

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 7</b>
<b>DATE OF MEETING:</b>	<b>13<sup>th</sup> FEBRUARY 2020</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD (01283 595939)</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2019-20/Feb
<b>SUBJECT:</b>	<b>FINAL BUDGET PROPOSALS 2020/2021 AND FINANCIAL PLAN TO 2025</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 That a Council Tax increase for 2020/21 is recommended to Full Council on 26th February 2020.
- 1.2 That estimated net General Fund Revenue Expenditure totalling £12,798,230 for 2020/21 is recommended to Full Council on 26th February 2020.
- 1.3 That the Medium-term Financial Plan to 2025 on the Council's General Fund Revenue Account as detailed in **Appendix 1** is approved.
- 1.4 That the Financial Plan for the Housing Revenue Account (HRA) to 2030 as detailed in **Appendix 2** is approved.
- 1.5 That a transfer of £500,000 from the Growth Provision earmarked reserve into the Vehicle Replacement earmarked reserve is approved.
- 1.6 That the revised HRA Recharge from the General Fund is approved and updated in the Base Budgets.
- 1.7 That the Council's National Non-Domestic Rate Return (NNDR 1) for 2019/20, showing retained business rates of £11,200,979 for 2020/21 and £10,515,933 for 2019/20 is noted.

## **2.0 Purpose of the Report**

- 2.1 To detail the Council's final budget proposals for 2020/21 and medium-term financial projections on its revenue accounts.

- 2.2 These proposals will form the basis of setting the Council Tax for 2020/21 by Full Council on 26th February 2020. The Committee is required to recommend to Council a level of Council Tax for 2020/21.
- 2.3 The Council's proposed base budget for 2020/21 and projected medium-term financial position was reported in detail to the Committee on 9th January 2020 (*details are available at: [CMIS - F&M Committee](#)*)
- 2.4 This report does not repeat those details but firms up the position following a period of public scrutiny and consultation, together with confirmation of the Provisional Local Government Finance Settlement announced on 20th December.
- 2.5 The report also provides an overview of the Housing Revenue Account and its updated financial projection that was considered and approved by the Housing and Community Services Committee on 7th January 2020 (*details are available at: [CMIS - HCS Committee](#)*)
- 2.6 This report is divided into the following sections.
- Section 3: General Fund Revenue Account, including Council Tax
  - Section 4: Housing Revenue Account
  - Section 5: Risk Analysis and Earmarked reserves

### ***Appendices***

- *Appendix 1 – Projected General Fund Revenue Account*
- *Appendix 2 – Projected Housing Revenue Account*
- *Appendix 3 – List of Earmarked reserves*
- *Appendix 4 – HRA Recharge Detail*

## **3.0 General Fund Revenue Account**

- 3.1 As reported in January, the Council's Base Budget and Medium-Term Financial Plan (MTFP) were approved ahead of 2020/21. This took account of proposals contained within the Service Base Budgets but only included projections for core funding due to the Provisional Local Government Finance Settlement for 2020/21 being released after issuance of the Budget reports.
- 3.2 The overall projection on the General Fund, as reported in January, is summarised in the following table.

**Medium-Term Projection January 2020**

	<b>Budget Deficit £</b>	<b>Capital Contributions £</b>	<b>General Reserve £</b>
Approved Budget 2019/20	273,185	1,667,139	-8,486,090
Proposed Budget 2020/21	75,812	570,000	-7,840,278
Projection 2021/22	232,196	568,000	-7,040,082
Projection 2022/23	616,234	567,000	-5,856,848
Projection 2023/24	1,236,687	566,000	-4,054,161
Projection 2024/25	1,373,801	565,000	-2,115,360

