

**Please ask for Democratic Services**  
Phone (01283) 595722 / 595848  
Typetalk 18001  
DX 23912 Swadlincote  
democraticservices@southderbyshire.gov.uk

Our Ref: DS  
Your Ref:

Date: 2<sup>nd</sup> October 2019

Dear Councillor,

**Finance and Management Committee**

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

Yours faithfully,



Chief Executive

To:- **Conservative Group**

Councillor Watson (Chairman), Councillor Fitzpatrick (Vice-Chairman) and Councillors Angliss, Billings, Mrs. Brown, Ford, MacPherson and Roberts

**Labour Group**

Councillors Dr. Pearson, Rhind, Richards, Southerd and Taylor

## **AGENDA**

### **Open to Public and Press**

- 1** Apologies and to note any Substitutes appointed for the Meeting.
- 2** To receive the Open Minutes of the following Meetings:  
  
Finance and Management Open Minutes 25th July 2019 **4 - 9**
- 3** To note any declarations of interest arising from any items on the Agenda
- 4** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6** Reports of Overview and Scrutiny Committee
- 7** UPDATE TO THE MEDIUM TERM FINANCIAL POSITION **10 - 27**
- 8** THE LOCAL AUTHORITIES' PROPERTY FUND **28 - 33**
- 9** REVIEW and PROPOSED USE OF EARMARKED RESERVES **34 - 41**
- 10** DISABLED FACILITIES GRANTS AND ADAPTATIONS TO COUNCIL HOMES UPDATE. **42 - 47**
- 11** COMMITTEE WORK PROGRAMME **48 - 53**

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

- 12** 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.

- 13** To receive the Exempt Minutes of the following Meetings:  
Finance and Management Exempt Minutes 25th July 2019
- 14** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 15** BAD & DOUBTFUL DEBTS
- 16** STRUCTURE REVIEW CORPORATE PROPERTY SERVICES UNIT

FINANCE AND MANAGEMENT COMMITTEE (SPECIAL)

25<sup>th</sup> July 2019

**PRESENT:-**

**Conservative Group**

Councillor Fitzpatrick (Vice-Chairman) and Councillors Angliss, Billings, Mrs. Brown, Corbin (substituting for Councillor Roberts) and Ford.

**Labour Group**

Councillors Dr. Pearson, Rhind, Singh (Substituting for Councillor Richards), Southerd and Taylor.

FM/20 **APOLOGIES**

Apologies were received from Councillor Watson (Chairman) and Councillor Richards (Labour Group).

FM/21 **MINUTES**

The Open Minutes of the Meetings held on 25<sup>th</sup> April 2019 and 13<sup>th</sup> June 2019 were taken as read, approved as a true record and signed by the Chairman.

FM/22 **DECLARATIONS OF INTEREST**

The Committee was informed no declarations of interest from Members of the Council had been received.

FM/23 **QUESTIONS FROM MEMBERS OF THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 10**

The Committee was informed no questions from members of the public had been received.

FM/24 **QUESTIONS BY MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO 11**

The Committee was informed no questions from Members of the Council had been received.

FM/25 **REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE**

The Committee was informed no reports had been received.

**MATTERS DELEGATED TO COMMITTEE**

FM/26 **AUDIT SUB-COMMITTEE**

The Open Minutes of the Audit Sub-Committee Meeting held on 29<sup>th</sup> May 2019 were submitted.

FM/27 **TREASURY MANAGEMENT ANNUAL REPORT 2018/19**

The Head of Finance presented the report to the Committee.

**RESOLVED:**

- 1.1 The Committee approved the Treasury Management Annual Report for 2018/19.***
- 1.2 The Committee approved the Prudential Indicators and Limits for 2019/20 to 2023/24 updated for 2018/19 actuals.***
- 1.3 The Committee approved the updated counterparty (lending) list as at 1st April 2019.***

FM/28 **BUDGET OUT-TURN AND FINAL ACCOUNTS 2018/19**

The Head of Finance presented the report to Committee, noting the Statement of Accounts remained as draft as the external audit had been delayed and was expected to be reported to Members at the November Committee. The Head of Finance reviewed the variances against the budget, noted the Housing Revenue Account was set with a surplus and noted the identified earmarked reserves.

Councillor Rhind queried the recovery of Housing Benefits overpayments due to a processing error if the claimant was not at fault. The Strategic Director (Corporate Resources) noted the question and advised the Member he would seek further information.

Councillor Mrs. Brown sought clarification on the Better Care Funding allocation process and if interest rates were regularly tracked. The Head of Finance responded to the queries, advising further information would need to be sought from the Strategic Housing Manager who was involved in the Better Care Funding allocation process. In relation to tracking interest rates, the Head of Finance advised interests rates were tracked, but regulations were in place which stipulated where funds could be secured.

Councillor Dr. Pearson welcomed the report, noting the Council had been prudent with money and had been investing wisely, but he queried if large sums stored within the reserves would run the risk of missing opportunities, such as being eligible to apply for grants. The Strategic Director (Corporate Resources) advised there is no limit on the amount kept in reserves, however there is a minimum requirement, which would be reviewed by the External Auditors if below the minimum amount.

Councillor Dr. Pearson made reference to Appendix 3, requesting further transparency is provided around large financial commitments, such as Section 106 funds, to ensure money is being discharged as expected. The Strategic Director (Corporate Resources) informed Members the Head of Finance was reviewing Section 106 allocations with the Head of Planning and Strategic Housing and would be submitting a report to Committee, which included a breakdown of Section 106 money, later in the year.

A discussion ensued amongst Members regarding Members being invited to be part of the Section 106 monies allocation to be able to share an opinion on where the money is spent. Councillor Mrs. Brown, as Chairman of the Planning Committee, advised Section 106 monies are tightly managed through legislation and linked to particular developments.

Councillor Ford commended the report and remarked the level of prudence displayed by the Council had resulted in an envious financial position, which was applauded given the state of uncertainty.

**RESOLVED:**

- 1.1 The Committee approved the final out-turn position for:**
  - **The General Fund Revenue Account 2018/19**
  - **The Housing Revenue Account 2018/19**
  - **Capital Expenditure and Financing 2018/19**
  - **The Collection Fund 2018/19**
  - **The Balance of Reserves and Provisions at 31<sup>st</sup> March 2019.**
- 1.2 The Committee approved a net appropriation of £2,951,610 in 2018/19 be made from the General Fund Reserve to other Earmarked Reserves as detailed in the report.**
- 1.3 The Committee noted the following contributions and adjustments have been made to Bad Debt and Appeal Provisions in 2018/19:**

Sundry Debtors	114,960	General Fund
Temporary Accommodation	-7,872	General Fund
Housing Benefit Overpayments	39,033	General Fund
Council Tax Arrears	27,975	General Fund
Business Rates Arrears	163,853	General Fund
Business Rates Appeals	169,324	General Fund
Planning Appeals	-37,500	General Fund
Housing Rent Arrears	17,113	HRA

**FM/29 ANNUAL REPORT ON SICKNESS ABSENCE**

The Strategic Director (Corporate Resources) presented the report to Committee, highlighting a Joint Consultative Committee was held earlier that day where proposals to decrease the trigger points for managing short and long term absences were approved by Members and Union representatives.

The Strategic Director (Corporate Resources) further noted the report did not include the first quarter absences, which were the most positive figure within the last few years.

Councillor Dr. Pearson welcomed the report and noted it was positive steps were being taken to address the level of absence. He queried if there was an understanding of the underlying causes for stress and work related absences to ensure the management culture was not contributing to the absence figure. The Strategic Director (Corporate Resources) responded to the query, noting not all absences related to stress was due to work-related stress, but an understanding of culture is missing and will hopefully be addressed in the Ethic and Cultural Survey due to be distributed in the Autumn.

Councillor Ford welcomed the report and praised the positive Joint Consultative Committee outcome.

**RESOLVED:**

***1.1 The Committee approved the planned actions detailed in section 4 of the report to improve attendance levels across the Council.***

***1.2 The Committee approved to receive quarterly updates on the levels of absence in line with the corporate performance framework and any actions taken to ensure that attendance levels show continued and sustained improvement.***

***1.3 That the Improving Attendance Working Group continues to meet to ensure that planned activities are implemented and other initiatives to improve the health and wellbeing of the workforce are progressed.***

FM/30 **PAYMENT FACILITIES AT THE CIVIC OFFICES**

The Strategic Director (Corporate Resources) presented the report to Committee, highlighting the consideration given to each option as detailed within the report, but clarified the recommendation was seeking the removal of the cash payment facilities and alternative facilities would be available at local Post Offices and Pay Points.

Councillor Rhind expressed his disappointment in the recommendation and advised he would be unable to support the option put forward as the Council had no control over private businesses remaining open.

A discussion took place amongst Members regarding possible benefits of the recommendation, such as increased footfall to local shops and more shops remaining open. An Amendment to the recommendation was put forward by Councillor Dr. Pearson to only replace one cash payment facility as it seemed risky to transfer Council services to a private enterprise. The Amendment was not carried by Committee.

Councillor Mrs. Brown, whilst recognising the concerns raised by some Members, queried if the effects of removing the cash payment facility could be monitored and if the decision proved disadvantageous for the community, the

decision is reviewed. The Strategic Director (Corporate Resources) noted the query and advised the cash flow from pay points would be monitored.

Councillor Southerd welcomed the comments made by Councillor Mrs. Brown and compared the situation to when Members were asked if the Council should follow a paperless or paperlite policy.

Councillor Rhind raised he did not feel the decision was being done for the benefit of customers.

