



F B McArdle,
Chief Executive,
South Derbyshire District Council,
Civic Offices, Civic Way,
Swadlincote, Derbyshire DE11 0AH.

www.southderbyshire.gov.uk

@SDDC on Twitter

Please ask for Democratic Services

Phone (01283) 595722 / 595848

Typetalk 18001

DX 23912 Swadlincote

democraticservices@southderbyshire.gov.uk

Our Ref: DS

Your Ref:

Date: 20 December 2019

Dear Councillor,

Housing and Community Services Committee

A Meeting of the **Housing and Community Services Committee** will be held in the **Council Chamber (Special)**, on **Tuesday, 07 January 2020 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**

Councillor Roberts (Chairman), Councillor Pegg (Vice-Chairman) and Councillors Atkin, Churchill, Corbin, Mrs. Haines, Dr. Perry and Mrs. Wheelton

Labour Group

Councillors Mrs. Heath, Mulgrew, Rhind, Richards and Shepherd

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** SERVICE BASE BUDGETS 2020-21 **3 - 23**
- 6** HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN & PROPOSED RENT 2020-21 **24 - 39**

Exclusion of the Public and Press:

- 7** 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.
- 8** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 5
DATE OF MEETING:	7th JANUARY 2020	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD (01283595939) Victoria.summerfield@southderbyshire.gov.uk	DOC: s/Finance/Committee/2019-20/Jan/Budget
SUBJECT:	SERVICE BASE BUDGETS 2020/21	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS

1.0 Recommendations

- 1.1 That the proposed income and expenditure revenue budget for this Committee's services for 2020/21 as detailed in **Appendix 1** is considered and recommended to the Finance and Management Committee for approval.
- 1.2 That the proposed fees and charges as detailed in **Appendix 2** for 2020/21 are considered and approved.
- 1.3 That consideration is given to the level of any increases in Grants to Voluntary Bodies in 2020/21.

2.0 Purpose of the Report

- 2.1 As part of the annual financial planning cycle, the report details the Committee's proposed base budget for 2020/21 with comparisons to the current year budget. 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 2020/21 within the Council's overall medium-term financial position. This will be considered by the Finance and Management Committee on 9th January 2020.
- 2.3 The report also sets out proposals for the level of fees and charges under the responsibility of this Committee for 2020/21.

3.0 Executive Summary

- 3.1 The Committee is responsible for some large spending areas, including leisure, recreational facilities, community development and private sector housing.

External Funding

- 3.2 A large part of the Committee's annual spending on community development, crime prevention, together with active communities, health and homelessness prevention is delivered in partnership with other agencies. Expenditure is financed in part from their contributions which can in turn be reliant upon specific central government funding.
- 3.3 The funding is not necessarily available from year to year. The Council maintains specific reserves which hold funding awarded in previous years and is drawn down to meet projects and costs on an annual basis. Some of this funding is not always replaced each year and expenditure is adjusted accordingly.
- 3.4 Although the Council still has access to longer term funding, this is finite unless replaced. Consequently, some budgets in these services could come under pressure in future years and this will be kept under review. This is detailed later in the report.

The Council's Overall Financial Position

- 3.5 The Council's MTFP was fully reviewed and updated in October 2019. 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 four years based on current forecasts.
- 3.6 However, the continuing issue is the projected deficits each year over the life of the Plan. Although the current level of reserves can be utilised to meet the projected deficits, this is not a sustainable solution in the longer-term.
- 3.7 The Finance and Management Committee will consider the detail of the overall financial position on 9th January 2020, including proposals from this Committee.
- 3.8 It is important that the Committee scrutinises its spending base closely to identify budget savings and carefully examines any areas where there are cost pressures, together with any proposals to increase spending.

Summary of Expenditure

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

	2020/21 £	2019/20 £	Movement £
Community Development and Support	670,850	653,671	17,179
Leisure Centres and Community Facilities	677,637	656,585	21,052
Parks and Open Spaces	505,961	443,031	62,930
Private Sector Housing	432,556	434,107	-1,552
Recreational Activities	152,212	149,450	2,762
	2,439,216	2,336,844	102,372

- 3.10 The above table shows that the Committee's net expenditure is estimated to increase overall between 2019/20 and 2020/21 by £102,372. Detail of the changes within each service area is listed in **Appendix 1**. A summary of changes is shown in the following table.

Changes to Base Budget 2019/20 to 2020/21	£'000
Reduction in Reserve Funding	46
Business Rates Charges	10
Transfer of Repairs and Maintenance from F&M	9
Reduced Market Income	8
Incremental Salary Increase	6
Insurance Charges	6
Utility Costs	5
Waste Collection Costs	2
Staff Training	2
Christmas Lights Additional Costs	2
Transfer of Salaries to F&M	-10
Materials Reduction	-17
Forestry England Funding	-20
	49
Depreciation	53
Base Budget Increase	<u>102</u>

- 3.11 Excluding the increase in depreciation which is an accounting adjustment and not a cost to the Council, the increase in actual expenditure based on the proposed budgets is £49k. The MTFP included an inflationary increase for a variety of cost lines and the final budget proposals have come in lower than expected.

Parks and Open Spaces

- 3.12 The Parks and Open Spaces cost area has previously had a limited contribution from the General Fund with the balance of expenditure over and above this contribution funded through S106 maintenance sums.
- 3.13 Due to restrictions on the use of this funding plus the risk of the service becoming unsustainable with specific reserve levels reducing, it is proposed that this service has an increased contribution of £46k from 2020/21 which is to be funded from the Growth provision.
- 3.14 Additional expenditure required above the revised contribution from the General Fund will need to be funded through the S106 maintenance sums but will be specific to areas of development contained within the original agreement.

Rosliston Forestry Centre

- 3.15 The Centre is currently being managed directly by the Council and therefore a full year's budget is included for 2020/21.
- 3.16 A review of the service delivery model is currently underway but in the interim, Forestry England working in partnership with the Council, have agreed to contribute £20k in 2020/21 towards expenditure incurred.

Transfers Between Committee's

- 3.17 Due to the Senior Management Restructure implemented on 1st April 2019 a number of services were transferred to different Heads of Service. The result of this has been reported previously to the Finance and Management Committee.

- 3.18 The budget for Repairs and Maintenance has been transferred from Public Buildings into Cemeteries to ensure that the provision of service is kept to a high level and will give the relevant Officers more opportunity to control the appearance of cemetery areas.
- 3.19 The responsibility for Caretakers of Community Centres was transferred to the Head of Corporate Property therefore the budget for salaries for Stenson Fields and Midway Community Centres has been transferred to the Finance and Management Committee.

Town Centre Market

- 3.20 The market in Swadlincote town centre was subject to a tender exercise during 2019/20. The outcome for the Council has resulted in a lower budgeted income receipt of £8k.
- 3.21 As a result of the tender and review of the service, it is proposed to include the cost of waste disposal of approximately £2k within the cost centre.

Insurance

- 3.22 Insurance cover is an overall increase to the Council of £17k between 2019/20 and 2020/21. The impact on this Committee is £6k of the total and is mainly due to an increase in All Risks and Material Insurance at Rosliston Forestry Centre (£5k).

Business Rates

- 3.23 Charges for Rosliston Forestry Centre are expected to increase by £4k between financial years which is an uplift of 10%.
- 3.24 This has been reviewed with the Revenues team and it has been determined that this cost line has been under budgeted in 2019/20 and therefore an overspend is to be expected in this financial year. The actual increase proposed is only 2% above actual charge for 2019/20. The MTFP includes a provisional increase of 2% and therefore the full increase was not fully covered in the forecast.
- 3.25 Another area of increase is £6k for Stenson Fields Community Centre. The budget for 2019/20 was only for a part year so an increase of this level was expected.

