

Date: 2 January 2019

Dear Councillor,

**Finance and Management (Special – Budget)**

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber (Special)**, on **Thursday, 10 January 2019 at 18:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**  
Councillor Harrison (Chairman), Councillor Watson (Vice-Chairman) and Councillors Billings, Mrs Coe, Dr Coyle, Ford, Hewlett, MacPherson and Smith

**Labour Group**  
Councillors Rhind, Richards, Southerd and Taylor

## **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 2019-20 **4 - 15**
- 7** BUDGET REPORT 2019/20 INCORPORATING THE CONSOLIDATED BUDGET PROPOSALS AND MEDIUM TERM FINANCIAL PLAN TO 2024 **16 - 43**
- 8** COUNCIL TAX DISCOUNT - CARE LEAVERS **44 - 47**
- 9** COUNCIL TAX PREMIUM ON LONG-TERM EMPTY PROPERTIES **48 - 51**
- 10** MAINTENANCE STANDARDS PROJECT BRIEF **52 - 64**

#### **Exclusion of the Public and Press:**

- 11** 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.
- 12** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

**13** RESTRUCTURE OF LEGAL AND DEMOCRATIC SERVICES (To be circulated separately)

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<b>REPORT TO:</b>	<b>FINANCE and MANAGEMENT COMMITTEE (SPECIAL – BUDGET)</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>10th JANUARY 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS’ CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> s/finance/committee/2018- 19/Jan 19/budget
<b>SUBJECT:</b>	<b>SERVICE BASE BUDGETS 2019 / 2020</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## **1.0 Recommendations**

- 1.1 That the proposed revenue income and expenditure for 2019/20 as detailed in **Appendix 1** for the Committee’s Services are considered and included in the consolidated proposals for the General Fund.
- 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 contributions to Parish Councils in 2019/20 for Concurrent Functions.

## **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 is subject to a separate report on this Agenda.
- 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 Summary and Overview**

- 3.1 The Committee is responsible for large spending areas, in particular the main support service functions, together with the corporate, management and democratic costs of the Council.
- 3.2 It is also responsible for the strategic management of the Council’s property portfolio, revenue collection, benefit payments and treasury management, etc. As such, the

associated income and expenditure is a significant part of the Council's financial position.

3.3 In addition, several of these spending areas provide statutory, governance, legal and advisory support for the Council.

3.4 In accordance with local government accounting regulations, Central Support Services are no longer required to be recharged and allocated across other Policy Committees.

### The Council's Overall Financial Position

3.5 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.

3.6 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 following the phasing out of RSG.

3.7 Therefore, ahead of considering the wider Council position, it is important that the Committee scrutinises its own 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

3.8 The following table provides an overall summary at main service level, of the Committee's net revenue expenditure.

Summary of Net Revenue Expenditure	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Central and Departmental Accounts	3,210,540	3,326,065	115,524
Concessionary Travel	0	0	0
Corporate and Democratic Costs	671,110	613,418	-57,692
Electoral Registration	206,992	326,783	119,791
Payments to Parish Councils	359,832	362,497	2,665
Pensions, Grants Interest Payments and Receipts	263,625	228,684	-34,941
Property and Estates	-166,557	-263,375	-96,818
Revenues and Benefits	515,970	581,676	65,706
	<b>5,061,511</b>	<b>5,175,747</b>	<b>114,235</b>

3.9 The above table shows that the Committee's net expenditure is estimated to increase overall between 2018/19 and 2019/20 by £114,235. An analysis of the changes within each service area is detailed in **Appendix 1**.

3.10 A summary of the changes is shown in the following table.

<b>Changes in Base Budget 2018/19 to 2019/20</b>	<b>£'000</b>
Staffing Costs	137
District Election	125
HRA Recharge	20
Insurance	14
Boardman Industrial Estate – surface repairs	-75
Benefit Overpayments	-45
Interest Income and Bank Charges	-45
Rental and Service Charge Income	-19
<b>Approved Changes</b>	<b>112</b>
Transfer of Apprentice from ICT to Land Charges (EDS)	-20
Business Rates	23
Computer Licences and Maintenance	54
<b>Additional Changes</b>	<b>57</b>
<b>Change in Service Expenditure</b>	<b>169</b>
Less: Depreciation	-55
<b>Base Budget Increase</b>	<b>114</b>

3.11 Several of the above changes included within the Committee's Base Budget have been provided for in the MTFP. In particular, the District Election cost of £125k is incorporated into the MTFP every 4 years.

3.12 Excluding the decrease 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 £169k. Of the £169k increase, known expenditure of £112k has previously been reported to Committee. The main reasons for the variances are detailed in the following sections.

3.13 The main variance is the increase in staffing costs which are as a result of the Revenues & Benefits and Finance restructures approved on 30<sup>th</sup> August plus incremental rises, the apprenticeship levy and the nationally agreed pay award. Detail of the increase is included below.

<b>Staffing Costs Changes 2018/19 to 2019/20</b>	<b>£'000</b>
Pay Award and National Living Wage	85
Incremental Pay Rises	32
Revenues & Benefits and Finance Restructures	30
Apprenticeship Levy	9
Vacant Posts Appointed on Lower Scale Point	-19
<b>Total Staffing Changes</b>	<b>137</b>

3.14 The other main changes are detailed in the following sections.

### **HRA Recharges**

3.15 The HRA recharges are calculated as varying percentage charges of the proposed General Fund Base Budget. There are many fluctuations in proposed expenditure across central support services and therefore some significant adverse and favourable variances across individual cost centres.

3.16 The total impact of the reduction in HRA recharges is £7k but the actual reduction relating to this Committee is £20k. An additional charge of £13k has been generated

through Grounds Maintenance which is reported within the proposed Budget to Housing & Community Services Committee.

- 3.17 After a full review of all charges, the main cause of the reduction to the HRA is as a result of savings from the shared service arrangement with Chesterfield NHS Trust for Procurement.

### **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 additional cost to this Committee is £14k which is due mainly to the increase of Computer Insurance, Employee Insurance and Public Liability partially offset by other savings.

### **Interest and Bank Charges**

- 3.19 The banking contract with Barclays Bank was retendered in 2018/19 with the new contract commencing on 1<sup>st</sup> April 2019. There have been minimal changes to the charging structure in the new contract.
- 3.20 Based on the number of transactions processed through the bank accounts, the current rate charged for each transaction and the total cost incurred over the past 3 years, a reduction of £10k is proposed in the Base Budget for 2019/20.
- 3.21 The Council has £2m invested within the CCLA fund which generates much better rates of interest than banks alone. Based on past experience during the last 2 financial years, it is proposed to increase the interest receivable budget by £35k as this is a more realistic expectation than has been previously been budgeted.

### **Boardman Industrial Estate – Surface Repairs**

- 3.22 During the Budget round for 2018/19, repair works to the surface of the service yard at Boardman Industrial Estate of £75k were approved. This is a one-off cost and has now been removed from the Base Budget going forward.

### **Benefit Overpayments**

- 3.23 Within the Revenues & Benefits restructure report approved on 30<sup>th</sup> August it was proposed to have dedicated employees for recovery purposes on both revenue collection for Council Tax and Business Rates and for benefit overpayments.
- 3.24 Further to this, it is expected that the increased focus on benefit overpayments will result in additional revenue for the Council and so it is proposed to increase the Base Budget by £45k in recognition of this.

### **Rental and Service Charge Income**

- 3.25 Based on the current level of income generated from Industrial Units it is proposed to increase the budget in 2019/20 by £12k. Potential void periods are incorporated within the proposed budget and the increased income target is deemed achievable.
- 3.26 Service charge income received from County Council for occupying an area within the Civic Offices is always higher than the approved budget. It is proposed to increase this by £7k to £19k in 2019/20 more in line with actual receipts.

## **Business Rates**

- 3.27 Increased costs for Business Rates have been based on the current year's actual charge with a 2% inflationary increase. Public Buildings such as the Civic Offices and the Depot are the areas of spend within this Committee.

## **Computer Licences and Maintenance**

- 3.28 Microsoft licences, such as Windows, Excel and Outlook are purchased under an Enterprise Agreement (EA). This grants access to Microsoft products for the duration of the agreement which is always a 3 year period.
- 3.29 Every 3 years Microsoft, in collaboration with the Cabinet Office, publishes the terms and conditions of the next generation of EA which includes the cost and availability of each product. Microsoft offers 4 levels of discount on their EAs (Category A-D), with Local Authorities receiving the largest amount of discount.
- 3.30 However, up to 31<sup>st</sup> December 2018 a traditional model has been employed whereby these discounts have been applied to all products relating to on premise installation. The new EA (called DTA2018) removes all discounts from premise installations and places the reduction on cloud based products known as online services instead.
- 3.31 This means the Council would pay approximately £150,000 more over the next 3 years for the same products installed at present, but would receive less upgrades, updates and features as these will only be applied to online service products.
- 3.32 Online services products are not new (Office 365) but up until 1<sup>st</sup> Jan 2019 they have been cost prohibitive as discounts were applied to on premise installations. Even with the full Category D discounts applied in new Enterprise Agreements these products represent a growth in cost for Microsoft licences in the order of £60,000 over the next 3 years as opposed to £150,000.
- 3.33 Alongside the additional licence cost of approximately £20k in 2019/20, there will be additional costs during the first year for set-up which has been estimated at approximately £15k.
- 3.34 Computer maintenance costs for the operational systems used across the Council have been increased in the Base Budget by £19k due to inflation. Inflation is included within the MTFP and is therefore not an additional cost to the General Fund.

## **Depreciation**

- 3.35 Depreciation charges are reversed out of the Accounts on consolidating the Council's budget. They reflect charges for using capital assets in service delivery in accordance with accounting regulations. The decrease for the Committee of £55k relates to downward revaluations for the Civic Offices and Town Centre buildings. There is no impact on actual spending levels.

## **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 and adjusted only for known changes, price increases, inflation 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 The pay award is included within the Base Budget at 2% as agreed by Local Government Unions and the National Employers.

### **Inflation**

- 4.7 The base budget for 2019/20 has been uplifted by 2% for inflation/indexation where this applies, for example contract obligations and employee pay awards.
- 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.

### **Increase in Payments for Concurrent Functions to Parish Councils**

- 4.9 As part of the annual Budget Round, the Committee gives consideration to increasing the base contribution in payments 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%

- 4.10 Latest inflation rates show CPI running at 2.3% as at the end of November. The Government's Autumn Statement forecasts CPI inflation falling to 2% by the end of 2019/20. The Council's MTFP currently provides for a 2% increase.

- 4.11 Every 1% increase in the base level equates to approximately £3,000 per year in total.

### **Risks**

- 4.12 All Committee budgets have been reviewed and known changes to income and expenditure have been reflected in the proposed base budget for 2019/20 as detailed in the report.

### **Housing Benefit**

- 4.13 The main financial risk is considered to be the payment and recovery of Housing Benefit. The total amount administered and paid in respect of Rent Allowances and Rent Rebates is approximately £16m per year. A 1% variance equates to £160k and therefore it is important that the Council maximises the subsidy it reclaims from the DWP. The DWP Regulations set a threshold for errors which, if exceeded, would mean subsidy being withdrawn.
- 4.14 As previously reported, the future roll-out of Universal Credit (UC) is likely to have an impact on both the amount of benefit paid and potentially, the resources that the Council employs to administer Benefits. The roll-out of UC for new claims went live in South Derbyshire in November 2018; existing claimants are expected to be phased across from July 2019. The impact will be kept under review.
- 4.15 The MTFP and Base Budget have not been updated for any of the risks regarding Housing Benefit at this stage.

### **Factory Premises, Hearthcote Road**

- 4.16 The tenant of the above property has an option to break the lease on 24<sup>th</sup> March 2020, subject to six months' written notice. If the break is exercised, it is unlikely that the property could be let in the short-term. This is due to the overall size and configuration of the buildings at the property which could make it unattractive to a single occupier.
- 4.17 The current tenant pays a rental income of £190k per annum and the potential loss of income has been included in the MTFP.

### **Proposed Fees and Charges 2019/20**

- 4.22 **Appendix 2** provides a schedule of the proposed charges that will operate from 1st April 2019, 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.
- 4.23 The charges are mainly standard ones for the recovery of court costs, change notifications and payment fees.
- 4.24 The only proposed change is a reduction to the Magistrates element of Court Costs from £70 to £67.50.

