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Our Ref
Your Ref

Date: 15 February 2021

Dear Councillor,

Finance and Management Committee

A Meeting of the **Finance and Management Committee** will be a **Virtual Committee**, held via Microsoft Teams on **Thursday, 11 February 2021 at 18:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Labour Group**

Councillor Dr. Pearson (Chairman), Councillor Richards (Vice-Chairman) and Councillors Rhind, Southerd, Taylor and Tilley.

Conservative Group

Councillors Mrs. Brown, Churchill, Ford and Watson.

Independent Group

Councillors Angliss and Fitzpatrick.



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:

30th July 2020 **4 - 8**

27th August 2020 **9 - 12**
- 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** INTRODUCTION OF PRE-PLANNING APPLICATION CHARGING **13 - 25**
- 8** PROPOSED LOCAL COUNCIL TAX REDUCTION SCHEME 2021-22 **26 - 29**
- 9** GENERAL FUND CONSOLIDATED BUDGET REPORT 2021-22 **30 - 52**
- 10** HOUSING REVENUE ACCOUNT BUDGET 2021-22 AND FINANCIAL PLAN TO 2030 **53 - 66**
- 11** CAPITAL BUDGET TO 2026 **67 - 77**
- 12** ANNUAL REPORT OF THE SECTION 151 OFFICER **78 - 86**

Exclusion of the Public and Press:

14 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.

15 To receive the Exempt Minutes of the following Meetings:

30th July 2020

27th August 2020

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

17 LAND AT ALBERT VILLAGE

FINANCE AND MANAGEMENT COMMITTEE30th July 2020**PRESENT:****Conservative Group**

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

Labour Group

Councillors Dr Pearson, Rhind, Southerd, Taylor and Tilley (substituting for Cllr Richards)

FM/32 **APOLOGIES**

Apologies for absence were received from Councillor Richards

IN ATTENDANCE

Councillors Mrs Wheelton

FM/33 **MINUTES**

The Open Minutes of the Meeting held on 13th February 2020 were taken as read, approved as a true record and signed by the Chairman.

RESOLVED:-

That the Open Minutes of the following Committee held on 13th February 2020 were approved as a true record:

<u>Committee</u>	<u>Date</u>	<u>Minutes No's</u>
Finance and Management Committee	13.02.20	FM/111 – FM/127

FM/34 **DECLARATIONS OF INTEREST**

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

FM/35 **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/36 **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/37 REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE

The Committee was informed that no reports of Overview and Scrutiny Committee had been received.

MATTERS DELEGATED TO COMMITTEE**FM/38 FINAL REVENUE BUDGET OUT-TURN 2019-20**

The Head of Finance delivered the Report to the Committee summarising the main areas including Business Rates, Council Tax collections, the Housing Revenue Account, Reserves and the General Fund position.

The Chairman enquired about the Housing Benefit payment and the Head of Finance informed Members that an increased provision had been included

RESOLVED:

- 1.1 The Committee approved the final outturn position for:**
- *The General Fund Revenue Account 2019/20*
 - *The Housing Revenue Account 2019/20*
 - *The Collection Fund 2019/20*
 - *The Balance of Reserves at 31st March 2020.*
- 1.2 The Committee noted that a net appropriation of £2,760,376 in 2019/20 was made from the General Fund Reserve to other Earmarked Reserves and a net appropriation of £110,566 was made from the HRA General Reserve to Earmarked Reserves as detailed in the report.**
- 1.3 The Committee noted that the following contributions and adjustments had been made to Bad Debt and Appeal Provisions in 2019/20:**

Sundry Debtors	69,873	General Fund
Temporary Accommodation	-1,676	General Fund
Housing Benefit Overpayments	28,036	General Fund
Council Tax Arrears	-73,562	General Fund
Business Rates Arrears	-112,808	General Fund
Business Rates Appeals	-294,542	General Fund
Planning Appeals	19,500	General Fund
Housing Rent Arrears	117,827	HRA

FM/39 FINAL CAPITAL OUT-TURN 2019-20

The Head of Finance presented the report to the Committee noting the only change since the last report was to the Housing Revenue Account reserves.

RESOLVED:

- 1.1 *The Committee approved the final Capital outturn position for both the General Fund and Housing Revenue Account (HRA).***
- 1.2 *The Committee approved the final balance on Capital Reserves for 2019/20.***

FM/40 TREASURY MANAGEMENT ANNUAL REPORT 2019-20

The Head of Finance delivered the report to the Committee providing an update regarding the Counter Party List and the impact of Covid-19, nationally.

RESOLVED:

- 1.1 *The Committee approved the Treasury Management Annual Report for 2019/20.***
- 1.2 *The Committee noted the Prudential Indicators and Limits for 2020/21 to 2024/25 as approved in February 2020.***
- 1.3 *The Committee approved the updated counterparty (lending) list as at 4th June 2020.***

FM/41 VALUE FOR MONEY STATEMENT 2019-20

The Strategic Director (Corporate Resources) delivered the Report and informed the Committee how the report related to a new statement for the Committee to consider as part of the new CIPFA Financial Management Code, containing 17 standards. Members were advised that the Code would be applicable from April 2021, but whilst it would not be mandatory it was envisaged that most local authorities would implement it to show compliance and demonstrate best practice regarding financial management. The Strategic Director (Corporate Resources) informed Members that the Value for Money Statement intended to demonstrate that systems and processes would be in place to deliver value for money.

Members raised queries about how the Council already delivered value for money, how the value for money would be tested. The Strategic Director (Corporate Resources) informed Members that the Council had a duty under legislation to deliver value for money and explained that the statement would be a way to demonstrate how it underpins everything the Council undertakes. The Committee was informed that a new value for money test would need to be explicitly demonstrated in any proposal put forward by officers.

RESOLVED:

- 1.1** *The Committee considered and approved for publication the Council's Value for Money Statement for 2019/20.*

FM/42 **CORPORATE ASSET MANAGEMENT PLAN 2020-2024**

The Head of Corporate Property presented an overview of the report to the Committee requesting approval for a new asset management plan to ensure the Council's assets remained fit for purpose and were managed efficiently. The Head of Corporate Property explained how the plan aligned with the Corporate Plan and how environmental initiatives would be embedded into property management going forward.

The Committee raised a query regarding the impact of Covid-19 regarding revenue and concern over disposal and acquisition of assets. The Head of Corporate Property informed Members that Business Grants had been supporting businesses during this period and to date there were no voids amongst the Council's portfolios due to Covid-19. The Head of Corporate Property explained that the cycle of buying and selling property was to ensure that assets were fit for purpose and only disposing of those assets that were unused, underused and that acquisitions made directly aligned with the Corporate and Asset Management Plans, and receipts from disposals were reinvested into the improvement of facilities.

RESOLVED:

Approval was granted by the Committee for the updated Corporate Asset Management Plan for 2020-2024.

FM/43 **ANNUAL HEALTH & SAFETY REPORT 2019-20 AND ACTION**

The Strategic Director (Corporate Resources) delivered the annual report to the Committee noting the work carried out by the Health and Safety Officer to ensure that the Council delivered services in a safe and proper manner. The Committee's attention was drawn to accidents and near misses detailed within the report and how lessons learned were used to manage future risks. of accidents. The Strategic Director (Corporate Resources) asked the Committee to approve the action plan laid out in the report.

Committee raised a query regarding the health and safety performance of Novus, the Council's Housing Maintenance Contractor. The Strategic Director (Corporate Resource) informed Members that as part of contract management arrangements the Council received quarterly reports, including Health and Safety incidents from Novus.

RESOLVED:

- 1.1 *The Committee noted the key health and safety achievements and performance for the year ending 31 March 2020.*
- 1.2 *The Committee approved the Health and Safety Action Plan for 2020/21 as detailed in Appendix 2 of the report.*

FM/44 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the report to the Committee.

RESOLVED:

The Committee considered and approved the updated work programme.

FM/45 **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.

EXEMPT MINUTES

Resolved:

The Exempt Minutes of the Finance and Management Committee held on 13th February 2020 were approved and signed by the Chairman.

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

The Committee was informed no questions had been received.

The meeting terminated at 7:05 pm.

COUNCILLOR P WATSON

FINANCE AND MANAGEMENT COMMITTEE

27th August 2020

PRESENT:

Conservative Group

Councillor Watson (Chairman), Angliss (Vice-Chairman) and Councillors, Fitzpatrick, Ford, MacPherson, Pegg (substituting for Cllr Brown) and Roberts

Labour Group

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

FM/48 **APOLOGIES**

Apologies for absence were received from Councillor Mrs. Brown

IN ATTENDANCE

Councillors Mrs Wheelton

FM/49 **DECLARATIONS OF INTEREST**

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

FM/50 **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/51 **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/52 **REPORTS OF OVERVIEW AND SCRUTINY COMMITTEE**

The Committee was informed that no reports of Overview and Scrutiny Committee had been received.

MATTERS DELEGATED TO COMMITTEE**FM/53 REVENUE FINANCIAL MONITORING 2020/21**

The Head of Finance delivered the report to the Committee, updating Members regarding surplus positions, the impact of Covid-19, the agreed pay award and highlighted key risk areas.

Councillor Southerd sought clarity regarding central support services, the Head of Finance informed Members that where there were recharges between the General Fund and Housing Revenue Account monies would move from one fund to the other.

RESOLVED:

The Committee considered and approved the latest revenue financial position for 2020/21 as detailed in the report.

FM/54 CAPITAL FINANCIAL MONITORING 2020/21

The Head of Finance presented the report to the Committee explaining that the report covered the first quarter performance for both the General Fund and the Housing Revenue Account. The Head of Finance highlighted the detail behind the surplus positions, capital reserves and receipts.

The Committee raised queries regarding town centre regeneration and Midway Community Centre. The Chief Executive clarified that monies would be available for the maintenance of the Delph which was high on the Council's agenda. The Head of Finance informed Members that capital receipts from Midway were to be spent on the Community Centre

RESOLVED:

The Committee considered and approved the latest capital financial position for 2020/21 as detailed in the report.

FM/55 TREASURY MANAGEMENT UPDATE 2020/21

The Head of Finance delivered the report to the Committee highlighting the key local messages, interest return on income and business grants.

RESOLVED:

1.1 *The Committee considered and approved the latest Treasury Management Update for quarter 1 2020/21 as detailed in Appendix 1 of the report.*

- 1.2 The Committee approved the updated Counterparty List for investments and bank deposits as detailed in Appendix 2 of the report.**

FM/56 **PROCUREMENT STRATEGY 2020 TO 2024**

The Strategic Director (Corporate Resources) presented the report to the Committee summarising how the updated Procurement Strategy related to the Corporate Plan, statutory compliance regarding procurement and tendering rules, and finally how procurement could support the Council's objectives in relation to delivering environmental, social and economic benefits. Attention was drawn to the Guidance Manual for officers which would sit behind the strategy.

Councillor Ford requested clarification about how the Council ensured that suppliers were addressing environmental issues. The Strategic Director (Corporate Resources) confirmed the Council requested environmental management policies but that going forward the Council would look at how those policies matched the Council's ambitions and would be considered when evaluating and awarding contracts

RESOLVED:

The Committee approved the proposed Procurement Strategy for 2020 to 2024 attached to the report.

FM/57 **COMMITTEE WORK PROGRAMME**

The Strategic Director (Corporate Resources) presented the report to the Committee.

RESOLVED:

The Committee considered and approved the updated work programme.

FM/58 **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.

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

The Committee was informed no questions had been received.

FINANCIAL MANAGEMENT SYSTEM (FMS) UPGRADE

The Committee approved the recommendation in the report.

LAND IN SWADLINCOTE

The Committee approved the recommendation in the report.

COLLECTION RATES, DEBT RECOVERY AND WRITE OFFS

The Committee approved the recommendation in the report.

**REGRADE OF POST – BUSINESS SUPPORT OFFICER (HOUSING
OPTIONS) (HE14)**

The Committee approved the recommendation in the report.

SERVICE LEVEL AGREEMENT RELATING TO CONSERVATION ADVICE

The Committee approved the recommendation in the report.

**ACQUISITION OF NEW COUNCIL HOUSING AT ACRESFORD ROAD,
OVERSEAL**

The Committee approved the recommendation in the report.

The meeting terminated at 19:00hrs

COUNCILLOR P WATSON

CHAIRMAN

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
MEMBERS' CONTACT POINT:	STEFFAN SAUNDERS, 07971604326, steffan.saunders@southderbyshire.gov.uk	DOC:
SUBJECT:	INTRODUCTION OF PRE-PLANNING APPLICATION CHARGING	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM05

1.0 Recommendations

- 1.1 That the Committee notes the support in principle from Environment and Development Services Committee to introduce the proposed Model 2 scheme in the appendix for charging for planning pre-application advice to be provided by the Planning Service.
- 1.2 That the Committee approves the financial implications contained in the report.
- 1.3 That proposals for how the potential income generated by the adoption of pre-application charging could be reinvested in the Planning Service, be the subject of separate reports to Environment and Development Services and Finance and Management Committee.

2.0 Purpose of Report

- 2.1 To seek the Committee's approval for the introduction of charging for pre-application advice. Environment and Development Services committee resolved to support the principle of introducing the pre-application charging schedule at the meeting on 21st January 2021. There was some discussion regarding the potential for some alterations to the specifics of the pre-app charges and these will be considered when the final charging schedule is confirmed.

3.0 Executive Summary

- 3.1 Following the Review of the Planning Service in 2018, a report on the possibility of the introduction of charging for pre-application enquiries was promised to explore

whether such a service could be viable and in the best interests of the customer. This report sets out the various options available.

- 3.2 The importance of striking the appropriate balance between recovering the costs of providing a pre application charging service whilst not imposing any disproportionate burden on individuals or businesses is reflected in the recommendations.

4.0 Detail

- 4.1 At the meeting of Environment and Development Services Committee on 31 May 2018, officers reported that consultants advising the Council on the review of Planning Services had recommended the Council investigated commercial opportunities to boost income streams to enhance the Service. Pre-application charging was cited as an activity practiced commonly by other Councils which the Council might wish to explore. Work has been undertaken since then to investigate options that provide good value for money whilst not disincentivising investment in the District. This is consistent with the Council's approach to look for additional opportunities for income generation through the commercialisation strategy without negatively impacting of service delivery.
- 4.2 Charging for planning applications has been required for many decades now. The rates are set nationally. Apart from some limited exceptions (such as listed building consent or a "free go" if a first application is refused), all applicants for which an application needs to be made must pay the relevant fee (which varies depending on the application's type and size).
- 4.3 The Local Government Act 2003 provides authorities with a power to charge for discretionary services, including the provision of pre-application planning advice and therefore allows authorities to recover at least some of these costs incurred before an application is submitted. The income raised must not exceed the costs of providing the service (i.e. it cannot be a profit-making service). Although engagement/discussions prior to the submission of a planning application is not a statutory requirement, it is good practice for potential applicants to seek such advice. This is particularly pertinent on larger or potentially controversial schemes, which can reveal the main issues the potential scheme could face and a potential steer (in principle) as to how the Local Planning Authority (LPA) might view such an application. This is key to unblocking obstacles to delivery to schemes, which can be acceptable but need refinement to make them so. An effective and targeted pre-application charging service can include the interests of other parties to the planning process to be highlighted, such as the County Highway Authority or the Environment Agency. This allows the applicant to seek further technical advice from those parties before progressing with an application. Pre-application engagement can also improve the quality of development, from its design to ensuring that it is furnished with adequate facilities for any residents or workers which would use it. The Council currently makes no charge for pre-application enquiries of any kind.
- 4.4 For the same reasons, there can be additional benefits to the LPA for engaging too, as it can contribute to higher quality development (i.e. some unacceptable schemes could not be made acceptable with amendments, and other applicants may have

dealt with issues which may have caused delays and taken more officer time later on in the process). Like all other LPAs, the Council still has difficulties with poor-quality applications being made, with key information missing or incorrect, more often than is ideal, despite regular reminders from officers. A pre-application fee can also help reduce this particularly if it included an element of “application checking”. The Council incurs costs in dealing with invalid applications even if they can be made valid later.

- 4.5 There are currently a number of exemptions from paying planning fees: applications for those with disabilities relating to access and extension to dwellings houses; Listed Buildings consent; and for the resubmission of an application within 12 months of the refusal decision (or, in the case of an appeal, the final date of the appeal being dismissed).
- 4.6 Through reducing risk and uncertainty for developers/applicants, pre-application discussions can, therefore, help promote understanding of the scheme, increase the speed of decision making by cutting down on the number of incomplete applications and therefore potentially increase certainty leading to growth and inward investment. They can also lead to consents which are implementable and implemented. This is key to maintaining the Council’s five-year housing supply.
- 4.7 The practice of pre-application engagement is firmly encouraged in the National Planning Policy Framework (NPPF). Relevant pre-application engagement is considered to be very important for both LPAs and applicants/developers, in order to help secure developments that improve the economic, social and environmental conditions of an area, as well as saving time through adding clarity and reducing uncertainty which can be a financial saving for both parties. Currently, pre-application advice is given as resources allow because ‘paying customers’ must be prioritised. To fund the service through a pre-application charging schedule will allow this issue to be addressed.
- 4.8 Guidance on the value of pre-application engagement, and more specifically charging for the service is also provided by national Planning Practice Guidance (PPG). The PPG recognises the importance of pre-application engagement by prospective applicants in improving the efficiency and effectiveness of the planning application system. It recognises that pre-application engagement needs to be tailored to the nature of the proposed development, the issues to be addressed and that LPAs may charge for planning advice. However, councils are increasingly charging for the provision of this advice, to recover at least some of the cost of providing the service in advance of submission of an application and to help ensure better quality applications are submitted.
- 4.9 Primary legislation, set out in section 303 of the Town and Country Planning Act 1990 (“TCPA 1990”), establishes that pre-application fees must be set at a level which ensures that, taking one financial year with another, the income from fees charged for pre-application advice does not exceed the cost of providing that service. In other words, it does not have to be demonstrated that the income from each and every chargeable pre-application would not make a “profit” but that overall no undue charges are made.