Other Variances

- 3.26 Utility charges for Parks and Community Centres are forecast to increase in 2020/21. The basis for the budget included a full review of charges over the current and previous financial years. The MTFP included an increase of approximately £3k and so this was slightly below the actual proposed budget.
- 3.27 Incremental Salary increases are included within the MTFP each year and were expected ahead of the Budget round.
- 3.28 An increase for staff training is proposed within the budget to ensure Continual Professional Development.

- 3.29 An increase to the cost of the fireworks for the Christmas Lights switch on of £2k is proposed. An inflationary increase in this area was expected and therefore is covered within the MTFP.
- 3.30 Materials are proposed to decrease in 2020/21 due to Stenson Fields Community Centre now being fully operational. The original budget for 2019/20 included set up costs for the Centre within materials which will no longer be required.

Earmarked Reserves

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

Housing Services Reserves	Balance B/fwd 01/04/19 £	Estimated Drawdown 19/20 £	Estimated Drawdown 20/21 £	Estimated Balance 31/03/21 £
Homelessness Prevention	248,735	-33,965	-95,683	119,087
Schools Sport Partnership Project	228,469	-48,394	-137,716	42,359
Rosliston Forestry Centre Café	23,080	0	-23,080	0
Rosliston Capital Reserve	149,620	0	-149,620	-0
Parks Improvement Fund	16,071	-16,071	0	0
Swadlincote Woodlands Reserve	50,774	-50,774	0	-0
Local Strategic Partnership	4,237	0	0	4,237
Crime and Disorder Partnership	351,691	-44,143	-47,147	260,401
Young Peoples Cultural Partnership	7,306	0	0	7,306
Youth Engagement Partnership	603,638	-74,921	-84,554	444,163
Get Active in the Forest	60,528	-2,911	-16,110	41,507
Maurice Lea Park Grant	23,012	0	0	23,012
	1,767,161	-271,179	-553,910	942,072

- 3.32 The estimated drawdowns are included in the appropriate cost centres in the Committee's budget.
- 3.33 None of the specific Reserves include any further income from external contributions, although based on past years, it is likely that these reserves will not be drawn down to the extent noted above and additional contributions will be made.
- 3.34 Based on projections within the budget round, the School Sports Partnership will run out of reserves in 2021/22 if additional external funding isn't sourced. The position presented is a worst-case scenario and in the last two financial years, there has been minimal movement in this reserve balance.
- 3.35 The Homelessness Prevention Reserve has been contributed to over the last few financial years due to an increase in Government funding. No announcement has been made at this stage regarding funding into 2020/21 for this service therefore a full draw down of the cost above the General Fund contribution is being forecast. It is unlikely that this will be the case, and this will be updated once the Council is informed of a funding decision.

4.0 Detail

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

Basis of the Budget

- 4.2 Budgets are generally calculated on a "no increase" basis i.e. they are maintained at the same level as the previous year adjusted only for known changes, price increases and variations due to contractual conditions.
- 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 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 non-recurring items removed.

Changes in Pay

- 4.6 A pay award is not included within the Base Budget at this stage as discussions are still on-going between the Local Government Unions and the National Employers. A decision is not expected until early in the new year.
- 4.7 The MTFP includes a provision for a potential pay award increase of 2.5% for all employees and the individual service budgets will be updated once an agreement is reached.

Inflation

- 4.8 The Base Budget for 2020/21 has been uplifted by inflation where this applies, for example contract obligations.
- 4.9 Some base costs will be subject to inflation during future years and in some cases, it will be unavoidable, for example employee costs, when national pay increases are approved.
- 4.10 Allowances for inflation based on various assumptions regarding price increases, etc. are calculated across the main spending heads at an average of 2%.

Increases in Grants to Voluntary Bodies

- 4.11 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:

- 2019/20 – 2.0%
- 2018/19 – 2.0%
- 2017/18 – 1.0%

- 2016/17 – 2.0%
- 2015/16 – 2.3%

4.12 Latest inflation shows CPI running at 1.5%. At this stage no forecasts regarding CPI have been issued by the Government and it is unlikely that any forecast will be issued until the new year. The Council includes a 2% increase in the MTFP.

4.13 Every 1% increase in the base level across all grants for this Committee equates to approximately £3k per annum.

4.14 The actual increase will be considered by the Finance and Management Committee as part of the Council's overall budget for 2020/21 and this Committee is requested to make an appropriate recommendation.

Risks

4.15 All Committee budgets have been reviewed and known changes to income and expenditure have been reflected in the proposed base budget for 2020/21 as detailed in the report.

4.16 Other financial risks associated with the Committee's services are identified in the following table.

Risk	Issue / Potential Effect	Mitigating Action
External funding	As detailed in the report, several services are reliant on external contributions and reserve funding	Earmarked reserves to maintain spending over several years. These reserves are currently estimated to remain at £942k by 2021 but the reserve position is continually kept under review with service managers
Growth	The Council's MTFP identifies underlying cost pressures yet to surface as a risk due to pressure from residential development	A provision for growth has been set-aside in the MTFP each year over the life of the Plan. In addition, the Council can put some reliance on S106 maintenance contributions to meet additional costs

Proposed Fees and Charges 2020/21

4.17 **Appendix 2** provides a schedule of the proposed charges for next financial year 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.

4.18 A detailed review of fees and charges has been undertaken as part of the budget round. Where possible, charges have been increased to reflect inflation and the demand for services. The key points are detailed in the following sections.

4.19 As in previous years, increases are being proposed for parks and other leisure activities to cover inflation and additional costs of the services.

Cemeteries

- 4.20 As in the previous financial year, there have been a number of varying increases proposed, all of which have been benchmarked against neighbouring authorities. The Council under these proposals would be more in line with other local authorities.

Housing Charges

- 4.21 Garage rents are proposed to increase by CPI + 1% in line with the dwelling rent increase.
- 4.22 Out of hours calls taken for homelessness and charged to other authorities is proposed to increase by inflation.
- 4.23 Communal heating is proposed to increase by £0.50 which equates to 8% and is a step towards full cost recovery.
- 4.24 No other changes are proposed for 2020/21.

Rosliston Forestry Centre

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

5.0 Financial Implications

- 5.1 As detailed in the report.

6.0 Corporate Implications

Employment Implications

- 6.1 None

Legal Implications

- 6.2 None.

Corporate Plan Implications

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

Risk Impact

- 6.4 The Financial Risk Register is detailed in the MTFP 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 financial resources for continuation of service delivery.

9.0 Background Papers

- 9.1 None.

