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<b>REPORT TO:</b>	<b>FINANCE &amp; MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>20th OCTOBER 2011</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>CHIEF EXECUTIVE OFFICER</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE ( 01283 595811) CHIEF FINANCE OFFICER <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a></b>	<b>DOC:</b> u/ks/MTFP/midyear review/October 11
<b>SUBJECT:</b>	<b>A REVIEW of the COUNCIL'S MEDIUM TERM FINANCIAL PLAN 2011 to 2017</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 updated financial projection on the General Fund to 2017 as detailed in **Appendix 1** is considered and approved.
- 1.2 That the risks and assumptions in the financial projection, together with a continuing requirement to balance the budget in the medium term are considered and noted.
- 1.3 That the updated Capital Investment Programme and resources as detailed in **Appendix 2** is considered and noted.
- 1.4 That the Budget and Financial Planning Timetable for 2012/13 as detailed in **Appendix 3** is approved.

## **2.0 Purpose of Report**

- 2.1 In accordance with the Council's Financial Strategy ([http://www.south-derbys.gov.uk/council\\_and\\_democracy/council\\_budgets\\_spending/budget\\_and\\_financial\\_strategy/default.asp](http://www.south-derbys.gov.uk/council_and_democracy/council_budgets_spending/budget_and_financial_strategy/default.asp)) the report reviews and updates the Council's Medium Term Financial Plan (MTFP).
- 2.2 This includes a review of associated budget projections, risks and assumptions based on various scenarios for the Council's General Fund Account. In previous years, this review has also included the Housing Revenue Account (HRA).
- 2.3 As reported to the Committee during the year, the HRA is facing major change from the introduction of "self financing." Separate reports have been considered by this Committee during the year, including a revised Business Plan, Treasury Management and other accounting issues.

- 2.4 Indeed, a separate report elsewhere on this Agenda considers the options for the debt take-on and to finance the 30-year Business Plan. Budgets, risks and assumptions have and are being considered as part of that process and it is not intended to repeat those in this report.
- 2.5 In the meantime, this report updates the Council's medium term financial position following the reported out-turn for 2010/11, together with changes since the 2011/12 budget-round. It is intended to set an indicative position ahead of the forthcoming 2012/13 budget-round and aims to gauge in overall terms, the Council's updated financial position on its General Fund.

### **Aims of the Council's Financial Planning Framework**

- 2.6 A key factor within the Council's overall Financial Strategy is medium term financial planning. This is to achieve a sound and sustainable financial position in accordance with the Corporate Plan objective of achieving "value for money."
- 2.7 The main target within the Financial Strategy is to achieve a minimum level of general reserves by the end of every financial planning period. This is based on a Medium Term Financial Plan (MTFP) which sets out a financial projection and commentary on the key spending areas across the Council.
- 2.8 The main focus of the projection is to estimate the Council's future financial position. It should not be used as an indication of impending financial difficulties, but is an early warning sign of the financial challenges that lie ahead in future years.
- 2.9 This then provides an opportunity to take proper and planned remedial action. In addition, it is used as the basis for building detailed budget plans each year.
- 2.10 It also helps the Council to focus on the resources that it will have available during and at the end of each period. In addition, it helps to identify where resources and spending are changing in the medium term to enable action to be taken at an early stage to prevent any loss of financial stability.
- 2.11 Clearly, the projections are based on a series of assumptions (some of which are interlinked) based on an analysis of interest rates, inflation, together with the national economic situation and central government policy, etc. These do change which can affect the MTFP and consequently the Council's spending plans.

### **3.0 DETAIL - GENERAL FUND REVENUE ACCOUNT**

#### **Background**

- 3.1 Apart from Council Housing, day-to-day income and expenditure on services is accounted for through the General Fund. The net expenditure is financed from Government Grant and Council Tax, with any shortfall being financed from the Council's Reserves.

3.2 In accordance with the Financial Strategy, a 5-year planning period, on a rolling basis, has been adopted for the General Fund.

### **The Position Entering this Review**

3.3 The General Fund position was last reviewed in February 2011 as part of setting the detailed budget and council tax level for 2011/12. The Committee will recall that this budget round presented major challenges in absorbing the effects of a significant reduction in central government grant.

3.4 During this period, budget savings were made from the Senior Management Restructure, together with a review of the Grounds Maintenance Service and the retendering of the Leisure Management Contract. On-going savings in these areas helped to meet, substantially, the reduction in grant.