- 4.10 To ensure transparency, the PPG advises that, where local planning authorities opt to charge for pre-application services, they are strongly encouraged to provide clear information online about:
- the scale of charges for pre-application services applicable to different types of application (e.g. “minor” or “major” or “other”);
 - the level of service that will be provided for the charge, including: the scope of work and what is included (e.g. duration and number of meetings or site visits); the amount of officer time to be provided (recognising that some proposed development may usefully have input from officers across the local authority and/or from other statutory and non-statutory bodies); the outputs that can be expected (e.g. a letter or report) and firm response times for arranging meetings and providing these outputs; it is also helpful for LPAs to provide links to any charges that statutory consultees (such as the Highway Authority and Environment Agency) may levy for pre-application advice, where this is known.
- 4.11 The PPG also explains that pre-application engagement should be a two-way process and the level of information required by the LPA should be proportionate to the development proposed.
- 4.12 The advice within the PPG is itself recognition of the acceptance of charging for pre-application advice. This is intended to improve the quality of submissions and a better built environment whilst working proactively at an early stage in the planning process. Today, charging for pre-application advice is therefore common amongst LPAs. In considering the setting of the rules and charging rates, there are, therefore, a number of examples (model schemes) to draw on.
- 4.13 Within Derbyshire, the majority of councils have a system of pre-application charging in place, albeit there are differences and variations in the charging systems. Some employ a very simple scheme where everyone pays the same in any particular category of development. Others ensure that the scheme of charging is more responsive to the complexity of the advice required and therefore the time and effort involved. Some Nottinghamshire Councils have a pre-application charge based on the percentage of the full application fee.
- 4.14 Some of the main benefits of charging have been covered in the preceding paragraphs. However, more specific to the Planning Service in South Derbyshire is the issue of resourcing a free service when in competition with targeting resources towards the service to customers who have paid for a planning application. Currently, planning applicants will always be prioritised which tends to mean that pre-application enquiries take longer to deal with and only provide limited feedback. This service is effectively supplied at the local Council taxpayer’s expense largely to the benefit of the developer. However, if the service incurred a cost to the developer, the funds raised could contribute to further investment in the planning service with sufficient capacity for the Service to deal with the enquiries, also bringing in critical advice from other agencies as available, and not being at the expense of timely decisions on planning applications. There would be a clear response time with more comprehensive feedback to the developer which would

take some of the uncertainty out of the process and reduce the risk to the investor. Thus, the benefit would largely be an enhancement of the service to the customer as well as better quality of applications submitted. Reducing the risk of the unknown, especially in the area of technical compliance, should then encourage greater developer participation and so inward investment.

4.15 More specifically, the Committee needs to be aware of the potential risks involved in introducing such a scheme:

- Charging could deter inward investment.
- Charging could discourage people from seeking pre-application advice.
- The quality of submitted applications could fall.
- Customer expectations regarding the quality and detail of advice could increase on the basis they have paid for it.
- Customer expectations that the advice provided will have greater weight or will secure an approval.
- Customers expect paid advice to be provided by a senior officer.
- Third parties could perceive that decisions have been made behind closed doors and prior to their input.
- Such a service could be seen as an alternative to using a professional planning agent which could harm good working relationships.

4.16 The response to such risks is given below and follows the same order:

- Charging would not deter inward investment if tailored appropriately. Commercial job creating schemes are recommended to be excluded from the pre-app charge. Not only will there be no pre-application fee but there will be an enhanced service to progress such schemes more rapidly and address any issues earlier. Residential developers expect a pre-application fee to be levied and there is no evidence from anywhere that has a scheme of pre-application charging that this has a negative bearing on inward investment. Anecdotal evidence is that the opposite is true.
- The greatest disincentive to applicants engaging in pre-application advice appears to be the time and quality of the advice given, and not the charging for it. An appropriately targeted pre-application charge is anticipated to lead to greater use of this service. In this regard it is recognised that individual householders should only be charged a small fee for any advice offered and this is reflected in the recommended charging schedule.
- The quality of submitted applications would be very likely to increase for reasons summarised above.
- The quality of advice will be high and expectations in this regard are realistic. To approve schemes is also part of the Council's approach to being 'open for business' and clearly the aim of pre-application advice is to look for ways to address issues at the earliest stage, that may otherwise have led to a refusal. Unacceptable schemes contrary to policy would still be refused.
- The charging schedule enables officers of the necessary seniority to be involved in the provision of advice.

- Part of the pre-application process for major schemes would include advice on pre-application publicity which is always good practice to undertake. An example of this is with regard to the amended Drakelow proposals which have received extensive pre-application input from officers.
- Such a service would be in addition to any input from a planning agent and would enhance good working relationships given the service improvements.

4.17 Evidence from around the country would tend to suggest that for those who have adopted a charging regime and been through a review are positive and in focus groups, given the option to retain or revert back, a retention would be favoured. There has been a general acceptance from professional agents/developers and the majority of householders of the charges when the level of the service has been explained. The feedback from customers has been that the formalised system has been more consistent and helpful and customers value the advice offered.

4.18 The Derbyshire districts and boroughs that have introduced charging anecdotally report that:

- generally speaking, none report any adverse issue with the service
- some have cited that the key is about timeliness.
- customers feel they will get something and therefore accept the charge.
- charges made the enquirer think first and so there are less spurious enquiries.

4.19 The timeliness of a response is also important to most developers, particularly those wish to secure smaller improvements such as householder extensions. Presently, it is difficult to meet the aspirational target of 21 days for advice but this is due to the lack of resource and lesser priority presently given to the service. The charging of a fee would incentivise the Planning Service to treat pre-application enquiries as a standard application, with a fixed deadline for a response. However, it should be recognised that 21 days is often impractical for larger and more complex schemes where input is required from across the Council. It is also impractical if a meeting with the developer is to be held, counting towards this timeframe. Other authorities within the County generally work to a longer timeframe for residential and commercial schemes but retaining a quicker turnaround for householder and simpler enquiries. It is crucial that the most appropriate timescales are established in due course so that expectations are clear for all at the implementation of a new service.

The Proposed Charging Regime

4.20 There are a number of options available. Attached at Appendix 1 are three 'models' of charging with different exemptions. It shows that notwithstanding the scale of charges chosen, all three show sufficient funds for offering a comprehensive and timely service whilst minimising the potential risks set out in paragraph 4.16. The option preferred - model 2, allows an exemption for all commercial applications which would usually attract the greatest inward investments and job creation. Of the applications listed, those linked to disability in particular would logically also not be charged for pre-application advice. Further suggested exemptions are set out below. The householder element is only charged where an opinion is sought where

it has been established that planning permission is required. Determining whether a development would need planning permission or not can be ascertained fairly easily utilising very straightforward online advice.

Notwithstanding this proposal, the free web-based advice service offering an alternative self-service option would remain available and would continue to be enhanced.

4.21 Annexe B shows the effect of the charging scheme if applied to pre-application enquiries over three recent years. As can be seen, more than sufficient funds would be raised to cover the essential cost of providing the service. It is envisaged that enough capacity exists in the team to cover for short-term absences such as leave and any other authorised absence.

4.22 It is also proposed to monitor the implications of this proposal to ensure that this does not impose any impediments to inward investment in the District. The money raised is intended to be directly re-invested into the Planning Service. It is necessary to firstly approve the principle of pre-application charging and then the details of how this money will be used will be reported to future Environmental and Development Services and Finance and Management Committee meetings.

5.0 Financial Implications

5.1 There are positive financial implications from the new charging regime (see Appendix 2). The potential income generated from the introduction of a pre-application charging regime could support future investment in the Planning Service which will be the subject of a future report to both Environmental and Development Services and Finance and Management Committee in due course.

6.0 Employee Implications

6.1 Being able to charge for pre-application enquiries would free up time for case officers to dedicate towards application case work but also contributing their expertise to pre-application work to secure a better outcome.

7.0 Corporate Implications

7.1 The change in arrangement could help to ensure that developments can be delivered more efficiently in alignment with the priority actions within the Council's Corporate Plan. The process will, therefore, have a direct positive impact on the Council's ability to deliver actions against the key objectives of:

- Working to attract inward investment
- Enhancing understanding of the planning process
- Maintaining customer focus

It is recognised that great care needs to be taken with the economic recovery from the Covid-19 pandemic, and that unaffordable measures are not imposed on individuals or business at time when investment in the District is to be encouraged. The recommended steps are consistent with these aims and will be kept under review to check that they are working as intended.

8.0 Community Impact

8.1 **Consultation:** None

8.2 **Equality and Diversity Impact:** The more efficient and economic delivery developments will assist in meeting the diverse needs of all established and future residents and non-residents across the District.

8.3 **Social Value Impact:** Enhancement of the process will assist in securing high quality developments going forward; the provision and enhancement of sustainable developments will enhance public health and well-being.

8.4 **Environmental Sustainability:** Better performance management will contribute toward the achievement of economic, social and environmental objectives.

9.0 Conclusions

9.1 Following the Review of the Planning Service in 2018, a report on the possibility of the introduction of charging for pre-application enquiries was promised to explore whether such a service could be viable and in the best interests of the customer. This report sets out the advantages of the proposal in that it would offer a more timely thorough service to developers whilst adding greater certainty to both sides.

Appendix 1

Pre application charging

All rates charged per proposal per property unless otherwise stated.

Multiple proposals submitted at the same time will attract highest applicable fee plus 50%. Revised proposals from same applicant pursuant to previous pre-application advice attract 50% of the fee.

Meetings only possible for major proposals (more than 10 dwellings, 1,000sqm floorspace or more, or 1 hectare or greater) and those affecting listed buildings (£100 unless otherwise stated).

If proposal involves works to a listed building, written response increases by £50 for domestic proposals, £100 for non-domestic proposals (except for employment floorspace).

Employment = B1, B2 and B8 uses and those which, at the Council's discretion, are broadly similar in nature although not within a use class.

Shopping uses = A1, A2, A3, A4 and A5 uses and those which, at the Council's discretion, are broadly similar in nature although not within a use class.

Dwellings include creation of flats, apartments, maisonettes as well as dwellings falling within class C3. This includes tourism accommodation by way of lodges, cabins or park/holiday homes/caravans.

Fees for changes of use are determined on the basis of the proposed use and the floorspace/site area/number of dwellings created.

Parish Councils receive 50% discount on written response.

Disabled adaptations for householders exempt on written response fee. Proof of disability required and whole proposal must be to facilitate easier access/bespoke living or sleeping accommodation.

Model 1: Minimal charge for employment proposals with one free meeting

Additional meetings charged at normal rate. First meeting for employment proposals free before flat rate of £100 applies for subsequent meetings.

Cat.		Written response	Meeting (optional)
Q1	Do I need to make an application	£50	Not available
H1	Householder	£50	Not available
H2	Householder (listed building)	£100	£100
A	Advertisements	£75	Not available
D1	Dwellings (1-3)	£150	Not available
D2	Dwellings (4-9)	£400	Not available
D3	Dwellings (10-99)	£650	£250
D4	Dwellings (100-199)	£850	£250
D5	Dwellings (200+)	£1,000	£250
E1	Employment (Less than 500sqm)	£100	Not available
E2	Employment (500 to 999sqm)	£100	Not available
E3	Employment (1,000 to 4,999sqm)	£100	£100
E4	Employment (More than 5,000sqm)	£100	£100
S1	Shopping (Less than 500sqm)	£100	Not available
S2	Shopping (500 to 999sqm)	£100	Not available
S3	Shopping (1,000 to 4,999sqm)	£100	£100
S4	Shopping (More than 5,000sqm)	£100	£100
O1	Other proposals (Less than 1,000sqm)	£125	Not available
O2	Other proposals (More than 1,000sqm)	£400	£250
T	Telecommunications	£150	Not available
V	Vehicular access (to non-domestic properties)	£50	Not available
C1	Variation of conditions	£150	Not available
M2	Material and non-material amendments (householder)	£25	Not available
M2	Material and non-material amendments (all other)	£150	Not available

Model 2: Zero charge for employment proposals with one free meeting

Additional meetings charged at normal rate. First meeting for employment proposals free before flat rate of £100 applies for subsequent meetings.

Cat.		Written response	Meeting (optional)
Q1	Do I need to make an application	£50	Not available
H1	Householder	£50	Not available
H2	Householder (listed building)	£100	£100
A	Advertisements	£75	Not available
D1	Dwellings (1-3)	£150	Not available
D2	Dwellings (4-9)	£400	Not available
D3	Dwellings (10-99)	£650	£250
D4	Dwellings (100-199)	£850	£250
D5	Dwellings (200+)	£1,000	£250
E1	Employment (Less than 500sqm)	Free of charge	Not available
E2	Employment (500 to 999sqm)	Free of charge	Not available
E3	Employment (1,000 to 4,999sqm)	Free of charge	£100
E4	Employment (More than 5,000sqm)	Free of charge	£100
S1	Shopping (Less than 500sqm)	Free of charge	Not available
S2	Shopping (500 to 999sqm)	Free of charge	Not available
S3	Shopping (1,000 to 4,999sqm)	Free of charge	£100
S4	Shopping (More than 5,000sqm)	Free of charge	£100
O1	Other proposals (Less than 1,000sqm)	£125	Not available
O2	Other proposals (More than 1,000sqm)	£400	£250
T	Telecommunications	£150	Not available
V	Vehicular access (to non-domestic properties)	£50	Not available
C1	Variation of conditions	£150	Not available
M2	Material and non-material amendments (householder)	£25	Not available
M2	Material and non-material amendments (all other)	£150	Not available

Model 3: Only residential and selected other proposals chargeable

Additional meetings charged at normal rate. First meeting for employment proposals free before flat rate of £100 applies for subsequent meetings.

Cat.		Written response	Meeting (optional)
Q1	Do I need to make an application	£50	Not available
H1	Householder	£50	Not available
H2	Householder (listed building)	£100	£100
A	Advertisements	£75	Not available
D1	Dwellings (1-3)	£150	Not available
D2	Dwellings (4-9)	£400	Not available
D3	Dwellings (10-99)	£650	£250
D4	Dwellings (100-199)	£850	£250
D5	Dwellings (200+)	£1,000	£250
E1	Employment (Less than 500sqm)	Free of charge	Not available
E2	Employment (500 to 999sqm)	Free of charge	Not available
E3	Employment (1,000 to 4,999sqm)	Free of charge	£100
E4	Employment (More than 5,000sqm)	Free of charge	£100
S1	Shopping (Less than 500sqm)	Free of charge	Not available
S2	Shopping (500 to 999sqm)	Free of charge	Not available
S3	Shopping (1,000 to 4,999sqm)	Free of charge	£100
S4	Shopping (More than 5,000sqm)	Free of charge	£100
O1	Other proposals (Less than 1,000sqm)	Free of charge	Not available
O2	Other proposals (More than 1,000sqm)	Free of charge	£100
T	Telecommunications	£150	Not available
V	Vehicular access (to non-domestic properties)	£50	Not available
C1	Variation of conditions	£150	Not available
M2	Material and non-material amendments (householder)	£25	Not available
M2	Material and non-material amendments (all other)	£150	Not available

Appendix 2

	Model 1	Model 1 Meetings	Model 2	Model 2 Meetings	Model 3	Model 3 Meetings	Average response
2017	£62,750.00	£8,900.00	£61,750.00	£8,250.00	£51,775.00	£6,500.00	44 days
2018	£50,850.00	£5,650.00	£49,950.00	£5,250.00	£42,500.00	£4,750.00	40 days
2019	£56,150.00	£10,000.00	£55,050.00	£9,000.00	£46,475.00	£8,000.00	44 days

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/council tax and precepts/council tax reduction scheme/scheme 2021 22/FM proposal Feb 21
SUBJECT:	PROPOSED LOCAL COUNCIL TAX REDUCTION SCHEME 2021-22	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendation

- 1.1 That the existing Local Council Tax Reduction Scheme currently in place is continued and approved for 2021/22.
- 1.2 That the detailed parameters are submitted to Full Council on 24 February 2021 for formal adoption.

2.0 Purpose of Report

- 2.1 To review the current Local Council Tax Reduction Scheme (*the Local Scheme*) ahead of 2021/22, in order for the detailed framework to be implemented by 11 March 2021.

3.0 Detail

Background

- 3.1 The Local Scheme was implemented by the Council on 1 April 2013, to provide support, in the form of a discount, to eligible households towards their Council Tax liability. This replaced the National Benefits Scheme for supporting Council Tax.
- 3.2 The detailed parameters of the Council's Local Scheme are largely based on the former National Benefits System to calculate entitlement. Entitlement is based on income received from other welfare benefits, with many claimants being protected and passported through to Council Tax support.
- 3.3 As a local discount scheme, under Council Tax Regulations, all councils have the discretion on how to calculate and award discounts to support residents in paying their Council Tax.
- 3.4 The Council's Scheme adopted in April 2013 following consultation, has remained largely unchanged except for changes to reflect annual increases in national benefits.

Principles of the Local Scheme

3.5 The main principles of the local scheme are detailed below.

- i. Claimants of pensionable age receive exactly the same level of support as existed under the previous National Scheme (this is a statutory requirement).
- ii. Households who qualify for benefit through disability premiums receive exactly the same level of support as existed under the previous national scheme.
- iii. War widow and war disabled claimants receive exactly the same level of support as existed under the previous National Scheme.
- iv. Military compensation payments are fully disregarded in calculating Council Tax support.
- v. Working age claimants on passported benefit* are deducted 8.5% from their entitlement calculated under the Local Scheme.

