannot be guaranteed and prudent estimates continue to be made for future years.

6.17 It is considered that a balanced approach needs to be undertaken by utilising reserves, identifying some budget savings and at the same time providing for additional costs associated with growth.

6.18 Therefore, it is recommended that the Council continues to pursue efficiencies and budget savings where opportunities arise to sustain the financial position.

Housing Revenue Account (HRA)

6.19 The financial position has improved and the HRA is forecast to remain sustainable based on current budgets and service levels. This will allow the existing minimum reserve balance of £1m to be maintained and ensure that sufficient amounts are set-aside to repay debt.

6.20 It is noted that the biggest risk is future income from rents and the direction of Central Government Policy following the current 4-year reduction in rent levels. It has been confirmed that rent increases will return to the former calculation of CPI + 1% beyond 2020 and this should help to sustain the HRA if this policy is implemented.

6.21 It is considered that the HRA is financially sustainable over the longer-term but should be kept under review and measures identified to mitigate the financial risks as detailed in the report.

Earmarked Reserves

6.22 The Council also maintains various reserves that are used to meet one-off/known commitments or to defray expenditure over a number of years, for example, ICT upgrades, vehicle replacements, community development projects and grounds maintenance.

6.23 It is considered that current reserves will remain sufficient overall to meet commitments over the life of the current MTFP. Reserves held to finance on-going community and sports development spending, will need to be kept under careful review if external and partnership contributions significantly reduce.

6.24 A list of all revenue reserves and funds is detailed in **Appendix 4** showing current balances. A review and update regarding the use of these reserves was approved by the Council in October 2018.

Risk Analysis

6.25 The following table summarises the key risks and issues detailed in the report and during this particular Budget Round; it assesses the potential impact upon the Council's reserves as projected in the updated MTFP.

Factor	Potential Implications	Mitigation	Likely impact on Financial position
Changes in Central Government Policy	<ul style="list-style-type: none"> Further reductions in core funding (General Fund) and rent income (HRA) due to the national position or changes in redistribution systems following the Government's Fair Funding Review. 	<ul style="list-style-type: none"> The MTFP has analysed and built in provisional allocations for future years, informed by the Financial Settlement and current growth forecasts. 	<p>High</p> <p>Cumulatively a 1% variance in core funding equates to approximately £1/2m over the MTFP; a ½% reduction in rents equates to approximately £3/4m over 10-years.</p>

Council Tax and the Collection Fund	<ul style="list-style-type: none"> • Collection rates reduce due to the economic climate. • Demand for Council Tax Support increases when resources are fixed. • Empty properties increase reducing New Homes Bonus. • Business Rates reduce due to appeals and a reduction in liable businesses. 	<ul style="list-style-type: none"> • Council Tax Fund in surplus. • Tax receipts increasing from new properties. • Local Council Tax Support Scheme now matured. • Continued membership of the Derbyshire Business Rates Pool. • Provisions made for Bad Debts and Appeals. 	Medium Only 11% of the Council Tax yield is transferred to the Council's General Fund.
Growth	<ul style="list-style-type: none"> • A key factor influencing future income and cost of service provision. 	<ul style="list-style-type: none"> • The MTFP projects continuing growth in Council Tax receipts and New Homes Bonus which based on past performance and planning forecasts are less than actuals. • Separate Growth Provision established in the MTFP, which is set-aside to meet future demand. • Future budgets for planning, land charges income, etc. are currently within actual levels for 2018/19. 	High This could affect the MTFP either way. Growth is a determining factor for the Council's income and expenditure which could vary compared to that forecast.
Budget Overspend	<ul style="list-style-type: none"> • Unexpected costs. There are on-going cost pressures, for example, maintenance of assets, as identified in the Base Budget review for 2019/20. 	<ul style="list-style-type: none"> • Current level of general and specific reserves is healthy and the MTFP allows contingencies for inflation and growth, etc. The Base Budget of both the General Fund and HRA is assumed to increase by around 2% per year. • Monitoring arrangements in place allow early identification of issues. 	Medium
Economic Conditions	<ul style="list-style-type: none"> • Higher price increases on key 	<ul style="list-style-type: none"> • Inflation provision for price increases across 	Low