## Updates Since January

- The Provisional Local Government Finance Settlement was released on 20th December and has resulted in an increased New Homes Bonus allocation for 2020/21 of £618,669. Further detail is included later in the report.
- A review of the HRA recharges from the General Fund has been undertaken and has resulted in a reduced charge of £384,000 from the General Fund over the 5-year MTFP. The main changes are noted in Section 4 of the report with full detail of the recharges listed in **Appendix 4**.
- Grant payments and Parish Concurrent Expenses have been uplifted by 2% as approved in January. Concurrent Functions have been uplifted based on the revised allocation reported in November 2019. This increase has been included at a cost of £58,547 in the base budget over the five-year plan.
- A Homelessness Funding notification of a grant payment from the Ministry of Housing, Communities and Local Government was received in January. A total grant of £167,822 is to be received and has now been included within the Base Budget. The Homelessness cost centre previously budgeted an earmark reserve drawdown for 2020/21 as no funding was confirmed. It is likely that part of this grant will be transferred into earmarked reserves at year-end for future prevention projects and therefore inclusion of the grant payment in the MTFP has not improved the General Fund position.
- Rosliston Forestry Centre is currently in the process of review and an increase to costs for 2020/21 and 2021/22 of £90,110 has been included. Further detail is included in an exempt report on this Committee Agenda.
- The NNDR 1 statutory return has been completed and resulted in increased retention of £510,553 in 2020/21. Further detail is included later in the report.
- After taking into account potential growth items during the Budget Round, the Growth Provision has been increased by £174,295 for the term of the Plan.
- No other major changes to service base budgets have been identified since those reported in January.

## The Final Financial Settlement for Local Government

### Business Rates

- 3.3 The Council has included amounts from retained Business Rates in its medium-term financial projections. Each year, the Council is required to submit estimated figures to the Government through an annual return (*NNDR1*) by 31<sup>st</sup> January.
- 3.4 This Return details the estimated rates available for distribution as Precepts – effectively on-account payments during the year. Following the completion of the annual return for 2020/21, the distributable amounts are estimated as shown in the following table with comparisons to 2019/20.

	2019/20 £	2020/21 £
Central Government	13,683,552	13,825,880
South Derbyshire District Council	10,515,933	11,108,437
Derbyshire County Council	1,951,366	2,535,436
Derbyshire Fire Authority	263,229	277,473
<b>Total Estimated Income</b>	<b>26,414,080</b>	<b>27,747,226</b>

***Note: The Police and Crime Commissioner is not funded through the Business Rates system***

- 3.5 It should be noted that the Council's actual amount is netted down to approximately £4.5m (from £11.1 m) in 2020/21. This is due to the Tariff payment of £6.6m as part of the redistribution system. A proportion of the deficit share on the Business Rates Collection Fund is also deducted from the distributed amount.
- 3.6 The assumptions and forecasted amounts in the MTFP have been updated from those reported in January and an additional £452,685 has been included over the life of the Plan. It is likely that the actual income will increase due to changes in Government funding of Business Rates Reliefs but at this stage it remains prudent not to factor additional income into the MTFP.

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

- 3.7 The allocation of NHB was published as part of the financial settlement. The Government has confirmed that the allocations for 2020/21 will be paid for one year only and no legacy payments will be made going forward.
- 3.8 Legacy payments from earlier years allocations will be made in 2020/21 but the Government is to consult in the spring on the future of the housing incentive and delivery of houses in areas where they are needed most.
- 3.9 The growth baseline set at 0.4% by the Government has remained unchanged and an additional £7m has been committed to the 2020/21 allocations at a national level.
- 3.10 The Finance Settlement has created a lot of uncertainty as NHB accounts for approximately 30% of the Council's funding. As more detail is released regarding the Governments revised funding allocations, the MTFP will be updated and reported to this Committee.
- 3.11 At this stage with the uncertainty of future funding, the MTFP has been updated with the assumption that, as a designated growth area, the Council will receive a similar level of funding in line with projected local plan housing developments.
- 3.12 NHB has been included in the MTFP up to 2024/25 using an average of the last 5 years housing growth. This has increased the projected funding from Central Government by £481,130 over the life of the Plan using an average growth of 849 properties per year.

### **Updated Projection**

- 3.13 The updated MTFP is detailed in **Appendix 1**. This includes the effects of the changes detailed in the above sections.

- 3.14 All other budgets and forward projections remain unchanged from that reported in January. The updated position is summarised in the following table.

**General Fund: Medium-Term Projection as at Feb 2020**

	<b>Budget Deficit / Surplus (-) £</b>	<b>Earmarked against Reserve £</b>	<b>Balance of General Reserve £</b>
Base Budget 2019/20	273,185	1,202,139	-8,951,090
Projection 2020/21	-922,391	1,035,000	-8,838,481
Projection 2021/22	253,960	568,000	-8,016,521
Projection 2022/23	538,248	567,000	-6,911,273
Projection 2023/24	1,017,483	566,000	-5,327,790
Projection 2024/25	1,923,023	565,000	-2,839,767

**Financial Risks**

- 3.15 During the annual budget round, several risks have been considered by the Council's Policy Committees. An updated risk analysis is detailed in Section 5.