**(Passported benefits allow certain groups of people entitlement to other benefits if they receive Income Support, Jobseekers Allowance, Employment Support Allowance and Pension Credits)*

- vi. All other working age claimants are deducted 10% from their entitlement calculated under the Local Scheme.
- vii. Full Council Tax support for claimants entering work is paid for 8 weeks, an increase from 4 weeks under the previous National Scheme.

3.6 This means that within the Local Scheme, pensioner, disability, war widow and war disabled households are fully protected. However, the total scheme was originally defined in the context of a finite resource which was distributed to local authorities as part of the annual funding settlement in 2013/14. This was less than previous amounts paid as Council Tax Benefit.

3.7 Therefore, in order to maintain protection for certain groups and to balance the Collection Fund at the outset of the Local Scheme meant that many **working age claimants** became liable for paying more Council Tax, i.e. the 8.5% and 10% contributions at parameters v and vi, above.

Total Cost of the Local Scheme

3.8 The Council's scheme currently supports approximately 4,924 eligible households across the District, of which 2,947 are of working age with 197 pensionable households. The cost of the Local Scheme is accounted for in the Collection Fund and is estimated at £4.85 million in 2020/21.

Timescale

3.9 Statutorily, the Council must approve its local scheme each year even if there are no change, and this must be approved by a meeting of the Full Council before 11 March each year. In respect of 2021/22, the Local Scheme will be proposed at the Council meeting on 24 February 2021, based on the recommendation of this Committee.

3.10 No changes are proposed to the existing scheme for 2021/22 as it remains affordable to the Council and affords protection to people on low incomes.

Future Changes: A New Scheme

- 3.11 As previously reported, the main drawback of the current scheme is that it is not easily understood due to the number of parameters and inter-dependencies and this makes system administration and processing inefficient. This has been exacerbated in recent years by the impact of welfare reform.
- 3.12 Therefore, the Committee had previously approved options to be analysed with a view to introducing a new scheme in 2021/22. Outline options were due to be presented to the Committee in April 2020, but this was postponed due to the impact of Covid-19.
- 3.13 A new scheme is now planned for 2022/23. Options will be presented to the Committee at its meeting on 29 April 2021. Subject to the decision at that Committee, a period of consultation, in accordance with statutory regulations, will be undertaken.
- 3.14 To enable adequate lead-in time for a new scheme to be implemented from April 2022, a final report will be presented to the Committee, following consultation, in October 2022.

Other Discretionary Powers to Provide Support

- 3.15 The Council has the discretion to decide whatever support/discount it chooses to award to working age claimants under the relevant Council Tax Regulations.
- 3.16 It should be noted that support for Council Tax cannot be paid from the Discretionary Housing Fund; this is solely for Benefits.
- 3.17 Although the Council has a separate Discretionary Award Scheme for Council Tax, it deals with each application under local powers in accordance with the Council's policy approved under Section 13A of the Local Government Finance Act 1992 (as amended). This has previously been used on rare occasions to support extreme hardship cases.

4.0 Financial Implications

- 4.1 As detailed in the report.

5.0 Corporate Implications

Employment Implications

- 5.1 None

Legal Implications

- 5.2 None

Corporate Plan Implications

- 5.3 None directly, although the provision of Discounts helps to support the most vulnerable people. The administration of Council Tax support is a statutory obligation on the Council.

Risk Impact

5.4 None

6.0 Community Impact

Consultation

6.1 None required at this point. However, a full statutory consultation exercise will need to be completed with all stakeholders and representative bodies on options for a new scheme. A final decision on the parameters of a new scheme must have due regard of the outcomes of this consultation.

Equality and Diversity Impact

6.2 A full Equality Impact Assessment was undertaken in August 2012 on the Council's Local Scheme. A local discretionary scheme that is awarding financial assistance has the potential to discriminate against one of the nine protected characteristics under the 2010 Equality Act and in particular those relating to age and disability.

6.3 A person's age and whether they are of working age, together with disability, are factors that are considered in awarding some benefits as this data is collected in assessing entitlement.

6.4 Under the Council's Local Scheme, people of pensionable age receive statutory protection and the Council has used its discretion to protect disability households. Additional liability falls on working age claimants.

6.5 It is not considered that the other seven characteristics are affected as they are not relevant to the calculation of Council Tax reduction (*this includes gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, sex, or sexual orientation*).

6.6 In addition, the Local Scheme provides additional support to war widows and war disabled claimants under the Armed Forces Covenant.

6.7 A new scheme will need to be subject to a full Equality Impact Assessment.

Social Value Impact

6.8 As highlighted above.

Environmental Sustainability

6.9 None

7.0 Background Papers

7.1 None

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	11 FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD (01283595939) Victoria.summerfield@southderbyshire.gov.uk	DOC: S/Finance/Committee/2020-21/Feb
SUBJECT:	GENERAL FUND CONSOLIDATED BUDGET REPORT 2021/22	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the estimates of revenue income and expenditure on the General Fund for 2021/22 are considered and approved.
- 1.2 That consideration is given to a level of increase on grants to voluntary bodies and Parish Councils for concurrent functions.
- 1.3 That consideration is given to the rate of Council Tax for 2021/22.
- 1.4 That the updated five-year financial projection for the General Fund to 2025/26 as detailed in **Appendix 2**, and all the associated assumptions and risks as included in the report, is approved.
- 1.5 That the Council's National Non-Domestic Rates return (NNDR1) for 2020/21 showing retained business rates of £8,874,194 for 2021/22 is noted.
- 1.6 That efficiencies and budget savings continue to be pursued to improve the current financial projection.

2.0 Purpose of the Report

- 2.1 To detail the Council's financial position following a full review of current income and expenditure plus confirmation of the Local Government Financial Settlement for 2021/22.
- 2.2 The report is divided into four sections as follows:
 - The Council's financial position including the update to the Medium-Term Financial Plan (MTFP) to 2025/26
 - Detail of the Local Government Financial Settlement for 2021/22
 - Proposed base budget and consolidated expenditure for 2021/22
 - Financial risk analysis

Appendices

- Appendix 1 – Council Tax Setting
- Appendix 2 – General Fund MTFP to 2025/26
- Appendix 3 – Proposed base budgets for Policy Committees

3.0 The Council's Financial Position

3.1 The MTFP was considered and approved by the Committee in November 2020 and this set out the forecasted revenue income and expenditure budget for the period 2021/22 to 2025/26. At this stage, the proposed budget for 2021/22 had not been finalised and detail on the Financial Settlement was unknown. The following table summarises the balances predicted on the General Reserve at that time.

MTFP November 2020	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Projected Expenditure	13,786,568	13,917,151	14,529,946	15,114,334	15,429,177	15,834,906
Projected Financing	-14,242,097	-13,533,855	-13,769,725	-13,825,702	-13,215,055	-13,088,883
Capital Contributions	1,434,831	588,000	537,000	536,000	535,000	535,000
Deficit	979,302	971,296	1,297,220	1,824,632	2,749,122	3,281,023
PROJECTED RESERVE BALANCE	-11,626,134	-10,654,838	-9,357,618	-7,532,986	-4,783,864	-1,502,841

3.2 At this stage, it had been assumed that expenditure would increase in line with inflation and that income would reduce due to changes to Government funding decisions. The projected balance at the end of 2025/26 was expected to be marginally above the minimum statutory level of £1.5m.

3.3 The main issue presented within the MTFP in November 2020 was the increasingly high deficit levels projected over the life of the plan. Although the balance in the General Reserve can be utilised to fund the projected deficits, this is not a sustainable solution in the longer-term.

3.4 After the release of the Local Government Financial Settlement in December 2020 plus the finalised proposed revenue budget, an update to the MTFP has been completed and is attached at **Appendix 2**. A summary of the projected balances on the General Reserve are shown in the following table.

MTFP January 2021	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Projected Expenditure	13,786,568	13,847,507	14,584,293	15,176,817	15,456,442	15,862,402
Projected Financing	-14,242,097	-13,746,523	-13,531,056	-13,435,339	-13,396,149	-13,405,495
Capital Contributions	1,434,831	574,000	517,000	516,000	515,000	521,500
Deficit	979,302	674,984	1,570,238	2,257,478	2,575,293	2,978,406
PROJECTED RESERVE BALANCE	-11,626,134	-10,951,150	-9,380,912	-7,123,434	-4,548,141	-1,569,735

3.5 The General Fund balance has improved marginally due to an increase to projected funding as detailed in the following table.

	£
Projected Reserve Balance (pre budget)	-1,502,841
Lower Tier Services Grant	-11,469,942
Business Rates Increase	-907,981
Capital Contribution Reduction (Section 5)	-87,500
Council Tax Surplus Increase	-69,054
Service Expenditure Increase (Section 5)	101,948
Council Tax Reduction	261,626
New Homes Bonus Reduction	12,104,010
Projected Reserve Balance 2025/26	-1,569,735

3.6 Funding within the plan assumes an increase of 1.95% per annum on Council Tax, that Business Rates retention will remain at a set level over the life of the plan and that Government funding will reduce to the Council's Settlement Funding Assessment (SFA) of £2.5m as determined as part of the Settlement for 2013/14 after changes to Business Rate Retention. This was the last time that the funding system was fundamentally changed.

3.7 As noted above, Council Tax is assumed to increase by 1.95% over the life of the plan. The level of Council Tax is lower in 2021/22 than originally forecast in the November MTFP due to lower growth in new properties compared to previous forecasts. The impact of lower growth is detailed below.

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax - Nov 2020	-5,704,748	-5,962,934	-6,229,020	-6,503,216	-6,785,737	-7,076,804
Council Tax - Jan 2021	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax Reduction	0	21,426	43,687	62,542	68,302	65,670

3.8 The Council Tax Base as approved at Full Council in January was an increase of 744 equivalent Band D properties. The forecast in the MTFP included an increase of 871 properties.

3.9 The forecasted growth of the Tax Base has been updated to reflect the current economic downturn and it is now assumed that growth in 2021/22 will be in line with 2020/21. The Tax Base is taken as at September and it is unlikely that growth will be significant between October 2020 and September 2021 due to the impact of the pandemic. The revised forecasted growth is detailed in the following table.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Property Growth - Nov 2020	1,172	871	871	871	871	871
Property Growth - Jan 2021	1,172	744	744	768	846	893
Tax Base Movement	0	-127	-127	-103	-25	22

3.10 Overall, the impact of the reduction in the Tax Base results in a loss of income from Council Tax of approximately £261k over the life of the plan (as shown in 3.7 above).

Council Tax Setting

3.11 The Council can increase the Council Tax by up to £5 per Band D or 2%, whichever is the higher. It is also however able to opt for a lower increase or freeze the Council Tax.

- 3.12 There are a number of tables listed in Appendix 1 that give further detail of the impact to the General Fund balance should the Council decide to increase the Council Tax by anything outside of the 1.95% included in the MTFP.
- 3.13 In summary, if the Council was to increase the Council Tax by £5 per Band D in 2021/22, this would negate the impact of the reduction in the Tax Base and contribute more to the General Fund over the five-year plan. The projected balance on the General Reserve by 2025/26 would be approximately £1.9m
- 3.14 If the Council was to opt for a Council Tax freeze, the income reduces by approximately £618k across the life of the plan and the General Fund balance would potentially fall significantly below the statutory minimum balance at less than £1m. At this point, savings measures would need to be implemented to ensure the Council remains sustainable into the future
- 3.15 As would be expected, the further away from an increase of 1.95% the Council looks to move, the impact to the General Fund balance in 2025/26 moves further below the £1.5m statutory level. A summary of the approximate income loss and balance for a range of increase options is listed below.

	Income (Gain) / Loss £	Balance 2025/26 £
£5 or 3.02% Increase	-339,439	-1,909,178
1.75% Increase	62,999	-1,506,377
1.50% Increase	142,196	-1,427,180
1.25% Increase	221,392	-1,347,984
1.00% Increase	300,944	-1,268,787
0.75% Increase	379,786	-1,189,590
0.50% Increase	458,983	-1,110,393
0.25% Increase	538,180	-1,031,197
Council Tax Freeze	617,728	-952,000

4.0 Detail of the Local Government Financial Settlement

- 4.1 The Provisional Local Government Financial Settlement was released on 17 December 2020 and was a one-year settlement awaiting the outcome of the Fair Funding Review and Business Rates Retention reform.

New Homes Bonus

- 4.2 The New Homes Bonus allocation was lower than forecasted due to a change in the funding formula. Legacy payments for 2018/19 and 2019/20 totalling £2,020,910 are to be paid alongside an allocation of £1,360,407 for 2021/22. Due to the announcement that legacy payments would no longer be received and in the absence of any detail, the forecast had assumed a reduced allocation for 2020/21 of £897,642.
- 4.3 However, a new funding stream was announced as part of the Settlement to top up the losses on New Homes Bonus called a Lower Tier Services Grant. The Council's

allocation under this funding stream was £519,414 which is a net reduction in funding compared to the forecast for 2021/22 of £378,228.

- 4.4 Under the former New Homes Bonus funding stream, the Council's allocation would have been £1,507,693 for the 2020/21 legacy payment which is a reduction of almost £1m. Taking this into consideration, the potential for an increase in overall funding once the two reviews are complete is extremely unlikely.
- 4.5 The basis for the funding as set out in the MTFP assumes that one more New Homes Bonus or an equivalent value will be received of £1,122,625 in 2022/23 as this was included within the data released for the 2021/22 allocation.
- 4.6 It has then been assumed that the Lower Tier Services Grant will continue, and that the Council's allocation will reduce by approximately 10% per annum to take the funding down to the SFA as noted at 3.6.
- 4.7 The SFA was bought into being during the 2013/14 Settlement and makes up the overall Core Spending Power of all local authorities. It was determined by reviewing the likely baseline funding received through Business Rates retention then topping this up to bring the authority to a minimum balance. The Councils SFA is set at £2.5m, increases by RPI each year and was only supposed to be in place until 2020 but due to the delay on the funding reviews, this appears to have been pushed to 2022.
- 4.8 In the intervening years, the Council has been receiving larger allocations above its SFA due to extra New Homes Bonus and Business Rates growth, both of which are under pressure in the current Fair Funding review.
- 4.9 Alongside the SFA, the Core Spending Power for local government includes Council Tax which generates approximately 40% of the Council's funding. As noted earlier in the report, the Settlement includes a breakdown of the Spending Power and assumes that authorities will increase Council Tax to the maximum allowed. An extract of the Core Spending Power document is listed below along with the link to the Settlement.

Core Spending Power £	Settlement Funding Assessment £	Compensation for under-indexing the BR multiplier £	Council Tax Requirement excl Parish precepts £	New Homes Bonus £	Lower Tier Services Grant £
12,591,886	2,523,804	131,501	6,035,769	3,381,317	519,495

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2021-to-2022>

Business Rates

- 4.10 The Council has always received more through Business Rates than the SFA because it has outperformed its Baseline. The Fair Funding Review has indicated that baselines could be reset to reflect this and therefore it would be safe to assume that the Council is unlikely to receive a greater balance of funding from the Government. This could be complicated further if the proposal to increase Business Rates retention to 75% from 40% is put in place.

- 4.11 Business Rates has been assumed to remain the same over the life of the plan after being updated in 2021/22 for the NNDR1 return. It would not be prudent to assume that 75% retention will go ahead as this increase would undoubtedly mean a funding reduction elsewhere or additional expenditure responsibilities.
- 4.12 The multiplier for Business Rates has been frozen for 2021/22 therefore no increase to the baseline is anticipated across the country. The Council will receive additional funding through S31 grants for the loss of income due to the multiplier freeze which is incorporated within the Business Rates figure in the MTFP for 2021/22.
- 4.13 A funding stream due to irrecoverable losses through taxation has been announced by the Government to help fund up to 75% of losses during 2020/21 due to the pandemic. The final reimbursement will be determined as part of the year-end process and any compensation due will be payable in 2021/22. Nothing is included in the MTFP at this stage.

5.0 Proposed Base Budget and Consolidated Expenditure 2021/22

- 5.1 All Policy Committees have considered their revenue income and expenditure budgets at meetings in early January and no specific issues or challenges were raised with proposed budgets generally in line with the MTFP.
- 5.2 Detail of the individual base budgets for the Policy Committees is attached in **Appendix 3**.

Basis of the Budget

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

On-going Service Provision

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

Changes in Pay

- 5.7 A pay award is not included within the Base Budget at this stage as no official notification has been submitted to the Council although it is expected that no award will be made in 2021/22 in accordance with the Government’s national pay freeze.
- 5.8 The MTFP includes a provision for a potential pay award increase of 2.5% per year for all employees from 2022/23.

Inflation

- 5.9 The base budget for 2021/22 has been uplifted by 2% for inflation/indexation where this applies, for example contract obligations.
- 5.10 Some base costs will be subject to inflation during future years and in some cases, it will be unavoidable, for example employee costs, when national pay increases are approved.
- 5.11 Allowances for inflation based on various assumptions regarding price increases, etc. are calculated across the main spending heads at an average of 2%.

Parish Concurrent Functions and Grants to Voluntary Bodies

- 5.12 As part of the budget approval process, Policy Committees are asked to consider and recommend increases to Parishes for concurrent functions and grants to voluntary bodies.
- 5.13 Housing and Community Services and Finance and Management Committees both recommended an increase of 2% in line with 2020/21.
- 5.14 The increase to the base budget of these proposals is approximately £13k.

Proposed Base Budgets 2021/22

- 5.15 A summary of the proposed base budgets and movements between 2020/21 and 2021/22 is included in the following table.