**RESOLVED:**

***1.1 The Committee approved that cash payment facilities at the Civic Offices be withdrawn with effect from 1 January 2020.***

***1.2 The Committee approved for payment machines to be made available but be limited to card payments only.***

***1.3 The Committee approved that in the intervening period, a communication plan be drawn up and publicity be provided regarding alternative payment methods, pay point locations and people are supported in using alternative facilities ahead of January 2020.***

FM/31 **COMMITTEE WORK PROGRAMME**

**RESOLVED:**

***Members considered and approved the updated work programme.***

FM/32 **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985)**

**RESOLVED:-**

***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 paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.***

**MINUTES**

***The Exempt Minutes of the Meetings held on 25<sup>th</sup> April 2019 and 13<sup>th</sup> June 2019 were received.***

**TO RECEIVE QUESTIONS FROM MEMBERS OF THE COUNCIL PURSUANT TO COUNCIL PROCEDURE RULE NO. 11**

***The Committee was informed no questions had been received.***



**APPLICATION FOR DISCRETIONARY RATE RELIEF**

*The Committee approved the recommendation in the report.*

**PLANNING SERVICES-VARIATION TO ESTABLISHMENT**

*The Committee approved the recommendation in the report.*

The meeting terminated at 7.05pm.

COUNCILLOR M FITZPATRICK

VICE-CHAIRMAN

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>10th OCTOBER 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD (01283 595939)</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2019-20/Oct19
<b>SUBJECT:</b>	<b>UPDATE TO THE MEDIUM TERM FINANCIAL POSITION</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That the update to the Medium-term Financial Plan (MTFP) to 2025 on the General Fund and to 2030 on the Housing Revenue Account as detailed in the report and summarised in **Appendix 1** and **Appendix 2** are approved.
- 1.2 That the risks and assumptions detailed in the report for the General Fund and Housing Revenue Account are noted and that the Council continues its cautious approach to maintain financial stability ahead of the Government's Spending Review in 2020/21.
- 1.3 That this strategy is reviewed half-yearly to ensure that potential budget deficits are addressed at the earliest opportunity.
- 1.4 That efficiencies and budget savings continue to be pursued where opportunities arise to sustain the current financial position.
- 1.5 That the financial projections provide the basis for planning and for setting the Base Budget for the General Fund and HRA for 2020/21.

## **2.0 Purpose of the Report**

- 2.1 In accordance with the Council's financial policy framework, the report updates the Council's medium-term financial position. This follows the reported out-turn for 2018/19, together with known and potential changes since the 2019/20 budget round.
- 2.2 It should be noted that at this stage the final out-turn for 2018/19 is still in draft as the Statement of Accounts are due to be audited in October and reported to

this Committee in November. Any changes that may be required to the out-turn will be updated in the quarterly review of the MTFP.

### **The Council's Financial Planning Framework**

- 2.3 A key factor within the Council's overall Financial Strategy is medium term financial planning. This is considered good practice and is based on Audit guidance which directs councils to achieve a resilient and sustainable financial position. The Council's arrangements for achieving this, together with its performance, are subject to an External Audit each year as part of the "Value for Money conclusion".
- 2.3 The main target within the Financial Strategy is to achieve a minimum level of General Reserves, £1.5m on the General Fund and £1m on the Housing Revenue Account (HRA), by the end of every financial planning period. This is based on a Medium Term Financial Plan (MTFP) which sets out a financial projection for 5 years on the General Fund and 10 years on the HRA.
- 2.4 The main focus of the projections is to estimate the Council's future financial position and provide an early warning sign of any financial challenges that may arise in the future. This then provides the opportunity to take a planned approach to remedial action. In addition, it is used as the basis for building detailed budget plans each year.
- 2.5 It also helps the Council to focus on the resources that it will have available at the end of each period. In addition, it identifies 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.
- 2.6 The financial models project forward current base spending and income. This is adjusted for anticipated changes in factors such as Government policy, inflation, local spending plans and commitments approved through the Committee process.
- 2.7 Assumptions and variables are regularly updated to take account of previous spending changes and their effects over the medium term. The projection aims to show a prudent but realistic position over the planning periods.

### **Purpose of this Review**

- 2.8 The Council's financial policy requires a mid-year review of the medium term financial position. This follows the budget out-turn for the previous year and before the forthcoming annual budget round. This provides a basis for planning purposes and identifies potential matters for consideration, together with risks and opportunities.
- 2.9 The current MTFP was approved in August 2019 and there have not been any significant changes nationally that may immediately affect the Council's financial position. However, the Government's Fair Funding Review, which is a fundamental review of the resources needed for local government and their

allocation, has been delayed until 2021/22. In the meantime, it is now expected that the Local Government Financial Settlement for 2019/20 will be rolled forward to 2020/21.

2.10 This report is divided into the following sections.

- Section 3: Detailed analysis of the General Fund
- Section 4: Housing Revenue Account

### ***Appendices***

- *Appendix 1 – Projected General Fund Revenue Account*
- *Appendix 2 – Projected Housing Revenue Account*

## **3.0 General Fund Revenue Account**

3.1 The overall projection on the General Fund, as reported in August, is summarised in the following table.

**Medium-term Projection as at Aug 2019**

	<b>Revenue Budget Deficit £</b>	<b>Capital Contributions £</b>	<b>General Reserve £</b>
Approved Budget 2019/20	382,857	1,766,515	-8,659,899
Projection 2020/21	589,792	571,206	-7,498,901
Projection 2021/22	673,729	568,878	-6,256,294
Projection 2022/23	928,430	566,412	-4,761,452
Projection 2023/24	1,564,128	603,217	-2,594,107

### **Position Entering this Review**

- 3.2 The position at this time highlighted a budget deficit for every year of the projection.
- 3.3 The current level of the General Reserve was healthy compared to the minimum level of £1.5m and was forecast to remain above the minimum level throughout the period to 2023/24. The budgeted deficits could be financed from the General Reserve and the forecast effectively showed the implications of taking that action.
- 3.4 However, it is considered that this is a high risk strategy. The deficits in future years were projected to be significant. If no action were taken to reduce future deficits, it could quickly de-stabilise the financial position given that any action to achieve budget savings may take time to fully implement.
- 3.5 Provision for certain cost pressures and potential risks were included in the MTFP, including £500k per annum of additional revenue being set-aside to meet potential demand on services arising from residential growth.

## **Financial Strengths**

3.6 The Council is required to maintain a resilient and sustainable financial position. Currently, the Council continues in this position due to:

- Positive cash flow
- No debt outstanding (on the General Fund)
- Not reliant on interest rates rising to generate additional income
- Current General Reserve healthy
- Provisions in the Base Budget to mitigate inflation and growth
- Budget for a full employee establishment – no vacancy rate is assumed
- Earmarked reserves for capital replacements
- Separate provision made for bad debts, appeals and pensions
- Earmarked reserves to sustain project and capital works
- Growth in the Tax Base
- Capital expenditure not heavily reliant on revenue funding or borrowing

3.7 The Council also has a good history of spending within its Net Budget. However, this cannot be guaranteed in future years and is never assumed for future budgeting purposes.

## **Financial Risks**

3.8 There are many variables that are included in the projection that carry a risk and if realised, could have a significant effect on the overall financial position. The main risks identified in the financial register when the Budget was approved in February 2019 were:

- **Higher risks**

- Further changes to the national funding system and in particular the allocation of the New Homes Bonus
- A reduction in Business Rates income due to appeals
- Additional pressure on service costs due to growth

- **Lower risks**

- A budget overspend
- Economic conditions
- Impact of Welfare Reform

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

## **Core Funding**

3.10 The Council's core funding is an aggregate of:

- Retained Business Rates
- New Homes Bonus
- Council Tax Income

## Updating the MTFP

3.11 An update and assessment of the main assumptions and variables, where this has been necessary, together with a consideration of external issues, are detailed in the following sections.

3.12 A revised medium-term financial projection is detailed in **Appendix 1**. To maintain a rolling 5 year projection, the forecast position for 2024/25 has been added to the MTFP. The updated position of the General Fund projected balance is summarised in the following table.

**Medium-term Projection as at Oct 2019**

	<b>Revenue Budget Deficit £</b>	<b>Capital Contributions £</b>	<b>General Reserve £</b>
Approved Budget 2019/20	262,652	1,667,139	-8,496,623
Projection 2020/21	207,023	610,000	-7,679,600
Projection 2021/22	144,745	610,000	-6,924,855
Projection 2022/23	553,105	610,000	-5,761,750
Projection 2023/24	1,205,570	610,000	-3,946,180
Projection 2024/25	1,378,331	610,000	-1,957,849

3.13 The projected position to 2024 has improved compared to that reported in August 2019 as shown in the following table. The high level of deficits forecast for 2024 and 2025 is resulting in the General Fund Reserve balance projection to be just under £2m, which is above the statutory minimum level.

	<b>£'000</b>
Projected balance as at 2024 (reported Aug 2019)	-2,594
Increased New Homes Bonus funding	-1,323
Increased Business Rates funding	-383
Reduced Industrial Unit Income Losses	-380
Increased Investment Income	-338
Increased Council Tax funding	-184
Approved Restructures	-28
Grant for Toilets at Overseal	16
Reductions in Earmarked Reserve Drawdowns	107
Community Partnership Scheme	275
Increase to the Growth Provision	400
Transfer of Staff from HRA	486
<b>Projected balance as at 2024</b>	<b>-3,946</b>
Projected Revenue Deficit 2024/25	1,378
Capital Contribution 2024/25	610
	<b>-1,958</b>

- 3.14 The improved position, as shown in the above table, is mainly due to increased New Homes Bonus. The assumptions used regarding New Homes Bonus are detailed later in the report.
- 3.15 An update to Business Rates due to growth and a review of the projected deficits for the Fund has resulted in an increased forecast over the five year plan. Further detail on Business Rates is listed later in the report.
- 3.16 Industrial Unit income for one specific site in Swadlincote has a break option within the lease to terminate prior to the end of the term of the lease agreement. This option has not been exercised and therefore this potential loss of income has been added back into the General Fund for two financial years.
- 3.17 Due to high levels of cash deposits held by the Council and the final investment income out-turn position for 2018/19 being over £200k higher than budgeted, it is proposed to increase the Base Budget over the term of the plan.
- 3.18 Council Tax income has been updated due to growth of the Tax Base. Further detail is provided later in the report.
- 3.19 Restructures approved in August 2019 have resulted in a small saving to the General Fund.