**Council Tax 2020/21**

- 3.16 The Base Budget for 2020/21 includes a proposed increase in Council Tax of 1.95%. As usual, the Committee are required to recommend the level of Council Tax for 2020/21 to the Full Council on 26th February 2020. The Committee provisionally agreed a 1.95% increase in January,
- 3.17 The Band D Tax for 2019/20 is £162.31. The 1.95% increase in the MTFP will raise Band D to £165.48, an increase of £3.17 in 2020/21.
- 3.18 The Council has the flexibility to increase Council Tax by 3% or £5 at Band D, whichever is the higher, without triggering a local referendum. A £5 increase would raise Band D to £167.31, equivalent to 3.1%.

**4.0 Housing Revenue Account (HRA)**

- 4.1 The base budget and financial plan of the HRA was considered in detail by the Housing and Community Services Committee on 7th January 2020. This included an increase in rents by CPI plus 1% for council tenants in 2020/21 in accordance with provisions set out in the Government's Welfare Reform Act (2016) and after conclusion of the Rents for Social Housing from 2020 consultation.
- 4.2 The detailed report to the Housing and Community Services Committee is available at:

[CMIS - HCS Committee](#)

**The Position Entering the 2020/21 Budget Round**

- 4.3 The position reported in October 2019, estimated a surplus on the HRA in 2020/21 of £130k, increasing the HRA's General Reserve to approximately £7.1m.
- 4.4 As previously reported, the longer-term financial position for the HRA was significantly changed in 2015 due to the Government legislating to reduce Council House rents by 1% per year to 2020. An update has been issued after consultation and has reverted to the former rent increase policy of CPI plus 1%.

### **HRA Financial Plan as at February 2020**

- 4.5 Following a review of the Base Budget, the overall surplus is now estimated at £222k for 2020/21 which is an increase of £72k.
- 4.6 The 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 2**. The overall position has improved compared to the previous forecast due to an increase in the estimated surpluses going forward. This is due mainly to the reduction of the General Fund recharges detailed further at 4.10.
- 4.7 Overall, the Plan shows a sustainable position although deficits are forecast from years 2021/22 to 2025/26 due to contributions to the Debt Repayment Reserve.
- 4.8 Although the Financial Plan for the HRA appears sustainable, there are still several risks that could impact on the longer-term projection, so it is important that any future spending decisions are fully analysed for their affordability and the effect upon the longer-term Financial Plan.
- 4.9 In addition, it is important that services are kept under review given that future budgetary pressures may arise in the medium-term.
- 4.10 The recharges from the General Fund to the HRA for central support costs have been reviewed resulting in a reduced charge to the HRA.
- 4.11 Due to the transfer back of services from Northgate in 2017 and the senior management restructure in 2019, the cost base of the Council has changed significantly since the previous review of the recharge mechanism in 2013/14.
- 4.12 The changes by service areas are as follows:

	<b>Approved 2019/20 £</b>	<b>Proposed 2020/21 £</b>	<b>Movement</b>	
			<b>£</b>	<b>%</b>
Legal and Democratic	198,040	169,008	-29,032	-14.7%
Business Change and ICT	273,772	221,430	-52,342	-19.1%
Finance	191,951	212,316	20,365	10.6%
Operational Services	122,446	134,379	11,933	9.7%
Corporate Property	147,089	116,379	-30,710	-20.9%
Cultural and Community Services	4,369	0	-4,369	-100.0%
Organisational Development and Performance	109,799	135,946	26,147	23.8%
Customer Services	57,143	56,245	-898	-1.6%
Procurement	14,540	19,598	5,058	34.8%
Internal Audit	48,047	49,180	1,133	2.4%

Senior Management	104,289	80,171	-24,118	-23.1%
	<b>1,271,485</b>	<b>1,194,652</b>	<b>-76,833</b>	<b>-6.0%</b>

4.13 Detail by individual service cost centres is listed in **Appendix 4**.

## 5.0 Risk Analysis

### General Fund

5.1 The following table summarises the key risks and issues that the General Fund faces, and these risks have been reported during this Budget Round.