	Proposed Budget 2021/22 £	Approved Budget 2020/21 £	Movement £
Environmental & Development Services	6,149,279	5,707,124	442,155
Housing & Community Services	2,650,462	2,538,336	112,126
Finance & Management	6,016,532	5,651,422	365,110
Net Service Expenditure	14,816,273	13,896,882	919,391

- 5.16 The budget between years has increased by £919,391 although this includes depreciation which is an accounting adjustment and does not need considering by the Committee. A large proportion of the increases were expected and included in the MTFP in November. Detail of the proposed changes are listed below.

	EDS	HCS	F&M	Total
	£'000	£'000	£'000	£'000
Salaries	375	143	80	598
Approved restructure savings	-67	-208		-275
Restructure and Salary Increase Impact				323
Bad Debt provision	0	0	75	75
Investment income	0	0	30	30
Member's Allowances	0	0	24	24
Earmarked reserve funding	0	0	22	22
Tyres & spare parts	21	0	0	21
ICT Strategy	0	0	20	20
Insurance	18	-5	5	18
Professional fess	4	8	3	15
Forestry England contribution	0	15	0	15
Repairs & Maintenance	0	14	0	14
Industrial unit void allowance	0	0	10	10
Protective clothing	0	0	6	6
NNDR charges	0	0	6	6
Cleaning materials	0	0	6	6
Benefits and grant income	0	0	5	5
Van hire	0	0	4	4
Utilities	0	4	0	4
Transfer between Committees	-18	-50	68	0
Income	0	-4	0	-4
Stationary	0	0	-5	-5
Printing and postage	0	0	-10	-10
Grant payments	-12	0	0	-12
Computer Maintenance Agreements	0	0	-24	-24
HRA recharge	0	0	-36	-36
One-off costs 20/21 removed	-57	0	0	-57
	264	-83	289	470
Depreciation	178	195	76	449
Base Budget Increase	442	112	365	919

5.17 As noted previously, depreciation is an accounting adjustment and makes up £449k of the proposed increase in year. This is due to upward revaluation of assets and the acquisition of new vehicles. The actual base budget increase is £470k and a summary of the main movements are detailed in the following paragraphs.

Salaries

5.18 A number of restructures were approved during 2019/20 and 2020/21 plus incremental salary rises have been included which has resulted in an increase in salaries. The approved restructures also included drawdowns from earmarked reserves, a recharge to the HRA, an increase in Food Safety income plus a reduction in cost for the gully cleansing contract. The overall increased cost to the General Fund is £186k, although this has been deducted from the Growth provision and these costs were known and included within the MTFP in November.

Bad Debt Provision

- 5.19 It is proposed to increase the provision to £175k as the MTFP currently includes a provision of £100k each year. This is because there has been an additional cost incurred each year in excess of the budget previously but also with the risk that debt recovery will be affected due to the pandemic, therefore it is prudent to make an allowance for this.

Investment Income

- 5.20 The reduction expected on investment income is in line with the MTFP as reported in November and is due to interest rates falling and likely lower levels of cash.

Member's Allowances

- 5.21 The remuneration review was reported to Full Council in July and included an increase on allowances that are to be phased over a three-year period. This additional cost was included in the updated MTFP in November.

Earmarked Reserve Funding

- 5.22 There is a reduction in reserve funding proposed in 2021/22 for the Housing Benefits Service. Earmarked funding in 2020/21 was for professional services, undertaken with Erewash Borough Council, regarding the production of documents and eligibility checks. However, the Council will no longer be using the support as the Council's own technology is being upgraded to provide these services. Therefore, there has also been a budgeted saving included within this service area.

Tyres and Spare Parts

- 5.23 The cost of £21k for anticipated increases in vehicle maintenance was included within the MTFP as a known variance and has been transferred into the Base Budget for 2021/22. It is expected that costs will increase over the life of the plan therefore an additional sum per year is included within the MTFP and will be transferred into the Base Budget as required.

ICT Strategy

- 5.24 There has been an increased budget proposed on licences and computer maintenance agreements (£42k) controlled by the Head of Business Change and ICT with a reduction on telephones and internet charges (£22k).

- 5.25 Movements in these cost lines were expected and included within the ICT Strategy provision in the MTFP. The strategy budget will now be reduced to compensate for the base budget increase.

One-off Costs

- 5.26 Consultancy costs for a review of Waste provision (£20k), body cams and equipment for the new Community Safety Enforcement Officer (£10k), contributions towards the East Midlands Economic Gateway (£22k) and a study on the Ivanhoe Line (£5k) were all approved and actioned during 2020/21 as one-off costs, and therefore these budgets have been removed for 2021/22.

HRA Recharges

- 5.27 A full review was undertaken for recharges from the General Fund to the HRA and reported in February 2020. It was expected based on the 2020/21 budget that there would be a reduction to these charges, and this was built into the MTFP.
- 5.28 Further to the collation of the budget, General Fund services that are recharged to the HRA have moved significantly due to differing factors.
- 5.29 The total impact of the increase in HRA recharges is £36k and after a full review of all charges, the following table details the movement by service area.

	Movement £'000
Head of Legal and Democratic	36
Head of Corporate Property	23
Strategic Director (Corporate Resources)	12
Head of Business Change and ICT	-2
Head of Customer Services	-16
Head of Organisational Development and Performance	-36
Head of Finance	-53
Total HRA Recharge Movement	-36

- 5.30 Corporate and Democratic costs plus Civic Offices overheads were reduced as part of the HRA review and Customer Services was increased due to call volumes now being diverted from HRA staff as approved by this Committee. The main increases are from direct support through Organisational Development and Finance which are based on transactional volumes, head count and cash responsibility.

Computer Maintenance Agreements

- 5.31 There have been marginal increases and reductions proposed in the budget for different service areas, but the main movement is within Finance.
- 5.32 An upgrade to the Financial Management System was approved by the Committee in August 2020 and the implementation costs were then included in the budget. A reduction of £25k is due to the removal of a one-off implementation cost.

6.0 Financial Risk Analysis

- 6.1 In addition to the cost pressures noted in section 5, as part of the base budget review, each Committee identified several risk areas. The main issues are detailed in the following table.

Risk	Issue / Potential Effect	Mitigating Action
Reduction in Income	Budgeted income from Planning, Licensing etc. totals £1.5m is not sustainable	Base budgets reflect actual income but remain prudent. This report contains detail on changes in anticipated income and is based on known marketplace conditions
Recycling	The Council is aware that the cost of kerbside recycling may be subject to increase	This is still under review. A provision of £100k has been set-aside in the MTFP to offset any additional costs. Additional costs are being incurred in 2020/21 due to Covid-19, but these are being funded by a Government Grant.
Growth	The Council's MTFP identifies underlying cost pressures yet to surface as a risk due to pressure from residential development.	A provision for growth has been set-aside in the MTFP each year over the life of the Plan and this is kept under review.
Management of Green Bank and Etwell Leisure Centres	The Council is currently losing income in 2020/21 to support the Contractor during Covid-19. The longer-term impact is unknown	Council support is being financed from a Government Grant in 2020/21 and the Government are currently considering further support for the Leisure Sector. This will be kept under review
External funding	As detailed in the report, several services are reliant on external contributions and reserve funding	Earmarked reserves to maintain spending over several years. These reserves are currently estimated to remain at £1.2m by 2022 but the reserve position is continually kept under review with service managers

6.2 Provisions for risks are made within the MTFP where the impact can be measured or estimated. A risk not included in the above analysis is included as a potential loss of income within the MTFP and is detailed below.

Factory Premises, Hearthcote Road

6.3 The tenant of the above property has an option to break the lease on 24th March 2023, subject to six months' written notice. If the break is exercised, it is unlikely that the property could be let in the short-term. This is due to the overall size and configuration of the buildings at the property which could make it unattractive to a single occupier.

6.4 Rental income of £190k per annum is currently paid by the tenant and the potential loss of income has been included in the MTFP.

7.0 Financial Implications

7.1 Detailed in the report.

8.0 Corporate Implications

Employment Implications

8.1 None.

Legal Implications

8.2 None.

Corporate Plan Implications

8.3 The proposed budgets and spending provides the financial resources to enable many of the on-going services and Council priorities to be delivered

Risk Impact

8.4 The Financial Risk Register is detailed within the Medium-Term Financial Plan, but individual Committee risks are listed in Section 6.

9.0 Community Impact

Consultation

9.1 Statutory consultation has been undertaken with the local business community and no issues have been raised.

Equality and Diversity Impact

9.2 None.

Social Value Impact

9.3 None.

Environmental Sustainability

9.4 None.

10.0 Conclusions

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

11.0 Background Papers

11.1 None

COUNCIL TAX SETTING

APPENDIX 1

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ £5 per Band D	-5,704,748	-6,003,955	-6,250,342	-6,508,368	-6,788,037	-7,084,823
Council Tax Increase	0	-62,447	-65,009	-67,693	-70,602	-73,689
RESERVE BALANCE	-11,626,134	-11,013,597	-9,508,369	-7,318,585	-4,813,895	-1,909,178

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 1.75%	-5,704,748	-5,929,886	-6,173,268	-6,428,116	-6,704,342	-6,997,475
Council Tax Reduction	0	11,622	12,065	12,559	13,093	13,659
RESERVE BALANCE	-11,626,134	-10,939,494	-9,357,122	-7,087,009	-4,498,538	-1,506,377

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 1.50%	-5,704,748	-5,915,317	-6,158,100	-6,412,322	-6,687,869	-6,980,282
Council Tax Reduction	0	26,192	27,233	28,353	29,566	30,852
RESERVE BALANCE	-11,626,134	-10,924,924	-9,327,385	-7,041,478	-4,436,534	-1,427,180

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 1.25%	-5,704,748	-5,900,747	-6,142,932	-6,396,528	-6,671,397	-6,963,090
Council Tax Reduction	0	40,762	42,401	44,147	46,039	48,044
RESERVE BALANCE	-11,626,134	-10,910,354	-9,297,647	-6,995,946	-4,374,530	-1,347,984

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 1.00%	-5,704,748	-5,886,144	-6,127,696	-6,380,659	-6,654,840	-6,945,802
Council Tax Reduction	0	55,365	57,637	60,016	62,595	65,332
RESERVE BALANCE	-11,626,134	-10,895,785	-9,267,910	-6,950,415	-4,312,526	-1,268,787

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 0.75%	-5,704,748	-5,871,607	-6,112,597	-6,364,940	-6,638,452	-6,928,704
Council Tax Reduction	0	69,901	72,736	75,735	78,984	82,430
RESERVE BALANCE	-11,626,134	-10,881,215	-9,238,172	-6,904,884	-4,250,522	-1,189,590

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 0.50%	-5,704,748	-5,857,038	-6,097,429	-6,349,146	-6,621,979	-6,911,511
Council Tax Reduction	0	84,471	87,904	91,529	95,456	99,623
RESERVE BALANCE	-11,626,134	-10,866,645	-9,208,435	-6,859,352	-4,188,518	-1,110,393

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax @ 0.25%	-5,704,748	-5,842,468	-6,082,261	-6,333,352	-6,605,506	-6,894,318
Council Tax Reduction	0	99,041	103,072	107,323	111,929	116,816
RESERVE BALANCE	-11,626,134	-10,852,075	-9,178,697	-6,813,821	-4,126,514	-1,031,197

	2020.21 £	2021.22 £	2022.23 £	2023.24 £	2024.25 £	2025.26 £
Council Tax @ 1.95%	-5,704,748	-5,941,508	-6,185,333	-6,440,675	-6,717,435	-7,011,134
Council Tax - no increase	-5,704,748	-5,827,865	-6,067,026	-6,317,484	-6,588,951	-6,877,032
Council Tax Reduction	0	113,643	118,307	123,191	128,485	134,102
RESERVE BALANCE	-11,626,134	-10,837,506	-9,148,960	-6,768,289	-4,064,510	-952,000

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN
BUDGET & PROJECTION as at FEBRUARY 2021**

	Budget £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25	Projection £ 2025.26
BASE BUDGET						
Environmental & Development	5,707,124	6,149,279	6,382,852	6,549,900	6,721,321	6,896,207
Housing & Community	2,538,336	2,650,462	2,792,946	2,844,411	2,897,581	2,951,322
Finance & Management	5,651,422	6,016,532	6,175,781	6,343,309	6,512,403	6,683,324
Net Service Expenditure	13,896,882	14,816,273	15,351,579	15,737,621	16,131,304	16,530,853
Accounting Adjustments						
Reverse out Depreciation	-988,536	-1,435,413	-1,435,413	-1,435,413	-1,435,413	-1,435,413
Minimum Revenue Provision (MRP)	189,512	181,932	174,654	167,668	160,962	154,523
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	75,891	20,556	20,556	1,639	0
	13,229,084	13,638,682	14,111,376	14,490,431	14,858,492	15,249,963
Add: Known Variations						
Vehicle Maintenance Plan (Tyres and Spare Parts)	0	0	23,000	20,000	55,000	55,000
Operational Services - Allocated Growth Excluded From Base Budget	322,446	107,014	146,652	382,329	160,367	164,376
Growth Provision Drawdown	0	0	0	-172,294	0	0
HRA Recharge Reduction	76,800	0	0	0	0	0
Local Plan Review	0	15,000	15,000	0	0	0
Incremental Salary Increases	0	0	21,842	22,388	22,948	23,522
Investment Income	0	0	11,000	51,000	68,040	70,000
Administration of Childcare Vouchers	1,750	1,750	1,750	1,750	1,750	1,750
Temporary Posts, Rosliston and Grants	0	-16,447	-100,298	-86,943	-95,844	-80,410
Potential Cost of New Waste Disposal Site	0	0	47,560	49,938	52,435	55,057
Potential Loss of Industrial Unit Income	0	0	190,000	190,000	190,000	190,000
Pension Earmarked Reserve Drawdown	-38,794	-41,122	-43,589	-6,783	0	0
District Election May 2023	0	0	0	125,000	0	0
TOTAL ESTIMATED SPENDING	13,591,286	13,704,877	14,424,293	15,066,817	15,313,188	15,729,258
Provisions						
Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	85,282	32,630	50,000	0	33,254	23,144
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL PROJECTED SPENDING	13,786,568	13,847,507	14,584,293	15,176,817	15,456,442	15,862,402

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN
BUDGET & PROJECTION as at FEBRUARY 2021**

	Proposed Budget £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25	Projection £ 2025.26
FINANCING						
Business Rates Retention	-4,188,978	-3,779,996	-3,779,996	-3,779,996	-3,779,996	-3,779,996
Discretionary Business Rate Relief Scheme	-3,000	0	0	0	0	0
Lower Tier Services Grant Allocation	0	-519,414	-2,388,033	-3,159,592	-2,843,633	-2,559,270
New Homes Bonus	-4,262,171	-3,381,517	-1,122,625	0	0	0
Council Tax Income	-5,704,748	-5,941,542	-6,185,402	-6,440,751	-6,717,520	-7,011,230
Core Spending Power	-14,158,897	-13,622,469	-13,476,056	-13,380,339	-13,341,149	-13,350,495
Add Estimated Collection Fund Surplus - Council Tax	-83,200	-124,054	-55,000	-55,000	-55,000	-55,000
TOTAL FINANCING	-14,242,097	-13,746,523	-13,531,056	-13,435,339	-13,396,149	-13,405,495
Revenue Surplus (-) / Deficit	-455,529	100,984	1,053,238	1,741,478	2,060,293	2,456,906
Capital Contributions						
Melbourne Sports Park Drainage	419,801	0	0	0	0	0
IT and Digital Strategy	210,000	166,000	160,000	160,000	160,000	166,500
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme (2017 contribution)	125,695	0	0	0	0	0
Community Partnership Scheme (2019 contribution)	275,000	0	0	0	0	0
Rosliston Forestry Centre - Play Project	0	50,000	0	0	0	0
Asset Replacement and Renewal Fund	360,000	358,000	357,000	356,000	355,000	355,000
TOTAL CAPITAL CONTRIBUTION	1,434,831	574,000	517,000	516,000	515,000	521,500
TOTAL GENERAL FUND DEFICIT	979,302	674,984	1,570,238	2,257,478	2,575,293	2,978,406
GENERAL FUND RESERVE BALANCE						
Balance b/fwd	-12,605,436	-11,626,134	-10,951,150	-9,380,912	-7,123,434	-4,548,141
Revenue Surplus (-) / Deficit	-455,529	100,984	1,053,238	1,741,478	2,060,293	2,456,906
Capital Contributions	1,434,831	574,000	517,000	516,000	515,000	521,500
Balance c/fwd	-11,626,134	-10,951,150	-9,380,912	-7,123,434	-4,548,141	-1,569,735