### **Grant Funding**

- 3.20 Approval to contribute an additional £275k to the Community Partnership Scheme was granted in August 2019 and has now been updated as a Capital Contribution in the MTFP.
- 3.21 A grant of £16k was approved in May 2019 to be paid to Overseal Parish Council for future repairs and refurbishment of the public toilets.

### **Earmarked reserve Drawdowns**

- 3.22 A review of the level of earmarked reserves to be drawdown by revenue services such as Homelessness, Environmental Education, Safer Communities and Active Communities has been undertaken. The Council contribution to these services has been updated to include inflationary rises and has therefore resulted in a slight increase to the cost base of the Council.

### **HRA Recharge**

- 3.23 Due to the Senior Management restructure approved in February 2019, a new performance and policy team has been created. The employees transferred into this team as part of the restructure are currently funded in full by the HRA and to ensure that the ring-fence is adhered to, the budget for this team is to be transferred from the HRA to the General Fund.

3.24 A full review of the HRA recharges from the General Fund is currently underway and will be reported to this Committee as part of the Budget round.

### **Other Provisions**

3.25 An assumed inflationary increase of 2.5% is included in the MTFP with overall service expenditure increasing year on year.

3.26 At this stage no additional provision for potential increases to the pension deficit charges for future years has been made. An increase of 6% per annum is included within the MTFP currently. The Pension Fund revaluation occurs every 3 years with the next revaluation due in 2019/20, which will affect the Council's contributions from April 2020.

3.27 Provisions for growth, changes to Waste & Recycling due to potential increases in recycling costs, together with potential National Insurance liabilities for "Off-Payroll" employees continue to be included within contingent sums.

3.28 The growth provision has been increased from £500k per year to £600k per year from 2021/22 due to the likely call on resources for additional refuse rounds due to growth of the District. A project is currently underway to determine the potential cost of growth and this will be reported later in the year.

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

3.29 As noted at 2.9, a fair funding review of Local Government financing is in consultation and changes to the funding formula are now expected to be implemented in 2021/22. At this stage the outcome to the Council is unknown and therefore income receipts from central Government are assumed to remain on the same basis.

3.30 An update to the Tax Base has been included within the forecast. It is assumed that the Tax Base will grow at a higher rate during the next 2 years and therefore an average of the previous 2 years growth has been included. The growth assumption then returns to the former 3 year average from 2022/23.

3.31 The calculation for NHB funding is based on the Tax Base plus the average Band D value for the UK. The average Band D per property has been increased from £1,591 to £1,750 which is the UK average for 2019/20.

3.32 The overall Tax Base has been increased by 54 properties in 2020/21 and 2021/22 taking the total properties to a 917 increase per year. The following table shows the impact of the changes listed.



	2019.20 £	2020.21 £	2021.22 £	2022.23 £	2023.24 £	Total £
Increased receipt due to Tax Base	0	81,144	154,813	154,813	154,813	<b>545,583</b>
Receipt due to average Band D increase	0	80,719	160,770	232,127	303,485	<b>777,101</b>
<b>Increased NHB</b>	<b>0</b>	<b>161,863</b>	<b>315,583</b>	<b>386,940</b>	<b>458,298</b>	<b>1,322,684</b>

3.33 The projected growth included within the MTFP is a prudent estimate. The Planning trajectory is listing growth of the District to be far higher than that forecast but this is a best case scenario not taking into account the economy and market pressures. The following table compares the Planning growth to the MTFP growth.

	2020.21	2021.22	2022.23	2023.24	2024.25	Total
Planning Trajectory	1,250	1,476	1,298	869	724	<b>5,617</b>
MTFP	917	917	863	863	863	<b>4,423</b>
<b>Additional Properties</b>	<b>333</b>	<b>559</b>	<b>435</b>	<b>6</b>	<b>-139</b>	<b>1,194</b>

3.34 Based on the growth from the Planning trajectory, an additional 1,194 properties could potentially be included within the Tax Base. This would add more than £2m of income to the General Fund. It is not considered to be prudent at this stage however to add such large levels of income due to the uncertainties of the market, the EU exit and the potential impact of the fair funding review.

## Business Rates

3.35 The Council has reverted back to a pooling arrangement within Derbyshire after the conclusion of the one year pilot for 2018/19 to retain 100% Business Rates.

3.36 A review of the expected revenue generated through Business Rates has been undertaken and has resulted in the forecast for Business Rates Relief being increased for 2019/20 by £52k based on current experience.

3.37 In addition to the income increase mentioned above, an additional increase has been assumed of approximately £80k per annum from 2019/20 due to a continuing growth in the Tax Base for commercial properties.

## Council Tax

3.38 The Tax Base for Council Tax is forecast to grow by 828 properties in 2020/21 and 2021/22 reducing back down to the former growth projection of 674 properties per annum from 2022/23.

3.39 The MTFP includes an annual increase in the rate of Council Tax of 1.95%, subject to annual review. This is below the Government's current limit of £5 per Band D property, i.e. approximately 3%.

3.40 The current Band D Tax for 2019/20 is £162.31 which if increased by 1.95% for 2020/21 will raise the Band D to £165.48, an increase of just over £3 per year. This would be adjusted across other bands accordingly.

3.41 An increase of £5 would equate to £167.31, an increase of 3.1%. A summary of the impact to the MTFP five year planning period of the two options are listed in the following table. An increase of £5 would add approximately £947k in income to the General Fund.

	2020.21	2021.22	2022.23	2023.24	2024.25	Total
Increase of 1.95%	£249,736	£230,840	£237,601	£244,537	£251,653	<b>£1,214,367</b>
Increase of £5	£312,359	£356,965	£427,092	£497,369	£567,625	<b>£2,161,410</b>
<b>Additional Taxation</b>	<b>£62,623</b>	<b>£126,125</b>	<b>£189,491</b>	<b>£252,832</b>	<b>£315,972</b>	<b>£947,043</b>

### Updated General Fund Position - Summary

3.42 In principle, the overall scenario for the General Fund has not changed. The current level of the General Fund Reserve remains healthy and is projected to do so over the planning period.

3.43 Although the current level of reserves can be used to meet the projected deficit, this is not a sustainable solution in the longer-term. The MTFP assumes that base budget expenditure will increase year-on-year and overall core funding will increase at a slower rate resulting in larger annual deficits each year over the planning period.

3.44 The Council has historically generated additional income and underspent compared to its Budget, although clearly this cannot be guaranteed. The MTFP aims to set out a realistic but prudent assessment of the future financial position. This includes setting-aside resources for known changes, for example, pay awards, pension contributions, bad debts, together with known service pressures associated with waste collection and recycling.

3.45 It is considered that the biggest risks are changes to the New Homes Bonus allocation and the associated cost of growth.

3.46 A further review of services needs to be undertaken to more accurately assess future costs. This would enable a more accurate reflection and enable better planning to meet these financial pressures.

3.47 Although the current financial position remains strong, a cautious approach is still recommended pending the outcome of the Government's Fair Funding Review and the internal service review regarding future demand due to growth. In the meantime, efficiencies and budget savings should continue to be pursued wherever opportunities arise, to sustain the financial position.

## 4.0 Housing Revenue Account (HRA)

- 4.1 The HRA budget for 2019/20, together with an updated financial plan to 2029, was approved by Committee in February 2019. In summary, based on the associated projections, the financial plan showed a sustainable position with the HRA's minimum reserve remaining above the minimum level £1m in the medium-term, with resources being set-aside to meet future debt repayment and capital works.
- 4.2 The main risks identified were the impact of Welfare Reform, the reduction in housing stock due to Right to Buy and the ongoing reduction of Supporting People Grant from Derbyshire County Council.
- 4.3 An updated projection is detailed in **Appendix 2**.

### **HRA Financial Plan**

- 4.4 The projection is based on a financial model designed so that a £1m minimum balance is maintained on the HRA's General Reserve and that planned resources are set-aside for debt repayment and capital expenditure in future years. These are the priority financial objectives to ensure that the HRA Business Plan is sustainable and the core housing service is delivered.
- 4.5 Given that these objectives are met, any increase or decrease in resources are reflected in the planned capital or new build programmes and these can be flexed accordingly into the longer term where there is a more significant change in resources.
- 4.6 Overall, the Plan shows a sustainable position and is forecast to make surpluses as planned each year over the 10 year period. There has been an increase in the projected General Reserve balance to 2029 as shown in the following table.

**Projected HRA Reserve Balance as at Oct 2019**

	<b>£'000</b>
Projected balance as at 2029 (reported Aug 2019)	-6,997
Transfer of Staff from HRA	-1,032
Increased Investment Income	-289
Removal of Job Evaluation Support Costs	-51
Rental Income Reduction	602
<b>Projected balance as at 2029</b>	<b>-7,767</b>
Projected Surplus 2029/30	-2,738
Debt Repayment Provision 2029/30	500
	<b><u>-10,005</u></b>

- 4.7 An increase to the investment income projection has been included within the HRA due to healthy cash balances. This is in line with increases to the General Fund.