## **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 in 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

## Finance &amp; Management

£'s		BUDGET			
		2019/20	2018/19	VARIANCE	
PSX40	Senior Management	402,168	397,580	(4,588)	Favourable HRA recharges (£4k); adverse salaries (£8k), insurance (£1k)
PSX50	Reprographic/Print Room	241,136	221,916	(19,220)	Favourable HRA recharges (£2k); adverse salaries (£1k), stationary (£20k) (see PSX95)
PSX55	Financial Services	327,159	304,640	(22,519)	Favourable HRA recharges (£22k); adverse salaries (£42k), insurance (£1k), computer maintenance (£2k)
PSX56	Internal Audit	105,703	103,115	(2,588)	Inflationary increase to Audit fee
PSX57	Merchant Banking Services	62,701	78,186	15,486	Favourable bank charges (£10k), computer maintenance (£8k); adverse HRA recharges (£3k)
PSX60	ICT Support	783,133	758,283	(24,850)	Favourable salaries (£2k), HRA recharges (£15k), hardware (£20k); adverse insurance (£7k), licences (£55k)
PSX65	Legal Services	197,445	192,190	(5,255)	Favourable training (£1k), HRA recharges (£3k); adverse salaries (£9k)
PSX75	Personnel/HR	233,330	225,538	(7,792)	Favourable HRA recharges (£3k); adverse salaries (£6k), insurance (£1k), recruitment expenses (£1k), computer maintenance (£3k)
PSX76	Policy & Communications	158,343	152,487	(5,856)	Favourable HRA recharges (£2k); adverse salaries (£2k), insurance (£1k), computer maintenance (£5k)
PSX77	Customer Services	265,413	240,049	(25,364)	Favourable salaries (£5k); adverse computer maintenance (£11k), insurance (£1k), HRA recharges (£18k)
PSX78	Health & Safety	28,992	28,200	(791)	Favourable HRA recharges (£1k); adverse salaries (£1k), tools (£1k)
PSX81	Admin Offices & Depot	370,242	386,596	16,354	Favourable income (£7k), depreciation (£55k); adverse salaries (£1k), business rates (£30k), insurance (£1k), HRA recharges (£10k), new flag (£2k), refuse (£2k)
PSX95	Protective Clothing	25,000	15,207	(9,793)	Favourable stationary (£20k) (see PSX50), TPP (£30k) (see PSX96), computer maintenance (£1k); adverse protective clothing (£5k), HRA recharges (£56k)
PSX96	Procurement Unit	17,360	0	(17,360)	Favourable HRA recharges (£15k); adverse TPP (£31k) (see PSX95), computer maintenance (£1k)
KJE40	Caretaking	107,943	106,553	(1,390)	Adverse salaries
<b>Central and Departmental Accounts</b>		<b>3,326,065</b>	<b>3,210,540</b>	<b>(115,525)</b>	

HTT00	Concessionary Fares	0	0	0	
<b>Concessionary Travel</b>		<b>0</b>	<b>0</b>	<b>0</b>	
AAD00	Democratic Representation & Management	83,492	79,700	(3,791)	Favourable HRA recharges (£1k); adverse salaries (£3k), computer maintenance (£2k)
AAM00	Corporate Management	50,408	61,509	11,101	Favourable prof fees (£16k) (see ACG00); adverse subscriptions (£5k)
AAM01	Corporate Finance Management	56,331	56,227	(104)	Adverse insurance
ABU00	Adjustments to Bad Debts and other Provisions	100,000	100,000	0	
ACD00	Elected Members	307,188	312,350	5,162	Favourable insurance (£6k), HRA recharges (£3k); adverse Members allows (£4k)
ACG00	Emergency Planning	16,000	0	(16,000)	Adverse prof fees (see AAM00)
KJW00	Debt Management Costs	0	61,324	61,324	Favourable salaries
<b>Corporate and Democratic Costs</b>		<b>613,418</b>	<b>671,110</b>	<b>57,692</b>	
ACE00	Registration of Electors	48,595	49,473	878	Favourable subscriptions (£2k); adverse insurance (£1k)
ACE10	Conducting Elections	278,188	157,519	(120,669)	Favourable salaries (£4k); adverse District Election (£125k)
<b>Electoral Registration</b>		<b>326,783</b>	<b>206,992</b>	<b>(119,791)</b>	
ACT01	Parish Councils	362,497	359,832	(2,665)	Adverse Insurance
<b>Payments to Parish Councils</b>		<b>362,497</b>	<b>359,832</b>	<b>(2,665)</b>	
ABP00	Funded Pension Schemes	262,112	262,116	4	
W4A00	Interest & Investment Income (GF)	(77,755)	(42,818)	34,937	Favourable interest (re CCLA deposit)
W6A00	Pensions Adjustment	0	0	0	
W7A00	External Interest Payable (GF)	700	700	0	
W8A00	Other Operating Income & Expenditure (GF)	43,627	43,627	0	
<b>Pensions, Grants Interest Payments and Receipts</b>		<b>228,684</b>	<b>263,625</b>	<b>34,941</b>	
PSX85	Estate Management	(263,375)	(166,557)	96,818	Favourable repairs (£75k), business rates (£7k), rental income (£12k), prof fees (£10k); adverse salaries (£4k), HRA recharges (£1k), insurance (£2k)
<b>Property and Estates</b>		<b>(263,375)</b>	<b>(166,557)</b>	<b>96,818</b>	

ACA00	Council Tax Collection	153,920	(41,290)	(195,210)	Favourable discretionary benefits (£4k); adverse salaries (£167k), insurance (£1k), advertising (£2k), computer maintenance (£29k)
ACA40	Non Domestic Rates Collection	(93,000)	(25,925)	67,075	Favourable computer maintenance (£25k), subscriptions (£7k), salaries (£37k); adverse court fees (£2k)
KGF00	Revenues & Benefits Support & Management	(82,304)	63,622	145,927	Favourable salaries (£143k), prof fees (£2k)
KGL00	Rent Allowances Paid	107,535	142,561	35,026	Favourable overpayment income (£45k); adverse allowance costs (£10k)
KGN00	Net cost of Rent Rebates Paid	61,049	64,584	3,535	Favourable rebate costs
KGP00	Housing Benefits Administration	341,148	287,398	(53,750)	Adverse salaries (£53k), insurance (£1k)
KGR00	Corporate Fraud	93,328	25,020	(68,308)	Adverse salaries
<b>Revenues and Benefits</b>		<b>581,675</b>	<b>515,970</b>	<b>(65,705)</b>	
		<b>5,175,747</b>	<b>5,061,511</b>	<b>(114,236)</b>	

## PROPOSED FEES AND CHARGES 2019/20

## APPENDIX 2

VAT WILL BE CHARGED WHERE APPLICABLE AT THE APPROPRIATE RATE

MISCELLANEOUS FEES AND CHARGES	Fee 2018/19 exc VAT £:P	Proposed Fee 2019/20 £:P	Note
Court Costs			

Court Costs Recovered	70.00	67.50	Magistrates Court element reduced
<b>National Bus Pass Scheme</b>			
Replacement Card Scheme	5.00	5.00	
<b>Benefit Fraud</b>			
Fraud Investigation Court Costs recovered	At Cost	At Cost	
<b>Sale of Radar Keys</b>			
Sale of Radar Keys - disabled	2.55	2.55	
<b>Penalty Charge</b>			
Penalty charge for C Tax payers who fail to notify us of a change in circumstances relating to a discount or exemption. Second or subsequent failure to notify	250.00	250.00	
Penalty charge for Council Tax accounts who fail to notify us of a change in circumstances relating to a discount or exemption.	70.00	70.00	

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – BUDGET)</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>10 JANUARY 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> s/finance/committee/2018-19/Jan 19/budget
<b>SUBJECT:</b>	<b>BUDGET REPORT 2019/20</b> <b>Incorporating the Consolidated Budget Proposals and Medium Term Financial Plan to 2024</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That the estimates of revenue income and expenditure for 2019/20 for the General Fund are considered and a level of income and expenditure is approved.
- 1.2 That consideration is given to the level of an increase in grants to voluntary bodies and payments to Parish Councils under concurrent functions.
- 1.3 That the Council Tax Base for 2019/20 of 33,302 (equivalent Band D) properties as detailed in **Appendix 3** is approved.
- 1.4 That an estimated Council Tax Surplus of £1,000,000 is declared on the Collection Fund for 2018/19 and the Council's proportion of £110,200 is transferred to the General Fund in 2019/20.
- 1.5 That consideration is given to the rate of Council Tax for 2019/20.
- 1.6 That the updated 5-year financial projection on the General Fund to March 2024 as detailed in **Appendix 1**, including associated assumptions and risks as detailed in the report, is approved.
- 1.7 That efficiencies and budget savings continue to be pursued where opportunities arise to sustain the current financial position.
- 1.8 That the decisions made in recommendations 1.1 to 1.7 are used as the basis for consultation with local residents, businesses, voluntary and community groups, etc. and are subject to review by the Overview and Scrutiny Committee.

## **2.0 Purpose of the Report**

2.1 To detail the Council's overall financial position following a detailed review of current income and expenditure on the General Fund. This builds on the financial plan and strategy approved in October 2018. The report covers the following:

- Confirmation of the Council's financial settlement from Central Government for 2019/20.
- The Council's current spending and proposed base budget position for 2019/20 including proposed spending by Policy Committees.
- The proposed Council Tax Base for 2019/20 and projected Collection Fund position, 2018/19.
- Planned Council Tax levels in 2019/20 and future years.
- The overall impact on the General Fund's 5-year financial projection.

2.2 The report is divided into several sections as follows:

- Section 3 – Summary and Overall Commentary
- Section 4 – The Council's Financial Settlement for 2019/20
- Section 5 – Proposed Base Budget and Consolidated Spending 2019/20
- Section 6 – Revised General Fund Financial Projection to March 2024
- Section 7 – Council Tax, Tax Base and Collection Fund Position
- Section 8 – Overall Risk Analysis

***Appendices:***

- Appendix 1 – General Fund Summary Budget and 5-year projection
- Appendix 2 – Proposed Base Budgets of Policy Committees
- Appendix 3 – Calculation of Council Tax Base 2019/20
- Appendix 4 – Estimated Collection Fund Position 2018/19

### **3.0 Summary and Overall Commentary**

#### **The Position entering the 2019/20 Budget Round**

3.1 The updated medium-term financial projection was considered and approved by the Committee on 11<sup>th</sup> October 2018. This set out the projected level of net revenue expenditure on the General Fund, together with the level of the General Fund Reserve to March 2024.

3.2 The overall projected position at that time is summarised in the following table.

	<b>Budget Deficit / Surplus (-) £</b>	<b>Earmarked Sums £</b>	<b>General Reserve £</b>
Approved Budget 2018/19	-778,399	1,808,080	-9,014,050
Projection 2019/20	723,481	784,904	-7,505,665
Projection 2020/21	673,230	383,475	-6,448,960
Projection 2021/22	760,245	382,010	-5,306,705
Projection 2022/23	1,000,347	380,508	-3,925,850
Projection 2023/24	1,304,547	378,969	-2,242,334

- 3.3 At that stage, it was reported that the overall position on the General Fund had not changed fundamentally over the last year. The current level of the General Fund Reserve remained healthy and was projected to remain so over the next 3 to 4 years based on current forecasts.
- 3.4 However, the main issue identified was the projected budget deficit over the medium-term from 2019/20 when the impact of the next reduction in core funding takes effect.
- 3.5 Although the current level of reserves could be used to meet the projected deficit, this was not considered a sustainable solution in the longer-term. The MTFP continued to assume that base budget expenditure would increase year-on-year but overall core funding would reduce in accordance with the Government's Spending Review (2015).

### **The Updated General Fund Position**

- 3.6 As part of the annual budget round, the Council's base budget has been reviewed in detail. This has identified some additional cost pressures, although there have also been some budget savings arising out of the review.
- 3.7 Following the Government's provisional Financial Settlement which was published on 13<sup>th</sup> December 2018, together with proposals contained in the Base Budget for 2019/20, the medium-term position has been updated. This is summarised in the following table.

	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

- 3.8 Initial forecasts suggest that the overall financial profile of the General Fund has marginally reduced from that previously reported. Base Budget expenditure has increased (as detailed in Section 5), but this has been partially offset by the increase in New Homes Bonus and Council Tax due to growth.
- 3.9 The Pilot for NNDR will no longer apply for Derbyshire in 2019/20 and the corresponding reduction in funding was included in the MTFP in October. However, a reduction in the Tariff payment due to Central Government as part of the Grant re-distribution process has now been updated. Further detail on funding is detailed in Section 4. A summary of the overall change is shown in the following table.