3.5 Although the medium term position was sustained, it still relied on drawing down reserves to meet an on-going budget deficit to 2015/16. In addition, a provision was made against reserves to meet the Council's capital commitments should no capital resources be generated to finance these commitments.

3.6 Based on spending plans and after allowing for certain cost pressures in the future, the medium-term financial projection as at February 2011 is in **Table 1**, below.

**Table 1 – General Fund Projection  
(As at February 2011)**

<b>YEAR</b>	<b>BUDGET DEFICIT £</b>	<b>CAPITAL PROVISION £</b>	<b>BALANCE OF RESERVES £</b>
2010/11	194,050	0	3,056,500
2011/12	357,898	395,000	2,303,602
2012/13	15,875	285,000	2,002,727
2013/14	100,311	310,000	1,592,416
2014/15	168,671	250,000	1,173,745
2015/16	404,675	270,000	499,070

**Note: The budget deficits for 2011/12 and 2015/16 include a provision of £101,000 and £125,000 respectively to fund the costs of local district elections.**

3.7 The projection in February showed that based on spending plans, the level of reserves would fall well below the minimum level of £1m by 2015/16, with an increasing budget deficit. Therefore, in setting the Budget for 2011/12, the Council approved a minimum savings target of £280,000 by 2012/13.

3.8 This amount was calculated as the figure required to finance the underlying budget deficit and to maintain reserves above £1m by 2105/16.

## Updated Projection

- 3.9 The projection has now been updated and rolled forward to include 2016/17 in accordance with the 5-year planning period. It reflects budget savings reported to Committee since February, the effect of the 2010/11 out-turn and other changes which are detailed in subsequent sections.
- 3.10 The full projection is detailed in **Appendix 1** with a summary in Table 2 below.

**Table 2 – Updated General Fund Projection**  
(As at October 2011)

Year	Budget Deficit £	Capital Provision £	Balance of Reserves £
2011/12	515,443	0	2,575,937
2012/13	238,834	0	2,337,103
2013/14	215,329	0	2,121,774
2014/15	178,635	0	1,943,139
2015/16	347,290	0	1,595,849
2016/17	301,024	250,000	1,044,825

- 3.11 The updated projection shows an improved position overall compared to February. This is mainly due to the capital provision being replaced by the proceeds from the sale of Bretby Crematorium as reported to the Committee in September.
- 3.12 This has helped to maintain the reserve balances above the minimum level of £1m by 2016/17.
- 3.13 However, there is still an underlying budget deficit. Although this is reducing, it is still projected to be approximately £300,000 by 2016/17 based on current spending plans and after other adjustments.
- 3.14 The main reasons for the change in the projected level of reserves is summarised in Table 3 below.

**Table 3: Summary of Changes to Projection (figures are cumulative over 5-years)**

Previous Reserve Balance as at 31st March 2016 (table 1)	499,070
Decrease in Reserve Balance following 10/11 out-turn	-49,451
Adjustment following audit of accounts 10/11	1,917
Earmarked Reserves transferred to General Fund	82,414
Adjustment for Senior Management Review	325,883
<b>Sub-total</b>	<b>859,833</b>
Bretby Crematorium - Sale Proceeds	1,510,000
Approved Budget Savings	428,494
<b>Sub-total</b>	<b>2,798,327</b>
Additional Cost of Housing Benefits	-600,000
Additional Fuel Costs (2010/11 only)	-30,000
Projected Reduction in Building Regulations Income	-400,000
Growth, Revised Inflation and Pension Contributions	-172,477
Projected Budget Deficit 2016/17	-301,024
Capital Provision 2016/17	-250,000
<b>PROJECTED BALANCE ON GENERAL RESERVE 2017</b>	<b>1,044,826</b>

3.15 An analysis of the changes is detailed in the following sections.

#### **Adjustment to Balance B/fwd**

3.16 This has been adjusted upwards following the budget out-turn for 2010/11 that was approved at the Committee in June 2011. This reported that overall reserve balances, after adjusting for the timing difference regarding the Senior Management Review, were £295,000 greater than estimated. This was due to overall spending being lower than that budgeted.

3.17 The General Reserve has also been increased following the transfer of balances on earmarked reserves for the DSO and Corporate Services which are longer required.

#### **Sale Proceeds from Bretby Crematorium**

3.18 As reported to the Committee in September, the Council received just over £3m from its share of the sale of the Crematorium. The sale proceeds have negated the need to set-aside a provision in the financial plan to replace vehicles, plant and equipment, together with the final Covenant repayments.