- 4.8 Due to the Senior Management restructure and also noted at 3.23, employees have been transferred into the General Fund from the HRA to form a performance and policy team. General Fund recharges to the HRA are currently under review and will be reported to this Committee as part of the budget round.
- 4.9 A provision for potential on-going costs relating to the Job Evaluation Scheme has been set-aside on an annual basis over the term of the plan. The protection period has now ended and therefore this provision will no longer be required.
- 4.10 Right to Buy is a large risk to the HRA as the uptake of dwelling purchases in recent years has far surpassed the number forecast. The projected sales have been updated to include losses of an additional 25 over the ten year plan. The sale of only 25 additional properties over a ten year period results in a loss of income of over £600k. If the current trend continues over coming years then this could potentially more than double the loss of revenue which impacts on the General Reserve.
- 4.11 The contribution to the New Build Reserve will increase with any Right to Buy receipts and the loss of revenue for the 25 dwellings has increased this reserve by £1.2m over the ten year period but these are one-off capital receipts and cannot be utilised towards revenue expenditure.

### **Other Risks**

- 4.11 Implementation of Universal Credit (UC) was started in part of the District in July 2018. Full roll out is not due to be completed until 2023. Not all tenants claiming housing benefit will be affected by the change but it is estimated that up to 60% of cases will see an impact.
- 4.12 Currently, housing benefit is applied directly to rent accounts internally at the Council so that a tenant's rent is paid. There has been some concern that UC could increase rent arrears as the one "all-encompassing benefit" will be paid directly to housing tenants.
- 4.13 Reports from across the Country suggest that this is increasing rent arrears which will cost the HRA in the form of a Bad Debt Provision if the rents are considered irrecoverable.
- 4.14 This is being kept continually under review but the impact cannot be assessed in detail at this stage and therefore this is noted as a risk. However, the HRA's provision for bad and doubtful debts has previously been increased to allow for additional rent arrears. The impact of Universal Credit is being monitored by the Overview and Scrutiny Committee.
- 4.15 Another potential risk to the HRA is the Supporting People Grant which is paid by the County Council for tenants receiving Careline support.

- 4.16 The contribution has been reduced in recent years and £164k per year is included within the projection in perpetuity but this is reviewed annually by the County Council and there is a potential that funding could be withdrawn.

## **6.0 Financial Implications**

- 6.1 As detailed in the report.

## **7.0 Corporate and Community Implications**

The aim of medium-term financial planning is to “maintain financial health” – a key outcome in the Corporate Plan. The purpose of the MTFP is to ensure that the financial position remains sustainable and that sufficient resources are maintained to deliver current and future service levels.

## **8.0 Background Papers**

- 8.1 None.

## GENERAL FUND MEDIUM TERM FINANCIAL PLAN

### BUDGET & PROJECTION as at OCTOBER 2019

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>BASE BUDGET</b>						
Environmental & Development	4,640,985	4,806,511	4,947,600	5,092,446	5,241,562	5,394,565
Housing & Community	2,994,946	3,223,039	3,288,769	3,356,090	3,428,841	3,511,960
Finance & Management	5,074,400	5,244,708	5,417,071	5,591,871	5,769,476	5,950,240
<b>Net Service Expenditure</b>	<b>12,710,331</b>	<b>13,274,258</b>	<b>13,653,440</b>	<b>14,040,408</b>	<b>14,439,879</b>	<b>14,856,765</b>
<b>Accounting Adjustments</b>						
Reverse out Depreciation	-842,289	-842,289	-842,289	-842,289	-842,289	-842,289
Minimum Revenue Provision (MRP)	197,409	189,512	181,932	174,654	167,668	160,962
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	75,891	20,556	20,556	1,639
	<b>12,196,676</b>	<b>12,752,707</b>	<b>13,068,974</b>	<b>13,393,328</b>	<b>13,785,813</b>	<b>14,177,077</b>
<b>Add: Known Variations</b>						
Proposed Senior Management Restructure - One-Off Costs Provision	0	21,090	21,618	9,216	0	0
Vehicle Maintenance Plan (Tyres and Spare Parts)	0	17,000	15,000	38,000	35,000	60,000
Restructures Approved in August	10,895	491	-21,391	-10,547	-8,183	-8,183
Local Plan Review	0	25,000	40,000	40,000	25,000	25,000
Incremental Salary Increases	0	48,035	20,610	8,843	8,843	8,843
Refurbishment Grant for Toilets at Overseal	8,000	8,000	0	0	0	0
Savings from the Senior Management Restructure	-23,646	0	0	0	0	0
Investment Income	-100,000	-100,000	-70,000	-49,000	-19,600	-1,960
Administration of Childcare Vouchers	1,750	1,750	1,750	1,750	1,750	1,750
Temporary Posts, Rosliston and Elections Updates	0	-307,492	-333,767	-334,109	-325,565	-314,477
Potential Cost of New Waste Disposal Site	0	27,089	47,400	49,770	52,259	54,871
Potential Loss of Industrial Unit Income	0	0	0	190,000	190,000	190,000
Pension Earmarked Reserve Drawdown	-8,481	-38,794	-41,122	-43,589	-6,783	0
Transfer of Staff Budgets from HRA to General Fund	92,502	94,815	97,185	99,615	102,105	104,658
District Election May 2023	0	0	0	0	125,000	0
<b>TOTAL ESTIMATED SPENDING</b>	<b>12,177,697</b>	<b>12,549,690</b>	<b>12,846,257</b>	<b>13,393,277</b>	<b>13,965,639</b>	<b>14,297,579</b>

# GENERAL FUND MEDIUM TERM FINANCIAL PLAN

## BUDGET & PROJECTION as at OCTOBER 2019

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>Provisions</b>						
Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	500,000	575,000	600,000	600,000	600,000	600,000
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL PROJECTED SPENDING</b>	<b>12,787,697</b>	<b>13,234,690</b>	<b>13,556,257</b>	<b>14,103,277</b>	<b>14,675,639</b>	<b>15,007,579</b>
<b>FINANCING</b>						
Business Rates Retention	-3,707,693	-3,678,425	-3,667,438	-3,687,623	-3,706,624	-3,724,368
Discretionary Business Rate Relief Scheme	-20,000	-3,000	0	0	0	0
New Homes Bonus	-3,281,951	-3,643,502	-3,791,597	-3,679,233	-3,342,528	-3,239,425
Council Tax Income	-5,405,401	-5,647,740	-5,897,476	-6,128,316	-6,365,917	-6,610,454
<b>Core Spending Power</b>	<b>-12,415,045</b>	<b>-12,972,668</b>	<b>-13,356,511</b>	<b>-13,495,173</b>	<b>-13,415,069</b>	<b>-13,574,247</b>
Add Estimated Collection Fund Surplus - Council Tax	-110,000	-55,000	-55,000	-55,000	-55,000	-55,000
<b>TOTAL FINANCING</b>	<b>-12,525,045</b>	<b>-13,027,668</b>	<b>-13,411,511</b>	<b>-13,550,173</b>	<b>-13,470,069</b>	<b>-13,629,247</b>
<b>REVENUE DEFICIT</b>	<b>262,652</b>	<b>207,023</b>	<b>144,745</b>	<b>553,105</b>	<b>1,205,570</b>	<b>1,378,332</b>
<b>Capital Contributions</b>						
Melbourne Sports Park Drainage	433,799	0	0	0	0	0
IT and Digital Strategy	210,000	210,000	210,000	210,000	210,000	210,000
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme (2017 contribution)	239,005	0	0	0	0	0
Community Partnership Scheme (2019 contribution)	275,000	0	0	0	0	0
Swadlincote Woodlands Nature Reserve	15,000	0	0	0	0	0
Rosliston Forestry Centre - Play Project	50,000	0	0	0	0	0
Asset Replacement and Renewal Fund	400,000	400,000	400,000	400,000	400,000	400,000
<b>TOTAL CAPITAL CONTRIBUTION</b>	<b>1,567,139</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>	<b>610,000</b>
<b>TOTAL GENERAL FUND DEFICIT</b>	<b>1,929,791</b>	<b>817,023</b>	<b>754,745</b>	<b>1,163,105</b>	<b>1,815,570</b>	<b>1,988,332</b>

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

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>GENERAL FUND RESERVE BALANCE</b>						
Balance b/fwd	-10,426,414	-8,496,623	-7,679,600	-6,924,855	-5,761,751	-3,946,181
Revenue Deficit	262,652	207,023	144,745	553,105	1,205,570	1,378,332
Capital Contributions	1,667,139	610,000	610,000	610,000	610,000	610,000
<b>Balance c/fwd</b>	<b>-8,496,623</b>	<b>-7,679,600</b>	<b>-6,924,855</b>	<b>-5,761,751</b>	<b>-3,946,181</b>	<b>-1,957,849</b>



## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - OCTOBER 2019

	2019.20 Approved Budget £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000	2027.28 Forecast £'000	2028.29 Forecast £'000	2029.30 Forecast £'000
<b>INCOME</b>											
Rental Income	-11,955	-12,192	-12,414	-12,706	-13,010	-13,329	-13,655	-13,995	-14,352	-14,718	-15,098
Non-Dwelling Income	-124	-126	-129	-133	-136	-140	-144	-148	-152	-156	-161
Supporting People Grant	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164	-164
Other Income	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171	-171
<b>Total Income</b>	<b>-12,414</b>	<b>-12,653</b>	<b>-12,878</b>	<b>-13,174</b>	<b>-13,481</b>	<b>-13,804</b>	<b>-14,134</b>	<b>-14,478</b>	<b>-14,839</b>	<b>-15,209</b>	<b>-15,594</b>
<b>EXPENDITURE</b>											
General Management	1,913	1,957	2,002	2,048	2,095	2,144	2,193	2,244	2,296	2,349	2,403
Supporting People	829	851	873	897	921	947	973	1,000	1,029	1,059	1,090
Responsive	1,247	1,278	1,309	1,341	1,374	1,408	1,443	1,479	1,515	1,552	1,590
Planned Maintenance	1,915	1,961	2,009	2,059	2,109	2,160	2,213	2,267	2,322	2,379	2,437
Bad Debt Provision	100	121	124	127	130	133	136	139	143	147	151
Interest Payable & Receivable	1,798	1,798	1,798	1,498	1,498	1,228	1,228	1,228	927	928	928
Depreciation	4,312	4,477	4,453	4,430	4,411	4,392	4,373	4,359	4,344	4,330	4,319
<b>Net Operating Income</b>	<b>-300</b>	<b>-210</b>	<b>-310</b>	<b>-774</b>	<b>-943</b>	<b>-1,392</b>	<b>-1,575</b>	<b>-1,762</b>	<b>-2,262</b>	<b>-2,465</b>	<b>-2,676</b>
<b>Known variations:</b>											
Reversal of Depreciation	-4,312	-4,477	-4,453	-4,430	-4,411	-4,392	-4,373	-4,359	-4,344	-4,330	-4,319
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	1,424	1,542	1,770	1,960	2,329	1,915	1,857	1,895	2,196	2,106	1,830
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 - OCTOBER 2019

	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
ICT Upgrades	0	105	0	0	0	0	0	0	0	0	0
Investment Income	-85	-85	-60	-42	-17	0	0	0	0	0	0
Capital works non-traditional properties	200	100	100	100	0	0	0	0	0	0	0
Updates to General Fund Recharges	-92	-94	-97	-99	-102	-104	-107	-109	-112	-115	-118
Incremental Salary Increases	0	10	10	10	10	10	10	10	10	11	11
<b>HRA Surplus (-) / Deficit</b>	<b>-132</b>	<b>-130</b>	<b>-311</b>	<b>-760</b>	<b>-955</b>	<b>-1,441</b>	<b>-1,626</b>	<b>-1,733</b>	<b>-2,285</b>	<b>-2,487</b>	<b>-2,738</b>

### HRA General Reserve

HRA Reserve B/fwd	-6,919	-7,051	-7,181	-5,792	-4,352	-3,278	-3,369	-3,545	-3,744	-5,779	-7,767
Surplus for year	-132	-130	-311	-760	-955	-1,441	-1,626	-1,733	-2,285	-2,487	-2,738
Transfer to Debt Repayment Reserve	0	0	1,700	2,200	2,029	1,350	1,450	1,533	250	500	500
<b>HRA Reserve C/fwd</b>	<b>-7,051</b>	<b>-7,181</b>	<b>-5,792</b>	<b>-4,352</b>	<b>-3,278</b>	<b>-3,369</b>	<b>-3,545</b>	<b>-3,744</b>	<b>-5,779</b>	<b>-7,767</b>	<b>-10,005</b>

### RESERVES

#### Debt Repayment Reserve

Balance B/fwd	-5,046	-6,470	-8,012	-1,482	-5,642	0	-3,265	-6,572	0	-2,446	-5,052
Depreciation balance	-1,424	-1,542	-1,770	-1,960	-2,329	-1,915	-1,857	-1,895	-2,196	-2,106	-1,830
Transfers to reserve	0	0	-1,700	-2,200	-2,029	-1,350	-1,450	-1,533	-250	-500	-500
Repayment of loan	0	0	10,000	0	10,000	0	0	10,000	0	0	0
<b>Reserve C/fwd</b>	<b>-6,470</b>	<b>-8,018</b>	<b>-1,499</b>	<b>-5,674</b>	<b>0</b>	<b>-3,289</b>	<b>-6,624</b>	<b>0</b>	<b>-2,446</b>	<b>-5,052</b>	<b>-7,382</b>

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - OCTOBER 2019

	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
<b>Earmarked Reserve</b>											
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
<b>Reserve C/fwd</b>	<b>-186</b>	<b>-231</b>	<b>-276</b>	<b>-321</b>	<b>-366</b>	<b>-141</b>	<b>-186</b>	<b>-231</b>	<b>-276</b>	<b>-321</b>	<b>-366</b>
<b>Major Repairs Reserve</b>											
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
<b>Reserve C/fwd</b>	<b>-4,354</b>	<b>-5,054</b>	<b>-5,754</b>	<b>-6,454</b>	<b>-6,754</b>	<b>-7,354</b>	<b>-7,954</b>	<b>-8,554</b>	<b>-9,154</b>	<b>-9,754</b>	<b>-10,354</b>
<b>New Build Reserve</b>											
Capital Receipts B/fwd	-2,460	-1,724	-2,451	-3,072	-3,689	-4,150	-4,607	-5,064	-5,366	-5,668	-5,970
Lullington Rd Phase 2	237	0	0	0	0	0	0	0	0	0	0
Acquisitions in year	1,274	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
<b>Balance c/fwd</b>	<b>-1,724</b>	<b>-2,451</b>	<b>-3,072</b>	<b>-3,689</b>	<b>-4,150</b>	<b>-4,607</b>	<b>-5,064</b>	<b>-5,366</b>	<b>-5,668</b>	<b>-5,970</b>	<b>-6,170</b>

---

---

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>10<sup>th</sup> OCTOBER 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (01283 595811)</b> <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/treasury management/lending policy/Lamit Property Fund/Land Property Fund Proposal Additional Investment Oct 19
<b>SUBJECT:</b>	<b>THE LOCAL AUTHORITIES' PROPERTY FUND</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

---

---

## **1.0 Recommendations**

- 1.1 That the Council invests an additional £2m into the CCLA Lamit Property Fund for an indefinite period, subject to quarterly review.
- 1.2 That progress on the value of the cash deposit together with dividend returns is reported to the Committee on a quarterly basis.

## **2.0 Purpose of the Report**

- 2.1 To consider a proposal to invest a further proportion of the Council's cash deposits into the Local Authority Property Fund (*the Fund*).

## **3.0 Detail**

### **Background**

- 3.1 In August 2017, the Committee approved a deposit of £1m into a Local Authority Pooled Property Fund managed by the CCLA (Churches, Charities and Local Authorities). This is an organisation that manages investments on behalf of charities, religious organisations and the public sector.
- 3.2 The deposit formed part of the Council's arrangements for managing its cash reserves and helped to bring greater diversity into the Council's investment portfolio. This was due to the increasing level of cash and reserves available for deposit.
- 3.3 The decision to deposit £1m was based on a detailed options appraisal, together with a due diligence exercise regarding the performance and governance of the Fund.

- 3.4 In July 2018, the Committee approved a further investment of £1m to bring the Council's total deposit to £2m.
- 3.5 The Fund is effectively a unit trust fund. When an investment is made into the Fund, the cash deposit buys "units".

### **The Council's Current Investments**

- 3.6 The Council made the initial deposit of £1m on 30 September 2017 and bought 317,985 units at a price of £3.14p per unit. The second deposit was made on 31 August 2018 and bought a further 308,261 units at a price of £3.24p per unit, taking the Council's total holding in the Fund to 626,246 units.

### **Operation of the Fund**

- 3.7 The price paid by the Council on purchasing the units is deemed the "offer price". When withdrawing units, the Council will pay a "bid price". This is the price which determines the capital amount repaid on full or partial withdrawal of units held in the Fund.
- 3.8 The Fund works on the principle that the bid price is lower than the offer price. Therefore, on immediately investing into the Fund, the capital value of the investment will depreciate. Over time, depending on the performance of the Fund, the bid price will rise and in the longer term will exceed the original offer price paid.
- 3.9 Therefore, the capital value returned will usually exceed the initial investment, but clearly this is not guaranteed and will depend on the performance of the Fund and in particular the value of the overall Fund, together with returns the Fund can make from its property investments.
- 3.10 Any investment into the Fund should ideally be a long term one in order that over time, the capital sum appreciates. The main benefit of the Fund is that in the meantime, interest in the form of a dividend, is paid quarterly on the original capital investment (£2m in the Council's case) no matter what the current value of the units are at any time.

### **Performance of the Fund**

- 3.11 The performance of the Fund is reported to the Committee quarterly as part of the Treasury Management Performance update. Dividends earned have averaged approximately 4%, which is a very competitive return compared to other investments. Currently, the Council's other cash deposits and investments average approximately 0.75%.
- 3.12 As at 30<sup>th</sup> June 2019, the bid price of a Unit in the Fund was 3.02p, valuing the Council's total investment of £2m at £1,892,453.

## The Overall Fund

- 3.13 The Fund has been in existence since 1972, but it is only in recent years that it has become the first choice for long term investments for many local authorities.
- 3.14 The overall Fund itself continues to grow with over 200 local authorities currently investing over one billion pounds of cash. Although this can seem impressive, some caution should be expressed regarding too much exposure to the property market and the saturation of the Fund, i.e. it just becomes too large to operate.
- 3.15 However, the Fund is governed independently by trustees appointed from within local government representative bodies such as the Local Government Association. Amongst other things, their role is to monitor the performance of the Fund and to ensure that it meets its objectives of good rates of return, together with the appreciation of capital values in the longer term.

## Diversity of the Fund

- 3.16 In addition, the spread of property owned by the Fund is diverse and has little in the form of retail holdings such as individual shops and wholesale shopping centres. These are considered to be the greatest risk in the current economy which reflects the change in shopping habits as more people shop on-line.
- 3.17 The Fund currently has approximately 45% of its holdings in industrial and retail warehousing and storage facilities, with a further 30% in office space within major cities.