	£'000
Projected 5 year General Fund Balance (pre-Budget)	-2,242
Net Increase in Projected Spending (Sections 5 & 6)	1,128
Proposed Increase in Growth Provision (Section 6)	900
Proposed Senior Management Restructure	461
Increase in New Homes Bonus (Section 4)	-1,557
NNDR (Section 4)	-253
Council Tax Surplus Increase	-55
Council Tax Base Increase	-479
<b>Projected Reserve Balance as at 2023/24</b>	<b>-2,097</b>

- 3.10 The increase in projected income has helped to offset the increase in expenditure. However, the underlying issue of potential significant deficits in future 6 years still remains.
- 3.11 The General Fund is forecast to incur a deficit for 2019/20 of £430k based on current projections, although this is 40% lower than that forecast in October 2018. Deficits are projected to continue for the full term of the MTFP.
- 3.12 The current General Fund Balance is healthy and is forecast to remain above the minimum level of £1.5m in 2023/24. Therefore, the annual deficits could be financed by drawing down the current level of the General Reserve.
- 3.13 Effectively, the financial projection shows the implications of taking that action. However, it is considered that this is a high risk strategy. The annual budget

deficits are still projected to be significant even after increasing income as detailed above.

- 3.14 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.
- 3.15 However, 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.
- 3.16 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.
- 3.17 Therefore, it is recommended that the Council continues to pursue efficiencies and budget savings where opportunities arise to sustain the financial position.

## **DETAIL, BACKGROUND and BASE BUDGET ANALYSIS**

### **4.0 The Council's Financial Settlement 2019/20**

- 4.1 The provisional financial settlement (subject to consultation) was announced on 13<sup>th</sup> December 2018 and provided actual figures for 2019/20.
- 4.2 As part of the settlement, two Government consultations have been released to help determine future core funding from 2020/21. The consultations are in relation to Business Rates Retention Reform and the Fair Funding Review: *A Review of Relative Needs & Resources*. Both consultations are due a response by 21<sup>st</sup> February 2019.
- 4.3 In summary, the Government is working towards implementing an increase in Business Rates Retention, a full Business Rates baseline reset and outcomes of the relative needs & resources review as part of the 2019 Spending Review. The Fair Funding proposal is suggesting a more simplified funding formula using a per capita basis but at this stage it is unknown what the impact on the Council is likely to be.
- 4.4 It is the Government's intention to publish indicative allocations before the 2020/21 provisional Local Government Finance Settlement and an update will be provided to this Committee once more detail is known.
- 4.5 The outcomes of the 2019/20 provisional settlement are summarised below:

- 4.6 The allocation of NHB was published within the main financial settlement. The Government has not amended the funding formula for 2019/20 allocations.
- 4.7 The growth baseline set at 0.4% by the Government for 2017/18 has remained unchanged for 2019/20 allocations. This is subject to annual review depending on any significant changes to annual growth.

### **NHB - Implications for the MTFP**

- 4.8 The Council's allocation for 2019/20 is £3.28 million, compared to an estimate in the MTFP of £2.9 million. This is based on growth of 974 properties, of which 282 were deemed as "affordable units". Within the growth numbers, empty properties decreased by 2 compared to the previous year which increases the NHB allocation.
- 4.9 The specific allocation for 2019/20 was £1.12m, the highest annual allocation since the Bonus was introduced in 2011/12. The remaining allocation of £2.16m relates to fixed amounts for the previous 3 years.
- 4.10 As reported in October, future allocations have been based on a reduction to the Baseline growth of 0.6% and the number of properties is unaltered at 863 per annum. The effect in the MTFP is solely due to the additional allocation in 2019/20 and the impact is summarised in the following table.

	2019/20	2020/21	2021/22	2022/23	2023/24	Total
New Homes Bonus - MTFP	Budget	Forecast	Forecast	Forecast	Forecast	
	£	£	£	£	£	£
Forecast October 2018	2,892,785	3,092,473	3,086,849	2,903,127	2,884,231	<b>14,859,465</b>
Actual/Provisional Allocations	3,281,951	3,481,639	3,476,015	3,292,293	2,884,231	<b>16,416,129</b>
<b>Projected Increase</b>	<b>389,166</b>	<b>389,166</b>	<b>389,166</b>	<b>389,166</b>	<b>0</b>	<b>1,556,664</b>

- 4.11 As the table shows, the overall increase in resources over the MTFP based on current forecasts is £1.5m. The increase in forecasted average properties is still well below Planning's predicted growth data. The allocation reduces in 2022/23 and 2023/24 due to the higher bonus allocations in 2018/19 and 2019/20 falling out.

### **Business Rates**

- 4.12 As previously reported, an application was submitted by the Derbyshire Business Rates Pilot to Central Government for inclusion in the 75% Retention Pilot for 2019/20; this application has been unsuccessful. This was announced alongside the provisional Local Government Settlement on 13<sup>th</sup> December.
- 4.13 The Derbyshire Business Rates Pool, which was the former funding mechanism prior to the 100% Retention Pilot in 2018/19, has been approved by Central Government to resume in 2019/20.
- 4.14 Additional income included within the MTFP for Business Rates is due to a reduction in the tariff payment due in 2019/20. The impact on the MTFP is approximately £51k per annum.

4.15 As mentioned previously, a separate review by Central Government of spending needs is underway and this will be kept under review.

## **5.0 Proposed Base Budget and Consolidated Spending 2019/20**

5.1 All Policy Committees (including an earlier report on this Agenda) have considered their detailed budget proposals for 2019/20. All services were asked to carefully consider their base income and expenditure.

### **Basis of the Budget**

5.2 Budgets have generally been calculated on a “no increase basis,” i.e. they are maintained at the same level of service as the previous year adjusted only for known changes, price increases and variations due to contractual obligations, etc.

5.3 In addition, budgets are also subject to a base line review which is used to justify proposed spending. This process places greater 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 in expenditure across services compared to current budgets.

### **On-going Service Provision**

5.4 The budgets are based substantively on a continuation of existing service provision, in respect of staffing levels, frequency and quality of service, etc.

5.5 The full year effects of previous year’s restructures and budget savings have been included, with any non-recurring items being removed.

### **Inflation**

5.6 The base budget for 2019/20 has been uplifted by inflation/indexation where this applies, for example contract obligations.

5.7 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.

### **Base Budgets 2019/20**

5.8 An analysis of each Committee’s proposed budget has been detailed in separate reports to the respective Policy Committee ahead of this Committee. The main spending areas are summarised in **Appendix 2**, with a summary of each Committee’s proposed spending shown in the following table.

Summary of Net Service Expenditure	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Environmental and Development Services	4,275,184	4,551,034	275,850
Housing and Community Services	2,634,255	2,906,606	272,351
Finance and Management	5,061,511	5,175,747	114,235
	<b>11,970,950</b>	<b>12,633,387</b>	<b>662,437</b>

5.9 The above table shows that overall base budget Committee expenditure is estimated to increase between 2018/19 and 2019/20 by £662,437. An analysis of the variances across each Committee is detailed in the following table.

Changes in Base Budget 2018/19 to 2019/20	EDS £'000	HCS £'000	FM £'000	Total £'000
Staffing Costs	176	164	137	<b>477</b>
District Election	0	0	125	<b>125</b>
New Waste Treatment Plant Additional Costs	23	0	0	<b>23</b>
Computer Maintenance	0	0	19	<b>19</b>
Insurance	12	-14	14	<b>12</b>
Depreciation	-18	42	-55	<b>-31</b>
<b>Included in MTFP October 18</b>	<b>193</b>	<b>192</b>	<b>240</b>	<b>625</b>
Planning Income Reduction	85	0	0	<b>85</b>
County Contribution (see 5.19)	0	77	0	<b>77</b>
Reduced Grounds Maintenance Recharge to Highways	0	44	0	<b>44</b>
Reduction in Earmarked Reserve Funding	36	0	0	<b>36</b>
New Community Centre (Stenson Fields)	0	30	0	<b>30</b>
HRA Recharges	0	-13	20	<b>7</b>
Local Plan Professional Fees	-15	0	0	<b>-15</b>
Vehicle Hire Reduction	-15	0	0	<b>-15</b>
Rental and Service Charge Income	0	0	-19	<b>-19</b>
MHCLG Flexible support Grant	0	-28	0	<b>-28</b>
Professional Fees and Income at Rosliston	0	-37	0	<b>-37</b>
Benefit Overpayments	0	0	-45	<b>-45</b>
Interest Income and Bank Charges	0	0	-45	<b>-45</b>
Spare Parts	-50	0	0	<b>-50</b>
Building Control Partnership with Lichfield DC	-58	0	0	<b>-58</b>
Boardman Repairs	0	0	-75	<b>-75</b>
<b>Approved Changes</b>	<b>-17</b>	<b>73</b>	<b>-164</b>	<b>-108</b>
Increased Purchase of Bins	68	0	0	68
Business Rates	12	7	23	42
Computer Licences	0	0	35	35
Apprentice transfer between F&M and EDS	20	0	-20	0
<b>Other Changes</b>	<b>100</b>	<b>7</b>	<b>38</b>	<b>145</b>
<b>TOTAL CHANGES</b>	<b>276</b>	<b>272</b>	<b>114</b>	<b>662</b>

- 5.10 The table shows that of the total change, a £625k increase in cost was expected and has been included within the MTFP. This mainly relates to changes in pay, the District Election and inflation together with anticipated costs associated with the new Waste Treatment Plant.
- 5.11 The change in Depreciation is an accounting adjustment and not a cost to the Council; this amount is reversed out of the Budget on consolidation and is shown separately in Appendix 1.

### **Base Budget Changes**

- 5.12 The preceding table does highlight that there is an overall increase in the proposed base budget of £662k. The most significant changes are the staffing changes, the District Election, reductions in Planning fee income and an increase in bin purchases.
- 5.13 The District Election is included in the MTFP every four years and so was an expected increase in 2019/20.
- 5.14 Based on the current size of planning applications, it is proposed to reduce the fee income by £85k in 2019/20 due to the adoption of the Local Plan resulting in less speculative residential development applications.
- 5.15 Reductions to earmarked reserve funding of £36k is in relation to the Local Plan and is partially offset by the reduced professional fees of £15k.
- 5.16 Industrial Unit income and service charges for rental of space in the Civic Offices has been increased by £19k due to a lower percentage of expected void properties. This is in line with current income projections and previous years' favourable variances.
- 5.17 As reported in July 2018, the new Waste Treatment Plant at Sinfin Lane is expected to increase costs of overtime and fuel by approximately £23k in 2019/20. This was included in the MTFP in October.
- 5.18 As part of a Section 106 Agreement, a new Community Centre in Stenson Fields is due to transfer to the Council in the Spring of 2019. The cost of £30k for 2019/20 was reported in June 2018 and has now been included in the Base Budget.
- 5.19 Reductions in funding from Derbyshire County Council are due to the transfer of responsibility for the Travellers site (£15k) and the contribution of Council Tax on second homes funding (£62k) for Homelessness which was approved for two years, ending in 2018/19.
- 5.20 The increase in the purchase of bins is due to growth of the District and the need to replace existing broken bins due to the age as in some instances the current bins are up to 30 years old. Growth of £28k can be drawn down from the Growth Provision and so is already included in the MTFP.

- 5.21 Computer licences for Microsoft costing £20k plus one-off first year implementation costs of £15k are included in the Base Budget for 2019/20 and are essential for continuation of the licencing agreement with Microsoft. Computer maintenance costs of £19k are due to inflation which is included within the MTFP.
- 5.22 Insurance cost increases are due to higher insured sums and an inflationary rise. This is included within the MTFP.
- 5.23 Business Rates costs have been based on current year actuals with a 2% inflationary increase.
- 5.24 The HRA recharges have reduced in the Base Budget by £7k. This is made up of an increased recharge of £13k from Grounds Maintenance and a reduction of £20k due mainly to the savings from the shared service arrangement with Chesterfield NHS Trust for Procurement.
- 5.25 Grounds Maintenance recharges have reduced due to the increased cost of gully cleaning which has previously been reported.

### **Savings**

- 5.26 The purchase of a new fleet of vehicles has resulted in a reduced cost for spare parts and vehicle hire in 2019/20 totalling £65k.
- 5.27 Grant funding from the Ministry of Homes, Communities and Local Government (MHCLG) for a three period was introduced alongside the Homelessness Reduction Act 2017. The grant funding value was not confirmed for the final year initially but has increased from prior year by £28k to £118,421.
- 5.28 A reduction to bank charges of £10k is proposed after a full transaction cost review following a tendering exercise for the banking contract. In addition to this, the investment of £2m with the CCLA Property fund is generating greater interest returns than are currently budgeted and therefore, an additional £35k is proposed for 2019/20.
- 5.29 As previously reported, the transfer of Building Control to Lichfield District Council as part of a shared partnership arrangement has reduced the Base Budget by £58k.
- 5.30 The restructure of the Revenues and Benefits team reported in August 2018 highlighted the need for increased focus on reclaim of Benefit Overpayments. The team is now fully recruited and it is expected that additional income of £45k per annum can now be achieved and so has been included in the Base Budget.
- 5.31 During the Budget round for 2018/19, a budget for repairs to the surface of the service yard at Boardman Industrial Estate was approved. The nature of these works was a one-off and the budget has therefore been removed going forward.