	<p>costs such as fuel and utilities.</p> <ul style="list-style-type: none"> • Interest rates affect investment returns and debt payments. 	<p>these key areas.</p> <ul style="list-style-type: none"> • The General Fund is currently “debt free” and not subject to movement in interest rates. The HRA debt is largely fixed. • Sufficient balances allow “internal borrowing” if required. • Budgeted income from short-term investments is relatively low and not reliant on interest rates increasing. 	
Welfare Reform	<ul style="list-style-type: none"> • In particular the implementation of Universal credit. Evidence suggests that this could lead to more Council tenants failing to pay rent. 	<ul style="list-style-type: none"> • Additional provision is made in the HRA for rent arrears. • Current incidence of arrears is relatively low and the full roll-out of Universal Credit is still some years away. 	Medium

Consultation and Provision of Information

6.26 The information and broad budget proposals, together with details on where the Council spends its money and how it is financed, will have been presented across the District by the date of the meeting. This also explained the challenges that the Council faces over the medium-term and how the Council is addressing these.

6.27 Specifically, this dissemination of information has been undertaken via:

- Local Area Forums
- Consultation with the local businesses, together with the Community and Voluntary Sector, including a briefing at the South Derbyshire Partnership Board meeting on 30th January 2019.

6.28 In addition, the proposals have been subject to the Council’s scrutiny process and a report back from the Overview and Scrutiny Committee has been provided separately.

6.29 Although many questions and queries were dealt with, no substantive issues were raised. A record of discussions has been minuted at each Area Forum, at the Overview and Scrutiny Committees on 16th January and 13th February 2019, together with the South Derbyshire Partnership on 30th January 2019.

7.0 Financial Implications

7.1 As detailed in the report.

8.0 Corporate Implications

Employment Implications

8.1 None.

Legal Implications

8.2 None.

Corporate Plan Implications

8.3 The proposed budgets and MTFP help to ensure that the Council maintains financial health, which is a key aim in the Corporate Plan.

Risk Impact

8.4 The Financial Risk Register is detailed in the report.

9.0 Community Impact

Consultation

9.1 As detailed in the report, the budget proposals were disseminated through Local Area Forums and separate consultation was undertaken with the local business community.

Equality and Diversity Impact

9.2 None.

Social Value Impact

9.3 None.

Environmental Sustainability

9.4 None.

10.0 Background Papers

10.1 None.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN
BUDGET & PROJECTION as at FEBRUARY 2019

	Approved Budget £ 2018.19	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
BASE BUDGET						
Environmental & Development	4,290,775	4,551,034	4,714,311	4,853,095	4,995,579	5,142,273
Housing & Community	2,643,680	2,906,607	3,112,887	3,171,181	3,229,208	3,300,409
Finance & Management	5,075,571	5,175,747	5,343,821	5,513,882	5,686,310	5,861,471
Net Service Expenditure	12,010,026	12,633,388	13,171,020	13,538,157	13,911,097	14,304,153
Accounting Adjustments						
Reverse out Depreciation	-871,666	-842,289	-842,289	-842,289	-842,289	-842,289
Minimum Revenue Provision (MRP)	205,634	197,409	189,512	181,932	174,654	167,668
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	131,226	75,891	20,556	20,556
	11,475,220	12,119,734	12,649,469	12,953,691	13,264,018	13,650,087
Add: Known Variations						
Planning Review	-7,443	0	0	0	0	0
Restructures (approved August 2018)	28,742	0	0	0	0	0
Rosliston Management Arrangements (approved August 2018)	27,067	0	0	0	0	0
Additional Grants Approved November 18	7,500	3,000	3,000	3,000	3,000	3,000
Review of Business & Systems Unit (approved November 2018)	1,925	8,447	9,347	10,249	10,249	10,249
Restructure of Legal & Democratic Services (approved January 2019)	0	59,072	62,664	65,959	70,824	70,824
Grants & Concurrent Functions 2% Uplift (approved January 2019)	0	15,590	15,590	15,590	15,590	15,590
Proposed Senior Management Restructure	0	187,548	205,713	224,054	229,656	235,397
Proposed Senior Management Restructure - One-Off Costs Provision	38,716	20,576	21,090	21,618	0	0
Vehicle Maintenance Plan	0	0	17,000	15,000	38,000	35,000
Local Plan	0	0	25,000	40,000	40,000	25,000
Incremental Salary Increases	0	0	48,035	20,610	8,843	8,843
Apprenticeship Levy	31,377	0	0	0	0	0
Costs of Rateable Value finder	100,000	0	0	0	0	0
Temporary Posts, Rosliston and Elections Updates	0	0	-321,245	-325,920	-330,813	-323,768
Potential Cost of New Waste Disposal Site	0	0	27,089	47,400	49,770	52,259
Potential Loss of Industrial Unit Income	0	0	190,000	190,000	190,000	190,000
District Election May 2023	0	0	0	0	0	125,000
TOTAL ESTIMATED SPENDING	11,703,104	12,413,967	12,952,753	13,281,251	13,589,136	14,097,480