## The Council's Current Cash and Reserves Position

- 3.18 The Council continues to have substantial cash reserves which are currently deposited as follows:

	£
Other Local Authorities	34,850,000
Overnight Reserve Accounts	3,520,000
Money Market Funds	10,000,000
Property Fund	2,000,000

**Total Deposits as at 20 September 2019** 50,370,000

- 3.19 Except for the Property Fund, all other deposits are largely instant access accounts. Deposits with other local authorities tend to be for fixed and longer periods but are less than 1-year to satisfy investment criteria. The Property Fund is only a small proportion of overall deposits.
- 3.20 The overall portfolio has become more diverse over the last two years with the Property Fund and deposits being made into Money Market Funds. However,

the Council's Lending Policy and Counterparty List remains tight given the substantial changes to the structure of financial markets in recent years, which has adversely affected the credit ratings of many financial institutions.

- 3.21 This does reduce the risk associated with deposits, although it can constrain where cash is deposited within the Council's approved Policy. The Lending Policy sets limits on where and how much can be invested with any one institution. This reduces risk by prioritising liquidity and security of deposits before yield. This is in accordance with Government regulations.
- 3.22 However, given the Council's cash and reserves position, staying within the limits becomes more difficult. Therefore, it is considered that placing some of the cash longer-term would be beneficial as part of a balanced portfolio.

### **Could the Council Afford to Invest Further in the Fund?**

- 3.23 Based on the Council's medium-term spending plans, it is likely that the level of cash and reserves will remain well above spending requirements and commitments into the foreseeable future.
- 3.24 The value of the Council's usable reserves totalled approximately £44.4m as at 31<sup>st</sup> March 2019 as shown in the following table.

	£m
General Fund	10.4
Earmarked Reserves	6.9
Section 106 Funds	8.1
Housing Revenue Account	6.9
Capital Receipts	3.6
Major Repairs / Debt Repayment (HRA)	8.5
<b>Total Usable Reserves as at 31st March 2019</b>	<b><u>44.4</u></b>

- 3.25 Over the next 5-years, it is considered unlikely that the Council's overall reserves will fall to such a level that further long-term investments cannot be made. The drawdown of reserves is likely to be incremental over this period and may in some instances continue to grow in the interim from further asset sales, and Section 106 contributions.
- 3.26 Therefore, it is considered that the Council could afford a further investment at this time into the Property Fund and a further deposit of **£2m** is recommended.

### **Longer-term Investments**

- 3.27 Longer-term deposits (greater than 1-year) can be more risky in that capital is tied up and the value of that capital can reduce, or even disappear altogether. This has been the case in the recent past where some local authorities have incurred some substantial losses in their longer-term investment portfolio.
- 3.28 There are many authorities in the Council's situation in that tightening of investment criteria, coupled with increasing cash reserves, has increased the

demand for diversification and to look beyond traditional cash deposits. In addition, some authorities are looking for a greater return given the current level of low interest rates.

- 3.29 Longer-term investments are just that – the investment needs to be made into the longer-term so that any downturn in capital valuation or yields is evened out over a period of years.

### **The Risks and Benefits**

- 3.30 The main risk is that property valuations and prices can vary and indeed reduce. This is largely dependent on prevailing economic conditions.
- 3.31 In addition, dividend yields can vary and are not guaranteed unlike fixed bank deposits. Yields from the Fund have consistently been well above short-term interest rates in recent years.
- 3.32 Property values usually appreciate over time and recover from major downturns in the economic cycle. Clearly though, this cannot be guaranteed.
- 3.33 Following the uncertainty immediately following the UK's decision to leave the EU in 2016, the Funds value did reduce, although it has since risen above the pre-referendum level. Discussions with the Council's Treasury Advisors confirm that uncertainty will exist until the outcome of Brexit is known and starts to take effect in the economy.
- 3.34 The Fund is a simple and efficient route to invest in property. Whereas a directly held property portfolio requires a substantial scale to achieve an appropriate spread of investments, a unitised approach can work regardless of the scale of the investor.
- 3.35 The pooled Fund allows the efficient management and maintenance of the underlying property and offers a geographical and diverse spread.
- 3.36 Although units can be cashed at any time, it is not a liquid asset given the limited trading days and notice required to withdraw cash. Even the literature produced by the Fund Managers, stresses "that the investment horizon for investors in the Fund should be measured in years".

## **4.0 Financial Implications**

- 4.1 As detailed in the report

## **5.0 Corporate Implications**

- 5.1. None directly

## **6.0 Community Implications**

- 6.1 None directly



## **7.0 Background Papers**

- 7.1 Further details of the Fund, including analysis of performance and accounts, etc. are available at:

<https://www.ccla.co.uk/investment-solutions/fund/the-local-authorities-property-fund>

<b>REPORT TO:</b>	<b>FINANCE &amp; MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>10<sup>th</sup> OCTOBER 2019</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD ( 01283 595939)</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/Finance/Committee/2019-20/Oct 19
<b>SUBJECT:</b>	<b>REVIEW and PROPOSED USE OF EARMARKED RESERVES</b>	
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That amounts received under S106 agreements for Hilton are transferred to the General Reserve as detailed in the report.
- 1.2 That a sum is transferred from the Growth Reserve to the Public Buildings Maintenance Reserve.

## **2.0 Purpose of the Report**

- 2.1 In accordance with the Council's Reserves Policy, the report provides an annual update on the level and use of earmarked reserves. Subsequently, the report proposes changes to two reserves for which their intended purpose has been superseded.

## **3.0 Detail**

- 3.1 In addition to the General Fund, Housing Revenue and Capital Reserves, the Council maintains Earmarked Reserves that are held for specific purposes. They are provided to:
  - Pay for approved expenditure not included in base budgets.
  - Pay for one-off items of expenditure.
  - Spread expenditure over a number of financial years to smooth out fluctuations in the profile of actual expenditure.
  - Set-aside external finance (grants and contributions) received in advance of expenditure.

- Hold amounts in trust to meet a legal or contractual commitment at some future date.

3.2 Although this is considered to be a prudent way of safeguarding the Council's financial position, it is important to review earmarked reserves regularly. This ensures that resources are not under-utilised or held unnecessarily.

3.3 Once established by the Committee, Earmarked Reserves can only be used for that specific purpose.

### **Classifying Earmarked Reserves**

3.4 Under the Council's Policy, Earmarked Reserves are classified into three distinct categories as detailed below:

- **Council funds**, i.e. those that are funded directly by the Council where the Council has total discretion over each reserve.
- **Specific grants and contributions**, i.e. those that are funded from external contributions and grant funding for specifically defined purposes, including those delivered in partnership with other agencies and organisations. In many circumstances, the Council has a certain degree of discretion over the use of this funding within the parameters of the particular service.

*In the case of funding provided by the Government for additional costs under their New Burdens Doctrine, the Council can opt to use these reserves in other ways or return them to general reserves, if the actual costs can be absorbed within current resources.*

- **Section 106 funds**, i.e. those funds secured under Section 106 Planning Agreements. Besides funding for the provision and maintenance of open space, the Council holds the funds as the Planning Authority, pending it being drawn down by other agencies in accordance with planning agreements.

3.5 **Appendix 1** itemises each of the approved reserves and shows how they are funded, managed and controlled. This excludes the detail of Section 106 Funds, which are subject to separate monitoring and review. All of the Reserves listed in the Appendix have previously been approved by the Committee.

3.6 The amount in each Reserve reflects the balance at 31<sup>st</sup> March 2019 and matters for further consideration are detailed in the following sections.

### **S106 Funding**

3.7 A review of the Planning service was approved in 2018 and a new specific role to manage S106 sums was created. Although S106 has always been monitored very closely due to contractual agreements, a full review of the sums has now been undertaken.

- 3.8 Four separate sums paid by developers for capital works in Hilton between 1990 and 2007 totalling £55,009 have been investigated in detail.
- 3.9 Further to the investigation into expenditure, works to Hilton Village Hall, Back Lane Pavilion, maintenance of the Memorial Garden and footpaths at Peacroft Lane prior to 2012 have been identified. All of the aforementioned works were funded through the General Fund.
- 3.10 It is proposed that the following Planning references are written back to the General Fund to reimburse for works that should have been funded through S106 contributions:
- 1990/0917 Former MOD Depot £9,455
  - 2004/0553 Land at Hilton Brook £5,585
  - 2006/1015 Land South of Eggington Road £38,885
  - 2007/1175 Land at Hilton Mill £1,084

### **Growth Reserve**

- 3.11 This reserve is made up of funds set-aside over a number of years for the financial impact of growth of the District on service delivery.
- 3.12 In the current MTFP reported earlier on this Committee agenda, £3.4m is proposed to be set-aside over a six year period for the potential impact of growth.
- 3.13 A project is currently underway to determine the potential future cost of growth and this will be reported later in the year.
- 3.14 The current balance on the Growth reserve is £985k. Approval was granted in March 2018 to transfer £30k per annum from the Growth provision to fund replacement of vehicles with a one-off sum of £194k in 2019/20 for the same purpose.
- 3.15 With this considered, the balance on the reserve will reduce to £641k by the end of the planning period 2024/25. It is proposed that £250k is transferred from this reserve to the Public Buildings Maintenance reserve for specific works on Public Buildings subject to stock condition surveys.
- 3.16 Approval of this proposal will leave a balance for one-off costs of £391k by 2024/25 assuming that the provision for growth included within the MTFP each year is utilised in full.

### **4.0 Financial Implications**

- 4.1 As detailed in the report.

## **5.0 Corporate Implications**

- 5.1 A key aim in the Council's Corporate Plan is to maintain "financial health". Maintaining Earmarked Reserves helps to contribute to a sustainable financial position by prudently setting aside resources to meet future commitments for specific purposes.

## **6.0 Community Implications**

- 6.1 Earmarked Reserves are a way of ensuring that sufficient resources are maintained to deliver current and future service levels to the residents of the District.

## **7.0 Background Papers**

- 7.1 None.