Factor	Potential Implications	Mitigation	Likely impact on Financial position
<b>Changes in Central Government Policy</b>	<ul style="list-style-type: none"> <li>Further reductions in core funding due to the national position or changes in redistribution systems</li> </ul>	<ul style="list-style-type: none"> <li>The MTFP has analysed and built in provisional allocations for future years based on the current funding mechanism but this is set to change, detail of which is to be issued in the spring</li> </ul>	<b>High</b>  Cumulatively a 1% variance in core funding equates to over £1/2m over the MTFP
<b>Council Tax and the Collection Fund</b>	<ul style="list-style-type: none"> <li>Collection rates reduce due to the economic climate</li> <li>Demand for Council Tax Support increases when resources are fixed</li> <li>Business Rates reduce due to appeals and a reduction in liable businesses</li> </ul>	<ul style="list-style-type: none"> <li>Council Tax Fund in surplus</li> <li>Tax receipts increasing from new properties</li> <li>Local Council Tax Support Scheme currently under review</li> <li>Continued membership of the Derbyshire Business Rates Pool</li> <li>Provisions made for Bad Debts and Appeals</li> </ul>	<b>Medium</b>  Only 10% of the Council Tax yield is transferred to the Council's General Fund.
<b>Growth</b>	<ul style="list-style-type: none"> <li>A key factor influencing future income and cost of service provision</li> </ul>	<ul style="list-style-type: none"> <li>The MTFP projects continuing growth in Council Tax receipts and New Homes Bonus which based on past performance and planning forecasts are less than actuals</li> <li>Separate Growth Provision established in the MTFP, which is set-aside to meet future demand</li> <li>Future income budgets for planning, etc. are currently within actual levels for 2019/20</li> </ul>	<b>High</b>  This could affect the MTFP either way. Growth is a determining factor for the Council's income and expenditure which could vary compared to that forecast.

<b>Budget Overspend</b>	<ul style="list-style-type: none"> <li>• Unexpected costs. There are on-going cost pressures as detailed in the Budget reports</li> </ul>	<ul style="list-style-type: none"> <li>• Current level of general and specific reserves is healthy and the MTFP allows contingencies for inflation and growth, etc. The Base Budget is assumed to increase by around 2% per year.</li> <li>• Monitoring arrangements in place allow early identification of issues</li> </ul>	<b>Medium</b>
<b>Economic Conditions</b>	<ul style="list-style-type: none"> <li>• Higher price increases on key costs such as fuel and utilities</li> <li>• Interest rates affect investment returns and debt payments</li> </ul>	<ul style="list-style-type: none"> <li>• Inflation provision for price increases across these key areas</li> <li>• The General Fund is currently “debt free” and not subject to movement in interest rates</li> <li>• Sufficient balances allow “internal borrowing” if required</li> <li>• Budgeted income from short-term investments has been increased but is not reliant on interest rates increasing</li> </ul>	<b>Low</b>

## HRA

5.2 The Budget report to the Housing and Community Services Committee included an assessment of several risks associated with the updated plan. These are summarised in the following table.

<b>Risk Area</b>	<b>Effect / Mitigation</b>
<b>Future Rent Levels</b>	<p>The biggest risk in the Financial Plan is considered to be future rent levels. The rent level from 2016/17 to 2019/20 has been set in accordance with statutory requirements i.e. a 1% reduction for each of those years. Beyond this, it has been confirmed that rents will again be allowed to rise and will return to the inflation-linked formula of <math>cpi + 1\%</math>. Clearly, the HRA is dependent on rental income (currently £11.9m per year) for its resources. Even small variations in rent changes (e.g. 0.5%) can have significant implications in monetary terms for the Financial Plan over the longer-term.</p>
<b>Right to Buys</b>	<p>A moderate decrease in current properties from sales continues to be built into the Financial Plan and this reflects the current level of sales. The main risk relates to a sudden surge in sales; although this will generate capital, the loss in on-going rental income could have a much more adverse impact on the HRA.</p>