BUDGET - 2020/21

Housing & Community

£'s		BUDGET			
		2019/20	2020/21	VARIANCE	
ACT00	General Grants, Bequests & Donations	294,536	294,380	(156)	
CCD00	Community Centres	184,434	191,502	7,068	Adverse salaries £4k, utilities £1k, depreciation £1k
CEG00	Community Safety (Crime Reduction)	133,498	133,498	0	
CEK00	Defences Against Flooding	50,667	50,876	209	
CPH20	Market Undertakings	(9,627)	589	10,216	Adverse waste coll costs £2k, reduced income £8k
CCF10	Village Halls	163	4	(159)	
Community Development and Support		653,671	670,850	17,179	
CCA10	Arts Development & Support	15,290	15,290	0	
CCA40	Events Management	134,160	136,922	2,762	Adverse xmas lights £2k, training £1k
Recreational Activities		149,450	152,212	2,762	
CCD20	Sports Development & Community Recreation	161,658	163,658	2,000	Depreciation
CCD30	Indoor Sports & Recreation Facilities	400,969	436,657	35,688	Favourable income £3k; Adverse depreciation £37k, insurance £1k
CCD40	Outdoor Sports & Recreation Facilities (SSP)	0	(0)	(0)	
CCA00	Melbourne Leisure Centre	2,390	2,463	73	
CCA50	Chestnut Avenue Community Facility	15,495	12,992	(2,503)	Favourable salaries £7k (trf to F&M); Adverse utilities £2k, advertising £1k, prof fees £1k
CCA60	Stenson Fields Community Facility	28,952	14,746	(14,206)	Favourable salaries £3k (trf to F&M), materials £17k; Adverse ndr £6k
CCD10	Get Active in the Forest	27,616	27,616	0	
CCD50	Playschemes	19,505	19,505	(0)	
Leisure Centres and Community Facilities		656,585	677,637	21,052	

CCE10	Countryside Recreation & Management	13,944	13,993	49	<p>Grounds</p> <p>Favourable depreciation £2k, FE £20k; Adverse nndr £4k, insurance £5k</p> <p>Adverse R&M £7k (trf from F&M), training £1k</p> <p>Adverse R&M (trf from F&M)</p> <p>Adverse depreciation £15k, reserve £46k, utilities £2k, salaries £1k</p>
CCE20	Allotments	(2,067)	(1,212)	855	
CCF20	Rosliston Forestry Centre	222,836	210,216	(12,619)	
CEA00	Cemeteries	8,441	16,685	8,244	
CEA30	Closed Churchyards	4,267	6,230	1,964	
KJE70	Community Parks & Open Spaces	195,610	260,048	64,438	
Parks and Open Spaces		443,031	505,961	62,930	
KGA00	Housing Strategy	96,182	93,349	(2,833)	
CEE20	Housing Standards	81,418	81,550	132	
KGE10	Administration of Renovation & Improvement Grants	46,682	47,649	967	
KGH10	Bed / Breakfast Accommodation	6,500	6,500	0	<p>Salaries</p>
KGH30	Pre-tenancy Services	178,254	178,254	0	
KGX20	Housing Department Support Staff and Costs	25,072	25,254	182	
KGT00	Travellers' Sites	0	0	0	
Private Sector Housing		434,107	432,556	(1,552)	
		2,336,844	2,439,216	102,372	

PROPOSED FEES AND CHARGES 2020/21

APPENDIX 2

VAT WILL BE CHARGED WHERE APPLICABLE AT THE APPROPRIATE RATE

Cemeteries	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	Notes
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For an infant's grave (0-12 months)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For an infant's grave for a child's grave (between 12 months - 12 years)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) For a child's grave (between 12 years - 16 years)	Free	Free	
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Adult grave 9' x 4' (for a coffin)	629.00	692.00	Increase to bring fees more in line with neighbouring authorities
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Adult grave 10' x 5' (for a casket)	769.00	846.00	Increase to bring fees more in line with neighbouring authorities
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Ashes plot 2' x 2'	302.00	332.00	Increase to bring fees more in line with neighbouring authorities
Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of fifty years) Ashes plot 2' x 2' for interment of a child 12 months to 16 years	Free	Free	
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a further period of 25 years) Adult grave 9' x 4' (for a coffin)	314.50	346.00	Increase to bring fees more in line with neighbouring authorities
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of 25 years) Adult grave 10' x 5' (for a casket)	384.50	423.00	Increase to bring fees more in line with neighbouring authorities
Extension to Grant of Right (Document giving the exclusive right of burial in a specified plot, for a period of 25 years) Ashes plot 2' x 2'	151.00	166.00	Increase to bring fees more in line with neighbouring authorities
Burials Infant, 0 - 12 months	Free	Free	
Burials For a child's grave (between 12 months - 12 years)	Free	Free	
Burials For a child's grave (between 12 years - 16 years)	Free	Free	
Burials Adult- single depth grave	492.00	541.00	Increase to bring fees more in line with neighbouring authorities

Burials - double depth grave	454.00	499.00	Increase to bring fees more in line with neighbouring authorities
Burials - surcharge for a casket	134.00	147.00	Increase to bring fees more in line with neighbouring authorities
Burials - common grave	456.00	501.00	Increase to bring fees more in line with neighbouring authorities
Burials For any burial after the first	410.00	451.00	Increase to bring fees more in line with neighbouring authorities
Burial of cremated remains in an ashes plot (infant, 0 - 12 months)	Free	Free	
Burial of cremated remains in an ashes plot (child, 12 months plus to 12 years)	Free	Free	
Burial of Cremated remains in ashes plot (child 12 years - 16 years)	Free	Free	
Burial of cremated remains in an ashes plot (adult)	132.50	146.00	Increase to bring fees more in line with neighbouring authorities
Strewing of ashes (if carried out by SDDC staff)	77.00	85.00	Increase to bring fees more in line with neighbouring authorities
Strewing of ashes (if not carried out by SDDC staff)	66.00	72.50	Increase to bring fees more in line with neighbouring authorities
<i>All Grant of Right/Burial fees listed above are treble for non-residents of the District</i>			
Monuments A flat stone NB: not permitted in lawned cemeteries	132.00	145.00	Increase to bring fees more in line with neighbouring authorities
Monuments A headstone or footstone, not exceeding 2' in height	238.00	262.00	Increase to bring fees more in line with neighbouring authorities
Monuments A headstone or footstone, exceeding 2' in height	262.00	288.00	Increase to bring fees more in line with neighbouring authorities
Monuments Kerbstones or border stones, for a space not exceeding 6'6" x 3' (not permitted in lawned cemeteries)	262.00	288.00	Increase to bring fees more in line with neighbouring authorities
Monuments A vase, not exceeding 18" in height	80.00	88.00	Increase to bring fees more in line with neighbouring authorities
Monuments For any inscription after the first, on any form of monument	118.00	130.00	Increase to bring fees more in line with neighbouring authorities
Monuments Supply only of 7" x 5" wall plaque (Etwall Cemetery only), inclusive of inscription up to 70 letters	286.00	286.00	

Replacement of Memorial Stone	118.00	133.00	Increase to bring fees more in line with neighbouring authorities
Exhumation	1013.50	1115.00	Increase to bring fees more in line with neighbouring authorities
Search of records, including copy of entry	25.00	30.00	Increase to bring fees more in line with neighbouring authorities
Slabbing or sealing a grave	121.00	133.00	Increase to bring fees more in line with neighbouring authorities
Alterations to coffin size once shoring is in place	74.00	81.00	Increase to bring fees more in line with neighbouring authorities
Transfer of ownership of Grant of Right	36.00	40.00	Increase to bring fees more in line with neighbouring authorities
Saturday funeral for child between 12 months and 16 years (in addition to the Grant of Right)	246.00	270.50	Increase to bring fees more in line with neighbouring authorities
Saturday funeral (in addition to the Grant of Right) for person whose age exceeds 16 years	738.00	811.50	Increase to bring fees more in line with neighbouring authorities
Sunday/Bank Holiday funeral for a child between 12 months and 16 years (In addition to the grant of right)	369.00	0.00	
Sunday/Bank Holiday funeral (in addition to the Grant of Right) for person whose age exceeds 16 years	984.00	1082.00	Increase to bring fees more in line with neighbouring authorities
Grants for Closed Church Yards	344.50	361.00	Increase to bring fees more in line with neighbouring authorities
HOUSING FEES AND CHARGES	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	
Homelessness			
Bed and Breakfast - recharge per week			
Each adult	Actual Cost	Actual Cost	
Each child under 16	Actual Cost	Actual Cost	
Homelessness			
Out of Hours Calls			
Yearly charge	500.00	508.50	Inflationary increase
Cost per call taken	4.00	4.07	Inflationary increase