3.19 This has released resources of £1.5m in the revenue plan besides providing an equivalent amount for new capital investment.

#### **Approved Budget Savings**

3.20 The amount of £428,000 in Table 3 is the summation of savings during the year to-date. This figure is net, after taking account of one-off costs associated with restructures, together with the amount already included in the MTFP for temporary posts falling out which have now been mainstreamed.

3.21 A further analysis is provided in Table 4 below.

**Table 4: Analysis of Budget Savings made to-date (cumulative effect over 5-years)**

<b>Area</b>	<b>£</b>
<ul style="list-style-type: none"> <li>Community Services Budget Review as reported in February 2011, in particular ceasing the Partnership with Groundwork Derby and Derbyshire</li> </ul>	265,000
<ul style="list-style-type: none"> <li>Reduction in Grounds Maintenance Costs following Service Review in May 2011</li> </ul>	245,000
<ul style="list-style-type: none"> <li>Reorganisation of the Operations Directorate as reported to the Committee in June and September 2011</li> </ul>	99,121
<b>Sub – Total Gross Savings Made</b>	<b>609,121</b>
<ul style="list-style-type: none"> <li>Less – provision for 2 posts falling out in the MTFP which were mainstreamed in the above reorganisation</li> </ul>	(180,627)
<b>Total – Net Savings</b>	<b>428,494</b>

### **Housing Benefits**

3.22 This is to reflect, on an on-going basis, the additional costs falling on the Council as reported to the Committee during the last year. As part of the budget round for 2011/12, the Committee agreed for Overview and Scrutiny (O&S) Committee to undertake a review of the issues.

3.23 O&S agreed the final scope for that piece of work in September and the review is now underway. They are due to report during the final stages of the budget round for 2012/13.

### **Income from Building Regulation Fees**

3.24 The base budget was forecasted to increase from £210,000 to £340,000 (£130,000) per year from 2012/13. Referring to current income and the general economic outlook, it is unlikely that this will occur. Consequently, the increase has been scaled back to £30,000 per year.

### **Risks and Assumptions**

3.25 Having reset the base position following known adjustments and changes as detailed above, the following sections set out the key risks and assumptions underpinning the financial projection.

3.26 It is recommended that the Committee consider and note the issues that are likely to have an impact, adverse or favourable, on the base position moving forward. These are:

- Pay inflation
- Inflation on other costs and income
- Fees and Charges
- Growth
- Pensions
- Interest
- Significant Income Streams from local services
- Government Grant
- New Homes Bonus
- Council Tax

### **Pay Inflation**

3.27 The MTFP provides for inflationary increases of 0.5% in 2011/12 and 2012/13. This reflects the Government's policy of enforcing a pay freeze for local government workers, with a contingency provided to meet a flat rate payment to lower paid workers as set out by the Government. A provision of 2.5% per year is included from 2013/14.

3.28 Following the transfer of staff to Northgate in August 2010 together with the recent restructures of Senior Management and in the Operations Directorate, the Council's pay bill has reduced from £10.4m to approximately £7.2m in the General Fund. A 1% variation to the assumptions above, equates to around £70,000 per year, so this is still quite a sensitive variable.

### **Inflation on Other Costs and Income**

3.29 In accordance with the Financial Strategy, inflation is not automatically applied to all cost heads and a provision is made where it is considered unavoidable in accordance with Government forecasts for longer term inflation.

3.30 This mainly applies to items such as fuel, energy/utility costs, repairs/maintenance and contracted supplies/services. Allowances are also set for concurrent expenses paid to parish councils together with grants to voluntary bodies.

3.31 Most budget heads are in fact cash limited and in particular those relating to office and other overhead expenses. Allowance is made for increases in fees and charges where the Council has discretion to do so.

3.32 Total inflation is held and controlled as a separate contingency in the MTFP along with the provision for pay awards. It is only allocated to budgets once an inflationary increase or allowance is either approved or known to have impacted upon a base budget.

3.33 Since this policy was introduced two years ago, there has been little call on the contingency and this has been returned to the general reserve at the year end. There are also on-going savings if the base budget is not increased from one year to the next in accordance with the inflation factors.

3.34 As previously reported, the cost of fuel is currently the main cost pressure on day to day service provision and this would be financed from the contingency. If costs can continue to be contained within the base budget, then this contingency can be freed going forward and have a positive on the overall financial position.