## Staffing Changes

5.32 The Establishment has been updated to reflect additional approved resources for Revenues and Benefits, Planning and at Rosliston Forestry Centre.

5.33 The pay award, national living wage and incremental pay rises are included within the MTFP. The Apprenticeship Levy was included within contingent sums in the MTFP previously but has now been added to the Base Budget. A summary of the additional cost of the Establishment changes is provided in the following table.

	EDS £'000	HCS £'000	FM £'000	Total £'000
Pay Award and National Living Wage	99	55	85	<b>239</b>
Incremental Pay Rises	30	21	32	<b>83</b>
Rosliston Temporary Resource	0	78	0	<b>78</b>
Planning Restructure	49	0	0	<b>49</b>
Corporate Resources Restructures (approved Aug 18)	0	0	30	<b>30</b>
Apprenticeship Levy	10	10	9	<b>29</b>
Vacant Posts Appointed on Lower Scale Point	-12	0	-19	<b>-31</b>
<b>NET COST</b>	<b>176</b>	<b>164</b>	<b>137</b>	<b>477</b>

## Individual Committee Risks

5.34 In addition to the cost pressures highlighted above, as part of the base budget review, each Committee identified several risk areas. The main issues are detailed in the following table.

Risk	Issue / Potential Effect	Mitigating Action
<b>Reduction in Service income</b>	Budgeted income from Planning, Licensing, etc. totals £1.6m and is not sustainable.	Base Budgets reflect actual income but remain prudent. This report has highlighted potential changes in charges for Planning Fees. Current income is far lower than 2016/17 and 2017/18 but is in line with the Budget for 2018/19; a reduced budget of £665k has been proposed for 2019/20 with regular review in the MTFP. With the adoption of the Local Plan, this should bring forward some major planning applications but will result in less speculative applications going forward.
<b>Recycling</b>	The Council has been made aware that the cost of the Kerbside Recycling Scheme may need to increase.	This is still under review. A provision of £100,000 has been set-aside in the MTFP to offset any additional costs.
<b>Growth</b>	The Council's MTFP identifies "underlying cost pressures yet to surface" as a risk, due to pressure from residential development. In addition, there is additional demand on current resources in Planning and Land Charges	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. Additional resources have been invested in Waste Collection and Grounds Maintenance and these costs, together

	to meet the volume of planning applications and land searches associated with development. It is also considered that this is likely to impact on services such as parks and open space provision / maintenance.	with their financing, have been included in the proposed budgets for 2019/20.
<b>External Funding</b>	Several Community based services are 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.

### **Grants to Voluntary Bodies and Payments under Concurrent Functions**

5.35 As part of the annual Budget Round, the Committee gives consideration to increasing the base contribution in grants 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%

5.36 Latest inflation rates show CPI running at 2.3% as at November 2018. 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.

5.37 Every 1% increase in the base level across all grants and payments equates to approximately £6,000 per year.

5.38 Housing and Community Services Committee considered an increase for grants to voluntary bodies and this Committee considered an increase for Concurrent Functions in the detailed budget report earlier on the Agenda.

## **6.0 General Fund 5-Year Financial Projection to 2024**

6.1 The projection has been updated following the financial settlement (as detailed in Section 4) the proposed base budget (as detailed in Section 5) together with the proposed Tax Base and Collection Fund Surplus for 2018/19 (as detailed in Section 7).

6.2 The projection is calculated from a financial model, the summary of which is shown in **Appendix 1**. This also shows how certain items, such as future income levels and known changes to the base budget, are expected to

change over the planning period. The key matters are detailed in the following sections.

## Projected Budget Surplus/Deficit and Reserve Balances

6.3 This 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

6.4 Initial forecasts suggest that the overall financial profile of the General Fund has marginally reduced from that previously reported. Base Budget expenditure has increased (as detailed in Section 5), but this has been partially offset by the increase in New Homes Bonus and Council Tax due to growth.

6.5 The Pilot for NNDR will no longer apply for Derbyshire in 2019/20 and this reduction in funding was included in the MTFP in October. However, a reduction in the Tariff payment due to Central Government has now been updated. Further detail on funding is detailed more in Section 4. A summary of the overall change is shown in the following table:

	£'000
Projected 5 year General Fund Balance (pre-Budget)	-2,242
Net Increase in Projected Spending (Sections 5 & 6)	1,128
Proposed Increase in Growth Provision	900
Proposed Senior Management Restructure	461
Increase in New Homes Bonus (Section 4)	-1,557
NNDR (Section 4)	-253
Council Tax Surplus Increase	-55
Council Tax Base Increase	-479
<b>Projected Reserve Balance as at 2023/24</b>	<b>-2,097</b>

6.6 A proposal to increase the contribution to the Growth provision has been included within the MTFP. This increased contribution is as a result of the increased receipt of the New Homes Bonus and is in line with the recommendations reported in the MTFP in October.

- 6.7 The proposed Senior Management Restructure has been included within contingent sums in the MTFP. The consultation process is currently in progress and a further report is due to this Committee in February 2019.
- 6.8 The General Fund is forecast to incur a deficit of 430k for 2019/20 based on current projections, although this is 40% lower than that forecast in October 2018. Deficits are projected to continue for the full term of the MTFP.
- 6.9 The current General Fund Balance is healthy and is forecast to remain above the minimum level of £1.5m in 2023/24. Therefore, the annual deficits could be financed by drawing down the current level of the General Reserve.
- 6.10 Effectively, the financial projection shows the implications of taking that action. However, it is considered that this is a high risk strategy. The annual budget deficits are still projected to be significant even after increasing income as detailed above.
- 6.11 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.
- 6.12 However, 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.
- 6.13 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.
- 6.14 Therefore, it is recommended that the Council continues to pursue efficiencies and budget savings where opportunities arise to sustain the financial position.

### **Provisions and Contingencies**

- 6.15 In addition to base budget expenditure, the MTFP continues to set-aside other sums. These are detailed and shown separately in the MTFP in Appendix 1 and provide resources to cover such items as:

- Provision for Growth
- Potential Loss of Industrial Unit Income
- Proposed Senior Management Restructure and one-off costs
- Cost of a District Election in May 2023
- Waste and Recycling – additional contract costs (to be determined)

### **Summary Position**

- 6.16 It is considered that the Council's overall Base Budget is prudent whilst also being realistic based on the most up-to-date information. The MTFP reflects current spending priorities and also allows for potential cost pressures.
- 6.17 The financial risks that the Council faces, together with mitigating actions, are detailed in **Section 8**.
- 6.18 It has been anticipated for some time that the General Fund would face reductions in general core funding by the way of the Revenue Support Grant being phased out. However, the increase in other income streams such as the New Homes Bonus, together with previous budget savings, has led to a good level of General Reserves with other amounts set-aside to meet future cost pressures.
- 6.19 However, there are still considerable challenges. Firstly, to meet future budget deficits that may arise in the medium-term and secondly, to address potential service pressures arising from growth.

## **7.0 Council Tax, Tax Base and Collection Fund**

### **The Council Tax Base**

- 7.1 This relates to the number of chargeable properties for Council Tax after taking account of exemptions and discounts, including the Local Council Tax Support Scheme.
- 7.2 The calculation of the estimated Tax Base for 2019/20 is detailed in **Appendix 3** and is based on the number of properties on the Council Tax register as at 31st October 2018.
- 7.3 This produces a "Band D equivalent" which will be used to calculate the amount to be collected from Council Tax in 2019/20, of 33,302. This is an increase of 835 (2.6%) compared to 2018/19.
- 7.4 The approved MTFP estimated an increase of 540 Band D properties in 2019/20 with a 4 year average of 540 additional Band D properties in future years. The proposed Tax Base of 33,302 will generate additional revenue of approximately £73k per year compared to the MTFP, assuming the rate of Council Tax is increased by 1.95% per year.

### **The Future Tax Base**

- 7.5 The MTFP has previously assumed that the overall Tax Base will continue to increase by 540 properties per year. Over the last 3 years, average 4 year growth on a rolling basis in Band D properties has been 426, 540 and 674 respectively; the forecast for future growth in the tax base is positive.
- 7.6 Based on sites under construction, together with sites which have obtained outline and full planning permission, the best planning estimates forecast the following completions in each year:

- 2018/19 – 1,042 properties
- 2019/20 – 1,472 properties
- 2020/21 – 1,634 properties
- 2021/22 – 1,479 properties
- 2022/23 – 1,277 properties

7.7 Even allowing for some slippage, it is considered likely that the Tax Base will increase to a greater extent than the average in recent years. Locally, the housing market remains buoyant, although clearly a change in economic circumstances could have an impact on the above figures. In addition, it is difficult to estimate the Band D equivalents from the overall number of properties.

7.8 However, it is considered both realistic and prudent to increase the figure used in the MTFP for planning purposes from 540 to 674 per year respectively. Although this will only generate additional revenue of approximately £22k per year, the biggest impact is on the revenue generated from the New Homes Bonus as detailed in **Section 4** earlier in the report.

### **Collection Fund Surplus / Deficit**

7.9 In setting the level of Council Tax for 2019/20, the Council is also required to calculate the estimated balance on its Collection Fund for the current financial year, 2018/19.

7.10 The Collection Fund is a separate ring-fenced account. It records all income collected from Council Tax and Business Rates and the money paid out to other authorities who precept on the Fund. The accounting treatment of Business Rates is now subject to the Pilot.

7.11 The account in principle should balance each year. However, not all Council Tax is collected as circumstances, such as the number of houses subject to tax and households receiving exemptions and discounts, changes during the year. In addition, final collection rates from previous years may be higher than estimated.

7.12 These factors inevitably provide a balance at the end of each year. The Council has traditionally carried a surplus on its Collection Fund. Any surplus or deficit relating to Council Tax is transferred to the General Fund of the major preceptors, the biggest preceptor being Derbyshire County Council.

### **Estimated Position 2017/18**

7.13 The estimated position on the Collection Fund for 2018/19 is summarised in **Appendix 4**. The Fund is split between Council Tax and Business Rates.

7.14 The overall balance on the Council Tax element is distributed to the major precepting authorities on the Fund, i.e. the District Council, Derbyshire County Council, together with the Police and Fire Authorities, in proportion to their

precepts on the Fund. The surplus or deficit on the Business Rates element is adjusted and allocated in year.

7.15 It should be noted that Parish Councils do not gain a share of any balance on the Fund as they are categorised as local (and not major) preceptors under the Local Government Finance Act 1992.

### **Council Tax**

7.16 The balance on the Council Tax element is estimated at £1,882k based on transactions up to November 2018. This is in line with that reported to the Committee in November following the half-yearly review. The main reason for the estimated surplus is the increase in the Tax Base above that budgeted, as detailed earlier in this section (above).

7.17 At this stage, it is considered prudent to declare a surplus of £1,000,000 for 2018/19, to leave a balance and ensure that the Fund does not fall into deficit.

7.18 If the surplus again continues to increase in 2019/20 above that budgeted, then it will be declared in next year's budget – any surplus remains in the Fund until it is declared by the Council.

7.19 Consequently, it is recommended that the surplus (in proportion to individual Precepts) is declared and shared as shown in the following table.

<b>Share of Council Tax Surplus 2018/19</b>		<b>£</b>
Derbyshire County Council	73.35%	733,500
Police and Crime Commissioner	11.15%	111,500
Fire and Rescue Authority	4.48%	44,800
South Derbyshire District Council	11.02%	110,200
	<b>100.00%</b>	<b>1,000,000</b>

7.20 The amount attributable to the Council of £110,200 has been included in the updated MTFP for 2019/20. An estimated surplus of £55,000 per year remains in the MTFP in future years.

### **Business Rates**

7.21 As previously reported to the Committee, Business Rates incurred a deficit in 2015/16 and 2016/17 due to significant provisions for appeals (subject to determination) which were lodged by businesses with the District Valuer regarding Ratable Values. A surplus was achieved in 2017/18 due to the settlement of the majority of the 2010 list of appeals but there was a deficit balance carried forward on Business Rates of £192k as at 31<sup>st</sup> March 2018.

7.22 During the budget round of 2018/19, the Council reported an estimated deficit on Business Rates for 2017/18 in its statutory return (known as NNDR 1) to the Government in January 2018.