# APPENDIX 1: ANALYSIS OF EARMARKED RESERVES 2019/20

SPECIFIC / EARMARKED RESERVE HELD BY THE COUNCIL	Balance b/fwd April 2019 £	Proposed Adjustment £	Remaining Balance £	Purpose	Delegated Responsibility
Homelessness Prevention	248,735	0	248,735	To fund initiatives and projects to prevent homelessness in accordance with the Homelessness Reduction Act 2018	Head of Housing
Schools Sport Partnership Project	228,469	0	228,469	To fund staffing and project costs	Head of Culture and Community Services
Rosliston Forestry Centre - Capital Works	149,620	0	149,620	To fund capital investment at the Centre	Head of Culture and Community Services
Rosliston Forestry Centre - Café Reserve	23,080	0	23,080	To fund repairs and maintenance specific to the Café under the lease agreement	Head of Culture and Community Services
IT and Digital Reserve	461,842	0	461,842	To finance capital developments and upgrades to the Council's ICT platform and infrastructure	Head of Business Change and ICT
Planning and Land Charges System Developments	108,904	0	108,904	To finance the replacement of the Planning and Land Charges System	Head of Planning and Strategic Housing
Vehicle, Plant and Replacement Fund (incl HRA)	134,289	0	134,289	To finance the capital purchase of new vehicles and plant	Head of Operational Services
Environmental Education	9,709	0	9,709	To fund staffing and project costs	Head of Culture and Community Services
Dilapidation Works - Factory Site as per Lease Agreement	10,869	0	10,869	To meet obligations under a lease agreement at Hearthcote Road	Head of Corporate Property
Heritage Lottery Grants	18,000	0	18,000	To fund contributions to renovate shops and business premises under the Townscape project	Head of Planning and Strategic Housing

# APPENDIX 1: ANALYSIS OF EARMARKED RESERVES 2019/20

SPECIFIC / EARMARKED RESERVE HELD BY THE COUNCIL	Balance b/fwd April 2019 £	Proposed Adjustment £	Remaining Balance £	Purpose	Delegated Responsibility
New Town Centre Project Fund	38,521	0	38,521	To fund works in Swadlincote Town Centre	Head of Economic Development and Growth
Electoral Registration	4,058	0	4,058	To support improvements to implement Individual Electoral Registration	Head of Legal and Democratic Services
Planning - Staffing and Support Costs	123,775	0	123,775	To fund staffing and support costs to meet peaks in the volume of planning applications	Head of Planning and Strategic Housing
Planning - 20% Fee Increase	33,048	0	33,048	To reinvest into Planning Services as expected by the Government	Head of Planning and Strategic Housing
Software upgrades to GIS/LLPG	9,000	0	9,000	To finance developments to GIS and LLPG software	Head of Business Change and ICT
Pensions Reserve	138,769	0	138,769	To finance increases in the Council's contribution to the Derbyshire Pension Fund	Strategic Director (Corporate Resources)
Corporate Training	53,035	0	53,035	To fund the Leadership and Management Development programme	Head of Organisational Development and Performance
Welfare Reform, Fraud & Compliance	249,447	0	249,447	To fund system improvements and to streamline processes to prevent and detect fraud and support changes arising from Welfare Reform	Strategic Director (Corporate Resources)

# APPENDIX 1: ANALYSIS OF EARMARKED RESERVES 2019/20

SPECIFIC / EARMARKED RESERVE HELD BY THE COUNCIL	Balance b/fwd April 2019 £	Proposed Adjustment £	Remaining Balance £	Purpose	Delegated Responsibility
District Growth	985,000	-250,000	735,000	To fund one-off future demand on services arising from District growth	Finance and Management
Garden Village Fund	163,570	0	163,570	To finance work to secure infrastructure improvements	Strategic Director (Service Delivery)
EU Exit Funding	17,484	0	17,484	Grant to help fund costs associated with the EU exit	Strategic Director (Corporate Resources)
Economic Regeneration Fund	1,000,000	0	1,000,000	To contribute towards an Economic Regeneration programme in Swadlincote	Head of Economic Development and Growth / Chief Executive
Building Control Transition	20,000	0	20,000	To fund costs associated with the transfer of the Building Control service	Head of Planning and Strategic Housing
Public Buildings Maintenance	130,059	250,000	380,059	To fund additional maintenance identified across all Public Buildings	Head of Corporate Property
Asset Replacement and Renewal Fund	130,000	0	130,000	To fund one-off capital costs of Council owned land and buildings	Head of Corporate Property
Parks Improvement Fund	16,071	0	16,071	To fund clearing and improvement of parks in the District	Head of Culture and Community Services
Finance Staffing and Resource Costs	30,000	0	30,000	To fund costs associated with the transfer of the Payroll service and employee training	Head of Finance



# APPENDIX 1: ANALYSIS OF EARMARKED RESERVES 2019/20

SPECIFIC / EARMARKED RESERVE HELD BY THE COUNCIL	Balance b/fwd April 2019 £	Proposed Adjustment £	Remaining Balance £	Purpose	Delegated Responsibility
District Conservation Works	10,000	0	10,000	To fund conservation works across the District	Head of Planning and Strategic Housing
HRA Software Upgrade	120,955	0	120,955	To fund software development and mobile working	Head of Housing / Head of Business Change and ICT
Swadlincote Woodlands	50,774	0	50,774	To fund on-going costs associated with maintaining the site	Head of Culture and Community Services
South Derbyshire Partnership Reserve	4,237	0	4,237	To fund staffing and project costs	Head of Culture and Community Services
Community Safety and Crime Reduction	351,691	0	351,691	To fund staffing and project costs	Head of Culture and Community Services
Young People's Cultural Partnership / Arts Development	7,306	0	7,306	To fund staffing and project costs	Head of Culture and Community Services
Public Open Space - Commuted Sums	1,140,441	0	1,140,441	To fund on-going costs associated with maintaining adopted open space and parks	Housing and Community Services / Environmental and Development Services
Youth Engagement Partnership	603,638	0	603,638	To fund staffing and project costs	Head of Culture and Community Services
Get Active in the Forest Partnership	60,528	0	60,528	To fund staffing and project costs	Head of Culture and Community Services
Maurice Lea Park NHLF Grant	23,012	0	23,012	To fund improvements at the park	Head of Culture and Community Services
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	53,012	Tetron Point Development	Ring-fenced S106 Planning agreement
<b>Total</b>	<b>6,960,947</b>	<b>0</b>	<b>6,960,947</b>		
<b>Section 106 - Earmarked Funds</b>	<b>8,118,871</b>	<b>-55,009</b>	<b>8,063,862</b>		
<b>TOTAL EARMARKED/SPECIFIC RESERVES</b>	<b>15,079,818</b>	<b>-55,009</b>	<b>15,024,809</b>		

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>10<sup>th</sup> OCTOBER 2019</b>	<b>CATEGORY:</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (SERVICE DELIVERY)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>PAUL WHITTINGHAM (01283 595984)</b> <a href="mailto:paul.whittingham@southderbyshire.gov.uk">paul.whittingham@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>DISABLED FACILITIES GRANTS AND ADAPTATIONS TO COUNCIL HOMES UPDATE.</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

## **1.0 Recommendations**

- 1.1 That the current position regarding expenditure and timescales for the provision of adaptations is noted.
- 1.2 That the extension of the contract for the Technical Officer funded through the Better Care Fund (BCF) is approved.
- 1.3 That the Committee agree to providing the public with further information regarding the availability of Disabled Facilities Grants.
- 1.4 That the possibility of creating an in house "Occupational Therapist " role is explored further as part of the Better Care Fund project.

## **2.0 Purpose of the Report**

- 2.1 To inform the Committee of the current position regarding expenditure on Disabled Facilities Grants and Council House adaptations.
- 2.2 To inform the Committee of the current position regarding timescales for the completion of adaptations work.
- 2.3 To seek retrospective approval to the extension of the temporary contract for the additional Technical Officer for a further 18 months from July 2019 until February 2021 to support the delivery of Disabled Facilities Grants (DFGs) (funded through BCF).

## **3.0 Executive Summary**

- 3.1 The Council is obliged to provide Disabled Facilities Grants (DFG) for residents in order to make their homes more accessible. These grants are means tested and paid to cover the costs of adaptations in all tenures except Council tenancies. Adaptations

to Council properties are carried out under the Council's own adaptations policy, which was agreed by Housing and Community Services Committee on 6<sup>th</sup> June 2019.

3.2 Funding for DFGs is received by the Council as part of the Better Care Fund (BCF), which supports a range of services and functions designed to help people with a disability remain in their own home. Adaptations paid for through the BCF are delivered in partnership with Derbyshire County Council (DCC) and subject to a formal referral from the Occupational Therapy Service. A more detailed report regarding the BCF was received by the Housing and Community Services Committee on 3 October 2019.

3.3 Adaptations to Council properties are funded through the Housing Revenue Account (HRA)

3.4 The budget for DFGs for the current year is £1,358,860. This is as a result of accumulated underspends from the previous two financial years.

4.0 A summary of the current position regarding adaptations is set out below:

#### 4.1 Approvals

26 DFG jobs approved 01/04/19–31/08/19 –	Total Cost	£137,300.85
31 Council Adaptations approved Year to date (YTD)		
–	Total Cost	£167,699.10

#### 4.2 Payments

38 DFG jobs paid 01/04/19 to 31/08/19 –	Total Cost	£174,234.09
(This includes £130,851.58 paid for approvals from the previous financial year)		
25 Council Adaptations paid YTD –	Total Cost	£107,854.10

#### 4.3 Pipelines

The Council has already received applications and referrals for a further 29 DFGs at a total value of £180,300 and a further 20 adaptations to Council homes at a total value of £92,000. This “pipeline” along with existing works in progress is unlikely to spend the available budget in this financial year.