Supported Housing			
Hire of Communal Lounges (per 1/2 day session)			
Sheltered housing schemes	10.00	10.00	
Commercial rate	50.00	50.00	
Use of guest bedroom per night	15.00	15.00	
Lifelines			
Registered disabled persons - Installation	0.00	0.00	
Registered disabled persons - Lifeline Monitoring per week	2.00	2.00	
Registered disabled persons - Lifeline equipment rental per week (includes monitoring)	5.10	5.10	
Other persons - Installation	Defunct	Defunct	
Other persons - Monitoring per week	3.00	3.00	
Other persons - Rental per week (includes monitoring)	5.00	5.00	
Monthly Basic Telecare package monitoring charge	21.67	21.67	
Telecare installation - private resident	50.00	50.00	
Monthly 1st year instalment charge installation and monitoring	33.60	33.60	
Telecare - Monthly 1st year instalment charge, rental and monitoring	25.84	25.84	
Monitoring & Support level 1 - Monitoring only	3.00	3.00	
Monitoring & Support level 2 - Monitoring only	9.00	9.00	
Monitoring & Support level 3 - Monitoring only	12.00	12.00	
Monitoring & Support level 4 - Monitoring only	20.00	20.00	
Monitoring & Support level 1 - Daily visit	20.00	20.00	
Monitoring & Support level 2 - 2 visits per week	12.00	12.00	
Monitoring & Support level 3 - 1 visit per week	9.00	9.00	
Monitoring & Support level 4 - 1 visit per fortnight	6.00	6.00	
Monitoring & Support level 5 - 1 visit per month	5.00	5.00	
Monitoring & Support level 6 - 1 visit per week	4.00	4.00	
Monitoring & Support level 7 - 1 monitoring only	3.00	3.00	
Garages			
Rent per week - Council Tenants - Garage in Proximity to Rented Property	8.96	9.20	CPI + 1% in line with Rent
Rent per week - Council Tenants - Garage in Proximity to Rented Property (Chatsworth Road)	10.46	10.74	CPI + 1% in line with Rent

Rent per week - All other circumstances	8.96 or 10.46 + 20% VAT	9.20 or 10.74 + 20% VAT	CPI + 1% in line with Rent
Garage Plots			
Rent per annum - Council Tenants - Plot in Proximity to Rented Property	1.15	1.18	CPI + 1% in line with Rent
Rent per annum - All other circumstances	1.15 + 20% VAT	1.18+ 20% VAT	CPI + 1% in line with Rent
Miscellaneous Housing			
Heating - Council Tenants (Pear Tree Court communal)	6.00	6.50	Incremental increases to achieve £7.00 in 2021/22 to reflect actual
Management Fee - Tenants (B&B)	60.00	60.00	
Insurance - Council Tenants	varies - £0.40 to £7.03	varies - £0.40 to £7.03	
Statutory Notices			
Housing Act 2004 S.49			
Recovery of administrative and other expenses incurred in taking enforcement action	Actual Cost	Actual Cost	
STRATEGIC HOUSING			
Issue of Immigration Certificates	150.00	150.00	
Application for new licence	364.00	364.00	
Additional application fee per pitch in excess of 1	£6.00 per pitch	£6.00 per pitch	
Amendment of licence	204.00	204.00	
Transfer of licence	148.00	148.00	
Annual fee	206.00	206.00	
Additional annual fee per pitch in excess of 1	£7.00 per pitch	£7.00 per pitch	
Deposit, vary or delete site rules	129.00	129.00	
Enforcement costs relating to caravan sites based on actual officer time	£42 per hour	£42 per hour	
Licensing of Houses in Multiple Occupation	693.00	693.00	
Interest charges applied to outstanding enforcement debts, for example works in default	3.06%	3.06%	
Housing Standards Enforcement costs based on actual officer time	Manager £49 / hour, EHO £42 / hour, Assistant £31 / hour	Manager £49 / hour, EHO £42 / hour, Assistant £31 / hour	

LEISURE ACTIVITIES FEES AND CHARGES	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	
Get Active, Hire of Sports Equipment and Facilities			
Get active in the forest Tai Chi	4.00	4.20	Increase to take into account inflation and then rounded up or down to the nearest 10p for ease of payment for customers.
Get active in the forest Senior Cycling - incl bike hire	3.50	3.60	Increase to take into account inflation and then rounded up or down to the nearest 10p for ease of payment for customers.
Get active in the forest Senior Cycling - excl bike hire	1.75	1.80	Increase to take into account inflation and then rounded up or down to the nearest 10p for ease of payment for customers.
Get active in the forest Nordic Walking - incl poles	3.50	3.60	Increase to take into account inflation and then rounded up or down to the nearest 10p for ease of payment for customers.
Get active in the forest Nordic Walking - excl poles	1.75	1.80	Increase to take into account inflation and then rounded up or down to the nearest 10p for ease of payment for customers.
Get active in the forest Walks	Free to 4.50	Free to £5.00	Increase to take into account inflation
Get active in the forest Schools Sessions	70-100 / hour	£75.00 - £105/hour	Increase to take into account inflation
Get active in the forest Out & Active - per day	15-25	16-26	Increase to take into account inflation
Get active in the forest Activity Days	15-30	15-31/person	Increase to take into account inflation
General Get active Sessions- which may from time to time run	Free to 10.00	Free to £10.50	Increase to take into account inflation
Get active goes mobile	80-150 / hour	£85 - £155/hour	Increase to take into account inflation
Parish Council Charge-sports mobile/2 hr/all inclusive	180	190	Increase to take into account inflation
Parish Council Charge-play mobile/2 hr/all inclusive	180	190	Increase to take into account inflation
Parish Council Charge-wheels mobile/2 hr/all inclusive	210	220	Increase to take into account inflation
Parish Council Charge-Laser Games (£175.00) plus additional provision (wheels probably)	340	355	Increase to take into account inflation
Parish Council Charge-Climbing wall/2 hr/all-inclusive and or other new provision provided which replaces the Climbing wall	270	280	Increase to take into account inflation
Parish Council-Sport and Play Combo	310	330	Increase to take into account inflation and £50 reduction from booking separately
Parish Council-Wheels and Xtreme Mobile Combo	370	385	

Parish Council-possible new kit/provision	300	315	
Parish Council-Friday Combo	550-600	625	To cover staffing increases and dependent upon the activity chosen
General Hire Charge-normal including staff / hour * **	80-150	85-160	to cover staffing costs and dependent upon the activity / staff numbers required
Coach education courses	35-250	35-250	Scope to expand range of courses offered / increased costs to run
Sports / Physical activity sessions- e.g. basketball / netball etc	Free to 5.00	Free to 5.50	Increase to take into account inflation
Activity options for businesses/schools	Up to £250/hour	Up to £260/hour	Increase to take into account inflation
Coaching cost recharge	20-30/hour	20-35/hour	
Travel-per staff member / hour	12.00	12.00	
Travel per mile	0.50	0.50	
Glade Performances	Dependant on Performance	Dependant on Performance	
Dance classes/session	Dependant on external funding, members, venue etc	Dependant on external funding, members, venue etc	
Festival of Leisure			
Voluntary/Charity/Club fund raising stall - per M frontage for 1 day	7.00	7.00	
Voluntary/Charity/Club fund raising stall - per M frontage for 2 day	9.00	10.50	Increase to take into account inflation
Voluntary/Charity/Club information only stall - per M frontage for 1 day or 2 day	10.00	10.00	
Trade stall - per M frontage for 1 day	12.00	12.50	4% increase rounded up/down
Trade stall - per M frontage for 2 day	18.00	18.75	4% increase rounded up/down
Trade Stall - Information Only 4m stall (admin fee)	32.00	32.00	
Fairground 1-99m.sq. for 2 day	118.50	124.50	5% increase rounded up/down
Fairground 100-199m.sq. for 2 day	222.50	233.50	4% increase rounded up/down
Fairground 200-299m.sq. for 2 day	333.00	350.00	5% increase rounded up/down
Travelling Fairs & Events			
Commons & Parks - Daily Charge - large fair	412.00	412.00	
Commons & Parks - Daily Charge - small fair	240.00	240.00	