<b>Supporting People Grant</b>	It has been assumed that this continues (cash limited) over the Financial Plan; this will be subject to policy decisions and directions from the County Council. There have been indications in recent years that this could be reduced from its current level and is subject to annual review. The Telecare and Floating Support Services are currently being reviewed by the County Council and this is being monitored by the Housing and Community Services Committee.
<b>Impairment</b>	This relates to an accounting adjustment, but any impact currently would not affect the HRA, although the issue is periodically reviewed to bring local authorities into line with other organisations in accordance with International Reporting Standards.  Large impairment adjustments are rare. However, if there was a significant event affecting many properties, 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 housing stock which would be charged to the HRA.
<b>Changes to Central Government Policy</b>	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.
<b>Welfare Reform and Universal Credit (UC)</b>	UC was implemented for all new claims in South Derbyshire in November 2018. Although there has been some effect on rent arrears, at present it is not material. The HRA Budget includes an annual provision of £100,000 as a contingency should rent arrears increase significantly for those tenants on UC and this is kept under review. In addition, support and advice is available to tenants to help prevent them from falling into arrears. The impact of UC is monitored by the Overview and Scrutiny Committee.

## **Earmarked Reserves**

- 5.3 The Council maintains various reserves that are used to meet one-off/known commitments or to defray expenditure over several years, for example, ICT upgrades, vehicle replacements, community development projects and grounds maintenance.
- 5.4 It is considered that current reserves will remain sufficient overall to meet commitments over the life of the current MTFP. 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.
- 5.5 A list of all earmarked revenue reserves and funds is detailed in **Appendix 3** showing current balances. A review and update regarding the use of these reserves was approved by the Council in October 2019.

## **6.0 Financial Implications**

- 6.1 As detailed in the report.

## **7.0 Corporate Implications**

### **Employment Implications**

- 7.1 None.

## **Legal Implications**

7.2 None.

## **Corporate Plan Implications**

7.3 The proposed budgets provide the financial resources to enable many of the on-going services and Council priorities to be delivered.

## **Risk Impact**

7.4 The Financial Risk Register is detailed in the report.

## **8.0 Community Impact**

### **Consultation**

8.1 The budget proposals and MTFP were disseminated through Local Area Forums, the South Derbyshire Partnership and separate consultation was undertaken with the local business community. No substantive issues were raised.

### **Equality and Diversity Impact**

8.2 None.

### **Social Value Impact**

8.3 None.

### **Environmental Sustainability**

8.4 None.

## **9.0 Background Papers**

9.1 None.

## GENERAL FUND MEDIUM TERM FINANCIAL PLAN

### BUDGET & PROJECTION as at FEBRUARY 2020

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>BASE BUDGET</b>						
Environmental & Development	5,106,688	5,366,303	5,540,254	5,691,050	5,845,800	6,002,085
Housing & Community	2,336,844	2,439,216	2,539,283	2,582,922	2,626,841	2,671,636
Finance & Management	5,370,548	5,353,306	5,544,547	5,698,595	5,860,535	6,018,048
<b>Net Service Expenditure</b>	<b>12,814,080</b>	<b>13,158,825</b>	<b>13,624,083</b>	<b>13,972,567</b>	<b>14,333,176</b>	<b>14,691,769</b>
<b>Accounting Adjustments</b>						
Reverse out Depreciation	-842,289	-988,536	-988,536	-988,536	-988,536	-988,536
Minimum Revenue Provision (MRP)	197,409	189,512	181,932	174,654	167,668	160,962
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	75,891	20,556	20,556	1,639
	<b>12,300,426</b>	<b>12,491,027</b>	<b>12,893,369</b>	<b>13,179,241</b>	<b>13,532,864</b>	<b>13,865,834</b>
<b>Add: Known Variations</b>						
Proposed Senior Management Restructure - One-Off Costs Provision	0	21,090	21,618	9,216	0	0
Vehicle Maintenance Plan (Tyres and Spare Parts)	0	0	20,000	43,000	40,000	75,000
Restructures Approved in August	10,895	0	0	0	0	0
HRA Recharge Reduction	0	76,800	76,800	76,800	76,800	76,800
Voluntary Grants and Concurrent Functions Uplift 2%	0	11,233	11,458	11,687	11,921	12,159
Local Plan Review	0	0	15,000	15,000	0	0
Incremental Salary Increases	0	0	20,610	29,125	37,853	46,800
Pay Award 2020/21	0	243,244	249,325	255,558	261,947	268,496
Reverse Pension Deficit Increase Included in Base Budget	0	-51,493	0	0	0	0
Pension Revaluation	0	88,688	91,725	94,813	97,954	101,147
Concurrent Functions Protection Approved Nov 19	0	50,059	50,059	50,059	50,059	50,059
Organisational Development and Performance Restructure Approved Nov 19	0	2,590	3,159	4,449	784	2,026
Savings from the Senior Management Restructure	-23,646	0	0	0	0	0
Investment Income	-100,000	0	30,000	51,000	81,000	98,040
Administration of Childcare Vouchers	1,750	1,750	1,750	1,750	1,750	1,750
Temporary Posts and Rosliston	0	-136,489	-263,336	-269,906	-270,222	-264,905
Potential Cost of New Waste Disposal Site	0	0	47,400	49,770	52,259	54,871
Potential Loss of Industrial Unit Income	0	0	0	190,000	190,000	190,000
Pension Earmarked Reserve Drawdown	-8,481	-38,794	-41,122	-43,589	-6,783	0
Pictorial Wildflower Planting Approved August 19	7,286	0	0	0	0	0
Community Safety Enforcement Officer Approved February 19	40,000	0	0	0	0	0
District Election May 2023	0	0	0	0	125,000	0
<b>TOTAL ESTIMATED SPENDING</b>	<b>12,228,230</b>	<b>12,759,706</b>	<b>13,227,815</b>	<b>13,747,973</b>	<b>14,283,185</b>	<b>14,578,078</b>