#### 4.4 Performance (2019/20)

Whilst performance is generally within targets the adaptations process is complex and involves the Council, DCC and contractors. This can create delays although sometimes changes in the applicant's own circumstances can delay the completion of works. There is the opportunity to fund the recruitment of an Occupational Therapist in order to enhance the current process both in terms of speed and also liaison between customers and their families, the Council and contractors. A summary of performance against timescales is below:

26 standard DFG works completed at an average of 25.9 weeks. The current target is 31 weeks.

1 Major extensive DFG completed within 44 weeks the current target is 55 weeks.

22 standard Council jobs completed at an average of 26.2 weeks, the current target is 33 weeks.

1 Major extensive Council job completed which took a total of 233 weeks due to exceptional circumstances around this application.

## 5.0 Financial Implications

- 5.1 The current demand for this service is unlikely to lead to the current financial year's budget for DFGs being spent. The following table lists the funding received and allocated to DFG under BCF and the expenditure incurred over the past three financial years.

	2016.17 £	2017.18 £	2018.19 £
B/fwd Balance	85,112	468,957	792,552
BCF Grant	615,337	674,829	440,000
DCC 2nd Homes Funding	124,000	0	0
DCLG Funding	0	71,885	88,434
Balance transfer to other BCF projects	0	0	-
Expenditure	-	-	-
	355,492	423,119	416,446
<b>Balance c/fwd</b>	<b>468,957</b>	<b>792,552</b>	<b>658,860</b>

- 5.2 The allocation of funding through BCF for 2019/20 is set at £440,000 and an additional sum is likely to be received from DCLG to top up funding of approximately £80,000. Year to date expenditure for 2019/20 is only £42,308 but this is likely to be in excess of £250,000 based on the current pipeline. The Council has no control over demand for this service. Consequently there is always the possibility of an unforeseen increase in applications towards the end of the financial year. Even after taking this into consideration, an underspend of around £90,000 is anticipated against this year's allocation of funding. This will leave a balance of around £1 million in the DFG allocation overall.
- 5.3 As the funding for DFGs has now been amalgamated into a single BCF allocation from DCC it is understood that there is more flexibility as to what this grant can fund provided it is used to support to enable residents to stay in their own homes. A report to the next Committee will, therefore, set out a range of projects and programmes to address this underspend.

## 6.0 Corporate Implications

### **Employment Implications**

- 6.1 In April 2019 The BCF Board approved the funding for the extension of the Technical Officer post for a further 18 months from July 2019 at its current salary This post will be reviewed again towards the end of the fixed term
- 6.2 At the end of the extended fixed-term contract the employee having over two years continuous service will be entitled to a redundancy payment should the contract not be renewed and if they are current members of the Local Government Pension Scheme and are aged 55 or over that they are entitled to immediate access to their pension. If they are able to access their pension, then the Council will have to pay an additional cost for the impact on the pension fund.

- 6.3 The Fixed-Term (Prevention of Less Favourable Treatment) Regulations 2002 ensure that fixed-term employees are not treated less favourably than comparable permanent employees. The terms and conditions provided are in line with the NJC for Local Government Services and therefore the same as comparable permanent employees.
- 6.4 These Regulations also provide that the continued renewal of fixed-term contracts that result in four years continuous service for an employee should be on a permanent contract unless it can be objectively justified to remain on a fixed-term basis. It is noted that this extension is directly linked to funding arrangements in place and this is the justification provided for continuing a fixed-term contract basis. As noted above, the Council does employ them on comparable employment terms and will provide redundancy payments at the end of the fixed-term contract for an employee with two years continuous service.

### **Legal Implications**

- 6.5 There are no direct legal implications of this report.

### **Corporate Plan Implications**

- 6.6 This report directly addresses Corporate Plan reference; PE1. "Provide an efficient and well targeted adaptation service (including Disabled Facilities Grants) and make better use of previously adapted dwellings"

### **Risk Impact**

- 6.7 The delivery of services covered by this report directly impact on the Service Delivery Risk : SD7 - Insufficient supply of affordable homes to meet Council needs relating to allocations and homelessness.
- 6.8 The Council is required to provide assurances to Derbyshire County Council (DCC) though the approval of quarterly assurance plans at BCF Board. There is a risk that the significant amount of accrued underspend may be revoked and redistributed under s75 if the Council failed to spend the allocation or provided the required assurances that the funding will be spent.
- 6.9 In mitigation the Council meets regularly with DCC to update it on progress on the delivery of projects and programmes funded by the BCF and there has been no indication given, to date, to officers that DCC intends to request a return of this fund given the outcomes that the Council is delivering.
- 6.10

## **7.0 Community Impact**

### **Consultation**

- 7.1 18 private customer questionnaires returned which have rated the service as either good or excellent.
- 7.2 15 Council customer questionnaires returned which have all rated the service as good or excellent.

- 7.3 The delivery of services discussed in this report contribute directly to the delivery of the Council's commitment to equality as set out in its Equality Statement.

### **Social Value Impact**

- 7.4 The delivery of services covered by this report directly assist in delivering the aims of the Sustainable Community Strategy;" Older people, people with dementia and other long-term conditions and their carers have good quality of life, retain their independence for as long as possible, and receive the support they need at the end of their lives"

### **Environmental Sustainability**

- 7.5 There are no direct environmental sustainability implications of this report.

## **8.0 Conclusions**

- 8.1 Current performance is generally within the Council's targets
- 8.2 The current budget for DFGs may exceed overall demand for Disabled Facilities Grants.
- 8.3 There may be a lack of awareness about DFGs amongst the general public and partner agencies.
- 8.4 There is scope for further improvement to the service through the recruitment of an in-house Occupational Therapist Post. This would be the subject of a future report.

## **9.0 Background Papers**

### **Notes:**

- \* Category – Please see the Committee Terms Of Reference in [Responsibility for Functions - Committees](#). This shows which committee is responsible for each function and whether it has delegated authority to make a decision, or needs to refer it elsewhere with a recommendation.
- \*\* Open/Exempt - All reports should be considered in the open section of the meeting, unless it is likely that exempt information would be disclosed. Please see the [Access to Information Procedure Rules](#) for more guidance.
- \*\*\* Committee Terms Of Reference in [Responsibility for Functions - Committees](#).



---

---

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 11</b>
<b>DATE OF MEETING:</b>	<b>10<sup>th</sup> SEPTEMBER 2019</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE (EXT 5811)</b> <a href="mailto:kevin.stackhouse@southderbyshire.gov.uk">kevin.stackhouse@southderbyshire.gov.uk</a>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>COMMITTEE WORK PROGRAMME</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: G</b>

---

---

## **1.0 Recommendations**

1.1 That the Committee considers and approves the updated work programme.

## **2.0 Purpose of Report**

2.1 The Committee is asked to consider the updated work programme.

## **3.0 Detail**

3.1 Attached at Annexe 'A' is an updated work programme document. The Committee is asked to consider and review the content of this document.

## **4.0 Financial Implications**

4.1 None arising directly from this report.

## **5.0 Background Papers**

5.1 Work Programme.



**Finance and Management Committee – 10<sup>th</sup> October 2019**  
**Work Programme for the Municipal Year 2019/20**

<b>Work Programme Area</b>	<b>Date of Committee Meeting</b>	<b>Contact Officer (Contact details)</b>
Corporate Plan 2016 to 2021: Performance for the 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Equalities and Safeguarding Annual Report 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Health and Safety Annual Report 2018/19	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Compliments, Complaints and Freedom Information Requests October 2018 to March 2019	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
The Fair Funding Review	13 June 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

Budget Out-turn and Final Accounts 2018/19	25 July 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Annual Report 2018/19	25 July 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Annual Report on Sickness Absence	25 July 2019	David Clamp <a href="mailto:David.Clamp@southderbyshire.gov.uk">David.Clamp@southderbyshire.gov.uk</a> (01283 595729)
Payment Facilities in the Civic Offices	25 July 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Corporate Plan 2016 to 2021: Performance Report for Quarter 1 2019/20	29 August 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Budget and Financial Monitoring 2019/20	29 August 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Performance 2019/20	29 August 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Debt Management Policy: Council Tax, Business Rates and Housing Benefit Overpayments	29 August 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

Update on the Council's Medium Term Financial Plan	10 October 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
The Local Authorities' Property Fund	10 October 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Annual Accounts and Financial Statements 2018/19	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Corporate Plan 2016 to 2021: Performance Report for Quarter 2 2019/20	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Revenue Financial Monitoring 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Capital Financial Monitoring 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Update 2019/20	28 November 2019	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Compliments, Complaints and Freedom Information Requests April to September 2019	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

A Review of Grants for Concurrent Functions	28 November 2019	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Service Base Budget Proposals 2020/21	9 January 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Budget Report 2020/21, including Consolidated Budget Proposals and Medium Term Financial Plan to 2025	9 January 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Council Tax Premium on Long Term Empty Properties	9 January 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Final Budget Proposals 2020/21 and Financial Plan to 2025	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Strategy 2020/21 and Prudential Indicators	13 February 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Proposed Local Council Tax Reduction Scheme 2020/21	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Discretionary Business Rates Relief Scheme	13 February 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)

Corporate Plan Performance Update 2019/20	19 March 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Revenue Financial Monitoring 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Capital Financial Monitoring 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Treasury Management Update 2019/20	19 March 2020	Victoria Summerfield (Head of Finance) <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a> (01283 595939)
Service Plans 2020/21	30 April 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)
Local Council Tax Reduction Scheme: Proposals for Change 2021/22	30 April 2020	Kevin Stackhouse Strategic Director (Corporate Resources) <a href="mailto:Kevin.stackhouse@southderbshire.gov.uk">Kevin.stackhouse@southderbshire.gov.uk</a> (01283 595811)