Fairs - Returnable Deposit	1,022.00	1,000.00	
Commons & Parks - Daily Charge - large circus	254.00	280.00	10% increase rounded up/down
Commons & Parks - Daily Charge - small Circus	213.00	220.00	3% increase rounded up/down
Circus - Returnable Deposit	607.50	675.00	
Commons & Parks - Daily Charge - commercial events	240.00	250.00	4% increase rounded up/down
Commercial activities - Returnable deposit	607.50	675.00	
Commons & Parks - Charitable Organisations etc - Admin Cost	46.00	50.00	8% increase rounded up/down
Commons & Parks - Charitable Organisations etc - Returnable Deposit	190.00	200.00	5% increase rounded up/down
Permit for Personal Trainer/Boot camp sessions on Parks	0.00	60.00	New Charge introduced - Committee Approved April 2019
Parks			
Football - Grass Pitches - Seniors per Season	519.15	534.73	inflationary increase
Football - Grass Pitches - Seniors per match (casual bookings)	47.20	48.61	inflationary increase
Football - Grass Pitches - Seniors per match (casual bookings) without changing	35.40	36.46	inflationary increase
Football - Grass Pitches - Seniors per Season - CHESTNUT AVE ONLY	519.15	534.73	inflationary increase
Football - Grass Pitches - Seniors per match (casual bookings) CHESTNUT AVE ONLY	47.20	48.61	inflationary increase
Football - Grass Pitches - Seniors per match (casual bookings) without changing - CHESTNUT AVE ONLY	35.40	36.46	inflationary increase
Football - Grass Pitches - Juniors per Season with changing - ALL SITES EXCEPT CHESTNUT AVE	244.50	251.83	inflationary increase
Football - Grass Pitches - Juniors per Season without changing - ALL SITES EXCEPT CHESTNUT AVE	141.70	145.83	inflationary increase
Football - Grass Pitches - Juniors per match (casual bookings) ALL SITES EXCEPT CHESTNUT AVE	24.45	25.18	inflationary increase
Football - Grass Pitches - Juniors per match (casual bookings) without changing - ALL SITES EXCEPT CHESTNUT AVE	14.20	14.58	inflationary increase
Football - Grass Pitches - Juniors per Season - CHESTNUT AVE ONLY	244.50	251.83	inflationary increase
Football - Grass Pitches - Juniors per Season without changing - CHESTNUT AVE ONLY	141.70	145.83	inflationary increase
Football - Grass Pitches - Juniors per match (casual bookings) - CHESTNUT AVE ONLY	24.45	25.18	inflationary increase
Football - Grass Pitches - Juniors per match (casual bookings) without changing - CHESTNUT AVE ONLY	14.17	14.58	inflationary increase

Netball – senior per match or hour	14.20	14.58	inflationary increase
Netball – junior per match or hour	7.10	7.29	inflationary increase
Bowling Green Season Ticket - Adult	42.45	43.70	inflationary increase
Bowling Green Season Ticket - Concession	26.00	26.75	inflationary increase
Bowling Green Casual - Adult per hour	2.50	2.58	inflationary increase
Bowling Green Casual - Concession per hour	1.40	1.49	inflationary increase
Hire of Greens - Adult matches	28.75	29.60	inflationary increase
Hire of Greens - Junior matches	17.40	17.90	inflationary increase
Hire of Greens - without pavilion	19.35	19.90	inflationary increase
Crazy Golf - Adults	1.90	2.00	inflationary increase
Crazy Golf - Juniors	1.05	1.00	
Other Services			
Allotment Rent	27.00	30.00	Increase to bring fees more in line with neighbouring authorities
Stall at Liberation Day	Nil	Nil	
Traffic Island Sponsorship (per year for 3 year sponsorship deal)	1,000.00	Price on application	
Swadlincote Town Hall	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	
Hire of Town hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Town hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	15.00	15.00	
Hire of Town hall - Peak (Sun/Bank Holiday) 1st hour	22.50	22.50	
Hire of Town hall - Peak (Sun/Bank Holiday) per hour after 1st hour	15.00	15.00	
Hire of Town hall - After 10pm any day	25.00	25.00	Fee only charged where additional cleaning duties undertaken
Midway Community Centre	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	
Hire of Sports Hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Sports hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	15.00	15.00	
Hire of Sports hall - Peak (Sun/Bank Holiday) 1st hour	22.50	22.50	
Hire of Sports hall - Peak (Sun/Bank Holiday) per hour after 1st hour	15.00	15.00	

Hire of Sports hall - After 10pm any day	25.00	25.00	
Hire of Foyer Meeting Room Hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Foyer Meeting Room - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	12.50	12.50	
Hire of Foyer Meeting Room - Peak (Sun/Bank Holiday) 1st hour	12.50	12.50	
Hire of Foyer Meeting Room - Peak (Sun/Bank Holiday) per hour after 1st hour	18.75	18.75	
Hire of Foyer Meeting Room - After 10pm any day	25.00	25.00	
Midway Community Centre - Use of full kitchen for catered functions (discretionary charge)	30.00	30.00	Fee only charged where additional cleaning duties undertaken
Stenson Fields Community Centre	Fee 2019/20 exc VAT £:P	Proposed Fee 20/21 £:P	
Hire of Main Hall - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Main hall - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	15.00	15.00	
Hire of Main hall - Peak (Sun/Bank Holiday) 1st hour	22.50	22.50	
Hire of Main hall - Peak (Sun/Bank Holiday) per hour after 1st hour	15.00	15.00	
Hire of Main hall - After 10pm any day	25.00	25.00	
Hire of Meeting Room - Off Peak (Mon-Fri 7am till 4pm) per hour	10.00	10.00	
Hire of Meeting Room - Peak (Mon-Fri 4pm till 10pm, Sat any time) per hour	12.50	12.50	
Hire of Meeting Room - Peak (Sun/Bank Holiday) 1st hour	12.50	12.50	
Hire of Meeting Room - Peak (Sun/Bank Holiday) per hour after 1st hour	18.75	18.75	
Hire of Meeting Room - After 10pm any day	25.00	25.00	
Stenson Fields Community Centre - Use of full kitchen for catered functions (discretionary charge)	30.00	30.00	Fee only charged where additional cleaning duties undertaken

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	7 th JANUARY 2020	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD (01283 595939) victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2019-20/Jan/budget
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET, FINANCIAL PLAN and PROPOSED RENT 2020/21	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HC 01

1.0 Recommendations

- 1.1 That Council House Rents are increased by CPI plus 1% for Tenants with effect from 1st April 2020 in accordance with the Welfare Reform and Work Act 2016 and after conclusion of the Rents for Social Housing from 2020 consultation.
- 1.2 That the proposed revenue income and expenditure for 2020/21, together with the 10-year Financial Plan for the Housing Revenue Account (HRA) as detailed in **Appendix 1**, are considered and referred to the Finance and Management Committee for approval.
- 1.3 That the HRA is kept under review and measures identified to mitigate the financial risks detailed in the report and to maintain a sustainable financial position.