- 7.23 Therefore, a deficit of £763,829 is being deducted from Preceptors (including the Council) from their share of expected Business Rates in 2018/19.
- 7.24 As shown in **Appendix 4**, the actual in-year (2018/19) position is currently below target, with the deficit projected to be significantly higher than originally forecast at £1.0 million.
- 7.25 In 2019/20, the Pilot for 100% retention will not continue and Derbyshire will revert back to the pooling arrangement that was in place previously. This has been confirmed by the Government.

### **The Rate of Council Tax**

- 7.26 Following changes to national and local policy regarding Council Tax increases from 2017/18, an increase of 1.95% per year is included in the MTFP, subject to annual review. This is below the Government's limit of 3% or £5 at a Band D, above which a local referendum would be required to set a higher increase.
- 7.27 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.
- 7.28 An increase of 3% would raise Band D in 2019/20 to £163.98. A £5 increase would raise Band D in 2019/20 to £164.21 – 3.1%.
- 7.30 The updated MTFP continues to assume an increase of 1.95%. If an increase of £5 was applied in 2019/20, this would generate additional revenue of approximately £68k per year – cumulatively £342k over 5-years.

### **8.0 Overall Risk Analysis**

- 8.1 The summary in **Section 6** highlights that the Council's current financial position is likely to come under a considerable challenge over the forthcoming spending period.
- 8.2 Each Policy Committee has identified specific financial risks and these have been detailed in **Section 5** with mitigating actions being put in place.
- 8.3 There are many variables that are included in the projection that carry a risk in that should they impact, they could also affect the overall financial position. Specifically, the MTFP sets-aside in year contingencies and provisions to guard against pay/pension increases, growth and unforeseen expenditure, etc.
- 8.4 More generally, the main risks in the financial register (as previously reported) are:

#### **Higher Risks**

- Further changes to the national funding system
- A reduction in Business Rates income due to appeals

- Additional pressure on service costs due to growth

### **Lower Risks**

- A budget overspend
- A downturn in the national economy
- Impact of Welfare Reform

8.5 The risk register details the arrangements in place to mitigate the impact of these risks. Currently, any issues arising from the lower risks (above) are not significantly impacting upon the Council's financial position. The impact of the higher risks is or has the potential to be more significant.

8.6 The MTFP has already factored in overall reductions in core funding from the national system; a large provision was made in the Council's Accounts in 2015/16 due to Business Rate appeals and continuing population growth could eventually put further pressure on the cost of services.

### **Financial Strengths**

8.7 The financial position is currently healthy. However, it still faces a challenge to maintain a resilient and sustainable financial base. Currently, the Council's financial position is underpinned by several strengths that will help to mitigate its financial risks; these are as follows :

- A positive cash flow
- No debt outstanding (on the General Fund)
- Not reliant on interest rates rising to generate additional income
- Current General Reserves healthy
- Contingent sums in the Base Budget to guard against inflation and growth
- Budget for a full employee establishment – no vacancy rate is assumed
- Earmarked reserves for capital replacements for IT, vehicles and plant
- Separate provision made for bad debts, appeals and pensions
- Earmarked reserves to sustain project and capital works
- Steady growth in the Tax Base.
- Capital expenditure not heavily reliant on revenue funding or borrowing

8.8 The Council also has a history of spending within its overall Net Budget and has generated additional income through growth. However, this cannot be guaranteed in future years and is never assumed for future budgeting purposes in the MTFP.

### **Financial Risks and the Minimum Level of General Reserves**

8.9 Although the Council has several areas of financial strengths to mitigate risks, the Council still needs to be prudent in ensuring that it maintains an adequate

level of unallocated General Reserves on its General Fund to act as a contingency.

8.10 The Local Government Act 2003, places the emphasis on each local authority to determine its minimum level of reserves, based on advice from the Authority's Section 151 (Chief Finance) Officer. This will depend on local circumstances and the minimum level should be reviewed on a regular basis.

8.11 Based on this, the Council's minimum level, as set out in the Financial Strategy, is **£1.5m** on the General Fund at the end of every 5-year planning period. This level has existed since 2017/18 after being uplifted from £1m during the Budget round in 2017/18. It is calculated based on an assessment of the major financial risks and reflects the relatively healthy level that currently exists.

8.12 Based on the estimated net revenue expenditure on the General Fund for 2019/20 of approximately £13m, £1.5m is 11%. By 2023/24, £1.5m will be around **10%**. As a general guide, a balance of between 5% and 10% should be maintained.

## **9.0 Financial Implications**

9.1 As detailed in the report.

## **10.0 Corporate Implications**

### **Employment Implications**

10.1 None

### **Legal Implications**

10.2 None

### **Corporate Plan Implications**

10.3 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**

10.4 The Financial Risk Register is detailed within the Medium-Term Financial Plan but individual Committee risks are listed in Section 5.

## **11.0 Community Impact**

### **Consultation**

11.1 The budget will be disseminated through Local Area Forums and separate consultation will be undertaken with the local business community.

### **Equity and Diversity Impact**

11.2 None

### **Social Value Impact**

11.3 None

### **Environmental Sustainability**

11.4 None.

## **12.0 Background Papers**

12.1 The Government's Financial Settlement for 2019/20 and background papers are available at:

[Provisional-local-government-finance-settlement-2019-to-2020](#)

12.2 The review of the Medium-Term Financial Plan as reported to the Committee in October 2018.

[MTFP October 2018](#)

12.3 The detailed budget reports of each Policy Committee.

[Environmental and Development Services Committee](#)

[Housing and Community Services Committee](#)

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

	Approved Budget £ 2018.19	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
<b>BASE BUDGET</b>						
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
<b>Net Service Expenditure</b>	<b>12,010,026</b>	<b>12,633,388</b>	<b>13,171,020</b>	<b>13,538,157</b>	<b>13,911,097</b>	<b>14,304,153</b>
<b>Accounting Adjustments</b>						
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
	<b>11,475,220</b>	<b>12,119,734</b>	<b>12,649,469</b>	<b>12,953,691</b>	<b>13,264,018</b>	<b>13,650,087</b>
<b>Add: Known Variations</b>						
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
Proposed Senior Management Restructure	0	29,429	145,110	260,791	260,791	260,791
Proposed Senior Management Restructure - One-Off Costs Provision	41,202	20,266	20,266	20,266	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
<b>TOTAL ESTIMATED SPENDING</b>	<b>11,703,665</b>	<b>12,172,429</b>	<b>12,803,724</b>	<b>13,224,838</b>	<b>13,523,608</b>	<b>14,026,212</b>

	Approved Budget £ 2018.19	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24
<b>Provisions</b>						
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
<b>TOTAL PROJECTED SPENDING</b>	<b>12,128,665</b>	<b>12,782,429</b>	<b>13,413,724</b>	<b>13,834,838</b>	<b>14,133,608</b>	<b>14,611,212</b>
<b>FINANCING</b>						
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
<b>Core Spending Power</b>	<b>-12,905,362</b>	<b>-12,291,923</b>	<b>-12,707,005</b>	<b>-12,935,874</b>	<b>-12,994,835</b>	<b>-12,834,740</b>
Add Estimated Collection Fund Surplus - Council Tax	-55,000	-110,000	-55,000	-55,000	-55,000	-55,000
<b>TOTAL FINANCING</b>	<b>-12,960,362</b>	<b>-12,401,923</b>	<b>-12,762,005</b>	<b>-12,990,874</b>	<b>-13,049,835</b>	<b>-12,889,740</b>
<b>General Fund yearly Surplus (-) / Deficit</b>	<b>-831,697</b>	<b>380,506</b>	<b>651,719</b>	<b>843,964</b>	<b>1,083,774</b>	<b>1,721,472</b>
<b>GENERAL FUND RESERVE BALANCE</b>						
Balance b/fwd	-10,043,731	-9,040,105	-7,868,080	-6,855,156	-5,652,313	-4,212,129
General Fund Yearly Surplus (-) / Deficit (as above)	-831,697	380,506	651,719	843,964	1,083,774	1,721,472
MSP additional capital 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
<b>Balance c/fwd</b>	<b>-9,040,105</b>	<b>-7,868,080</b>	<b>-6,855,156</b>	<b>-5,652,313</b>	<b>-4,212,129</b>	<b>-2,097,440</b>

## Environmental and Development Services Committee

Summary of Net Revenue Expenditure	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Transport	618,807	588,195	-30,612
Economic Development	260,734	264,629	3,895
Environmental Education	78,505	79,897	1,392
Environmental Health	514,770	532,773	18,003
Highways	44,548	48,487	3,938
Licensing and Land Charges	-21,086	12,835	33,921
Planning	534,881	670,603	135,722
Town Centre	95,137	107,339	12,203
Waste Collection & Street Cleansing	2,148,887	2,246,275	97,388
	<b>4,275,184</b>	<b>4,551,034</b>	<b>275,850</b>

## Housing and Community Services Committee

Summary of Net Revenue Expenditure	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
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
	<b>2,634,255</b>	<b>2,906,606</b>	<b>272,351</b>

## Finance and Management Committee

Summary of Net Revenue Expenditure	Approved Budget 2018/19 £	Proposed Budget 2019/20 £	Change £
Central and Departmental Accounts	3,210,540	3,326,065	115,524
Concessionary Travel	0	0	0
Corporate and Democratic Costs	671,110	613,418	-57,692
Electoral Registration	206,992	326,783	119,791
Payments to Parish Councils	359,832	362,497	2,665
Pensions, Grants, Interest Payments and Receipts	263,625	228,684	-34,941
Property and Estates	-166,557	-263,375	-96,818
Revenues and Benefits	515,970	581,676	65,706
	<b>5,061,511</b>	<b>5,175,747</b>	<b>114,235</b>
<b>TOTAL ALL COMMITTEES</b>	<b>11,970,950</b>	<b>12,633,387</b>	<b>662,437</b>

## COUNCIL TAX BASE

PARISH	2018/19	2019/20	Change
ASH	22	23	1
ASTON ON TRENT	717	753	36
BARROW ON TRENT	239	247	8
BARTON BLOUNT	33	32	-1
BEARWARDCOTE	13	13	1
BRETRY	408	403	-5
BURNASTON	693	690	-3
CALKE	9	9	0
CASTLE GRESLEY	558	578	20
CATTON	22	22	0
CAULDWELL	46	46	0
CHURCH BROUGHTON	234	240	6
COTON IN THE ELMS	271	268	-4
DALBURY LEES	128	130	2
DRAKELOW	158	183	25
EGGINGTON	259	258	-1
ELVASTON	895	986	91
ETWALL	1,017	1,090	73
FINDERN	802	956	153
FOREMARK	33	33	1
FOSTON & SCROPTON	241	239	-2
HARTSHORNE	1,086	1,081	-5
HATTON	878	883	6
HILTON	2,640	2,685	45
HOON	22	21	-1
INGLEBY	49	49	0
LINTON	663	722	59
LULLINGTON	61	62	1
MARSTON ON DOVE	16	17	1
MELBOURNE	1,944	1,941	-3
NETHERSEAL	327	325	-2
NEWTON SOLNEY	284	298	14
OSLESTON & THURVASTON	123	124	1
OVERSEAL	813	853	41
RADBOURNE	51	79	28
REPTON	1,114	1,157	44
ROSLISTON	268	268	0
SHARDLOW & GREAT WILNE	413	413	-0
SMISBY	126	125	-1
STANTON BY BRIDGE	119	119	-1
STENSON FIELDS	1,479	1,493	14
SUTTON ON THE HILL	65	68	3
SWADLINCOTE	9,203	9,300	97
SWARKESTONE	122	189	67

TICKNALL	299	296	-3
TRUSLEY	41	42	1
TWYFORD & STENSON	67	69	2
WALTON ON TRENT	305	311	6
WESTON ON TRENT	483	479	-5
WILLINGTON	975	1,000	25
WOODVILLE	1,633	1,642	9
<b>TOTAL</b>	<b>32,467</b>	<b>33,308</b>	<b>841</b>