# GENERAL FUND MEDIUM TERM FINANCIAL PLAN

## BUDGET & PROJECTION as at FEBRUARY 2020

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>Provisions</b>						
Provision for Employer's NIC on "off-payroll" payments	10,000	10,000	10,000	10,000	10,000	10,000
Contingent Sum - Growth	460,000	450,000	450,000	450,000	450,000	450,000
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
<b>TOTAL PROJECTED SPENDING</b>	<b>12,798,230</b>	<b>13,319,706</b>	<b>13,787,815</b>	<b>14,307,973</b>	<b>14,843,185</b>	<b>15,138,078</b>
<b>FINANCING</b>						
Business Rates Retention	-3,707,693	-4,188,978	-3,699,726	-3,670,153	-3,676,916	-3,681,390
Discretionary Business Rate Relief Scheme	-20,000	-3,000	0	0	0	0
New Homes Bonus	-3,281,951	-4,262,171	-3,816,195	-3,815,552	-3,590,570	-2,692,927
Council Tax Income	-5,405,401	-5,704,748	-5,962,934	-6,229,020	-6,503,216	-6,785,737
<b>Core Spending Power</b>	<b>-12,415,045</b>	<b>-14,158,897</b>	<b>-13,478,855</b>	<b>-13,714,725</b>	<b>-13,770,702</b>	<b>-13,160,055</b>
Add Estimated Collection Fund Surplus - Council Tax	-110,000	-83,200	-55,000	-55,000	-55,000	-55,000
<b>TOTAL FINANCING</b>	<b>-12,525,045</b>	<b>-14,242,097</b>	<b>-13,533,855</b>	<b>-13,769,725</b>	<b>-13,825,702</b>	<b>-13,215,055</b>
<b>Revenue Surplus (-) / Deficit</b>	<b>273,185</b>	<b>-922,391</b>	<b>253,960</b>	<b>538,248</b>	<b>1,017,483</b>	<b>1,923,023</b>
<b>Capital Contributions</b>						
Melbourne Sports Park Drainage	33,799	400,000	0	0	0	0
IT and Digital Strategy	210,000	210,000	210,000	210,000	210,000	210,000
Purchase of Town Centre Land	44,335	0	0	0	0	0
Community Partnership Scheme (2017 contribution)	239,005	0	0	0	0	0
Community Partnership Scheme (2019 contribution)	275,000	0	0	0	0	0
Swadlincote Woodlands Nature Reserve	0	15,000	0	0	0	0
Rosliston Forestry Centre - Play Project	0	50,000	0	0	0	0
Asset Replacement and Renewal Fund	400,000	360,000	358,000	357,000	356,000	355,000
<b>TOTAL CAPITAL CONTRIBUTION</b>	<b>1,202,139</b>	<b>1,035,000</b>	<b>568,000</b>	<b>567,000</b>	<b>566,000</b>	<b>565,000</b>
<b>TOTAL GENERAL FUND DEFICIT</b>	<b>1,475,324</b>	<b>112,609</b>	<b>821,960</b>	<b>1,105,248</b>	<b>1,583,483</b>	<b>2,488,023</b>