### Fees and Charges

3.35 The level of increase for fees and charges may present a risk. Year on year, it may not be possible to generate the increase on each and every charge made. In accordance with the Council's Charging Policy, the level of fees and charges is reviewed on an annual basis during the budget round, with an average increase across each service area being used as a target.

### Growth

3.36 Within the inflation contingency, a provision is also made that includes the phased increase for concurrent expenses paid to parish councils (as approved by the Committee in January 2010) together with anticipated costs in future years due to the general growth of the District.

3.37 An analysis of the updated inflation/growth provision (including pay) is summarised in Table 5 below.

**Table 5 – Analysis of Overall Inflation and Growth Contingency**

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	£	£	£	£	£	£
Pay	35,762	35,941	180,604	185,120	189,748	194,491
Other Costs	95,712	102,341	123,268	126,349	129,508	132,746
Fees and Charges	0	-117,739	-124,748	-127,664	-130,648	-133,702
<b>Total - Inflation</b>	<b>131,474</b>	<b>20,543</b>	<b>179,124</b>	<b>183,805</b>	<b>188,608</b>	<b>193,535</b>
Add - Growth Provision	49,000	61,000	61,300	61,600	61,900	62,200
<b>Total Contingency</b>	<b>180,474</b>	<b>81,543</b>	<b>240,424</b>	<b>245,405</b>	<b>250,508</b>	<b>255,735</b>

#### Note

**Inflation applicable to fees and charges has been included direct in the base budget for 2011/12 following a review of fees and charges during the previous budget round.**

### Waste Collection and Recycling

3.38 In addition to the growth provision included in Table 5, a separate provision continues to be made in the MTFP for Waste Collection. This was approved following a service review in 2009/10 which generated budget savings.

3.39 At some point, it is anticipated that due to the amount of residential development having already, and due to take place in the District, that this will incur additional costs for waste collection and recycling. Effectively, this is setting aside a proportion of the additional council tax currently being collected.

## Pensions

- 3.40 The results of the 2010 actuarial valuation were included in the budget from 2011/12. As previously reported, this increased the Council's contribution from 19.9% to over 22% on pensionable pay, per year. This will be fixed for the next three years until 2013/14.
- 3.41 It is uncertain what will happen at the next valuation in 2013 and whether any policy changes nationally would have taken place before that time. The Council's total payment is just under £1.1m per year. Consequently, this is sensitive to change.

## Interest Payable and Receivable

- 3.42 The following interest rates and income estimates from money held on short-term deposit are included in the current projection.

**Table 6: Projected Interest Rates and Receipts within the Current Projection**

<b>Year</b>	<b>Interest Received</b>	<b>Average Interest Rate</b>
2011/12	£52,500	1.75%
2012/13	£105,000	3.50%
2013/14	£120,000	4.00%
2014/15	£142,500	4.75%
2015/16	£142,500	4.75%
2016/17	£142,500	4.75%

- 3.43 The average rate currently being earned on deposits is just under 1%. As reported to the Committee in September, with rates remaining historically low, it is now most unlikely that a rate of 1.75% will be achieved in 2011/12.
- 3.44 However, the money held on deposit has historically been higher than estimated. The figures in Table 6 are based on an average cash position of £3m. To-date, in 2011/12 this has been £6.25m, helped by the proceeds from the Crematorium sale.
- 3.45 Clearly though an average interest rate of 3.5% in 2012/13 seems highly optimistic as does the longer term assumption of 4.75%. This will be reviewed in the Treasury Management Strategy as part of the forthcoming budget round.

## Income from Planning Fees

- 3.46 The projection includes future estimates of income from planning, building regulations and land charges - significant income streams for the Council.
- 3.47 Current estimates, together with historic levels are detailed in Table 7 below.

**Table 7: Significant Income Streams included in the Current Projection**

<b>Year</b>	<b>Planning Fees £</b>	<b>Building Regs. £</b>	<b>Land Charges £</b>	<b>Total £</b>
Actual 2004/05	501,700	348,130	238,665	1,088,495
Actual 2005/06	612,198	370,232	229,826	1,212,256
Actual 2006/07	677,366	338,055	227,812	1,243,233
Actual 2007/08	573,747	297,089	192,798	1,063,634
Actual 2008/09	517,485	236,242	106,375	860,102
Actual 2009/10	677,070	232,875	134,023	1,043,968
Actual 2010/11	256,993	224,472	114,822	596,287
Budget 2011/12	538,000	210,000	125,000	873,000
Forecast 2012/13	598,000	240,000	125,000	963,000
Forecast 2013/14	598,000	240,000	125,000	963,000
Forecast 2014/15	598,000	240,000	125,000	963,000
Forecast 2015/16	598,000	240,000	125,000	963,000
Forecast 2016/17	598,000	240,000	125,000	963,000

3.48 As reported to the Committee in September, based on the first quarter's performance, income in 2011/12, compared to the budget, is holding up. The forecasts are currently based on an upturn in the current economic climate during 2012/13. However, the forecast for building regulations has been revised down from that previously as highlighted earlier in the report.