**APPENDIX 4**

**COLLECTION FUND MONITORING 2018/19 (as at 30th November 2018)**

	<b>Actual 2017/18</b>	<b>Estimated 2018/19</b>	<b>Projection 2018/19</b>
	£'000	£'000	£'000
<b>COUNCIL TAX - INCOME &amp; EXPENDITURE</b>			
<b>INCOME</b>			
Council Tax Collectable	53,295	57,026	57,459
<b>EXPENDITURE</b>			
County Council Precept	38,345	41,302	41,302
Police and Crime Commissioner Precept	5,715	6,253	6,253
Fire and Rescue Authority Precept	2,297	2,426	2,426
SDDC Precept	4,942	5,169	5,169
SDDC Parish Precepts	756	773	773
Increase in Bad Debts Provision	-68	570	575
<b>Total Expenditure</b>	<b>51,987</b>	<b>56,493</b>	<b>56,498</b>
<b>Surplus for the Year</b>	<b>1,308</b>	<b>532</b>	<b>961</b>
<b>COUNCIL TAX BALANCE</b>			
Opening Balance 1st April	613	1,421	1,421
Share of Previous Surplus to County Council	-367	-367	-367
Share of Previous Surplus to Police	-56	-56	-56
Share of Previous Surplus to Fire Authority	-22	-22	-22
Share of Previous Surplus to SDDC	-55	-55	-55
Surplus for Year (as above)	1,308	532	961
<b>Closing Balance as at 31st March</b>	<b>1,421</b>	<b>1,453</b>	<b>1,882</b>

**BUSINESS RATES - INCOME & EXPENDITURE**

<b>INCOME</b>	<b>Actual 2017/18 £'000</b>	<b>Estimated 2018/19 £'000</b>	<b>Projection 2018/19 £'000</b>
Business Rates Collectable	24,457	26,635	25,389
Transitional Protection Payments	590	873	873
<b>Total Income</b>	<b>25,047</b>	<b>27,508</b>	<b>26,262</b>
<b>EXPENDITURE</b>			
Central Government Precept	12,402	0	0
SDDC Precept	9,922	13,338	13,338
Derbyshire County Council Precept	2,232	13,071	13,071
Fire and Rescue Service Precept	248	267	267
Cost of Collection	91	91	91
Increase in Bad Debts Provision	145	267	241
Provision for Appeals	-428	473	330
<b>Total Expenditure</b>	<b>24,612</b>	<b>27,507</b>	<b>27,338</b>
<b>Surplus / Deficit (-)</b>	<b>435</b>	<b>1</b>	<b>-1,076</b>
<b>BUSINESS RATES BALANCE</b>			
Opening Balance 1st April	-1,339	-192	-192
Transfer of Previous Year's Surplus (-) / Deficit	356	382	382
Transfer of Previous Year's Surplus (-) / Deficit	285	306	306
Transfer of Previous Year's Surplus (-) / Deficit	64	69	69
Transfer of Previous Year's Surplus (-) / Deficit	7	7	7
Surplus / Deficit (-) for the Year as above	435	1	-1,076
<b>Closing Balance as at 31st March</b>	<b>-192</b>	<b>573</b>	<b>-504</b>

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE (SPECIAL-BUDGET)</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>10 JANUARY 2019</b>	<b>CATEGORY:</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>RECOMMENDED</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:kevin.stackhouse@southderbyshire.gov.uk">kevin.stackhouse@southderbyshire.gov.uk</a>	<b>DOC:</b> u/ks/council tax and precepts/council tax discounts and premiums/section 13a/council tax discounts care leavers
<b>SUBJECT:</b>	<b>COUNCIL TAX DISCOUNT: CARE LEAVERS</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 12</b>

## **1.0 Recommendations**

- 1.1 That consideration be given to making a recommendation to Council for the exercise of a discretion under Section 13A (1) C of the Local Government Act 1992 to exempt by way of a discount Derbyshire County Council Care leavers from Council Tax.

## **2.0 Purpose of the Report**

- 2.1 To consider an exemption/discount from Council Tax for Derbyshire County Council Care leavers to assist in their transition from care into adult life and mitigate their chances of falling into debt.

## **3.0 Detail**

- 3.1 A report by the Children's Society in 2016 found that when care leavers began to manage their own budgets for the first time they found the process extremely challenging owing to a lack of family support and prior experience of such matters. Further research found that around 57% of leavers had difficulty with money management and in avoiding debt when leaving care.
- 3.2 The Children and Social Work Act 2017 places corporate parenting responsibilities on district councils for the first time requiring them to have regard to children in care and care leavers when carrying out their functions.
- 3.3 Derbyshire County Council is already exercising its corporate parenting powers and has requested that district councils in Derbyshire give consideration to an exemption from Council Tax for Derbyshire care leavers up to the age of 25, to help them move into adulthood without the added pressures of debt.
- 3.4 The County Council is unable to grant such an exemption/discount from Council Tax as this is a discretionary power at the behest of individual Billing Authorities under Section 13A (1)C of the Local Government Finance Act 1992.
- 3.5 A number of Billing Authorities, across the Country have already set up a variety of local discount/exemption schemes. However, no authority in Derbyshire has

implemented a scheme, although it is understood that several are currently considering proposals.

3.6 Key issues for consideration are around the technicalities of the scheme. In devising a scheme, it is recommended that the following criteria are considered:

- Should a maximum discount award apply after application of all other discounts and relief that may apply?
- Eligibility. Does this apply solely to the care leaver only? What should the position be if the care leaver is in a shared household or is co-habiting?
- Should eligibility run from date of occupation to the date of 25th birthday or from April to March following respectively?
- Should the discount be restricted to the lower Council Tax Bands at say A, B and C, or equivalents?
- What burden of proof is required? Should the application be supported by 'certificate' from County Council as to care status?
- Should discounts only be backdated to 1 April of the year in which application is made
- If a care leaver establishes permanent employment should the discount remain in place? It could possibly increase if Council Tax Support reduced because of earnings? Would this be fair to other groups or individuals?

3.7 Based on the above criteria, a recommended scheme might look like:

- i) A care leaver is defined as a young person aged 18 to 25 who was formerly a child in the care of Derbyshire County Council and who then became a 'care leaver' as defined by The Children (Leaving Care) Act 2000 and is liable for Council Tax on a dwelling within the South Derbyshire District Council area. No reduction will be made for care leavers of other authorities living within the area.
- ii) Applications must be made by the Leaving Care Team, or equivalent, for and on behalf of the care leaver previously registered with Derbyshire County Council in the financial year immediately preceding their 18<sup>th</sup> birthday.
- iii) Applications may be backdated to 1 April in the year of application if the 18<sup>th</sup> birthday fell in the previous year.
- iv) Council Tax Discount will be awarded on a single property occupied as the sole or main residence in the District Council's area, from the date of the care leavers 18<sup>th</sup> birthday until the day immediately preceding their 25th birthday, as follows:
  - a. Sole occupation by a care leaver of 100% of residual balance of Council Tax payable after the award of any other discount relief or exemption.
  - b. Where a care leaver is jointly liable a proportionate award will be made according to their individual circumstances, e.g. if there's one other occupier then a 50% discount will apply.

- c. Where the care leaver is not liable for Council Tax no discount will apply.
- v) Discounts will be subject to annual review of eligibility which will include financial circumstances.
- vi) The Scheme may be varied or terminated on 12 months' notice on a decision by the Council

3.8 Detailed guidelines and processes would be produced following Committee approval. Some minor changes may be necessary to computer system software.

#### 4.0 **Financial Implications**

4.1 The cost of any discount granted under Section 13A of the Local Government Act 1992 is borne entirely by the Billing Authority, South Derbyshire District Council. It is not allocated to the Collection Fund.

4.2 Whilst the number of eligible care leavers is estimated to be low in number, there is no clear indication of the potential number of cases over the longer term. In addition, there is no information as to the financial status or circumstances of the individuals concerned upon which to calculate the net effect of a discount after the award of any other relevant discounts or relief to which they may otherwise be entitled on moving from care into the community.

4.3 Operation of the Scheme has the potential to be cumbersome given the number of variables likely in the circumstances of individual care leavers.

4.4 Therefore, if a scheme is adopted it would need to be kept under review with case load and cost being reported to the Committee on a quarterly basis. The Council does have the option of terminating the Scheme by giving 12 months' notice under its discretionary powers.

4.5 In the meantime, if a scheme is adopted, it is recommended that a budget of £10,000 is set-aside in the General Fund to meet the cost. Depending on circumstances, this would support up to 10 to 12 cases per year.

#### 5.0 **Corporate Implications**

##### **Employment Implications**

5.1 None

##### **Legal Implications**

5.2 None

##### **Corporate Plan Implications**

5.3 Adoption of a local discount scheme for care leavers would meet the key aim of "*Enabling People to Live Independently*" (PE 1)

## **Risk Implications**

5.4 None

## **6.0 Community Impact**

### **Consultation**

6.1 None required.

### **Equality and Diversity Impact**

6.2 The introduction of a local discount scheme may be seen as creating a precedent and generate applications from similar and possibly equally deserving groups.

### **Social Value Impact**

6.3 Applying a Council Tax discount would assist care leavers in their transition from care into adult life and mitigate their chances of falling into debt.

### **Environmental Sustainability**

6.4 None

## **7.0 Background Papers**

7.1 None

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE (SPECIAL- BUDGET)</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>10 JANUARY 2019</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (COPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/revenues and benefits/council tax discounts and premiums/empty homes premiums Jan 19
<b>SUBJECT:</b>	<b>COUNCIL TAX PREMIUM ON LONG-TERM EMPTY PROPERTIES</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 12</b>

## **1.0 Recommendations**

- 1.1 That consideration is given to increasing the Council Tax Premium from 50% to 100% on properties empty for longer than 2 years but less than 5 years.
- 1.2 That if approved, the increased Premium of 100% is effective from 1 April 2019.
- 1.3 That consideration is given in principle to increasing the Council Tax Premium to 200% on properties empty for between 5 and 10 years from 1 April 2020.
- 1.4 That consideration is given in principle to increasing the Council Tax Premium to 300% on properties empty for over 10 years from 1 April 2021.
- 1.5 That subject to 1.3 and 1.4, increases to 100% and 200% in future years are considered ahead of the Budget Round for 2020/21 and 2021/22 respectively.

## **2.0 Purpose of Report**

- 2.1 To provide details regarding discretion given to local billing authorities that will allow the Council Tax Premium on long term empty properties to be increased. This discretion was introduced in the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018. [Rating \(Property in Common Occupation\) and Council Tax \(Exempt Dwellings\) Act 2018](#)

## **3.0 Detail**

- 3.1 With the aim of bringing empty properties back into use, the Government introduced certain discretions, back in April 2013, for billing authorities to charge additional Council Tax on empty properties. The Council introduced these discretions locally and adopted the following Policy:

- A free period with no Council Tax payable of three months, after a property becomes empty, thereafter a full charge is made.
- An empty property premium of 50% on top of the full charge is levied after a property remains empty for two years or more.

3.2 A long-term empty property is defined as one which has stood unoccupied for longer than 2 years and is substantially unfurnished. Certain properties are excluded and these include:

- Properties where a person has been moved into residential care or hospital
- Properties where the occupant is away serving in the armed forces
- Properties that have been repossessed
- Properties classified as being derelict
- Properties that have been compulsory purchased awaiting demolition

3.3 Alongside this Premium, the Council also has a Discretionary Policy to reduce the Premium in exceptional cases, through a local discount. This applies where there are unavoidable circumstances that render a property impossible or extremely difficult to either let or sell and applies to:

- Properties within retirement schemes where covenants/restrictions on sales and lets apply.
- Unused accommodation within retail or commercial units that cannot be made available to let or sale for access or security reasons.
- Where the property owner has been actively engaged in attempting to sell the property over a period of time and can demonstrate this.
- Where a property is subject to significant structural repairs or renovation. These properties are exempt from Council Tax for a maximum of 2 years.

**Additional Discretion now being given to Local Authorities**

3.4 As part of the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, local authorities have been given discretion to increase the Empty Homes Premium further, as detailed in the following table.

<b>Discretion</b>	<b>Implementation Date</b>
-------------------	----------------------------

To increase the Premium on properties empty for over 2 years from 50% to 100%, i.e. <b>the Council Tax charge would effectively double</b> . This Premium would apply for properties remaining empty for up to 5 years.	1 <sup>st</sup> April 2019
Where a property remains empty after 5 years, the Premium can be increased to 200%, i.e. <b>the Council Tax charge would treble</b> . This Premium would apply for properties remaining empty for up to 10 years.	1 <sup>st</sup> April 2020
Where a property remains empty beyond 10 years, the Premium can be increased to 300%, i.e. <b>the Council Tax charge would quadruple</b> .	1 <sup>st</sup> April 2021

3.5 These increases have been termed “escalator charges”, i.e. the longer a property remains empty, the greater the charge. To allow property owners time to prepare for these charges, there is a transitional period and the higher Premiums (if approved) would not come into force until 2020 and 2021.

#### 4.0 Financial Implications

4.1 The Council currently has 104 empty properties that would meet the criteria for the additional Premiums as shown in the following table. These properties are currently paying the 50% Premium.