ENVIRONMENTAL & DEVELOPMENT SERVICES - BUDGET SETTING 2021/22

	Proposed Budget 2021/22 £	Approved Budget 2020/21 £	Movement £	Comments
Tourism Policy, Marketing & Development	61,071	66,071	-5,000	Favourable one-off cost for Ivanhoe Line in 20/21
Promotion and Marketing of the Area	273,252	289,849	-16,597	Favourable one-off cost for EMEG in 20/21 £22k; Adverse salaries £5k
Community Development	10,027	10,000	27	
ECONOMIC DEVELOPMENT	344,350	365,920	-21,570	
Food Safety	81,771	85,926	-4,155	Favourable income £10k, insurance £1k; Adverse salaries £7k
Pollution Reduction	410,289	320,971	89,318	Favourable training £4k, mileage £1k; Adverse salaries £92k, Computer main £3k
Pest Control	15,752	18,255	-2,503	Favourable computer main
Public Health	0	200	-200	
Public Conveniences	30,367	56,245	-25,879	Favourable depreciation £14k, grant payments £12k
Community Safety (Safety Services)	173,485	211,612	-38,127	Favourable salaries £30k, tools £10k; Adverse training £2k
Environmental Education	95,721	86,423	9,298	Adverse salaries
Welfare Services	1,800	1,800	0	
ENVIRONMENTAL SERVICES	809,185	781,433	27,752	
Environmental Maintenance (Other Roads)	-70,557	-1,281	-69,276	Gully cleansing contract fee removal due to in-house provision
Public Transport	29,001	28,999	2	
Off-Street Parking	103,357	98,667	4,689	Depreciation
HIGHWAYS & PARKING	61,801	126,385	-64,585	
Local Land Charges	18,651	18,876	-225	
Licensing	1,973	4,378	-2,406	Favourable DBS check £5k; Adverse salaries £3k
LICENSING & LAND CHARGES	20,624	23,254	-2,630	
Emergency Planning and Works	16,000	16,000	0	
Building Regulations	35,200	35,200	0	
Dealing with Development Control	281,178	254,914	26,263	Adverse salaries £18k, subscriptions £2k, internal recharge £6k

Applications				
Structure and Local Planning	313,807	301,604	12,203	Salaries
Street Name & Numbering	-7,556	10,255	-17,812	Favourable computer main trf to CPH50 £19k; Adverse salaries £2k
PLANNING	638,628	617,974	20,655	
Grounds Maintenance	653,399	658,908	-5,509	Favourable salaries £14k; Adverse HRA recharge £2k, depreciation £5k, insurance £1k
Countryside Recreation & Management	0	14,404	-14,404	Trf to Street Cleansing
Street Cleansing (not chargeable to highways)	540,678	390,639	150,039	Adverse salaries £105k, depreciation £37k, prof fees £6k, income £2k
STREET SCENE	1,194,076	1,063,950	130,126	
Household Waste Collection	1,745,163	1,596,001	149,161	Favourable one-off consultant for waste review in 20/21 £20k; Adverse salaries £20k, training £2k, depreciation £143k, insurance £4k
Trade Waste Collection	-99,563	-101,171	1,609	Insurance
Recycling	418,435	418,435	0	
Direct Services Central Admin	323,206	212,166	111,039	Salaries
Transport Services	693,374	602,775	90,598	Adverse salaries £49k, tyres & spare parts £21k, fuel £6k, insurance £12k, depreciation £2k
WASTE & TRANSPORT	3,080,615	2,728,207	352,407	
TOTAL BUDGET	6,149,279	5,707,124	442,155	

HOUSING & COMMUNITY SERVICES - BUDGET SETTING 2021/22

	Proposed Budget 2021/22 £	Approved Budget 2020/21 £	Variance £	Comments
General Grants, Bequests & Donations	300,510	300,594	-85	
Community Centres	210,725	263,719	-52,993	Favourable one-off budgeted redundancy cost 20/21 £69k; Adverse depreciation £14k, licences £1k, H&S checks £1k
Community Safety (Crime Reduction)	129,952	128,443	1,509	Salaries
Defences Against Flooding	56,237	51,987	4,250	HRA recharge
Market Undertakings	878	589	289	
Village Halls	-0	4	-4	
COMMUNITY DEVELOPMENT & SUPPORT	698,302	745,335	-47,034	
Arts Development & Support	15,040	15,290	-250	
Events Management	115,668	124,106	-8,439	Favourable internal recharge £34k, licences £1k; Adverse salaries £27k
Midway Community Centre	13,066	12,992	73	
Stenson Fields Community Centre	9,216	14,746	-5,530	Favourable NNDR £5k, income £4k; Adverse utilities £3k
RECREATIONAL ACTIVITIES	152,990	167,135	-14,145	
Melbourne Assembly Rooms	-1,668	2,463	-4,131	R&M trf to PSX81
Get Active in the Forest	31,175	28,779	2,397	Salaries
Sports Development & Community Recreation	171,118	165,004	6,114	Salaries
Indoor Sports & Recreation Facilities	537,233	436,657	100,576	Favourable trf of R&M to PSX81 £46k, insurance £1k, income £7k; Adverse depreciation £151k, utilities £4k
Outdoor Sports & Recreation Facilities (SSP)	0	2,939	-2,938	Salaries
Play schemes	19,950	19,949	0	
LEISURE CENTRES & COMMUNITY FACILITIES	757,807	655,791	102,016	

Allotments	-1,091	-1,212	121	
Rosliston Forestry Centre	249,137	214,623	34,514	Favourable salaries £6k, utilities £5k, insurance £4k; Adverse repairs £12k, depreciation £13k, CT/NNDR £5k, FE contribution £15k, income £5k
Cemeteries	18,950	17,797	1,153	R&M
Closed Churchyards	7,241	6,230	1,011	R&M
Parks and Open Spaces	303,035	281,132	21,903	Favourable reserve funding £62k, internal recharges £47k; Adverse salaries £110k, utilities £2k, depreciation £17k, income £2k
PARKS & OPEN SPACES	577,272	518,570	58,702	
Housing Standards	93,369	82,978	10,391	Adverse salaries £2k, prof fees £8k
Housing Strategy	97,880	95,803	2,077	Salaries
Administration of Renovation & Improvement Grants	50,298	50,813	-515	Salaries
Bed / Breakfast Accomodation	6,500	6,500	0	
Pre-tenancy Services	190,421	189,924	497	Salaries
Other Housing Support Costs (GF)	25,623	25,487	136	Salaries
PRIVATE SECTOR HOUSING	464,091	451,504	12,586	
TOTAL BUDGET	2,650,462	2,538,336	112,126	

FINANCE & MANAGEMENT - BUDGET SETTING 2021/22

	Proposed Budget 2021/22 £	Approved Budget 2020/21 £	Variance £	Comments
Business Change	98,042	100,362	-2,320	Favourable HRA recharge £8k; Adverse salaries £3k, training £2k, insurance £1k
Digital Services	153,559	170,552	-16,994	Favourable HRA recharge £31k, printing £8k; Adverse salaries £2k, computer main trf from CPD30 £18k, training £2k
Caretaking	135,993	121,423	14,570	Adverse materials £6k, HRA recharge £9k
Senior Management	445,826	427,426	18,399	Favourable salaries £1k; Adverse HRA recharge £19k
Financial Services	387,047	433,607	-46,560	Favourable HRA recharge £42k, comp maintenance £25k; Adverse salaries £17k, printing £3k
Internal Audit	109,307	108,340	967	Favourable HRA recharge £2k; Adverse prof fees £3k
Merchant Banking Services	61,200	69,942	-8,742	HRA recharge
ICT Support	732,555	616,900	115,655	Adverse salaries £2k, depreciation £55k, HRA recharge £37k, insurance £2k, computing costs to be drawn from Strategy budget £20k
Legal Services	264,534	250,898	13,636	Adverse salaries £2k, HRA recharge £12k
Performance & Policy	36,720	37,841	-1,120	Favourable HRA recharge £3k; Adverse salaries £2k
Personnel/HR	361,327	358,600	2,728	Favourable HRA recharge £12k; Adverse salaries £9k, comp maintenance £4k, long service awards £1k, insurance £1k
Communications	75,667	96,989	-21,322	Favourable salaries £3k, HRA recharge £18k
Customer Services	492,308	505,543	-13,235	Favourable stationary £5k, postage £5k, HRA recharge £16k; Adverse salaries £13k

Health & Safety	48,073	50,531	-2,458	Favourable HRA recharge £3k; Adverse salaries £1k
Admin Offices & Depot	632,236	524,261	107,975	Adverse salaries £3k, training £3k, trf of R&M from CCA00 & CCD30 £50k, refuse £2k, NNDR £3k, HRA recharge £22k, depreciation £20k, van hire £4k, insurance £1k
Protective Clothing	28,819	23,250	5,569	Growth approved Oct 20
Procurement	12,149	17,033	-4,885	HRA recharge
CENTRAL SUPPORT SERVICES	4,075,360	3,913,496	161,864	
Democratic Representation & Management	85,473	83,003	2,471	Favourable comp maintenance £3k, subs £1k; Adverse salaries £1k, HRA recharge £5k
Corporate Management	64,458	63,905	554	Subscriptions
Corporate Finance Management	37,437	37,114	323	Favourable HRA recharge £2k; Adverse prof fees £2k
Elected Members	347,401	316,032	31,369	Favourable prof fees £10k, expenses £2k; Adverse Allows £25k, HRA recharge £19k
CORPORATE & DEMOCRATIC COSTS	534,770	500,053	34,717	
Registration of Electors	56,531	58,729	-2,198	Training
Conducting Elections	171,893	163,773	8,120	Salaries
ELECTIONS & REGISTRATION	228,425	222,502	5,922	
Funded Pension Schemes	280,072	278,341	1,731	Actuary fees
Increase/Decrease in Provision for Bad or Doubtful Debts (GF)	175,000	100,000	75,000	Allowance for Benefits
Parish Councils	417,607	417,441	166	
Interest & Investment Income (GF)	-147,585	-177,738	30,152	Investment income
External Interest Payable (GF)	500	700	-200	
PARISHES, INTEREST, S106 RECEIPTS & PROVISIONS	725,594	618,745	106,849	
Estate Management	-267,508	-276,481	8,972	Favourable HRA recharge £8k; Adverse salaries £3k, NNDR £3k, void allowance £10k, depreciation £1k
ESTATE MANAGEMENT	-267,508	-276,481	8,972	
Council Tax Collection	116,327	110,110	6,217	Salaries
Non Domestic Rates Collection	-84,500	-84,500	0	

Revenues & Benefits Support & Management	136,633	114,957	21,676	Favourable prof fees £7k; Adverse salaries £5k, grant income £3k, reserve funding £21k
Rent Allowances Paid	53,047	84,266	-31,219	Recovery rate of overpays
Net cost of Rent Rebates Paid	81,999	48,809	33,191	Recovery rate of overpays
Corporate Fraud	45,474	44,500	974	Reserve funding
Universal Credit	0	0	0	
Housing Benefits Administration	327,285	311,337	15,947	Favourable training £6k; Adverse salaries £7k, prof fees £13k
REVENUES & BENEFITS	676,265	629,479	46,786	
TOTAL BUDGET	5,972,905	5,607,795	365,110	

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD (01283 595939) victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/2020-21/Feb
SUBJECT:	HOUSING REVENUE ACCOUNT BUDGET 2021/22 and FINANCIAL PLAN TO 2030	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the proposed revenue income and expenditure for 2021/22, together with the 10-year Financial Plan for the Housing Revenue Account (HRA) as detailed in **Appendix 1**, is approved.
- 1.2 That the HRA is kept under review and measures identified to mitigate the financial risks detailed in the report and to maintain a sustainable financial position.

2.0 Purpose of the Report

- 2.1 The base budget for 2021/22 and financial plan of the HRA was considered in detail by the Housing and Community Services Committee on 28th January 2021. This included an increase in rents by of 1% for council tenants in 2021/22.
- 2.2 As part of the annual budget cycle, this report summarises the key changes between 2020/21 and 2021/22, an update to the MTFP plus financial risks associated with the HRA.

3.0 Detail

The Position Entering the 2021/22 Budget Round

- 3.1 During the current financial year, the financial position of the HRA has been reviewed and updated to reflect changes to the structure in the Housing Service plus the budget outturn position for 2019/20.
- 3.2 The latest position reported in November 2020, estimated a large deficit on the HRA in 2021/22 of £1.3m, decreasing the HRA's General Reserve to approximately £7.1m.

Formulating the 2021/22 Base Budget

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

On-going Service Provision

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

Base Budget 2021/22

- 3.7 The HRA’s Base Budget and longer-term financial projection up to 2030/31 is detailed in **Appendix 1**. A projection of this length is required for the HRA to ensure that future debt repayments and capital expenditure are affordable for the longer-term sustainability of the Council’s housing stock.
- 3.8 The following table provides an overall summary of the HRA’s Net Operating Income position with a comparison to the approved 2020/21 budget.

HOUSING REVENUE ACCOUNT - BUDGET 2021/22

	Proposed Budget 2021/22 £	Approved Budget 2020/21 £	Variance £
Rental Income	-12,385	-12,168	-217
Non-Dwelling Income	-127	-143	16
Supporting People Grant	-130	-130	0
Other Income	-177	-177	0
General Management	1,848	1,834	14
Supporting People	951	866	85
Responsive	1,406	1,369	37
Planned Maintenance	1,975	1,921	54
Bad Debt Provision	125	100	25
Interest Payable & Receivable	1,738	1,713	25
Depreciation	4,127	3,700	427
NET OPERATING INCOME	-649	-1,115	466
Reversal of Depreciation	-4,127	-3,700	-427
Capital Expenditure	1,683	1,935	-252
Disabled Adaptations	300	300	0
Asbestos and Health & Safety Surveys	100	100	0
Debt Repayment - Balance of Depreciation	1,444	765	679
Major Repairs Reserve	600	600	0
New Build Contribution	0	0	0
Drawdown of MRR to fund Capital	0	0	0
Asset Replacement Earmarked Reserve	45	45	0
Additional Debt Repayment Transfer	2,150	771	1,379
Capital works non-traditional properties	100	100	0
General Fund Recharges	0	-77	77
ICT Upgrades	0	105	-105
HRA (SURPLUS) / DEFICIT	1,646	-171	1,817

3.9 The above table shows that the HRA's deficit is budgeted to increase from the £1.3m reported in November by £276k to £1,646k and the position on the Fund changes from a surplus to deficit position between 2020/21 and 2021/22. Additional expenditure was included in the MTFP in November but updates to the CPI, Right to Buy and void losses forecasts plus an approved increase of 1% in rents for 2021/22 has resulted in an impact to rental income which is detailed later in the report.

3.10 The main variances are summarised in the following table with the larger variances summarised in the proceeding paragraphs.

	£'000
Capital expenditure and debt repayment	1,701
Salaries	101
Forecasted General Fund recharge reduction	77
General Fund recharges 2021/22	36
Bad Debt provision	25
Investment income	25
Insurance	13
Computer maintenance agreements	11
Equipment repairs	10
Utilities for void dwellings	10
Council Tax for void dwellings	9
Rental income	-201
Budget increase	<u><u>1,817</u></u>

Council House and Garage Rents

- 3.11 The overall change between 2020/21 and 2021/22 is an estimated increase of £201k for dwelling and non-dwelling income. This is due mainly to the application a 1% increase to rents.
- 3.12 The MTFP includes an increase of 1% for rental income in 2021/22 and CPI plus 1% from 2022/23 in line with Government guidance.
- 3.13 During the review of rental income, the MTFP has been amended to include a higher level of Right to Buy than previously forecast, a slight increase in void turnaround and revised CPI figures. Consequently, projected rent receipts have been reduced by almost £2.6m over the life of the plan to 2030. The full detail was reported to Housing and Community Services Committee on 28th January.

Capital Expenditure and Debt Repayment

- 3.14 Proposed capital expenditure is based on stock condition survey data and the fluctuation in required expenditure year-on-year and is included within the MTFP.
- 3.15 The contribution to the Debt Repayment Reserve is profiled in line with capital expenditure to not only ensure that the HRA General Reserve does not fall below the statutory £1m but to also have available funds to repay debts as they become due. The contribution and repayment of debt is included within the MTFP.
- 3.16 A one-off expense for an upgrade to the Housing Management software is included within the MTFP for 2020/21 and although this upgrade has not yet taken place, the sum of £105k will be earmarked for use in 2021/22.

Increased Staffing Costs

- 3.17 A pay award is not included within the Base Budget at this stage as no official notification has been submitted to the Council although it is expected that no award will be made in 2021/22 in accordance with the Government's national pay freeze.
- 3.18 The MTFP includes a provision for a potential pay award increase of 2.5% per year for all employees from 2022/23. [Page 56 of 94](#)

- 3.19 Incremental salary increases are included within the MTFP each year and are expected ahead of the Budget round.
- 3.20 Base salary costs have increased between years due to the Housing restructure which was approved at this Committee in October 2020. This was included in the update to the MTFP in November 2020.

General Fund Recharges

- 3.21 A full review was undertaken for recharges from the General Fund to the HRA and reported in February 2020. It was expected based on the 2020/21 budget that there would be a reduction to these charges, and this was built into the MTFP.
- 3.22 The £77k saving reported for 2020/21 is still expected to be seen but further to the budget round, General Fund services that are recharged to the HRA for 2021/22 have moved significantly due to differing factors.
- 3.23 The total impact of the increase in HRA recharges is £36k and after a full review of all charges, the following table details the movement by General Fund service area.

	Movement £'000
Head of Finance	53
Head of Organisational Development and Performance	36
Head of Customer Services	16
Head of Business Change and ICT	2
Strategic Director (Corporate Resources)	-12
Head of Corporate Property	-23
Head of Legal and Democratic	-36
Total HRA Recharge Movement	36

- 3.24 Corporate and Democratic costs plus Civic Offices overheads were reduced as part of the HRA review and Customer Services was increased due to call volumes now being diverted from HRA staff as approved by this Committee. The main increases are from direct support through Organisational Development and Finance which are based on transactional volumes, head count and cash responsibility.

Bad Debt Provision

- 3.25 It is proposed to increase the budgeted provision due to increases in the debt levels for dwellings plus the likely impact of recovery due to the pandemic.

Investment Income

- 3.26 The reduction expected on investment income is in line with the MTFP as reported in November and is due to interest rates falling and likely lower levels of cash.

Other Factors

- 3.27 The following detail is for information on the HRA position.