**GENERAL FUND MEDIUM TERM FINANCIAL PLAN**  
**BUDGET & PROJECTION as at FEBRUARY 2020**

	Proposed Budget £ 2019.20	Projection £ 2020.21	Projection £ 2021.22	Projection £ 2022.23	Projection £ 2023.24	Projection £ 2024.25
<b>GENERAL FUND RESERVE BALANCE</b>						
Balance b/fwd	-10,426,414	-8,951,090	-8,838,481	-8,016,521	-6,911,273	-5,327,790
Revenue Surplus (-) / Deficit	273,185	-922,391	253,960	538,248	1,017,483	1,923,023
Capital Contributions	1,202,139	1,035,000	568,000	567,000	566,000	565,000
<b>Balance c/fwd</b>	<b>-8,951,090</b>	<b>-8,838,481</b>	<b>-8,016,521</b>	<b>-6,911,273</b>	<b>-5,327,790</b>	<b>-2,839,768</b>

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2020

[illegible]

## HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - FEBRUARY 2020

	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Additional Debt Repayment Transfer	0	777	2,150	2,651	2,468	1,815	2,000	1,839	750	750	750
General Fund Recharges	0	-77	-77	-77	-77	-77	-77	-77	-77	-77	-77
Investment Income	-85	0	25	43	68	0	0	0	0	0	0
Capital works non-traditional properties	200	100	100	100	0	0	0	0	0	0	0
Reverse Pension Deficit Increase Incl in Base Budget	0	-3	0	0	0	0	0	0	0	0	0
Pension Revaluation	0	18	18	19	19	20	20	21	21	22	22
ICT Upgrades	0	105	0	0	0	0	0	0	0	0	0
Potential Pay Award	0	44	45	47	48	49	50	51	53	54	55
Incremental Salary Increases	0	10	10	10	11	11	11	11	12	12	12
<b>HRA Surplus (-) / Deficit</b>	<b>-136</b>	<b>-222</b>	<b>1,210</b>	<b>1,557</b>	<b>1,172</b>	<b>215</b>	<b>212</b>	<b>-63</b>	<b>-1,410</b>	<b>-1,620</b>	<b>-1,876</b>
<b>HRA General Reserve</b>											
HRA Reserve B/fwd	-6,919	-7,055	-7,277	-6,068	-4,510	-3,338	-3,122	-2,911	-2,974	-4,384	-6,003
(Surplus) / Deficit for year	-136	-222	1,210	1,557	1,172	215	212	-63	-1,410	-1,620	-1,876
<b>HRA Reserve C/fwd</b>	<b>-7,055</b>	<b>-7,277</b>	<b>-6,068</b>	<b>-4,510</b>	<b>-3,338</b>	<b>-3,122</b>	<b>-2,911</b>	<b>-2,974</b>	<b>-4,384</b>	<b>-6,003</b>	<b>-7,879</b>