GENERAL FUND MEDIUM TERM FINANCIAL PLAN
BUDGET & PROJECTION as at FEBRUARY 2019

	Approved Budget £ 2018.19	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
Provisions						
Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	315,000	500,000	500,000	500,000	500,000	475,000
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL PROJECTED SPENDING	12,128,104	13,023,967	13,562,753	13,891,251	14,199,136	14,682,480
FINANCING						
Business Rates Retention	-4,985,318	-3,584,572	-3,600,110	-3,614,345	-3,627,200	-3,638,600
Discretionary Business Rate Relief Scheme	-49,000	-20,000	-3,000	0	0	0
New Homes Bonus	-2,701,973	-3,281,951	-3,481,639	-3,476,015	-3,292,293	-2,884,231
Council Tax Income	-5,169,071	-5,405,401	-5,622,257	-5,845,514	-6,075,342	-6,311,909
Core Spending Power	-12,905,362	-12,291,923	-12,707,005	-12,935,874	-12,994,835	-12,834,740
Add Estimated Collection Fund Surplus - Council Tax	-55,000	-110,000	-55,000	-55,000	-55,000	-55,000
TOTAL FINANCING	-12,960,362	-12,401,923	-12,762,005	-12,990,874	-13,049,835	-12,889,740
General Fund yearly Surplus (-) / Deficit	-832,258	622,044	800,747	900,377	1,149,301	1,792,741
GENERAL FUND RESERVE BALANCE						
Balance b/fwd	-10,043,731	-9,040,666	-7,627,103	-6,465,150	-5,205,894	-3,700,182
General Fund Yearly Surplus (-) / Deficit (as above)	-832,258	622,044	800,747	900,377	1,149,301	1,792,741
MSP additional funding	50,000	400,000	0	0	0	0
NNDR Earmarked for Economic Development	1,000,000	0	0	0	0	0
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme	250,000	0	0	0	0	0
General Fund Capital Bids Remaining	90,988	0	0	0	0	0
Pension Earmarked Reserve Drawdown	0	-8,481	-38,794	-41,122	-43,589	-6,783
Contribution to Asset Replacement Fund	400,000	400,000	400,000	400,000	400,000	400,000
Balance c/fwd	-9,040,666	-7,627,103	-6,465,150	-5,205,894	-3,700,182	-1,514,225

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 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
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	33	36	40	41	42	42	42	42	42	42
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 -150 -48 -258 -730 -910 -1,370 -1,565 -1,764 -2,276 -2,489**

HRA General Reserve

HRA Reserve B/fwd	-5,147	-5,340	-5,290	-5,238	-3,695	-2,125	-1,007	-1,026	-1,141	-1,372	-3,398
(Surplus) / Deficit for year	-293	-150	-48	-258	-730	-910	-1,370	-1,565	-1,764	-2,276	-2,489
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	1,350	1,450	1,533	250	500
HRA Reserve C/fwd	-5,340	-5,290	-5,238	-3,695	-2,125	-1,007	-1,026	-1,141	-1,372	-3,398	-5,388

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 - FEBRUARY 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	£'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