Debt Interest

- 3.28 Part of the existing debt portfolio includes £10m at a variable rate of interest. The budgets for 2020/21 and 2021/22 estimate an interest on this debt of 3%.
- 3.29 It is considered unlikely that rates will increase up to 3% by March 2022. Therefore, the cost of servicing debt is likely to be lower than budgeted, although this will be kept under review. A 1% variance in the rate equates to approximately £100,000 per year. The current rate payable of the variable debt element is 0.48%.

Depreciation

- 3.30 The increase is due to the revaluation of all Council dwellings in March 2020 which will be depreciated in accordance with accounting practice.
- 3.31 Depreciation is calculated on the existing use value and age of each property in the HRA. This is designed to ensure that the Council sets-aside sufficient resources to maintain and replace properties in future years.
- 3.32 The Council has an on-going capital programme and properties generally have a substantial useful life if maintained properly. Although the depreciation charge is included as a cost charged in the net operating income of the HRA, it is reversed out when calculating the overall surplus or deficit on the HRA.
- 3.33 However, under accounting regulations, the annual amount of capital expenditure, plus sums set-aside to repay debt, need to be equal to or greater than the depreciation charge for the year. This is effectively testing that the Council is properly maintaining and financing the liabilities associated with its housing stock.
- 3.34 Where the depreciation charge is lower than actual capital expenditure/debt repayment, the HRA would be charged with the difference in that particular year. For 2021/22, expenditure is in excess of depreciation.

The Longer-term Financial Projection

- 3.35 Following the introduction of the self-financing framework for the HRA in 2012, this generated a surplus for the HRA as the Council was no longer required to pay a proportion (approximately 40%) of its rental income to the Government in accordance with a national redistribution framework.
- 3.36 This released resources, which in the early years of the Housing Business Plan, were available for capital investment in the existing stock, together with resources for New Build. Surpluses in later years are to be used to repay the debt that the Council inherited in return for becoming “self-financing” and to continue a programme of capital maintenance in future years.
- 3.37 The HRA budget and projection is based on the principles that the HRA will carry a minimum unallocated contingency of at least £1m as a working balance and that sufficient resources are set-aside in an earmarked reserve to repay debt as instalments become due.

HRA Reserves

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

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

The Updated Financial Position

- 3.39 Following the base budget review, the 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 1**. The overall position has declined compared to the previous forecast due to the detail explained previously on income.
- 3.40 The General Reserve remains above the statutory £1m for the duration of the 10-year projection.
- 3.41 After a review of the capital programme, sums are being set-aside in the Major Repairs Reserve to ensure that future capital improvements can be funded. A revised stock condition survey has been completed and an update regarding profiling of the works over the next 30 years was reported during 2019/20.
- 3.42 There are a number of sites approved for acquisition, but the Capital Receipts Reserve is set to increase each year due to receipts from the sale of houses under the Right to Buy Scheme. The reserve has increased in line with the expected losses noted earlier in the report.

Debt Repayments and Borrowing

- 3.43 The Council took on the management of debt valued at £58m in 2012. No additional borrowing has been required.
- 3.51 The following debt repayments are due over the life of the current financial plan:
- 2021/22 - £10m
 - 2023/24 - £10m
 - 2026/27 - £10m
- 3.52 The financial projection to 2030/31 shows that these repayments can be met. The next repayments are not then due until beyond 2031.

Key Variables and Assumptions

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

Cost inflation	2.5% per year. This is lower than the current level of inflation and economic forecasts predict that a level of 2% will not be seen until 2024, this increase has not been updated in line. A provision of 2.5% in the short-term is considered prudent to reflect that prices for materials in the building industry tend to rise quicker than average inflation.
Annual rent increases	1% increase in 2021/22, CPI + 1% resulting in a 2% increase in 2022/23, 2.5% in 2023/24 and 3% per year thereafter.
Council house sales – “Right to Buys”	20 in 2021/22 and 22/23 reducing to 18 in 2021/22 and going forwards. Targets set by the Government in calculating the self-financing settlement expect sales of 10 per annum.
Interest Rates	Predominantly fixed; £10m variable debt at 3% until maturity in 2021/22.

Financial Risks

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

Future Rent Levels

3.55 The biggest risk in the Financial Plan is considered to be future rent levels. The rent level has been confirmed as an increase of 1% 2021/22.

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

Right to Buys

3.57 A decrease in current properties from sales continues to be built into the Budget and Financial Plan and this reflects the current level of sales. Therefore, the HRA will continue to generate resources for further new build and acquisition in the future, although on-going rental income is lost.

3.58 The main risk relates to a sudden surge in sales which has been apparent in recent years; although this generates capital, the loss in on-going rental income could have a much more adverse impact on the HRA which has now been built into the MTFP at a higher level.

Supporting People Grant

3.59 It has been assumed that this continues over the Financial Plan although this will be subject to policy decisions and directions from Derbyshire County Council.

3.60 Floating Support and Alarm and Telecare Monitoring contributions will impact the financial position of the Council although the full impact is currently unknown. A review is currently being undertaken by the County Council with discussions being held with

the Council's Head of Housing. As updates are known they will be reported to both Housing and Community Services and Finance and Management Committees.

Impairment

- 3.61 Impairment is an accounting adjustment that reflects a sudden reduction in the value of an asset. An asset becomes impaired where a one-off event (e.g. fire, vandalism, etc.) causes significant damage or there is a significant change in market conditions, which reduces the value of the asset.
- 3.62 In accordance with accounting regulations, provision has to be made in an organisation's accounts for the loss in an asset's value through impairment. However, as with depreciation, this is purely an accounting exercise for local authorities. Impairment charges are reversed out of revenue accounts to ensure that it does not affect the "bottom line" and Rent (in the HRA's case) payable by Council Tenants.
- 3.63 The Government has been reviewing this accounting treatment to bring local authorities into line with other organisations in accordance with International Reporting Standards. This has been challenged by the relevant professional bodies.
- 3.64 Large impairment adjustments are rare. In addition, impairment needs to affect the wider asset base. For example, damage to one property would not affect the overall value of the Council's stock, which is currently valued at £125m in total.
- 3.65 If there was a wider event affecting many properties however, this would lead to an impairment charge. It is considered that the most likely scenario is a sudden fall in property values as this would affect the overall valuation of the stock. The potential for impairment charges could have serious implications for all housing authorities and this is why it has been challenged.

Changes in Central Government Policy

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

Changes to Welfare Reform and Universal Credit (UC)

- 3.67 Universal Credit has been implemented in South Derbyshire for all working age new claimants during 2018 and there is concern amongst housing professionals that changes will see a reduction in payment of rent and an increase in arrears.
- 3.68 Currently, Housing Benefit is paid directly to a tenant's Rent Account where this is due. In a system of Universal Credit, the benefit element is effectively paid direct to the Tenant. The Pilot Schemes and evidence locally suggests that this gives the potential for tenants to default on their rent payments.
- 3.69 The rebate directly received from Housing Benefit by the HRA has noticeably reduced during 2020/21 compared to 2019/20 and the debt position at this stage is higher than in last financial year. This is being kept under review.

Rent Levels

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

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

This phasing ended in 2014/15, although a Formula Rent for each property remains. Councils have the option to relet void properties to new tenants at the Formula Rent and this is part of the Council’s Rent Policy. The Formula Rent is generally lower than Social Rents.

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

4.0 Financial Implications

4.1 As detailed in the report.

5.0 Corporate Implications

Employment Implications

5.1 None.

Legal Implications

5.2 None.

Corporate Plan Implications

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

Risk Impact

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

6.0 Community Impact

Consultation

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

Equality and Diversity Impact

- 6.2 None.

Social Value Impact

- 6.3 None.

Environmental Sustainability

- 6.4 None.

7.0 Conclusions

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

8.0 Background Papers

- 8.1 None.

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2021

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.3	2030.31
	Approved Budget	Proposed Budget	Forecast								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME											
Rental Income	-12,168	-12,385	-12,577	-12,838	-13,141	-13,450	-13,766	-14,089	-14,419	-14,756	-15,100
Non-Dwelling Income	-143	-127	-130	-133	-136	-140	-143	-147	-151	-155	-159
Supporting People Grant	-130	-130	-130	-130	-130	-130	-130	-130	-130	-130	-130
Other Income	-177	-177	-177	-177	-177	-177	-177	-177	-177	-177	-177
Total Income	-12,618	-12,819	-13,014	-13,278	-13,584	-13,897	-14,216	-14,543	-14,877	-15,218	-15,566
EXPENDITURE											
General Management	1,834	1,848	1,889	1,932	1,975	2,020	2,065	2,112	2,160	2,209	2,259
Supporting People	866	951	976	1,001	1,028	1,056	1,084	1,114	1,145	1,178	1,212
Responsive	1,369	1,406	1,439	1,473	1,509	1,545	1,582	1,620	1,658	1,698	1,739
Planned Maintenance	1,921	1,975	2,024	2,072	2,123	2,174	2,227	2,281	2,336	2,393	2,452
Bad Debt Provision	100	125	125	128	131	134	137	140	144	147	151
Interest Payable & Receivable	1,713	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,738	1,739	2,672
Depreciation	3,700	4,127	4,064	4,044	4,023	4,003	3,983	3,963	3,943	3,924	3,904
Net Operating Income	-1,115	-649	-759	-890	-1,057	-1,227	-1,400	-1,574	-1,752	-1,930	-1,177
Known variations:											
Reversal of Depreciation	-3,700	-4,127	-4,064	-4,044	-4,023	-4,003	-3,983	-3,963	-3,943	-3,924	-3,904
Capital Expenditure	1,935	1,683	1,470	1,433	1,477	1,516	1,547	1,182	1,261	1,489	2,103
Disabled Adaptations	300	300	300	300	300	300	300	300	300	300	300
Asbestos and Health & Safety Surveys	100	100	100	100	100	100	100	100	100	100	100
Debt Repayment - Balance of Depreciation	765	1,444	1,594	1,962	1,546	1,487	1,519	1,815	1,719	1,435	801
Major Repairs Reserve	600	600	600	300	600	600	200	600	600	600	600
Asset Replacement Earmarked Reserve	45	45	45	45	45	45	45	45	45	45	45

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2021

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
	Approved Budget	Forecast									
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	771	2,150	2,651	2,468	1,815	1,500	1,900	750	750	750	1,000
Investment Income	0	0	18	43	60	60	60	60	60	60	60
Capital works non-traditional properties	100	100	100	0	0	0	0	0	0	0	0
General Fund Recharges	-77	0	0	0	0	0	0	0	0	0	0
ICT Upgrades	105	0	0	0	0	0	0	200	0	0	0
Incremental Salary Increases	0	0	6	6	6	6	7	7	7	7	7
HRA Surplus (-) / Deficit	-171	1,646	2,061	1,723	869	385	295	-479	-853	-1,068	-65
HRA General Reserve											
HRA Reserve B/fwd	-8,260	-8,431	-6,785	-4,724	-3,001	-2,132	-1,747	-1,452	-1,931	-2,784	-3,852
(Surplus) / Deficit for year	-171	1,646	2,061	1,723	869	385	295	-479	-853	-1,068	-65
HRA Reserve C/fwd	-8,431	-6,785	-4,724	-3,001	-2,132	-1,747	-1,452	-1,931	-2,784	-3,852	-3,917
RESERVES											
Debt Repayment Reserve											
Balance B/fwd	-6,470	-8,006	-1,600	-5,845	-275	-3,636	-6,623	-42	-2,607	-5,076	-7,261
Depreciation balance	-765	-1,444	-1,594	-1,962	-1,546	-1,487	-1,519	-1,815	-1,719	-1,435	-801
Transfers to reserve	-771	-2,150	-2,651	-2,468	-1,815	-1,500	-1,900	-750	-750	-750	-1,000
Repayment of loan	0	10,000	0	10,000	0	0	10,000	0	0	0	0
Reserve C/fwd	-8,006	-1,600	-5,845	-275	-3,636	-6,623	-42	-2,607	-5,076	-7,261	-9,062
Earmarked Reserve											
Balance B/fwd	-251	-296	-341	-386	-431	-206	-251	-296	-341	-386	-431
Transfers to reserve	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45	-45
Asset Replacement	0	0	0	0	270	0	0	0	0	0	280
Reserve C/fwd	-296	-341	-386	-431	-206	-251	-296	-341	-386	-431	-196

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2021

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31
	Approved										
	Budget	Forecast	Forecast								
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve											
Balance B/fwd	-4,190	-4,890	-5,590	-6,290	-6,590	-7,190	-7,790	-8,390	-8,990	-9,590	-10,190
Transfers to reserve	-600	-600	-600	-300	-600	-600	-600	-600	-600	-600	-600
Earmarked non-traditional properties	-100	-100	-100	0	0	0	0	0	0	0	0
Reserve Drawdown	0	0	0	0	0	0	0	0	0	0	0
Reserve C/fwd	-4,890	-5,590	-6,290	-6,590	-7,190	-7,790	-8,390	-8,990	-9,590	-10,190	-10,790
New Build Reserve											
Capital Receipts B/fwd	-2,213	-1,322	-1,943	-2,561	-3,021	-3,478	-3,935	-4,237	-4,539	-4,842	-5,041
Acquisitions in year	2,108	0	0	0	0	0	0	0	0	0	0
S106 Drawdown	-490	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-727	-621	-618	-460	-457	-457	-302	-302	-302	-199	-199
Borrowing in year	0	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	-1,322	-1,943	-2,561	-3,021	-3,478	-3,935	-4,237	-4,539	-4,842	-5,041	-5,240

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD (01283 595939) Victoria.summerfield@southderbyshire.gov.uk	DOC: <i>s/finance/committee/2020-21/Feb</i>
SUBJECT:	CAPITAL BUDGET TO 2026	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That capital programme expenditure and funding to 2026 is considered and approved.
- 1.2 That the current Fleet Management Strategy and Vehicle Replacement Plan is reviewed in 2021/22 and is realigned to the level of resources currently available and that the outcome is reported back to this Committee.
- 1.3 That £600,000 is earmarked in the Capital Receipts Reserve to replace vehicles, plant and equipment in 2025/26, pending the above review.

2.0 Purpose of the Report

- 2.1 To detail the Council's proposed capital expenditure and funding for the five-year planning period to 2026.
- 2.2 The proposals included within the report are in relation to capital expenditure and funding for both the General Fund and HRA. The full programme is listed in **Appendix 1**.
- 2.3 Detail of the Council's capital reserves are covered in Section 4 with further detail on HRA capital reserves included in **Appendix 2**.

3.0 Detail

General Fund

- 3.1 General Fund projects are developed in line with strategies reported to policy committees and are funded through Section 106 receipts, grant income, General Fund contributions and capital receipts generated from General Fund asset sales.
- 3.2 A summary of the proposed five-year General Fund capital programme is listed in the following table.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Expenditure	£	£	£	£	£	£
Private Sector Housing	2,017,850	1,188,000	423,072	400,000	485,000	400,000
Cultural and Community Services	2,236,655	1,700,527	371,473	100,000	0	0
Environmental Services	28,500	0	50,000	0	0	0
Corporate Assets	1,567,736	731,896	347,000	426,420	1,084,814	1,516,760
Total Expenditure	5,850,741	3,620,423	1,191,545	926,420	1,569,814	1,916,760

3.3 Private Sector Housing capital projects are in the main funded through the Better Care Fund allocation received from Derbyshire County Council. Full detail of these projects was reported to Housing and Community Services Committee and the Committee in November 2020.

3.4 Cultural and Community Services projects consist of projects previously approved, the main projects being the Community Partnership Scheme and drainage works at Melbourne Sports Park plus projects included within the capital bidding round in October 2020.

3.5 Environmental Services has two projects as a result of the capital bidding round mentioned previously.

3.6 Corporate Assets includes numerous different projects relating to the asset base of the Council. The main projects are for vehicle replacements, the ICT Strategy and development of public buildings.

HRA

3.7 HRA projects mainly consist of refurbishment of council housing, new build and acquisition of council dwellings, disabled adaptations for council house tenants and vehicle replacements.

3.8 A summary of the five-year HRA capital programme is listed in the following table.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Expenditure	£	£	£	£	£	£
Major Capital Repairs	2,635,000	2,383,000	2,170,000	1,833,000	2,177,000	2,216,000
New Build and Acquisition	2,107,905	0	0	0	0	0
Vehicle Replacements	0	36,673	0	49,186	0	227,503
Disabled Adaptations	300,000	300,000	300,000	300,000	300,000	300,000
Total Expenditure	5,042,905	2,719,673	2,470,000	2,182,186	2,477,000	2,743,503
Funding						
Earmarked Reserves	0	36,673	0	49,186	0	227,503
HRA Revenue Contribution	2,935,000	2,683,000	2,470,000	2,133,000	2,477,000	2,516,000
S106 Contributions	490,000	0	0	0	0	0
New Build Capital Reserve	1,617,905	0	0	0	0	0
Total Funding	5,042,905	2,719,673	2,470,000	2,182,186	2,477,000	2,743,503

3.9 The Major Repairs budget is in line with the stock condition survey that was undertaken in 2018/19. It is likely that the budget for 2020/21 will underspend due to the pandemic. Any underspend will be transferred to the Major Repairs Reserve and utilised in future years.

3.10 New Build and Acquisition of new council dwellings are reported separately to Housing and Community Services Committee and this Committee as opportunities that offer value for money are identified.

3.11 The Disabled Adaptations budget of £300k has been reviewed and will remain the same over the life of the plan.

3.12 Vehicle Replacements are in line with the vehicle replacement schedule reported to Environmental and Development Services Committee January 2020.

4.0 Capital Reserves

General Fund

4.1 Capital receipts are generated through land and property sales and the receipts are available for one-off projects that will result in no longer-term revenue burden.