<b>List of Earmarked Reserves</b>	<b>Balance b/fwd April 2019</b>	<b>Movement 2019/20</b>	<b>Movement 2020/21</b>	<b>Estimated Balance</b>
<b>Specific Grants/Earmarked Reserves</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Homelessness Prevention	248,735	-12,367	-100,000	136,368
Schools Sport Partnership Project	228,469	-137,716	-90,753	0
Rosliston Forestry Centre - Capital Works	149,620	0	-149,620	0
Rosliston Forestry Centre - Café Reserve	23,080	0	-23,080	0
IT Reserve	461,842	-75,000	0	386,842
Local Plan - Consultation and Implementation	108,904	0	0	108,904
Vehicle, Plant and Replacement Fund (incl HRA)	134,289	1,009,000	-417,532	725,757
Environmental Education	9,709	1,411	0	11,120
Dilapidation Works - Factory Site as per Lease Agreement	10,869	0	0	10,869
Heritage Lottery Grants	18,000	-18,000	0	0
New Town Centre Project Fund	38,521	0	-38,521	0
Electoral Registration	4,058	0	0	4,058
Planning - Staffing and Support Costs	123,775	-27,786	-27,786	68,203
Planning - 20% Fee Increase	33,048	0	0	33,048
Software upgrades to GIS/LLPG	9,000	-9,000	0	0
Pensions Reserve	138,769	-8,481	-38,794	91,494
Corporate Training	53,035	0	-39,776	13,259
Welfare Reform, Fraud & Compliance	249,447	-13,500	-77,580	158,367
District Growth	985,000	-384,000		601,000
Garden Village Fund	163,570	-163,570	0	0
EU Exit Funding	17,484	0	-17,484	0
Economic Regeneration Fund	1,000,000	0	0	1,000,000
Building Control Transition	20,000	-20,000	0	0
Public Buildings Maintenance	130,059	-41,968	-50,000	38,091
Asset Replacement and Renewal Fund	130,000	250,000	0	380,000
Parks Improvement Fund	16,071	-16,071	0	0
Finance Staffing and Resource Costs	30,000	0	-30,000	0
District Conservation Works	10,000	-5,000	-5,000	0
HRA Software Upgrade	120,955	0	-120,955	0
Swadlincote Woodlands - S106	50,774	0	0	50,774
South Derbyshire Partnership Reserve	4,237	0	0	4,237
Community Safety and Crime Reduction	351,691	-44,143	-47,147	260,401
Young People's Cultural Partnership / Arts Development	7,306	0	0	7,306
Public Open Space - Commuted Sums	1,140,441	-45,791	0	1,094,650
Youth Engagement Partnership	603,638	-74,921	-84,544	444,173
Get Active in the Forest Partnership	60,528	-2,911	-16,110	41,507
Maurice Lea Park NHLF Grant	23,012	0	0	23,012
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	0	53,012
<b>Total</b>	<b>6,960,948</b>	<b>160,186</b>	<b>-1,374,682</b>	<b>5,746,452</b>
<b>Section 106 - Earmarked Funds</b>	<b>8,118,871</b>	<b>1,500,000</b>	<b>-1,000,000</b>	<b>8,618,871</b>
<b>TOTAL EARMARKED/SPECIFIC RESERVES</b>	<b>15,079,819</b>	<b>1,660,186</b>	<b>-2,374,682</b>	<b>14,365,323</b>



## HRA RECHARGES REVIEW 2019/20

APPENDIX 4

	2019/20		2020/21		Basis
	%	£	%	£	
Democratic Services	26%	27,831	20%	19,268	Number of reports / meetings relating to HRA
Elected Members	25%	102,396	20%	82,632	Number of meeting and Members attendance at meetings
Corporate Finance Management	30%	24,642	33%	29,532	Staff time and transaction analysis
Grounds Maintenance	17%	122,446	22%	134,379	Feedback from Head of Operations
Caretaking/Cleaning	20%	27,302	8%	10,054	Civic Offices floor area occupancy
Senior Management	21%	104,289	16%	80,171	Directors & CEO time on HRA matters
Financial Services	30%	153,810	33%	161,556	Staff time and transaction analysis
Internal Audit	31%	48,047	32%	49,180	Audit plan
Merchant Banking Services	18%	13,499	28%	21,228	Bank transactions and charges related to HRA
ICT Support	25%	262,251	20%	150,801	FTE employees working for the HRA
Web & Digital Services	0%	0	25%	17,425	Projects over a 4-year period
Business Change	0%	0	25%	36,951	Projects over a 4-year period
Legal Services	25%	67,813	21%	67,108	Time spent on HRA matters
Personnel/HR	23%	78,519	20%	66,775	FTE employees working for the HRA
Policy & Performance	0%	0	8%	7,528	Corporate Plan KPIs relating to HRA
Communications	15%	22,445	35%	54,515	Feedback from Head of Organisational Development & Performance
Customer Services	13%	57,143	13%	56,245	Minimal change
Health & Safety	23%	8,835	20%	7,128	FTE employees working for the HRA
Civic Offices & Depot	18%	75,191	7%	42,355	Civic Offices floor area occupancy
Procurement	46%	14,540	61%	19,598	Value and complexity of contracts relating to HRA
Defences Against Flooding	8%	4,369	0%	0	No specific on-going works for HRA
Print Room	8%	11,521	13%	16,253	Number of prints per annum
Estate Management	23%	44,596	25%	63,970	Feedback from Head of Corporate Property
		<b><u>1,271,485</u></b>		<b><u>1,194,652</u></b>	