CAPITAL EXPENDITURE & FINANCING JANUARY 2019

	Approved Budget 2018/19 £	Adjustments £	Total Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £	Budget 2022/23 £	Budget 2023/24 £
COUNCIL HOUSING								
Major Improvements under Self-financing	2,243,000	0	2,243,000	2,688,000	2,635,000	2,383,000	2,170,000	1,833,000
Council New Build Lullington Road	754,000	0	754,000	0	0	0	0	0
DLO Van Acquisition	250,000	0	250,000	0	0	0	0	0
Major Disabled Adaptations (Council Houses MRA)	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000
Total Expenditure	3,547,000	0	3,547,000	2,988,000	2,935,000	2,683,000	2,470,000	2,133,000
Revenue Contribution	2,543,000	0	2,543,000	2,988,000	2,935,000	2,683,000	2,470,000	2,133,000
Earmarked Reserve	250,000	0	250,000	0	0	0	0	0
Capital Receipts Reserve	574,000	0	574,000	0	0	0	0	0
Homes England Grant	180,000	0	180,000	0	0	0	0	0
Total Funding	3,547,000	0	3,547,000	2,988,000	2,935,000	2,683,000	2,470,000	2,133,000
PRIVATE SECTOR HOUSING								
Disabled Facility Grants and Other Works	440,000	635,307	1,075,307	1,070,320	336,000	336,000	336,000	336,000
Discretionary Top-up Grants for under 18s	75,000	0	75,000	0	0	0	0	0
Healthy Homes Project	34,320	45,680	80,000	0	0	0	0	0
DFG Associated Preventative Works	0	100,000	100,000	0	0	0	0	0
Establishing a Hospital to Home Scheme	0	100,000	100,000	0	0	0	0	0
Dedicated Mental Health Worker	30,000	0	30,000	0	0	0	0	0
Additional Technical Officer	32,000	0	32,000	0	0	0	0	0
Integrated Adaptations of New Build Social Housing	120,000	0	120,000	0	0	0	0	0
Countrywide Stock Modelling Report	3,000	0	3,000	0	0	0	0	0
Strategic Housing Market Assessment	50,000	-50,000	0	50,000	0	0	0	50,000
Private Sector Stock Condition Survey	60,000	0	60,000	0	0	0	0	60,000

Total Expenditure	844,320	830,987	1,675,307	1,120,320	336,000	336,000	336,000	446,000
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Derbyshire County Council (Better Care Fund)	734,320	792,553	1,526,873	1,070,320	336,000	336,000	336,000	336,000
MHCLG	0	88,434	88,434	0	0	0	0	0
General Capital Receipts	110,000	-50,000	60,000	50,000	0	0	0	110,000

Total Funding	844,320	830,987	1,675,307	1,120,320	336,000	336,000	336,000	446,000
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GENERAL FUND INVESTMENT PROGRAM

Swadlincote Woodlands Nature Reserve	37,000	-37,000	0	37,000	0	0	0	0
Rosliston Forestry Centre - Play Project	130,000	-130,000	0	0	130,000	0	0	0
Community Partnership Scheme	250,000	-204,012	45,988	204,012	0	0	0	0
Eureka Park Community Programme	60,160	0	60,160	0	0	0	0	0
Green Bank Pool Filters	0	0	0	50,000	0	0	0	0
Melbourne Caretaker House	0	10,200	10,200	0	0	0	0	0
Drainage Works (MSP)	450,000	-400,000	50,000	400,000	0	0	0	0
Town Hall	13,607	1,469	15,076	0	0	0	0	0
Swadlincote Heritage Opportunities project	182,000	0	182,000	0	0	0	0	0

Total Expenditure - Community Projects	1,122,767	-759,343	363,424	691,012	130,000	0	0	0
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External Contributions	18,050	-18,050	0	22,563	0	0	0	0
Section 106	0	0	0	6,200	0	0	0	0
Earmarked Reserve	12,950	-12,950	0	2,237	0	0	0	0
Volunteer Time	6,000	-6,000	0	6,000	0	0	0	0
National Forest	80,000	-80,000	0	0	80,000	0	0	0
National Heritage	60,160	0	60,160	0	0	0	0	0
Earmarked Reserve	0	0	0	50,000	0	0	0	0
Earmarked Reserve	0	10,200	10,200		0	0	0	0
Earmarked Reserve	13,607	0	13,607	0	0	0	0	0
National Heritage	0	1,469	1,469	0	0	0	0	0
Revenue Contribution	7,000	0	7,000	0	0	0	0	0
Heritage Lottery	175,000	0	175,000	0	0	0	0	0

Capital Receipts Reserve	0	0	0	0	0	0	0	0
General Fund	750,000	-654,012	95,988	604,012	50,000	0	0	0

Total Funding - Community Projects

1,122,767	-759,343	363,424	691,012	130,000	0	0	0
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FIXED ASSETS