3.49 Clearly, these income streams can be volatile, but in a buoyant economy can generate additional income for the Council. The forecasted income assumes a step up in 2012/13, which is still a risk, but not to the same degree when the economy was growing much faster up to 2008.

3.50 These forecasts also assume that no additional resources are required to manage demand. However, this will need to be kept under review should levels change more substantially in the future.

### **Government Grant**

3.51 The amounts up to and including 2013/14 are those that were notified to the Council following CSR 2010. They are subject to revision, but are not expected to change significantly.

3.52 The Committee considered a report on 12<sup>th</sup> October regarding the Government's proposals to introduce a Business Rates Retention Scheme to replace the current Formula Grant system. Subject to consultation and Parliamentary approval, implementation is planned for April 2013.

3.53 This would almost certainly change the forecasts in the MTFP. The next spending review of public expenditure is expected in 2013.

## **New Homes Bonus (NHB)**

- 3.54 Depending on how NHB is funded nationally beyond 2012/13, this could generate additional resources over and above those included in the MTFP. The current Plan does not include the full effects of last year's or anticipated future year's growth due to uncertainty over funding.
- 3.55 The Government have stressed that after 2012/13, any additional monies will be contained within the overall pot for local authorities, indicating that grant elsewhere may be reduced to compensate.

## **Council Tax**

- 3.56 A 2.5% increase in the rate of council tax per year continues to be included in the MTFP. The forecast also includes growth in new properties liable for council tax of 1% per year. The average growth in recent years has been 1.5%, including the last two years where growth has been lower.
- 3.57 A 1% variation from the 2.5% in the rate of tax set, equates to just under £50,000 per year, or £250,000 over the 5-year planning period.

## **Proposed Council Tax Freeze 2012/13**

- 3.58 A recent announcement by the Treasury has indicated that a new grant scheme will be open to councils who decide to freeze or reduce their council tax next year. If they do, councils will receive additional funding equivalent to raising their 2011-12 council tax by 2.5%. Full details of the scheme are awaited.

## **Other Provisions Set-aside**

- 3.59 In accordance with previous approvals, several amounts continue to be set-aside to meet costs associated with a range of issues. These are itemised in **Appendix 1** and include:

- Bad Debts
- Pay and Grading Review
- Support to the Voluntary and Community Sector
- District Elections
- Land Charges Refunds (Property Searches)
- Place Surveys (or equivalent)

## **Provision for Capital**

- 3.60 An amount of £250,000 has also been set-aside against Reserves in 2016/17 to meet vehicle replacements. This is a contingency should other capital receipts not be generated before then.
- 3.61 Although some further resources should be generated in this period, they are not yet guaranteed. An analysis of potential resources is detailed in Section 4.

## **The Overall Position**

- 3.62 The Council has a history of spending within budget which is prudent but it should not be assumed that this will continue. Based on an analysis of the risks in the preceding sections, it is clear that the financial position could change compared to the forecasts, especially in the longer term.
- 3.63 To a certain extent, this will depend on decisions taken by the Government and the state of the overall economy. It is considered that budgets and forecasts are prudent. Whilst the level of balances by 2017 are now projected to be around the safe minimum level, in the longer-term, the Council still has an underlying budget deficit.
- 3.64 Therefore, work continues on identifying further budget savings. This includes work currently being undertaken by Northgate Public Services as part of their guarantee to deliver cashable savings through efficiencies and transformation.
- 3.65 In accordance with the Financial Strategy, when savings are known and guaranteed, these will then be built into the MTFP.

### **Minimum Level of Balances**

- 3.66 The Council continues to face many financial risks and variables. Therefore, it needs to be prudent in ensuring that it maintains an adequate level of general reserves on its General Fund to act as a contingency.
- 3.67 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.
- 3.68 Based on this, the Council's minimum level as set out in the Financial Strategy is **£1m** on the General Fund. This level is calculated based on an assessment of the major financial risks facing the Council including major income streams, inflation and interest rates, all of which are detailed in previous sections of the report.
- 3.69 Good practice suggests that the minimum level should be between **5%** and **10%** of net revenue expenditure. Based on the forecasted net revenue expenditure on the General Fund, a level of £1m equates to around 8% on average over the planning period.