Period Empty	Number	Additional Council Tax
Between 2 and 5 years	61	£52,000
Between 5 and 10 years	23	£59,000
Over 10 years	20	£85,000
<b>Total</b>	<b>104</b>	<b>£196,000</b>

4.2 The above table provides an indicative analysis of the additional Council Tax raised based on the current number of empty properties. Approximately 11% of the additional Council Tax would be attributable to the Council, with the largest proportion flowing to the other Preceptors. Given, the transitional period, the additional income would not all be generated from 1<sup>st</sup> April 2019, if approved.

4.3 A reduction in the number of empty homes generates additional New Homes Bonus at the national average Band D Council Tax rate of £1,591 per property. 80% of this income flows directly to the District Council with 20% attributable to the County Council.

- 4.4 Therefore, if the Premium does have the effect of reducing the number of empty homes, then although the Council Tax would reduce by the amount of the Premium, the New Homes Bonus would increase at a greater rate per property for the Council.
- 4.5 The above estimates assume that the current Discretionary Policy as detailed in Section 3 remains in place.

## **5.0 Corporate Implications**

- 5.1 The adoption of the increased premiums would increase Council Tax receipts and contribute to the Corporate Plan's aim of "Maintaining Financial Health". If the Committee approves the adoption of the additional discretions, current owners of empty properties would be contacted and communicated with accordingly.

## **6.0 Community Impact**

- 6.1 The objective of Government Policy nationally is to bring forward the use of empty properties to increase the supply of housing across the Country. In South Derbyshire, there is no definitive evidence that since the Premium of 50% was introduced in 2013, this has significantly reduced the number of long-term empty properties.
- 6.2 In April 2013, long-term empty properties numbered approximately 100, the same number as that currently. However, the number of empty homes can vary over time for various reasons and whether the impact of the Premium is a determinant, is difficult to measure.
- 6.3 The number of long-term empty properties in the District is a small proportion (0.2%) compared to the total number of homes on the Council Tax Register of approximately 46,000. Whether the impact of the Escalator Charge would bring more homes into use remains to be seen.

## **7.0 Background Papers**

- 7.1 None

<b>REPORT TO:</b>	<b>FINANCE &amp; MANAGEMENT COMMITTEE (SPECIAL-BUDGET)</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>10 JANUARY 2019</b>	<b>CATEGORY: (See Notes) DELEGATED or RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (SERVICE DELIVERY)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ADRIAN LOWERY, 01283 595764, adrian.lowery@south-derbys.gov.uk</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>MAINTENANCE STANDARDS PROJECT BRIEF</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: (See Notes)</b>

## **1.0 Recommendations**

- 1.1 That the Committee endorses the Business Case set out in Appendix A (Project Brief - Maintenance Standards Phase 1) as a valid business reason to invest in resources to capture environmental asset maintenance data.
- 1.2 That the Committee approves £50,000 from earmarked reserves to deliver the project as set out in the Business Case.
- 1.3 To approve a new temporary post of a GIS Project Officer on a fixed-term contract for 18 months.

## **2.0 Purpose of the Report**

- 2.1 To seek approval for £50,000 of earmarked reserve funding to be allocated to implement the first phase of the Maintenance Standards Project.

## **3.0 Detail**

- 3.1 A series of Maintenance standards documents were approved by the Environmental and Development Services and Housing and Community Committees in April 2018. These policies set out the Environmental Maintenance Standards that the Council is committed to deliver across a number of areas including: Street Scene, Waste and Transport, Cultural Services (parks and open spaces) and Housing Services (estate and communal areas).
- 3.2 This Business Case sets out the necessary investment needed to fund improvements to produce a clear record of the Council's key environmental maintenance obligations.

- 3.3 The introduction of the Council's new Senior Management structure in April 2018 placed the main front-line services under the Strategic Director - Service Delivery. The Strategic Director has through engagement with Service Managers and Lead Officers, across a number of projects, identified an opportunity to enhance the information and communications needed to enhance the delivery of these standards.
- 3.4 The proposed project will provide the tools to target resources and provide the reporting and analysis needed for effective performance management.
- 3.5 The project aims to produce a clear record of the Council's environmental assets relating to maintenance obligations and document in a single system which can be universally accessed and reported on.
- 3.6 Whilst the completion of this project in itself will support more effective working practices and performance management, further phases of the project are anticipated in order to ensure the records are utilised effectively across the Council, for example to support mobile working.
- 3.7 At this stage the costs of further phases are not quantifiable and would need to be the subject of further business cases.

#### **4.0 Financial Implications**

- 4.1 The table below outlines the approximate staffing costs of implementing this proposal:

Post Title	Status	Grade	2018/19	2019/20	2020/21	Total
GIS Project Officer	New	Scale 5	2,353	29,239	12,437	44,029

- 4.2 It is proposed to fund the £50,000 from the Council's ear-marked reserves for the maintenance of Open Space. These contributions have been secured through section 106 agreements for land that the Council has adopted and is required to maintain.
- 4.3 The remainder of the sum is to make provision for costs in relation to specialist development work to the geographical information and spatial data warehousing that will hold the data. This sum will only be utilised if the relevant skills cannot be sourced within the Council.
- 4.4 It is anticipated that documenting and structuring this information will lead to efficiencies across a number of services areas; however at this stage they have not been identified fully. The consolidated data will form the basis of the next phase of the project which will be to review the operations of the service areas and seek to improve maintenance standards through process change and better utilisation of technology.

#### **5.0 Corporate Implications**

##### **Employment Implications**

- 5.1 This is a new post on the establishment and it is proposed that it is advertised internally and externally.

- 5.2 The grade for the new post has been evaluated under the Council's agreed procedure and has been assessed at Grade 5.
- 5.3 The Fixed-Term (Prevention of Less Favourable Treatment) Regulations 2002 ensure that fixed-term employees are not treated less favourably than comparable permanent employees. The terms and conditions to be offered are in line with the NJC for Local Government Services and therefore the same as comparable permanent employees.
- 5.4 It is noted that the contract will be on a fixed-term basis for 18 months. If the contract is extended beyond a period of two years or the person appointed has continuous local government service then a redundancy payment would then become payable. In addition, if the person is aged 55 and over and member of the Local Government Pension Scheme then there would be an immediate entitlement to a pension and potentially a strain cost could become payable.

### **Legal Implications**

- 5.5 None

### **Corporate Plan Implications**

- 5.6 Approval of the recommendations contained within this report would allow the Direct Services functions to be delivered in alignment with the priority actions within the Council's Corporate Plan. The captured data will therefore have a direct positive impact on the Council's ability to deliver actions against the key objectives of:

- Progress
- Place
- People

### **Risk Impact**

- 5.7 There is a risk that without up-to-date and accurate data, that the Council could waste resources in its maintenance of environmental assets, or suffer reputational damage from not maintaining environmental assets it is responsible for in the most effective manner. The project will minimise this risk and also allow the Council to evidence its environmental maintenance performance against its own standards, as required by the Corporate Plan.

## **6.0 Community Impact**

### **Consultation**

- 6.1 None

### **Equality and Diversity Impact**

- 6.2 As noted in the report, the terms and conditions of employment being offered will be comparable to those used across the Council workforce.

### **Social Value Impact**

- 6.3 The option to appoint into a temporary post provides the creation of local employment.

### **Environmental Sustainability**

- 6.4 The project will identify and accurately record the Council's environmental assets onto a single GIS platform, which will assist officers in reducing the Council's environmental impacts on issues such as climate change, resource depletion, ecological damage, as well as on locally disruptive factors such as noise, traffic and maintenance, through improved maintenance planning.

## **7.0 Background Papers**

Appendix A Project Brief Maintenance Standards Phase 1

# PROJECT BRIEF

**Project:** Maintenance Standards (Phase 1)

**Team:** Multi-Team

**Date:** November 2018

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## Version Control

Version	Description of version	Effective Date
0.1	DRAFT	05.12.2018
1	Issue	18.12.2018

## Approvals

Approved by	Date
Strategic Director - Service Delivery	18.12.2018
IT and Business Change Manager	18.12.2018
Business and Systems Manager	18.12.2018
Cultural Services Manager	18.12.2018
Direct Services Manager	18.12.2018
Housing Services Manager	18.12.2018
Corporate Asset Manager	18.12.2018

## Associated Documentation

Description of Documentation

## 1.0 Corporate Governance

The project outcomes contribute towards the Corporate Plan objectives identified below:

Corporate Theme	Description	X
<b>OUTCOMES</b> Work that underpins all of our activities	O1 Maintain financial health	X
	O2 Achieve proper Corporate governance	
	O3 Enhance environmental standards	X
	O4 Maintain a skilled workforce	
	O5 Maintain customer focus	X
	O6 Be aware of and plan for financial, legal and environmental risks	X
<b>PEOPLE</b> Keeping residents happy, healthy and safe	PE1 Enable people to live independently	
	PE2 Protect and help support the most vulnerable, including those affected by financial challenges	
	PE3 Use existing tools and powers to take appropriate enforcement action	
	PE4 Increase levels of participation in sport, health, environmental and physical activities	
	PE5 Reduce the amount of waste sent to landfill	
	PE6 Develop the workforce of South Derbyshire to support growth	
<b>PLACE</b> Creating vibrant communities to meet residents' needs	PL1 Facilitate and deliver a range of integrated and sustainable housing and community infrastructure	
	PL2 Enhance understanding of the planning process	
	PL3 Help maintain low crime and anti-social behaviour levels in the District	
	PL4 Connect with our communities, helping them to feel safe and secure	
	PL5 Support provision of cultural facilities and activities throughout the District	
	PL6 Deliver services that keep the District clean and healthy	X
<b>PROGRESS</b> Encouraging inward investment and tourism opportunities	PR1 Work to attract further inward investment	
	PR2 Unlock development potential and ensure the continuing growth of vibrant town centres	
	PR3 Work to maximise the employment, training and leisure uses of The National Forest by residents and increase the visitor spend by tourists	
	PR4 Help to influence and develop the infrastructure for economic growth	
	PR5 Provide business support and promote innovation and access to finance, including in rural areas	

## 2.0 Project Definition

### 2.1 Background

A series of standards documents were approved by Environmental and Development Services and Housing and Community Committees in April 2018. These policies set out the maintenance standards that the Council is committed to deliver across a number of areas including: Street Scene, Waste and Transport, Cultural Services (parks and open spaces), and Housing Services (estate and communal areas).

The maintenance schedules are made-up of a number of 'Contracts' carried out by Direct Services as the contractor. These 'Contracts' are with both external and internal clients as follows:

#### Internal

SDDC Direct Services – refuse collection and street cleansing  
SDDC Cultural Services - parks and open spaces  
SDDC Housing - estate and communal areas  
SDDC Property Services - leased out land to parishes and common land

#### External

Derbyshire County Council - highways verges  
Parish Councils - land maintained by agreement

The introduction of the Council's new Senior Management structure in April 2018 has placed the main front line services under one Strategic Director of Service Delivery. The new Strategic Director has through engagement with Service Managers and Lead Officers across a number of projects identified an opportunity to enhance the information and communications needed to enact these standards.

This opportunity will provide the tools to target resources and provide the reporting and analysis needed for effective performance management.

Alongside this project brief a review of the Council's land adoption procedures has been carried out with a view to developing an Adoption's Policy. Throughout these review meetings, a key theme has been the information management of land assets and recording of information and the issues surrounding this. The successful outcomes of this initial project work will underpin the successful implementation of the adoption and management of open space in the future.

### 2.2 Project Objectives

This project aims to produce a clear record of the existence and any other relevant information on the Council's assets relating to maintenance obligations and document in a single system which can be universally accessed and reported on.

1. To complete a full inventory and audit of corporate assets relating to the maintenance standards.
2. To enter the resulting up-to-date information to the GIS System.

This data will then be accessible to all relevant staff and this will:

- Lead to a better understanding and documentation of current service demands
- Support the more effective planning, resourcing and delivery of the service

- Aid the planning of any future adoption of land or other assets and the likely impact on resource and service provision in the medium-term.
- Ultimately deliver more efficient, customer focused services.

### 2.3 Desired Outcomes

#### Primary:

A complete and universally accessible record of corporate assets relating to maintenance standards.

A clear governance structure for keeping the record up-to-date.

#### Secondary: (Some have dependencies on future phases of this project)

Financial savings

Understanding of service demands for better financial and resource planning

Efficiencies savings for more effective use of resources

Improved service performance

Improved customer satisfaction

Improved data quality and increased provision of open data

Mitigating financial and reputational risk through better performance monitoring

### 2.4 Project scope and exclusions

The scope of the project is limited to the gathering, recording and analysing information related to the delivery of the service standards documents that have already been adopted by the Council. A separate business change project (Phase 2) will run alongside this project which will aim to improve the processes and gain efficiencies across these front-line services which will be supported by the enhanced data. This Phase 2 project will include digital transformation such as mobile access to dataset and dynamic input of completed works.