Vehicle Replacements	1,032,672	0	1,032,672	517,000	270,000	270,000	270,000	270,000
Asset Replacement and Investment	130,000	0	130,000	130,000	130,000	130,000	130,000	130,000
Old Depot Demolition	75,000	0	75,000	0	0	0	0	0
Midway Extension - Initial Design Stage	0	4,988	4,988	0	0	0	0	0
Boardman Insutrial Units	0	46,764	46,764	0	0	0	0	0
Pinfold Close, Repton	0	14,000	14,000	0	0	0	0	0
Staley Close	0	68,000	68,000	0	0	0	0	0
Oversetts Road	0	11,000	11,000					
Repairs to Village Halls and Community Facilities	31,700	-31,700	0	31,700	0	0	0	0
Public Buildings - Planned Maintenance Programme	58,032	-58,032	0	58,032	0	0	0	0
Dellner Factory Premises	3,000	0	3,000	0	0	0	0	0
Town Centre Land/Property	0	44,335	44,335	0	0	0	0	0

Total Expenditure - Fixed Assets

1,330,404	99,355	1,429,759	736,732	400,000	400,000	400,000	400,000
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Capital Receipts Reserve	164,732	41,020	205,752	89,732	0	0	0	0
Earmarked Reserve	765,672	0	765,672	247,000	0	0	0	0
General Fund	400,000	58,335	458,335	400,000	400,000	400,000	400,000	400,000

Total Funding - Fixed Assets

1,330,404	99,355	1,429,759	736,732	400,000	400,000	400,000	400,000
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ANALYSIS OF EARMARKED RESERVES

	B/fwd April 2018	Movement 2018/19	Movement 2019/20	Estimated Balance
	£	£	£	£
Specific Earmarked Reserves				
Asset Replacement and Renewal Reserve	0	140,000	80,000	220,000
Vehicle Replacement Fund - HRA	215,000	-205,000	45,000	55,000
Vehicle Replacement Fund	854,949	-732,672	-53,000	69,277
Growth Provision	600,000	285,000	306,000	1,191,000
ICT Reserve	282,465	81,666	-100,000	264,131
Corporate Services Innovation Fund	81,666	-81,666	0	0
Facilities Development Fund	30,000	-30,000	0	0
Pension Reserve	138,769	0	-8,481	130,288
Repton Parish (former Depot proceeds)	33,049	0	-33,049	0
Civic Offices Maintenance	50,099	0	0	50,099
Leisure Maintenance	33,127	9,400	0	42,527
Corporate Training and Development	41,059	-10,000	-10,000	21,059
Rosliston Forestry Centre	161,274	-15,000	-146,274	0
Electoral Registration	4,058	-4,058	0	0
LLPG/GIS Support Reserve	9,000	-9,000	0	0
Planning Software and Staffing Reserve	235,727	-181,513	-54,214	0
Dilapidation Works - Factory Site as per Lease	12,949	-12,949	0	0
	2,783,191	-765,792	25,982	2,043,381
Specific Grants and Contributions				
Welfare Reform, Fraud and Compliance	241,136	-50,000	-50,000	141,136
Garden Village Fund	228,570	0	0	228,570
Town Centre Improvement Reserve	26,397	0	-26,397	0
Heritage Grants	18,000	-18,000	0	0
Environmental Education	33,620	-10,000	-10,000	13,620
Homeless Prevention	173,598	15,000	-35,000	153,598
Schools Sport Partnership Project	189,948	-50,000	-50,000	89,948
Community Right to Bid and Challenge	37,275	-37,275	0	0
Property Records - Data Sharing	7,131	-7,131	0	0
New Play Equipment and Safety Surfacing	3,207	-3,207	0	0
Public Open Space - Commuted Sums	1,263,006	-100,000	-35,000	1,128,006
Swadlincote Woodlands - S106	50,774	0	-2,237	48,537
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	0	53,012
Get Active in the Forest Partnership	43,289	-5,429	-2,911	34,949
Young People's Cultural Partnership	7,306	0	0	7,306
Community Safety and Crime Reduction	331,667	-40,700	-40,706	250,261
Youth Engagement Partnership	637,526	-95,322	-74,921	467,283
South Derbyshire Partnership Reserve	5,027	-800	-4,227	0
Maurice Lea Park NHLF Grant	23,012	0	0	23,012
	3,373,501	-402,864	-331,399	2,639,238
Section 106	5,971,517	900,000	-6,200	6,865,317
TOTAL EARMARKED RESERVES	12,128,209	-268,656	-311,617	11,547,936