4.2 Often, General Fund capital projects are funded through grant income, General Fund contributions and S106 contributions with capital receipts being utilised on specific projects selected through a capital bidding evaluation process.

4.3 The current Capital Receipts Reserve and projected balance over the five-year period is listed in the following table.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
Reserve Balance B/fwd	1,436,172	1,629,222	1,559,425	1,037,952	937,952	852,952
Sale of the Depot	900,000	0	0	0	0	0
Cadley Park	796,650	705,000	0	0	0	0
Total Receipts	1,696,650	705,000	0	0	0	0
Costs Associated to Land Sales	25,134	0	0	0	0	0
Capital Bid Approvals	-1,269,659	-736,797	-521,473	-100,000	0	0
Midway Community Centre	-250,000	0	0	0	0	0
Repairs to Village Halls and Community Facilities	-9,075	0	0	0	0	0
Vehicle Replacements	0	0	0	0	0	-606,688
Strategic Housing Market Assessment	0	0	0	0	-25,000	0
Private Sector Stock Condition Survey	0	0	0	0	-60,000	0
Empty Property Grants	0	-38,000	0	0	0	0
Committed Expenditure	-1,503,600	-774,797	-521,473	-100,000	-85,000	-606,688
Reserve Balance C/fwd	1,629,222	1,559,425	1,037,952	937,952	852,952	246,264

4.4 It is likely that the Council will receive some additional receipts that are pending but not currently finalised from further land sales.

4.5 The capital bidding round concluded in 2020 and was reported to the Committee in October and £2.6m has been allocated to projects across the District which are all included in Appendix 1.

4.6 A vehicle replacement schedule was reported to Environmental and Development Services in January 2020. The current reserve balance and sums set-aside annually

will not be enough to cover the replacements of vehicles due in 2025/26. It is proposed to fund this shortfall from the balance in the Capital Receipts Reserve but prior to drawdown, rescheduling and extending asset life will be explored.

HRA

- 4.8 The HRA capital reserves are established from transfers from the HRA General Reserve and through Right to Buy receipts. Council policy is to reinvest all housing receipts from the sale of council houses and land into the housing stock and for new build and acquisition.
- 4.9 Transfers from the HRA General Reserve are for additional capital works to council dwellings required from stock condition surveys and for debt repayment.
- 4.10 A summary of the projected capital reserves for the HRA is listed in the table below with further detail in **Appendix 2**.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
New Build and Acquisition Reserve	1,321,978	2,045,995	2,766,943	3,381,694	3,993,313	4,604,932
Debt Repayment Reserve	8,006,000	1,600,000	5,845,000	275,000	3,636,000	6,623,000
Major Repairs Reserve	4,890,187	5,590,187	6,290,187	6,590,187	7,190,187	7,790,187
HRA Projected Capital Reserves	14,218,165	9,236,182	14,902,130	10,246,881	14,819,500	19,018,119

- 4.11 The New Build and Acquisition Reserve is topped up by Right to Buy receipts. The following table shows the projected level of sales of dwellings included within the Reserve projection.

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
Projected Council Dwelling Disposals	20	20	20	18	18	18

- 4.12 The balance on reserve will fluctuate based on the actual number of dwellings disposed of in year. Approved expenditure against this reserve is covered comfortably due to the large bought forward balance of £2.2m at the start of 2020/21.
- 4.13 Phased repayment of the HRA £57.4m loans taken out as part of self-financing starts in 2021/22 with a £10.0m capital repayment. Sums are being set-aside each year for the repayments in the Debt Repayment Reserve. The scheduled repayment profile of debt is shown in the following table.

Date due	£
28-Mar-22	10,000,000
28-Mar-24	10,000,000
28-Mar-27	10,000,000
28-Mar-32	10,000,000
28-Mar-37	10,000,000
28-Mar-42	7,423,000

57,423,000

- 4.14 The Major Repairs Reserve is to be topped up by any underspends in year on the capital programme with additional contributions being made to ensure there is enough set-aside in future years when [page 76 of 94](#) potential peaks in major capital refurbishment are anticipated.

5.0 Financial Implications

5.1 As detailed in the report.

6.0 Corporate Implications

Employment Implications

6.1 None.

Legal Implications

6.2 None.

Corporate Plan Implications

6.3 There are no specific targets within the Corporate Plan but ensuring sustainability of the Council's financial position enables services to deliver targets included with the Plan.

Risk Impact

6.4 None.

7.0 Community Impact

Consultation

7.1 None.

Equality and Diversity Impact

7.2 None.

Social Value Impact

7.3 None.

Environmental Sustainability

7.4 None.

8.0 Background Papers

8.1 None.

CAPITAL BUDGET AND FIVE-YEAR PROJECTION

	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
GENERAL FUND								
Private Sector Housing								
Major Disabled Facilities Grant (Private)	400,000	153,352	553,352	400,000	423,072	400,000	400,000	400,000
Empty Property Grants	38,000	-38,000	0	38,000	0	0	0	0
Strategic Housing Market Assessment	0	0	0	0	0	0	25,000	0
Private Sector Stock Condition Survey	0	0	0	0	0	0	60,000	0
Discretionary Top up Grants for under 18s	50,000	50,000	100,000	50,000	0	0	0	0
Healthy Homes Project	80,000	49,872	129,872	80,000	0	0	0	0
Establishing a Hospital to Home Scheme	100,000	100,000	200,000	100,000	0	0	0	0
Appointment of a dedicated Mental Health Worker	40,000	0	40,000	40,000	0	0	0	0
Ongoing cost of Funding additional Technical Officer	40,000	0	40,000	40,000	0	0	0	0
Relocation Grant	50,000	50,000	100,000	50,000	0	0	0	0
Dementia Friendly Homes Grant	15,000	5,000	20,000	15,000	0	0	0	0
Domestic Violence Crisis Prevention	50,000	0	50,000	50,000	0	0	0	0
Hospital Discharge Grant	20,000	10,000	30,000	20,000	0	0	0	0
Healthy Homes Assistance Fund	100,000	99,626	199,626	100,000	0	0	0	0
Pilot Schemes	200,000	0	200,000	0	0	0	0	0
Capital One-off Projects	150,000	0	150,000	0	0	0	0	0
Stay Active and Independent for Longer	60,000	0	60,000	60,000	0	0	0	0
Temporary Health and Housing Co-ordinator	45,000	0	45,000	45,000	0	0	0	0
Temporary Public Health Officer	45,000	0	45,000	45,000	0	0	0	0
Temporary Occupational Therapist	55,000	0	55,000	55,000	0	0	0	0
Expenditure	1,538,000	479,850	2,017,850	1,188,000	423,072	400,000	485,000	400,000
Derbyshire County Council - Better Care Fund	1,500,000	517,850	2,017,850	1,150,000	423,072	400,000	400,000	400,000
Capital Receipts Reserve	38,000	-38,000	0	38,000	0	0	85,000	0
Funding	1,538,000	479,850	2,017,850	1,188,000	423,072	400,000	485,000	400,000

	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
Cultural and Community								
Community Partnership Scheme (2017 & 2019)	400,695	-300,000	100,695	300,000	0	0	0	0
Melbourne Sports Park - Drainage Works	419,801	0	419,801	0	0	0	0	0
Revitalising Rosliston Forestry Centre	276,155	-226,155	50,000	360,527	321,473	100,000	0	0
Oversetts Road Football Facility	1,188,159	0	1,188,159	0	0	0	0	0
SUDS Improvements	20,000	0	20,000	50,000	50,000	0	0	0
Paradise Garden	30,000	0	30,000	0	0	0	0	0
CCTV Town Centre	13,000	0	13,000	0	0	0	0	0
Improvements to Play Areas	160,000	0	160,000	120,000	0	0	0	0
Miners Memorial Eureka Park	185,000	0	185,000	0	0	0	0	0
Urban Park - William Nadin Way	860,000	-860,000	0	860,000	0	0	0	0
Improvements to Swad Woodlands	30,000	0	30,000	10,000	0	0	0	0
Eureka Park Bowling Green	40,000	0	40,000	0	0	0	0	0

Expenditure

3,622,810	-1,386,155	2,236,655	1,700,527	371,473	100,000	0	0
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Section 106 Contributions	1,038,440	-468,440	570,000	578,440	0	0	0	0
External Contributions	3,000	0	3,000	0	0	0	0	0
Earmarked Reserves	0	0	0	135,290	0	0	0	0
Capital Receipts Reserve	1,710,874	-567,715	1,143,159	636,797	371,473	100,000	0	0
General Fund Contribution	870,496	-350,000	520,496	350,000	0	0	0	0

Funding

3,622,810	-1,386,155	2,236,655	1,700,527	371,473	100,000	0	0
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Environmental

Fly Tipping & Surveillance	28,500	0	28,500	0	0	0	0	0
Carbon Reduction	0	0	0	0	50,000	0	0	0

Expenditure

28,500	0	28,500	0	50,000	0	0	0
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Capital Receipts Reserve	28,500	0	28,500	0	50,000	0	0	0
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Funding

28,500	0	28,500	0	50,000	0	0	0
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	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
Corporate Assets								
Vehicle Replacements	762,532	-31,871	730,661	77,896	0	180,420	839,814	1,265,260
ICT Strategy	210,000	0	210,000	166,000	160,000	160,000	160,000	166,500
Public Buildings Repairs and Renewals	190,000	0	190,000	88,000	87,000	86,000	85,000	85,000
Repairs to Village Halls and Community Facilities	0	9,075	9,075	0	0	0	0	0
Midway Community Centre Extension	250,000	0	250,000	0	0	0	0	0
Town Centre Regeneration	300,000	-300,000	0	300,000	0	0	0	0
Repairs to Melbourne Assembly Rooms	260,000	-210,000	50,000	100,000	100,000	0	0	0
Purchase of Chamber Building	80,000	0	80,000	0	0	0	0	0
Extension to Marston on Dove Cemetery	48,000	0	48,000	0	0	0	0	0

Expenditure

2,100,532	-532,796	1,567,736	731,896	347,000	426,420	1,084,814	1,516,760
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Earmarked Reserves	898,197	-287,536	610,661	255,665	0	0	539,814	358,572
Capital Receipts Reserve	558,000	-200,925	357,075	100,000	100,000	0	0	606,688
Growth Provision Contribution	30,000	0	30,000	30,000	0	30,000	30,000	30,000
General Fund Contribution	614,335	-44,335	570,000	346,231	247,000	396,420	515,000	521,500

Funding

2,100,532	-532,796	1,567,736	731,896	347,000	426,420	1,084,814	1,516,760
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GENERAL FUND CAPITAL EXPENDITURE	7,289,842	-1,439,101	5,850,741	3,620,423	1,191,545	926,420	1,569,814	1,916,760
GENERAL FUND CAPITAL FUNDING	7,289,842	-1,439,101	5,850,741	3,620,423	1,191,545	926,420	1,569,814	1,916,760

	2020.21			2021.22	2022.23	2023.24	2024.25	2025.26
	Approved Budget £	Changes £	Revised Budget £	Projection £	Projection £	Projection £	Projection £	Projection £
HRA								
Major Capital Repairs	2,635,000	0	2,635,000	2,383,000	2,170,000	1,833,000	2,177,000	2,216,000
New Build - Moore Lane, Aston-On-Trent	487,905	0	487,905	0	0	0	0	0
New Build - Milton Road, Repton	490,000	0	490,000	0	0	0	0	0
New Build - Orchard Street, Newhall	280,000	0	280,000	0	0	0	0	0
New Build - Acresford Road, Overseal	850,000	0	850,000	0	0	0	0	0
Vehicle Replacements	0	0	0	36,673	0	49,186	0	227,503
Disabled Adaptations	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000
Expenditure	5,042,905	0	5,042,905	2,719,673	2,470,000	2,182,186	2,477,000	2,743,503
Earmarked Reserves	0	0	0	36,673	0	49,186	0	227,503
HRA Revenue Contribution	2,935,000	0	2,935,000	2,683,000	2,470,000	2,133,000	2,477,000	2,516,000
S106 Contributions	490,000	0	490,000	0	0	0	0	0
New Build Capital Reserve	1,617,905	0	1,617,905	0	0	0	0	0
Funding	5,042,905	0	5,042,905	2,719,673	2,470,000	2,182,186	2,477,000	2,743,503

HRA CAPITAL RESERVES

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
New Build and Acquisition Reserve						
Balance B/fwd	2,212,826	1,321,978	2,045,995	2,766,943	3,381,694	3,993,313
Projected Right to Buy Receipts	727,057	724,017	720,948	614,751	611,619	611,619
New Build - Moore Lane, Aston-On-Trent	-487,905	0	0	0	0	0
New Build - Acresford Road Overseal	-850,000	0	0	0	0	0
New Build - Orchard Street, Newhall	-280,000	0	0	0	0	0
Balance C/fwd	1,321,978	2,045,995	2,766,943	3,381,694	3,993,313	4,604,932

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
Debt Repayment Reserve						
Balance B/fwd	6,470,000	8,006,000	1,600,000	5,845,000	275,000	3,636,000
Depreciation Balance Transfer	765,000	1,444,000	1,594,000	1,962,000	1,546,000	1,487,000
Revenue Contribution	771,000	2,150,000	2,651,000	2,468,000	1,815,000	1,500,000
Repayment of Loan	0	-10,000,000	0	-10,000,000	0	0
Balance C/fwd	8,006,000	1,600,000	5,845,000	275,000	3,636,000	6,623,000

	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26
	£	£	£	£	£	£
Major Repairs Reserve						
Balance B/fwd	4,190,187	4,890,187	5,590,187	6,290,187	6,590,187	7,190,187
Revenue Contribution	600,000	600,000	600,000	300,000	600,000	600,000
Transfer for Non-Traditional Properties	100,000	100,000	100,000	0	0	0
Balance C/fwd	4,890,187	5,590,187	6,290,187	6,590,187	7,190,187	7,790,187

REPORT TO:	FINANCE and MANAGEMENT COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@southderbyshire.gov.uk	DOC: u/ks/budgets/budget 2021 22/Section 25 Report 2021
SUBJECT:	ANNUAL REPORT OF THE SECTION 151 OFFICER	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the Annual Report of the Section 151 Officer is considered and noted.
- 1.2 That the Council has due regard to the Annual Report when approving the Budget for 2021/22 at Full Council on 24 February 2021 and when considering future proposals for new spending and the utilisation of resources.
- 1.3 That no new spending commitments are added to the Base Budget and Medium-Term Financial Plan approved by the Finance and Management Committee on 11 February 2021, pending the outcome of the Government's Fair Funding Review.
- 1.4 That the Medium-Term Financial Plan is reviewed and updated following details emerging from the Government's Fair Funding Review which is expected in autumn 2021.

2.0 Purpose of the Report

- 2.1 In their role as the Council's Section 151 (Chief Finance) Officer, the Strategic Director (Corporate Resources) is required, under Section 25 of the Local Government Act 2003, to provide an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council reserves.
- 2.2 In doing so, the Report also includes an assessment of the Council's financial sustainability based on its spending plans and projected resources available, as set out in its Medium-Term Financial Plan (MTFP).
- 2.3 It is recommended that Elected Members of the Council pay due regard to the Annual Report when approving the Budget for 2021/22 and when considering proposals for new spending and the utilisation of resources.

3.0 Executive Summary

Overall Opinion of the Section 151 Officer

- 3.1 Based on the Budgets submitted for approval and the latest MTFP, the Council's current financial position continues to look healthy ahead of 2021/22.
- 3.2 However, over the planning period to 2025/26, the position could deteriorate based on current spending and projections regarding funding. Although the latest MTFP highlights the General Fund still operating at its minimum balance by 2025/26, *(based on a Council Tax increase of 1.95% for 2021/22)* significant budget deficits are forecast in the intervening period which will reduce the current General Fund Reserve from approximately £11.6 million in 2021 to 1.6 million by 2026.
- 3.3 On the positive side, projected spending allows for growth associated with residential development and other provisional expenditure such as additional waste collection costs, vehicle and IT replacements, etc. The MTFP also continues to assume that current service provision is maintained over the planning period, with allowances for inflation on pay and contracts, etc.
- 3.4 Although the Council can control its expenditure base and has time to take corrective action in a timely and planned manner if necessary, it cannot as easily control its external funding and in particular that provided by Government which accounts for approximately 60% of the Council's funding (the remaining 40% is met from Council Tax).
- 3.5 The biggest uncertainty and consequently the main risk to the Financial Plan, is Government funding from April 2022. As previously reported, this will depend on the final outcome and details of the Government's Fair Funding Review, including any changes to the redistribution of Business Rates and the replacement for the New Homes Bonus.
- 3.6 During 2019/20, the Council's "Financial Resilience Index" *(compiled by the Chartered Institute of Public Finance and Accountancy)* compared to other shire districts broadly confirmed the Council's position. This Index highlighted that the Council's current level of Reserves places the Council at a lower risk of financial difficulties with its sustainability measure being high in comparison to many other authorities.
- 3.7 However, it also highlighted the Council to be at a higher risk when it comes to the reliance on Government funding. Although this particular Index has not been updated ahead of 2021/22, an independent study commissioned by the Society of District Treasurers in 2020, highlighted the Council's strong position compared to other district councils.
- 3.8 This also highlighted the Council's resilience and ability to better recover from the effects of Covid-19, compared to many other authorities.
- 3.9 As reported during 2020/21, the Council has incurred additional costs and a reduction in income due to Covid-19. However, Government funding received to-date should, based on current estimates, compensate the Council without any longer-term effect on the MTFP; this is being kept under review.
- 3.10 Although the Council remains in a positive position, it should guard against complacency and continue to operate with a certain degree of caution. Where-ever possible, opportunities to generate efficiency and budget savings should be pursued with the concept of providing Value for Money being at the core of all Council spending.