2.0 Purpose of the Report

- 2.1 As part of the annual financial cycle, the report details the Housing Revenue Account's (HRA) base budget for 2020/21, with a comparison to the current year, 2019/20. In addition, the report details the updated 10-year financial projection for the HRA following a review during the annual budget round.
- 2.2 The report also sets out details of the proposed rent level for 2020/21 in accordance with directions within the conclusion of the Rents for Social Housing from 2020 consultation.

3.0 Detail

- 3.1 During 2020/21, the financial position of the HRA has been reviewed and updated to reflect changes to the on-going capital investment, together with the 2018/19 budget out-turn position.
- 3.2 The latest position reported in October 2019, estimated a surplus on the HRA in 2020/21 of £130k, increasing the HRA's General Reserve to approximately £7.1m.
- 3.3 As previously reported, the longer-term financial position for the HRA was significantly changed in 2015 due to the Government legislating to reduce Council House rents by 1% per year to 2020. An update has been issued after consultation and has reverted back to the former rent increase policy of CPI plus 1%.

Formulating the 2020/21 Base Budget

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

On-going Service Provision

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

Base Budget 2020/21

- 3.8 The HRA's Base Budget and longer-term financial projection up to 2029/30 is detailed in **Appendix 1**. A projection of this length is required for the HRA to ensure that future debt repayments and capital expenditure are affordable for the longer-term sustainability of the Council's housing stock.
- 3.9 The following table provides an overall summary of the HRA's Net Operating Income position with a comparison to the approved 2019/20 budget.

HRA Summary	Proposed Budget 2020/21 £	Approved Budget 2019/20 £	Change £
Rental Income	-12,167,909	-11,955,124	-212,785
Non-Dwelling Income	-143,180	-123,564	-19,616
Supporting People Grant	-130,000	-164,262	34,262
Other Income	-177,010	-171,060	-5,950
General Management	1,779,983	1,820,871	-40,888
Supporting People	839,210	828,864	10,346
Responsive	1,344,017	1,246,018	97,999
Planned Maintenance	1,901,481	1,915,763	-14,282
Bad Debt Provision	100,000	100,000	0
Interest Payable & Receivable	1,712,805	1,712,805	0
Depreciation	3,699,957	4,312,293	-612,336
Net Operating Income	-1,240,646	-477,396	-763,250
Reversal of Depreciation	-3,699,957	-4,312,293	612,336
Capital Expenditure	1,935,000	1,888,000	47,000
Disabled Adaptations	300,000	300,000	0
Asbestos and Health & Safety Surveys	100,000	100,000	0
Debt Repayment	1,542,000	1,424,000	118,000
Major Repairs Reserve	600,000	700,000	-100,000
Asset Replacement Earmarked Reserve	45,000	45,000	0
Capital works non-traditional properties	100,000	200,000	-100,000
Pension Revaluation	15,215	0	15,215
ICT Upgrades	105,000	0	105,000
Potential Pay Award	44,275	0	44,275
Incremental Salary Increases	9,778	0	9,778
HRA Surplus	-144,335	-132,689	-11,646

3.10 The above table shows that the HRA's Surplus is budgeted to increase marginally by £11,646 between 2019/20 and 2020/21. The estimated surplus of £144k for 2020/21 is broadly in line with the forecasted surplus of £130k reported in October.

3.11 The main variances are summarised in the following table.

	£'000
Repairs and Maintenance	127
Increased Debt Repayment Contribution	118
Potential ICT Upgrade	105
Potential Pay Award	44
Reduced Contribution from County Council for Careline Service	38
Insurance Increase	26
Pension Revaluation	15
Incremental Salary Increases	9
Council Tax for Void Dwellings	6
Leaseholder Insurance Recharge	-9
Garage Rental Income	-10
Increase Fees from Private Careline Customers	-10
Reduction in General Fund Recharges	-24
Reduction in Professional Fees	-26
Tools and Materials Reduction	-55
Reduced Capital Expenditure	-153
Dwelling Rental Income	-213
Base Budget Decrease	-12

Council House and Garage Rents

3.12 The overall change between 2019/20 and 2020/21 is an estimated increase of £209k. This is due mainly to the application of the CPI plus 1% increase to rents as updated in the Direction on the Rent Standard 2019. After allowing for Council House sales, the number of properties is expected to decrease from 2,971 in 2018/19 to 2,951 by the end of 2019/20. The Medium-Term Financial Plan (MTFP) assumes a loss of 20 properties per annum through Right to Buy and as at November 2019, 11 have been sold in 2019/20 to-date.

3.13 The following table shows the movement in the HRA housing stock over the past three years. To-date in 2019/20, 11 houses have been sold through Right to Buy and 6 new properties have been built at Lullington Road.

	Mar 2018	Mar 2019	Nov 2019
Houses	1,562	1540	1535
Flats	793	793	793
Bungalows	638	638	638
	2,993	2,971	2,966

3.14 Rental income for HRA garages has been proposed in the fees and charges to increase at the same level as Dwellings, CPI plus 1% which increases the budgeted income by approximately £3k. Alongside this, a review of actual income received per annum has been undertaken and the budget has been increased by an additional £7k.

Capital Expenditure and Debt Repayment

- 3.15 Proposed capital expenditure is based on stock condition survey data and the fluctuation in required expenditure year-on-year and is included within the MTFP.
- 3.16 The contribution to the Debt Repayment Reserve is profiled in line with capital expenditure to not only ensure that the HRA General Reserve does not fall below the statutory £1m but to also have available funds to repay debts as they become due. The contribution and repayment of debt is included within the MTFP.

Increased Staffing Costs

- 3.17 A pay award is not included within the Base Budget at this stage as discussions are still on-going between the Local Government Unions and the National Employers. A decision is not expected until the new year.
- 3.18 The MTFP includes a provision for a potential pay award of 2.5% (£44k) for all HRA employees and the individual service budgets will be updated once an agreement is reached.
- 3.19 Incremental salary increases are included within the MTFP each year and are expected ahead of the Budget round.
- 3.20 The Pension Fund is revalued by the Actuary every 3 years and the Council has been notified of revised charges. It is understood that an increase of 1% in Council contributions will be applied in 2020/21 and this has been included within the MTFP.
- 3.21 Further detail on the Pension Fund and its performance is to be received from Derbyshire County Council during January 2020 and this detail will be reported to Finance and Management Committee in February.

Repairs and Maintenance / Tools and Materials

- 3.22 Planned maintenance costs have been increased due to planned works and a slower start to completion of scheduled works after appointment of a new contractor. This has previously been included within the MTFP.
- 3.23 The increased cost of scheduled repairs works is partially offset by the reduction in tools and materials required by the Council to complete works.
- 3.24 The Council suffers a loss when Dwellings are void not only of rental income but also through Council Tax payments due. Void properties have had a slower turn around during 2019/20 due to a delay in contractor start. It is anticipated that this will improve as the year progresses and therefore the increased Council Tax budget may not be required.

Insurance

- 3.25 The overall proposed insurance budget has increased the cost to the Council by £17k but this is split over a number of individual policies, some of which are a saving from prior year. The increased cost to the HRA is £26k which is due mainly to the tenants contents insurance which was under budgeted in 2019/20.
- 3.26 An additional charge to Leaseholders of £9k has been included in the Base Budget which partially offsets the overall insurance charge increase.