### 2.5 Assumptions

Resource allocation or availability of appropriate skills.

Cases of ambiguity or discord will be escalated to the Strategic Director Service Delivery

Project teams always work under some limitations and restrictions; a balance will need to be struck between members of a virtual team who are contributing to the discussion and evaluation and their substantive responsibilities.

Current provision to customers will remain broadly unchanged until completion. However, if issues come to light as part of the project that can be easily implemented then these will be acted upon as soon as is practicably possible, subject to the principle set out below.

No option shall be precluded on submission by any member of the project team. However only those identified as a viable business solution will be considered for implementation.

### 2.6 Stakeholders and Interfaces

Property Services

Legal Services

Direct Services

Cultural Services

Housing Services

Customer Services

Business Systems & Information Unit  
Finance  
Corporate ICT  
Business Change

### 3.0 Outline Business Case

#### Why the project is needed:

The Service Standards have been adopted and work is underway to implement these. It is intended to follow-up the standards work with quality and benchmarking measures that will enable enhanced monitoring of these services in the future, thereby improving openness and accountability. Currently the Council is not able to maximise the outputs of effort relating to administering maintenance schedules.

#### 3.1 Option 1: Remain As Is

Not undertaking this project to document and consolidate this information would be a missed opportunity to utilise the GIS software that the Council has invested in to its full potential. Without the data being held in a central location, further reduces the opportunities for any future phases of the project.

#### 3.2 Option 2: Outsource

This work could be outsourced to an external consultant, but the costs of this could be prohibitive and would still require considerable staff time due to the existing lack of data. This project presents the opportunity to work more collaboratively across service areas and teams encouraging a more joined-up approach. It is deemed uneconomical and inefficient to progress the desired outcomes highlight in section 2.3 through an outsourced approach.

#### 3.3 Option 3: Survey and document the open space maintenance obligations

Employ a temporary project resource to gather, record, and analyse data related to the delivery of the service standards documents to produce a definitive record of the Council's maintenance obligations for open space into one location.

This data should be accessible to all relevant staff to enable earlier identification of any maintenance related issues, more effective future resource planning and ultimately the delivery of a better service to customers.

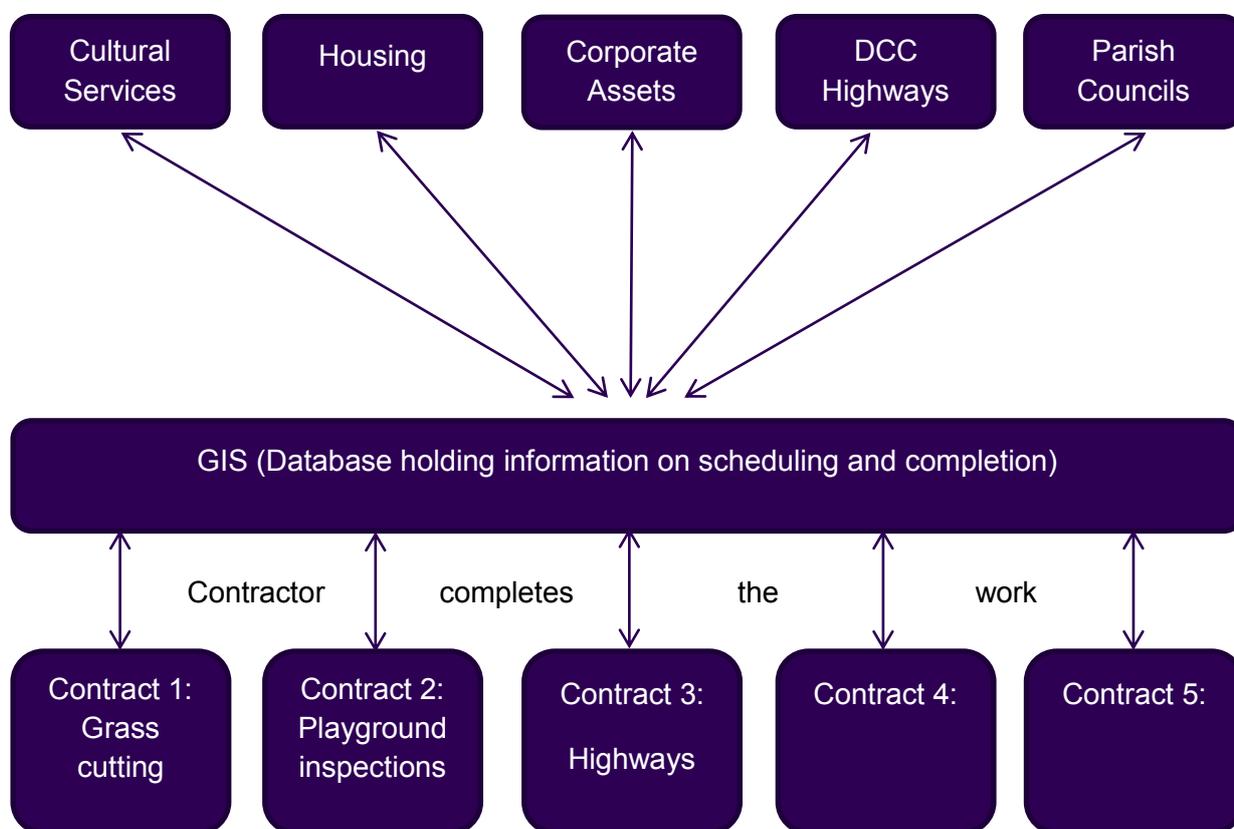
It is proposed that an officer is employed for a period of twelve to eighteen months to carry out the surveying and digitisation work on the corporate geographical information systems (GIS). There will also be some costs in relation to specialist work relating to the geographical information and spatial data warehousing that will hold the data. The cost of the post and the GIS development is estimated to be around £50,000.

It is proposed to fund this £50,000 from the Council's ear-marked reserves for the maintenance of Open Space. These contributions have been secured through section 106 agreements (for land that the Council has adopted and is required to maintain in the future). Up until now, these reserves have not been utilised and as part of the development of the Adoptions' Policy, a plan has been developed to ensure that these reserves are allocated to the correct service area and will form part

of the long-term resource planning for maintenance. This initial investment of £50,000 in the data quality underpins the future planning of efficient service delivery.

It is anticipated that documenting and structuring this information will lead to efficiencies across a number of services areas; however, at this stage they have not been identified fully. The consolidated data will form the basis of the next phase of the project which will be to review the operations of the service areas and seek to improve maintenance standards through process change and better utilisation of technology. This project also provides greater utilisation of mapping technology that the Council has already invested in.

The value in the project is rooted in data. It is imperative to ensure the correct governance structure for updating the data source is in place, after the initial work has been completed. A new operating model will be introduced as part of this project to define roles and responsibilities of corporate 'owners' of each data set that makes up the master data source within the GIS. Example below;



### 4.0 Project Product Description (project components and success criteria)

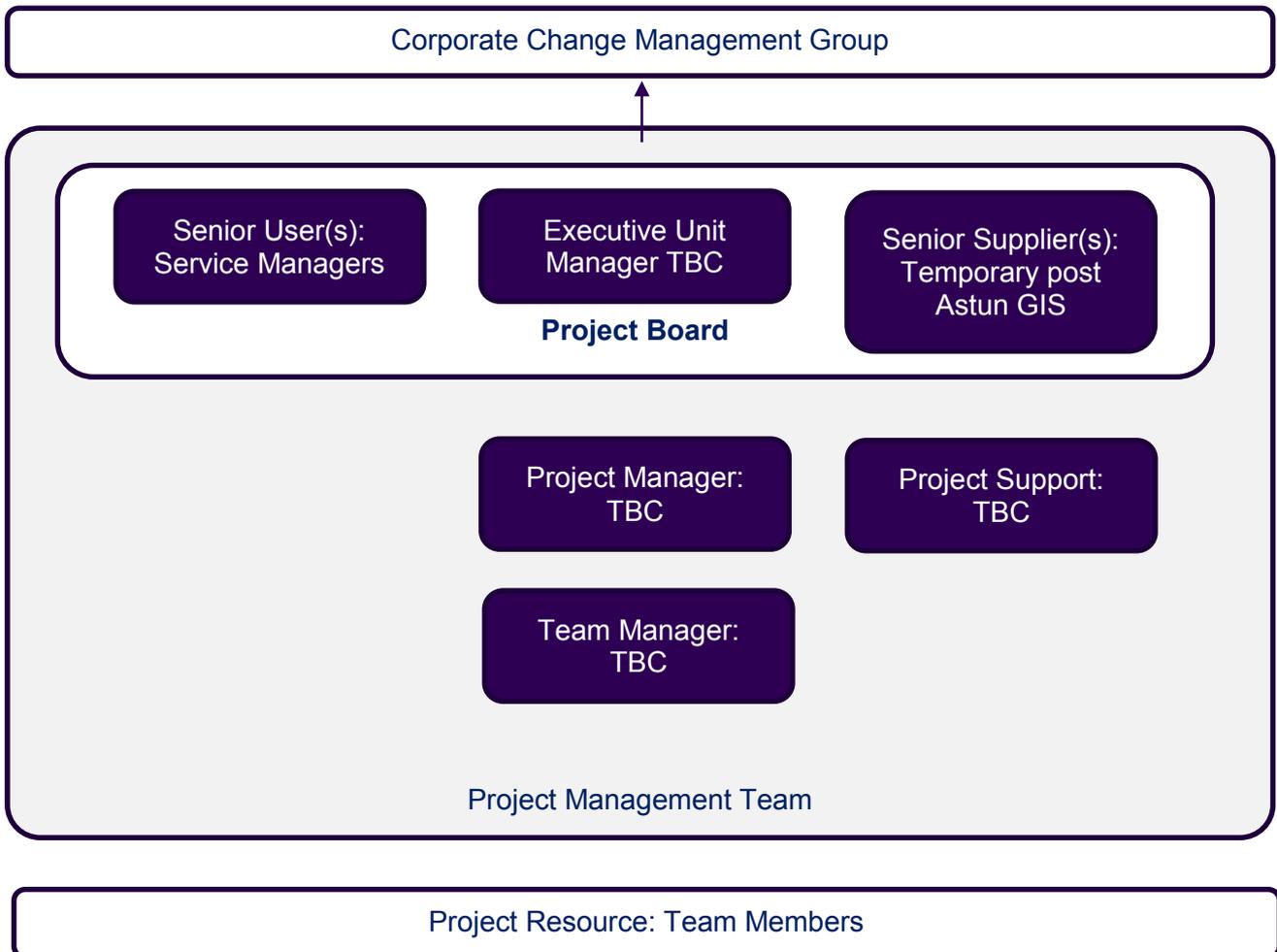
Project Name	Maintenance Standards
Project Purpose	This project aims to produce a clear record of the Council’s key maintenance obligations, if possible into one database.
Composition: What are the major components, resources or activities needed to complete the project	Review of existing documents and datasets Extract, cleanse and prepare existing data for migration GIS Migration process Survey work GIS capture Quality control and end user testing
Skills Required	Internal subject matter experts Project management Technical evaluation Document management Grounds maintenance surveying skills GIS Spatial database management
Customer Expectations	<ol style="list-style-type: none"> <li>1. Access to relevant information will improve customer service.</li> <li>2. Maintenance assets are geographically referenced.</li> <li>3. Understanding of service demands relating to grounds maintenance and street cleansing.</li> <li>4. Analysis of data can be carried out by service leads to plan service schedules.</li> <li>5. Sharing of verified and trusted maintenance data will be possible across different units.</li> <li>6. Data will be stored in a database so that performance can be monitored and service provision targeted.</li> </ol>
Acceptance Criteria	<ol style="list-style-type: none"> <li>1. Customer Services Advisers will be able to check on GIS if the Council is responsible for an area of land and report to correct department (If not Council Land then advise accordingly).</li> <li>2. Polygons of maintenance land are validated or captured.</li> <li>3. Detailed attribute data of ‘bill of quantities’ is assigned to each polygon.</li> <li>4. Spatial queries will allow detailed extraction of asset data without specialist skills.</li> <li>5. Map layers will be available to key service users</li> <li>6. Spatial queries will allow for performance against target to be measured.</li> </ol>

### 5.0 Project Approach

The project will use the corporate approach to change management as outlined by the Business Change team and report Corporate Change Management Group (CCMG) periodically to provide highlight reports against the project plan.

As can be seen from section 6 below, a project team will need to be established to implement the project.

### 6.0 Project Management Team Structure



### References

None.