- 3.11 The Section 151 Officer is aware that there may be proposals to meet certain spending pressures, which are not included in the MTFP. Re-directing current resources and/or using earmarked reserves should be considered where there may be greater pressure to spend.
- 3.12 In the meantime, until the Council's future funding position is more certain, it is recommended that no further financial commitments, beyond the proposed Budget and MTFP recommended by the Finance and Management Committee on 11 February 2024, should be made.

4.0 Detail

Basis of the Opinion

- 4.1 The Opinion is given within the general context detailed below, followed by a summary of each of the Council's main accounts and their financing. Reference is made to the separate budget reports considered by the various Policy Committees during January and February 2021.
- 4.2 The opinion also considers a broad independent analysis of the Council's financial resilience.

General Context

- 4.3 It is considered that estimates of income and expenditure included in the Base Budget and longer-term financial forecasts are prudent. They provide for inflation and other known variations (pensions, pay awards, etc.) together with provisions that recognise current cost pressures, Corporate Plan priorities and potential costs associated with Growth of the District.
- 4.4 The Budget for 2021/22 and forward projections are based on the most up-to-date economic forecasts for inflation and interest rates, etc. The Budget does not assume a vacancy rate for staffing and prudently assumes that all posts on the Council's Establishment are filled throughout the year.
- 4.5 In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This also includes a prudent reduction in Government funding in the form of Retained Business Rates and the New Homes Bonus (or its replacement) pending the outcome of the Government's Funding review.
- 4.6 Forward projections for Council Tax receipts are based on an increase in property numbers which are less than those contained in the Local Plan. Given the impact of Covid-19, they have also been scaled back for 2021/22 and 2022/23 compared to previous forecasts.
- 4.7 The compilation of detailed budgets has been undertaken in conjunction with service/budget managers and reviewed by the Council's senior management.
- 4.8 It is recognised that the Council has well established performance and budget monitoring arrangements in place to help ensure that Council finances are monitored effectively. This includes quarterly reports to the Finance and Management

Committee, in addition to statutory reports regarding the Annual Accounts and the Annual Budget.

- 4.9 The Council has traditionally spent within budget and generated additional income over that estimated. Although this is no guarantee of future performance, it does provide some comfort that budget preparation and budget management is sound.
- 4.10 The Council's Financial Strategy directs the Council to plan its spending over a 5-year rolling period for the General Fund and 10 years for the Housing Revenue Account (HRA). This provides an indication of the sustainability of spending plans and the projected level of Reserves. Consequently, this allows sufficient time in which remedial action can be implemented to address any issues in a planned and timely manner.
- 4.11 A full risk assessment, with mitigating actions, is considered alongside the MTFP for both the General Fund and the HRA.

Financial Resilience

- 4.12 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Resilience Index in December 2019. Th highlighted the Council's position on a range of measures associated with financial risk, with a comparison to similar authorities.
- 4.13 This Index has not been updated ahead of 2021/22 but is still relevant and worth some analysis. The Index was based on 8 measures, although they can be distilled down to 3 categories to illustrate the Council's position as shown below.

Financial Stress Indicator	Comparison Rating
Level and Sustainability of Reserves	Lower Risk
Debt level and interest payable	Higher Risk
Financing	Higher Risk

Reserves

- 4.14 The Council's current level of Reserves highlighted that the Council was in a much stronger position compared to many other shire districts.

Debt Level and Interest

- 4.15 The Council does have a high level of debt associated with the HRA which it inherited from the Government under the "self-financing system" in 2012/13. It is considered that the comparison with other authorities is influenced by the fact that many shire districts do not have their own housing stock, with over 50% of all authorities having transferred their stock to a Registered Social Landlord/Housing Association. There is a risk that this could skew the comparison.
- 4.16 Nevertheless, the level of outstanding debt for a district council is large at £58m. However, the cost of the debt and its repayment remains affordable within the HRA's Financial Plan and the financial model for the HRA is designed to ensure sums are set-aside on an annual basis to repay the debt. £30m is due to be repaid over the life of the current Financial Plan.

Financing

- 4.17 The Council is placed at a higher risk due to its reliance on the Government's funding system. Although the Council does not receive any Revenue Support Grant, its level of income from Business Rates, due to Growth, is considerably above its Baseline Level set by the Government in the current funding system.
- 4.18 Therefore, the Council is at risk to changes in the funding system and in particular if/when the Baseline Level is reset. If the Council's need is assessed as far less than that currently due to its Growth, then the Council could be penalised through an increase in its Levy.
- 4.19 This would be exacerbated if the Council were not part of the Derbyshire Business Rates Pool as no Levy (50%) is paid on Growth above the Baseline.

(Note: The Levy is effectively the amount that the Council pays to the Government from its 40% share of local Business Rates as part of the redistribution system of local authority resources)

- 4.20 The Index also highlighted that the Council does not generate as much income from fees and charges compared to other authorities. Again, this comparison may be influenced by the fact that the Council does not charge for car parking and will be in a minority of authorities who don't charge.
- 4.21 Perversely however, this has had a positive impact on the Council compared to other authorities during Covid-19 as income losses have not been as acute and impacted on the financial position.

Vulnerability and Recovery Index

- 4.22 In August 2020, the Society of District Council Treasurers commissioned Grant Thornton UK LLP to undertake analysis and the development of a Covid-19 Vulnerability and Recovery Index for all districts in England.
- 4.23 This was to understand the potential impact of Covid-19 on district councils, together with the vulnerabilities which need to be considered in any recovery plans. This formed part of a submission to Government regarding the allocation of future resources and to highlight the pressures specific to district councils.

(Note: The published report was contained in the Council Agenda on 5 November 2020 for information but was not fully considered at that time due to the on-going pandemic)

- 4.24 Six key indicators made up the Index, including one specifically relating to the financial vulnerability of each authority. The Council was ranked as one of the top three (least vulnerable) in England regarding financial vulnerability, i.e. its financial position shows itself to be strong and more likely to be resilient to the pressures of Covid-19, compared to other district councils.

General Fund Revenue Account

- 4.25 The Base Budget for 2021/22 highlights a budget deficit as previously forecast, which will be financed from the General Fund Reserve, as planned.

- 4.26 Increasing budget deficits are forecast in the next four years of the MTFP, potentially becoming significant by 2025/26. This is based on current expenditure increasing and current funding decreasing and is perhaps a worst-case scenario.
- 4.27 As highlighted above, this is mainly due to the uncertainty regarding Government funding beyond 2021/22.
- 4.28 As a Growth area, the Council should continue to benefit from any system based on the delivery of new housing and business. However, this will depend on Government priorities and how much funding is awarded to shire districts for distribution.
- 4.29 As the Resilience Index highlights, the Council is at risk from changes in the current funding system and the current uncertainty makes future planning more difficult. The MTFP prudently assumes that overall funding will fall towards its baseline funding assessment and if this is the outcome for the Council, potential deficits will need to be addressed early in the planning period.
- 4.30 Growth also brings additional demand on the Council's services and it is noted that the MTFP continues to set-aside (as yet unallocated) sums in the Base Budget to meet future costs.

General Fund Reserve

- 4.31 The current level of the Reserve continues to remain healthy. The projected level of the Reserve over the medium-term planning period is summarised below.

2020/21	£11.6 million
2021/22	£10.9 million
2022/23	£9.3 million
2023/24	£7.1 million
2024/25	£4.5 million
2025/26	£1.6 million

- 4.32 The above table shows that the General Fund Reserve is projected to reduce quite significantly over the current planning period. This allows the financing of committed capital projects and asset replacements, together with budget deficits, which include provisions to increase spending arising from Growth.
- 4.33 Under statute, the Council has to maintain an unallocated contingency in its General Reserve. The Council has set a minimum level of £1.5 million (around 10% of net expenditure) to be maintained by the end of 2025/26, and that target, based on current projections, should be achieved (*based on a Council Tax increase of 1.95% for 2021/22*).
- 4.34 However, as the Budget Report highlights, there are more significant deficits projected from 2022/23. Therefore, the position will need to be kept under review in order that the Council does not become over reliant on reserves, unless they are replenished.

Housing Revenue Account (HRA)

- 4.35 The HRA also remains in a healthy position and the current 10-year Financial Plan shows a sustainable position. It is noted that the Plan is based on a rent increase of 1% for 2021/22 and CPI + 1% from 2022/23. The HRA General Reserve is currently

forecast to remain at or above the minimum contingency level of £1 million over the life of the planning period.

- 4.36 Resources have been set-aside to deliver a capital programme of works and to maintain services at their current levels.
- 4.37 Although the HRA Plan currently appears sustainable, the Social Housing White Paper is likely to increase the need for additional capital works to ensure enhanced safety in all dwellings, for example, carbon monoxide monitoring and higher levels of electrical safety. The capital programme includes budgets for works of this nature although potentially not at the level required.
- 4.38 The Council is also expected to deliver improvements to dwellings to reduce the carbon footprint. This aim is contained within the Council's Corporate Plan, but the costs associated with improvements of this type have not been factored into the Financial Plan and could be significant. Grant funded is expected to be available to assist but may not cover the costs in full.
- 4.39 Resources have also been set-aside to repay debt. It is noted that the financial model for the HRA is designed to generate sufficient surpluses to maintain the original debt repayment schedule approved in 2012/13 as highlighted earlier in the Report.
- 4.40 The HRA's risk analysis shows that the main issues potentially are the continuing level of Right to Buys, future Government policy on Rents beyond 2023/24 and the external financing of the Supporting People Programme.
- 4.41 Complete loss of funding for Supporting People will result in a £1.3m reduction in income across the 10-year Plan. An added risk with Supporting People is the aging software. An upgrade will be required to transfer the service from analogue to digital which potentially will result in one-off costs of up to £0.5m. This is not included within the Financial Plan at this stage.
- 4.42 However, given the current position of the HRA, any remedial action required can be achieved in a planned and timely manner, although a more detailed review of resources may be required if the risks impact as highlighted above.

Capital Expenditure and Financing

- 4.43 All capital projects both in the General Fund and the HRA, have sufficient resources set-aside to finance the associated expenditure.
- 4.44 The Council still has access to a level of uncommitted General Fund receipts, and it is expected that potential asset sales over the MTFP period, will generate further resources. This will be driven from the Council's Asset Management Plan and Economic Development Strategy.
- 4.45 Overall, there are no major concerns currently associated with capital expenditure and its financing.

Treasury Management

- 4.46 The General Fund is currently debt free. Council expenditure is not reliant on any borrowing and given the current level of reserves and cash on deposit, it is unlikely that the Council will need to enter into any form of borrowing over the financial planning period.

- 4.47 The HRA debt is mainly at fixed interest rates and provision is being made in the HRA's financial plan to repay loans in accordance with a repayment schedule. A proportion of variable rate debt is currently costing significantly less than that budgeted so this provides some contingency should interest rates increase. This loan is due to be repaid in March 2022.
- 4.48 The Council is not reliant on interest rates increasing to generate a return on investments. A prudent assessment has been made in the MTFP for interest and dividends on investments and this is below the amount actually being generated. An increase in rates would be beneficial for the MTFP.
- 4.49 The Treasury Management Strategy includes a Lending Policy and Counterparty List. This is designed to ensure the liquidity and security of investments, rather than yield, although during Covid, this has come under some pressure as interest remain near to, or even below zero,
- 4.50 Besides the level of interest rates and the risk of negative rates becoming the norm, there are no other concerns associated with the Council's current treasury management position.

Other Usable and Earmarked Reserves

- 4.51 The Council maintains various reserves that are used to meet one-off/known commitments or to defray expenditure over a number of years, for example, ICT upgrades, vehicle replacements and community development projects.
- 4.52 Reserves held to finance on-going community and sports development spending, will need to be kept under careful review if external and partnership contributions significantly reduce. On-going contributions to asset replacement reserves are provided for in the MTFP.
- 4.53 Overall, it is considered that current reserves will remain sufficient to meet commitments over the life of the current MTFP. In addition, they should continue to be reviewed on an on-going basis to determine whether they are still required or can be reassigned to meet emerging cost pressures.

5.0 Financial Implications

- 5.1 None as a direct result of this report.

6.0 Corporate Implications

Employment Implications

- 6.1 None.

Legal Implications

- 6.2 None.

Corporate Plan Implications

6.3 None. The production of the Section 25 Report is a statutory requirement.

Risk Impact

6.4 None.

7.0 Community Impact

Consultation

7.1 None required.

Equality and Diversity Impact

7.2 None.

Social Value Impact

7.3 Not applicable.

Environmental Sustainability

7.4 Not applicable.

8.0 Background Papers

8.1 None

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 13
DATE OF MEETING:	11th FEBRUARY 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (EXT 5811) kevin.stackhouse@southderbyshire.gov.uk	DOC:
SUBJECT:	COMMITTEE WORK PROGRAMME	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: G

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 – Next F&M Committee 11 February 2021
Work Programme for the Municipal Year 2020/2021**

Work Programme Area	Date of Committee Meeting	Contact Officer (Contact details)
Coronavirus (Covid-19) Financial Impact	2 July 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Revenue Financial Monitoring 2019/20	2 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Financial Monitoring / Provisional Out-turn 2019/20	2 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Update 2019/20	2 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Homelessness / Rough Sleeping	2 July 2020	Paul Whittingham (Housing Services Manager) Paul.whittingham@southderbyshire.gov.uk (01283595984)
Corporate Plan 2020 to 2024: Quarterly Performance Reports	9 July 2020	Fiona Pittam fiona.pittam@southderbsyhire.gov.uk (01283 595735)
Evaluation of Capital Projects	9 July 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)

Transformation and Business Change Programme 2020 to 2024	9 July 2020	Anthony Baxter Head of Business Change and ICT Anthony.baxter@southderbyshire.gov.uk (01283 595712)
Sponsorship Policy and Guidance	9 July 2020	Nicola Lees nicola.lees@southderbsyhire.gov.uk (01233 595755)
Comments, Compliments, Complaints and FOI Requests	9 July 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Equalities Annual Report 2019/20	9 July 2020	Fiona Pittam fiona.pittam@southderbsyhire.gov.uk (01283 595735)
Revenue Budget Out-turn 2019/20	30 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Out-turn 2019/20	30 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Annual Report 2019/20	30 July 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)

Annual Value for Money Statement 2019/20	30 July 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Asset Management Plan 2020 to 2024	30 July 2020	Steve Baker (Head of Corporate Property) Steve.baker@southderbyshire.gov.uk (01283 595965)
Annual Health and Safety Report 2019/20	30 July 2020	David Clamp David.clamp@southderbsyhire.gov.uk (01283 595729)
Revenue Financial Monitoring 2020/21	27 th August 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Revenue Monitoring 2020/21	27 th August 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Update 2020-21	27 th August 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Procurement Strategy 2020 To 2024	27 th August 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbshire.gov.uk (01283 595811)
Q1 Corporate Plan Performance 20-24	8 th October 2020	Clare Booth Corporate Performance & Policy Officer Clare.booth@southderbyshire.gov.uk

Joint Consultative Committee: Terms of Reference	8 th October 2020	David Clamp Head of Organisational Development David.clamp@southderbyshire.gov.uk (01283 595729)
Evaluation of Bids for New Capital Projects	8 th October 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Audit Results Report for the Year Ending 31 March 2020	26 th November 2020	Jason Burgess (Assistant Manager) EY Jburgess3@uk.ey.co
Q2 Corporate Plan Performance 20-24	26th November 2020	Clare Booth Corporate Performance & Policy Officer Clare.booth@southderbyshire.gov.uk
Revenue Financial Monitoring 2020/21	26th November 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Revenue Monitoring 2020/21	26th November 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Update 2020-21	26th November 2020	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Comments, Compliments, Complaints and FOI Requests	26th November 2020	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)

Annual Accounts and Financial Statements 2019/20	7 th January 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Service Base Budgets 2021/22	7 th January 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Council Tax Premium on Long Term Empty Properties	7 th January 2021	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Discretionary Rate Relief	7 th January 2021	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Refuse Collection Route Optimisation	7 th January 2021	Adrian Lowery Head of Operational Services Adrian.lowery@southderbyshire.gov.uk
Proposed Local Council Tax Reduction Scheme 2021/22	11 th February 2021	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Consolidated Budget Proposals 2021/22 and Medium-Term Financial Plan to 2026	11 th February 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Programme Budget to 2026	11 th February 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)

HRA Budget 2021/21	11 th February 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Annual Report of the Section 151 Chief Finance Officer	11 th February 2021	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)
Introduction of Pre-Planning Application Charging	11 th February 2021	Steffan Saunders Head of Planning and Strategic Housing Steffan.saunders@southderbyshire.gov.uk
Transformation Plan Update and Progress	18 th March 2021	Anthony Baxter Head of Business Change and ICT Anthony.baxter@southderbyshire.gov.uk (01283 595712)
Corporate Plan Performance Monitoring Quarter 3 2021/22	18 th March 2021	Clare Booth Corporate Performance & Policy Officer Clare.booth@southderbyshire.gov.uk
Revenue Financial Monitoring 2020/21	18 th March 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Capital Budget Monitoring 2020/21	18 th March 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)
Treasury Management Update 2020/21	18 th March 2021	Victoria Summerfield (Head of Finance) Victoria.summerfield@southderbyshire.gov.uk (01283 595939)

Standby and Callout Procedure	18 th March 2021	David Clamp Human Resources Manager David.clamp@southderbyshire.gov.uk
Proposed Council Tax Reduction Scheme 2022/2023 – Options for Consultation	29 th April 2021	Kevin Stackhouse Strategic Director (Corporate Resources) Kevin.stackhouse@southderbyshire.gov.uk (01283 595811)