Computer Upgrades & Maintenance

- 3.27 During the Budget round for 2019/20, it was approved for the HRA to spend a one-off sum of £105k to upgrade/replace the Housing system alongside the implementation of mobile working.
- 3.28 Asset management for the Council is currently under review and a plan regarding the best approach is to be reported during 2020/21.

Supported Housing Income

- 3.29 A decrease in the contribution from Derbyshire County Council of £38k has been included based on the current on-going discussions regarding funding of the service. It is anticipated that the Council will generate additional funding of approximately £10k from private customers and this is evident currently after a review of actual income.

General Fund Recharges

- 3.30 The recharges from the General Fund have reduced by £24k in the proposed budget. There are fluctuations in charges for all central services but after review, the two main reasons for the reduction to the HRA is the reduced Financial Services budget and the reduction in External Audit fees.
- 3.31 A review of the current HRA recharges from the General Fund is underway and will be reported to the Finance and Management Committee in February.

Professional Fees

- 3.32 A reduction to professional fee charges of £17k for contingencies on Council House new build and acquisition is proposed due to the original £30k budget never being utilised. It is expected that the current level of cost will continue at the same level and this is still lower than the proposed budget.
- 3.33 An additional reduction is proposed of £9k for general support which includes valuations of Right to Buy properties. The original budget is never fully utilised and based on current expenditure, the reduction is still prudent.

Other Factors

- 3.34 The following detail is for information on the HRA position and are not variances between budgeted years.

Debt Interest

- 3.35 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2019/20 and 2020/21 estimate an interest on this debt of 3%.
- 3.36 There is currently some uncertainty in the economy on whether interest rates will increase over the next year. However, it is considered unlikely that rates will increase up to 3% by March 2021. Therefore, the cost of servicing debt is likely to be lower than budgeted, although this will be kept under review. A 1% variance in the rate equates to approximately £100,000 per year. The current rate payable of the variable debt element is 0.92%.

Depreciation

- 3.37 The decrease is due to the revaluation and a relief of all Council dwellings in March 2019 which will be depreciated in accordance with accounting practice.
- 3.38 Depreciation is calculated on the existing use value and age of each property in the HRA. This is designed to ensure that the Council sets-aside sufficient resources to maintain and replace properties in future years.
- 3.39 The Council has an on-going capital programme and properties generally have a substantial useful life if maintained properly. Although the depreciation charge is included as a cost charged in the net operating income of the HRA, it is reversed out when calculating the overall surplus or deficit on the HRA.
- 3.40 However, under accounting regulations, the annual amount of capital expenditure, plus sums set-aside to repay debt, need to be equal to or greater than the depreciation charge for the year. This is effectively testing that the Council is properly maintaining and financing the liabilities associated with its housing stock.
- 3.41 Where the depreciation charge is lower than actual capital expenditure/debt repayment, the HRA would be charged with the difference in that particular year. For 2020/21, expenditure is in excess of depreciation.

The Longer-term Financial Projection

- 3.42 Following the introduction of the self-financing framework for the HRA in 2012, this generated a surplus for the HRA as the Council was no longer required to pay a proportion (approximately 40%) of its rental income to the Government in accordance with a national redistribution framework.
- 3.43 This released resources, which in the early years of the Housing Business Plan, were available for capital investment in the existing stock, together with

resources for New Build. Surpluses in later years are to be used to repay the debt that the Council inherited in return for becoming “self-financing” and to continue a programme of capital maintenance in future years.

- 3.44 The HRA budget and projection is based on the principles that the HRA will carry a minimum unallocated contingency of at least £1m as a working balance and that sufficient resources are set-aside in an earmarked reserve to repay debt as instalments become due.

HRA Reserves

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

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

The Updated Financial Position

- 3.46 Following the base budget review, the 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 1**. The overall position has improved slightly compared to the previous forecast due to the detail explained previously.
- 3.47 The General Reserve remains above the statutory £1m for the duration of the 10-year projection.
- 3.48 After review of the capital programme, sums are being set-aside in the Major Repairs Reserve to ensure that future capital improvements can be funded. A revised stock condition survey has been completed and an update regarding profiling of the works over the next 30 years has been reported during 2019/20.

3.49 There are a number of sites approved for acquisition, but the Capital Receipts Reserve is set to increase each year due to receipts from the sale of houses under the Right to Buy Scheme.

Debt Repayments and Borrowing

3.50 The Council took on the management of debt valued at £58m in 2012. No additional borrowing has been required.

3.51 The following debt repayments are due over the life of the current financial plan:

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

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

Key Variables and Assumptions

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

Cost inflation	2.5% per year. This is lower than the current level of inflation although some economic forecasts predict that a level of 2% could be seen in the medium-term. A provision of 2.5% in the short-term is considered prudent to reflect that prices for materials in the building industry tend to rise quicker than average inflation.
Annual rent increases	CPI + 1% giving a 2.7% increase in 2020/21 and 2021/22 and 3% per year thereafter.
Council house sales – “Right to Buys”	20 in 2019/20 and 20/21 reducing to 18 in 2021/22 and 2022/23. Future years are based on targets set by the Government in calculating the self-financing settlement. These reduce incrementally per year eventually reaching 10 per year by 2030.
Interest Rates	Predominantly fixed; £10m variable debt at 3% until maturity in 2021/22.

Financial Risks

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

Future Rent Levels

3.55 The biggest risk in the Financial Plan is considered to be future rent levels. The rent level has been confirmed as CPI plus 1% which will increase rent levels by 2.7% in 2020/21.

- 3.56 The HRA is dependent on rental income (currently £12m per year) for its resources. Even small variations in rent changes can have significant implications in monetary terms for the Financial Plan over the longer-term.

Right to Buys

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

Supporting People Grant

- 3.59 It has been assumed that this continues over the Financial Plan although reduced from 2020/21; however, this will be subject to policy decisions and directions from Derbyshire County Council.
- 3.60 Floating Support and Alarm and Telecare Monitoring contributions will impact the financial position of the Council although the full impact is currently unknown. A review is currently being undertaken by the County Council with discussions being held with the Council's Head of Housing. As updates are known they will be reported to both Housing and Community Services and Finance and Management Committee.

Impairment

- 3.61 Impairment is an accounting adjustment that reflects a sudden reduction in the value of an asset. An asset becomes impaired where a one-off event (e.g. fire, vandalism, etc.) causes significant damage or there is a significant change in market conditions, which reduces the value of the asset.
- 3.62 In accordance with accounting regulations, provision has to be made in an organisation's accounts for the loss in an asset's value through impairment. However, as with depreciation, this is purely an accounting exercise for local authorities. Impairment charges are reversed out of revenue accounts to ensure that it does not affect the "bottom line" and Rent (in the HRA's case) payable by Council Tenants.
- 3.63 The Government has been reviewing this accounting treatment to bring local authorities into line with other organisations in accordance with International Reporting Standards. This has been challenged by the relevant professional bodies.
- 3.64 Large impairment adjustments are rare. In addition, impairment needs to affect the wider asset base. For example, damage to one property would not affect

the overall value of the Council's stock, which is currently valued at £123m in total.

- 3.65 If there was a wider event affecting many properties however, this would lead to an impairment charge. It is considered that the most likely scenario is a sudden fall in property values as this would affect the overall valuation of the stock. The potential for impairment charges could have serious implications for all housing authorities and this is why it has been challenged.