## **4.0 CAPITAL INVESTMENT and FINANCING**

- 4.1 The Council is guided under a National Prudential Code of Practice to set a 5-year capital investment programme. Clearly, this has to be based on assumptions about likely resources to be available and potential commitments facing the Council over this period.

- 4.2 As previously reported, the Council's immediate capital commitments in the form of the final covenant commitments and replacement of vehicles are now fully resourced. This also includes the estimated cost of statutory housing assessments in 2012/13 and 2013/14.
- 4.3 The updated capital programme is detailed in **Appendix 2** with commentary provided in the following sections. This includes amounts brought forward from 2010/11 and other adjustments as approved by the Committee in September.

### **Council House Improvements**

- 4.4 No provision has been made beyond the current year 2011/12. With the introduction of self-financing, the Major Repairs Allowance will disappear and future capital expenditure has been included in the HRA's Business Plan.

### **Private Sector Housing Renewal**

- 4.5 The Council's allocation in the form of a Government grant has been confirmed for 2011/12 at £269,000. This is lower than previous years and does not include a separate allocation for improving standards (Decent Homes) as previous years.
- 4.6 The Government have indicated that similar allocations will be provided for 2012/13 and 2013/14. Funding beyond that is uncertain.

### **New Investment**

- 4.7 Beyond the current year, there is almost no new investment after existing schemes are completed and some major funding sources such as Growth Point end. Provision continues to be made for spending on Youth and Play Facilities, but this is very much dependent on external funding.
- 4.8 However, the Committee approved a working group in September to consider bids for new investment to utilise the remaining proceeds from the Crematorium sale. Approximately £1.7m is available and the working group will report back to Committee on 1<sup>st</sup> December 2011.

### **Analysis of Resources for Investment**

- 4.9 **Appendix 2** details usable receipts with a summary provided in Table 8 below.

**Table 8: Capital Resources for Investment**

	2011/12 £	2012/13 £	2013/14 £	2014/15 £	2015/16 £	2016/17 £
Balance b/fwd	841,099	1,215,899	980,899	720,899	520,899	300,899
Add - New receipts in the Year (Net after Pooling and Fees)	3,149,276	50,000	50,000	50,000	50,000	50,000
Less- Amount Required to Fund Existing programme	-1,035,019	-285,000	-310,000	-250,000	-270,000	-250,000
Less - Resources set-aside for New Investment	-1,739,457	0	0	0	0	0
<b>Balance c/fwd</b>	<b>1,215,899</b>	<b>980,899</b>	<b>720,899</b>	<b>520,899</b>	<b>300,899</b>	<b>100,899</b>

4.10 The table shows that some receipts (£50,000 per year) will continue to be generated. This relates to receipts from granting easements and the sale of small plots of land.

4.11 It excludes, from 2012/13, the retained receipts from council house sales; these will be maintained in the HRA following the introduction of self-financing, as approved by the Committee.

4.12 It also excludes any proceeds from the sale of larger assets or that generated from redevelopment projects such as the depot relocation. Due to the uncertainty and timing of any larger receipts, these will only be considered once received in accordance with the Financial Strategy.

4.13 The amount required for vehicle replacements in 2016/17 (£250,000) will be financed if the level of receipts (£50,000) are generated. As highlighted earlier in the report, a contingency of £250,000 has been set-aside against General Fund Balances as a safeguard against this.

## **5.0 Financial Implications**

5.1 As detailed in the report

## **6.0 Corporate Implications**

6.1 The MTFP assesses the resources and options available to the Council in order for it to deliver its services and priorities set out in its Corporate Plan.

6.2 The projections continue to show some uncertainty, especially around central funding, with an underlying budget deficit. Therefore, it is important that all service areas continue to manage resources carefully and to generate cashable efficiency savings wherever possible.

## **7.0 Community Implications**

7.1 Ultimately, the amount of financial resources affects the level and quality of services and facilities provided to the local community.

## **8.0 Background Papers**

8.1 The Council's Financial and Capital Investment Strategies at:

[http://www.south-derbys.gov.uk/council\\_and\\_democracy/council\\_budgets\\_spending/budget\\_and\\_financial\\_strategy/default.asp](http://www.south-derbys.gov.uk/council_and_democracy/council_budgets_spending/budget_and_financial_strategy/default.asp)