Changes in Central Government Policy

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

Changes to Welfare Reform and Universal Credit (UC)

- 3.67 Universal Credit has been implemented in South Derbyshire for all working age new claimants during 2018 and there is concern amongst housing professionals that changes will see a reduction in payment of rent and an increase in arrears.
- 3.68 Currently, Housing Benefit is paid directly to a tenant's Rent Account where this is due. In a system of Universal Credit, the benefit element is effectively paid direct to the Tenant. The Pilot Schemes and evidence locally suggests that this gives the potential for tenants to default on their rent payments.
- 3.69 The rebate directly received from Housing Benefit by the HRA has noticeably reduced during 2019/20 compared to 2018/19 and the debt position at this stage is higher than in last financial year. This is being kept under review.

Rent Levels

- 3.70 There is a mixture of rent levels that exist in the "self-financing" system which apply to existing and new tenants, together with those that apply to properties built or acquired as part of the New Build programme. These are detailed below:

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

This phasing ended in 2014/15, although a Formula Rent for each property remains. Councils have the option to relet void properties to new tenants at

the Formula Rent and this is part of the Council's Rent Policy. The Formula Rent is generally lower than Social Rents.

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

Proposed Rent Levels 2020/21

3.71 In accordance with the statutory provisions, current rents will be increased by CPI of 1.7% as at September 2019 plus 1%.

Effect on Individual Tenants

3.72 Having calculated rents for individual tenants, the average rent level for existing council tenants will increase from £77.54 per week in 2019/20 to £79.64 in 2020/21, an average increase of £2.10 per week.

Limit Rent

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

3.74 For 2019/20, the Council Limit Rent was set at £78.98 per week, which is above the Council's average rent of £77.54. The Limit Rent is still to be notified to the Council for 2020/21.

4.0 Financial Implications

4.1 As detailed in the report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

5.3 The proposed budgets and spending included in the HRA provides the financial resources to enable on-going services and Council priorities.

Risk Impact

5.4 The Financial Risk Register is detailed in the Medium-Term Financial Plan and financial risks specific to this Committee are detailed in Section 3.

6.0 Community Impact

Consultation

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

Equality and Diversity Impact

6.2 None.

Social Value Impact

6.3 None.

Environmental Sustainability

6.4 None.

7.0 Conclusions

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

8.0 Background Papers

8.1 None.

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

	2019.20 Approved Budget £'000	2020.21 Proposed Budget £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000	2029.30 Forecast £'000
INCOME											
Rental Income	-11,955	-12,168	-12,502	-12,796	-13,103	-13,424	-13,752	-14,095	-14,455	-14,823	-15,206
Non-Dwelling Income	-124	-143	-147	-150	-154	-158	-162	-167	-171	-176	-180
Supporting People Grant	-164	-130	-130	-130	-130	-130	-130	-130	-130	-130	-130
Other Income	-171	-177	-177	-177	-177	-177	-177	-177	-177	-177	-177
Total Income	-12,414	-12,618	-12,956	-13,253	-13,564	-13,889	-14,221	-14,569	-14,933	-15,306	-15,693
EXPENDITURE											
General Management	1,817	1,780	1,820	1,861	1,902	1,945	1,989	2,034	2,080	2,127	2,175
Supporting People	829	839	861	883	906	929	954	980	1,006	1,034	1,063
Responsive	1,247	1,344	1,377	1,410	1,443	1,478	1,513	1,549	1,586	1,623	1,662
Planned Maintenance	1,915	1,901	1,948	1,996	2,043	2,093	2,144	2,196	2,249	2,304	2,359
Bad Debt Provision	100	100	125	127	131	134	137	140	144	148	152
Interest Payable & Receivable	1,798	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,713	1,714
Depreciation	4,312	3,700	4,005	3,983	3,966	3,950	3,933	3,920	3,907	3,894	3,884
Net Operating Income	-396	-1,241	-1,107	-1,280	-1,460	-1,647	-1,838	-2,037	-2,247	-2,462	-2,684
Known variations:											
Reversal of Depreciation	-4,312	-3,700	-4,005	-3,983	-3,966	-3,950	-3,933	-3,920	-3,907	-3,894	-3,884
Capital Expenditure	1,888	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261	1,489
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment - Balance of Depreciation	1,424	765	1,322	1,513	1,884	1,473	1,417	1,456	1,759	1,670	1,395
Major Repairs Reserve	700	600	600	600	300	600	600	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45	45

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	0	777	2,150	2,651	2,468	1,815	2,000	1,839	750	750	750
Investment Income	-85	0	25	43	68	0	0	0	0	0	0
Capital works non-traditional properties	200	100	100	100	0	0	0	0	0	0	0
Reverse Pension Deficit Increase Incl in Base Budget	0	-3	0	0	0	0	0	0	0	0	0
Pension Revaluation	0	18	18	19	19	20	20	21	21	22	22
ICT Upgrades	0	105	0	0	0	0	0	0	0	0	0
Potential Pay Award	0	44	45	47	48	49	50	51	53	54	55
Incremental Salary Increases	0	10	10	10	11	11	11	11	12	12	12
HRA Surplus (-) / Deficit	-136	-145	1,286	1,634	1,249	292	288	14	-1,333	-1,543	-1,799

HRA General Reserve

HRA Reserve B/fwd	-6,919	-7,055	-7,200	-5,921	-4,297	-3,047	-2,770	-2,482	-2,468	-3,801	-5,344
(Surplus) / Deficit for year	-136	-145	1,279	1,624	1,249	277	288	14	-1,333	-1,543	-1,799
HRA Reserve C/fwd	-7,055	-7,200	-5,921	-4,297	-3,047	-2,770	-2,482	-2,468	-3,801	-5,344	-7,143

RESERVES

Debt Repayment Reserve

Balance B/fwd	-5,046	-6,470	-8,012	-1,484	-5,648	0	-3,288	-6,705	0	-2,509	-4,929
Depreciation balance	-1,424	-765	-1,322	-1,513	-1,884	-1,473	-1,417	-1,456	-1,759	-1,670	-1,395
Transfers to reserve	0	-777	-2,150	-2,651	-2,468	-1,815	-2,000	-1,839	-750	-750	-750
Repayment of loan	0	0	10,000	0	10,000	0	0	10,000	0	0	0
Reserve C/fwd	-6,470	-8,012	-1,484	-5,648	0	-3,288	-6,705	0	-2,509	-4,929	-7,074

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - JANUARY 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Earmarked Reserve

Balance B/fwd	-141	-186	-231	-276	-321	-366	-141	-186	-231	-276	-321
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	0	0	0	0	0	270	0	0	0	0	0

Reserve C/fwd	-186	-231	-276	-321	-366	-141	-186	-231	-276	-321	-366
----------------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

Major Repairs Reserve

Balance B/fwd	-3,454	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154	-9,754
Transfers to reserve	-700	-600	-600	-600	-300	-600	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-200	-100	-100	-100	0	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0

Reserve C/fwd	-4,354	-5,054	-5,754	-6,454	-6,754	-7,354	-7,954	-8,554	-9,154	-9,754	-10,354
----------------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	----------------

New Build Reserve

Capital Receipts B/fwd	-2,460	-1,588	-2,315	-2,936	-3,554	-4,014	-4,471	-4,928	-5,230	-5,533	-5,835
Lullington Rd Phase 2	237	0	0	0	0	0	0	0	0	0	0
Acquisitions in year	1,410	0	0	0	0	0	0	0	0	0	
Homes England grant	-45	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-730	-727	-621	-618	-460	-457	-457	-302	-302	-302	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0

Balance c/fwd	-1,588	-2,315	-2,936	-3,554	-4,014	-4,471	-4,928	-5,230	-5,533	-5,835	-6,034
----------------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------	---------------