

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	16th FEBRUARY 2017	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/budget round 201718/service base budget reports/final proposals/final budget proposals and financial plan17 18
SUBJECT:	FINAL BUDGET PROPOSALS 2017/2018 and FINANCIAL PLAN to 2022	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That a Council Tax increase for 2017/18 is recommended to Full Council on 1st March 2017.
- 1.2 That estimated net General Fund Revenue Expenditure totalling £11,147,622 for 2016/17 (revised) and £11,456,426 for 2017/18 is recommended to Full Council on 1st March 2017.
- 1.3 That the Medium-term Financial Plan to 2022 on the Council's General Fund Revenue Account as detailed in **Appendix 1** is approved.
- 1.4 That a strategy and action plan is drawn up to generate budget savings of £850,000 on the General Fund ahead of 2018/19.
- 1.5 That the Financial Plan for the Housing Revenue Account (HRA) to 2027 as detailed in **Appendix 2** is approved.
- 1.6 That the 5-year capital investment and financing plan to 2022 as detailed in **Appendix 3** is approved.
- 1.7 That the Council's National Non-Domestic Rate Return (NNDR 1) for 2017/18, showing retained business rates (before the Tariff) of £9,413,649 for 2016/17 and £9,727,674 for 2017/18 is noted.
- 1.10 That the report of the Council's Section 151 (Chief Finance) Officer under Section 25 of the Local Government Act 2003 is noted.

2.0 Purpose of the Report

- 2.1 To detail the Council's final budget proposals for 2017/18 and medium-term financial projections on its main revenue and capital accounts. This includes an assessment of the overall budget and level of reserves as required by the Local Government Act 2003.
- 2.2 These proposals will form the basis of setting the Council Tax for 2017/18 by Full Council on 1st March 2017.
- 2.3 The Council's proposed base budget for 2017/18 and projected medium-term financial position was reported in detail to the Committee on 12th January 2017 (*details are available at: <http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1992/Committee/416/Default.aspx>*
- 2.4 This report does not repeat those details but firms up the position following a period of scrutiny and consultation, together with confirmation of some provisional figures from January.
- 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 2nd February 2017. *That report is available at: <http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1983/Committee/419/Default.aspx>*
- 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: Capital Investment
 - Section 6: Report of the Chief Finance Officer under Section 25 of the Local Government Act 2003

Appendices

- *Appendix 1 – Projected General Fund Revenue Account*
- *Appendix 2 – Projected Housing Revenue Account*
- *Appendix 3 – Capital Investment Programme*
- *Appendix 4 – List of Earmarked reserves*

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 2017/18. This took account of the Local Government Provisional Financial Settlement for 2017/18 to 2019/20, together with proposals contained in the Service Base Budgets for 2017/18.
- 3.2 The overall projection on the General Fund, as reported in January, is summarised in the following table.

General Fund: Medium-Term Projection as at January 2017

Year	Budget Deficit / Surplus (-) £	Earmarked Sums £	Balance of General Reserve £
Base Budget 2016/17	-1,199,598	581,211	7,606,886
Proposed Budget 2017/18	-529,104	147,000	7,988,990
Projection 2018/19	819,138	20,000	7,149,852
Projection 2019/20	1,562,427	270,000	5,317,425
Projection 2020/21	1,604,595	270,000	3,442,830
Projection 2021/22	2,041,764	270,000	1,131,066

- 3.3 During the last few weeks, no major changes to service base budgets have been identified. In the meantime, the provisional Financial Settlement has been confirmed and the Base Budget for 2017/18, together with on-going implications for the MTFP, has been updated to include:
- The Business Rates position following submission of the Government's statutory return.
 - Pensions, following the results of the 2016 valuation of the Derbyshire Pension Fund.

The Final Financial Settlement for Local Government

- 3.4 The Final Settlement is expected to be confirmed by the Government shortly. It is anticipated that this will confirm allocations to the Council as contained in the provisional Settlement released in December. Therefore, no changes are required to the Base Budget or MTFP.

Business Rates

- 3.5 The Council has included amounts from retained rates in its medium-term financial projections. Each year, the Council is required to submit estimated figures to the Government through an annual return (*National Non-Domestic Rates Return 1 2017/18*) by 31st January.
- 3.6 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 2016, the distributable amounts are estimated as shown in the following table.

	£
Central Government (50%)	12,046,093
South Derbyshire District Council (40%)	9,727,674
Derbyshire County Council (9%)	2,168,297
Derbyshire Fire and Rescue Service (1%)	240,922
Total Estimated Income 2017/18	<u>24,182,986</u>

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

- 3.7 The Council's figure is before the payment of the Tariff. In addition, the Tariff amount is also paid over to the Government as part of the national redistribution system, set and fixed as part of the Financial Settlement. The Council's Tariff has been set at £6.25m in 2016/17 and £6.19m in 2017/18.
- 3.8 The above figures also include the estimated deficit on the Collection Fund for 2016/17 as reported to the Committee in January. The amount of approximately £9.73m in the above table is above that included in the proposed Base Budget for 2017/18 of £9.51m.
- 3.9 However, some of this additional growth will be subject to the Derbyshire Pool Levy and this will be kept under review. The MTFP includes an increase in Business Rates of 1% per year. It also assumes that the current deficit on the Collection Fund will continue until 2018/19.
- 3.10 It is not intended to change the current assumptions and forecasted amounts in the MTFP from that reported in January at this stage.

Pensions

- 3.11 Following the Budget Report in January, the Council has since been informed of the results of the triennial valuation of the Derbyshire Pension Fund. This will be used as the basis to determine contribution rates from April 2017 to March 2020.
- 3.12 The valuation of the Pension Fund revealed a level of solvency for the whole Fund of 86.7%, up from 82.5% in 2013. This continues the trend towards full solvency that commenced in 2007. Although there has been an increase in

liabilities of 12% since 2013, the deficit has reduced in cash terms by 15% from £663m in 2013 to £563m in 2016.

- 3.13 This was due to pay growth and general inflation remaining lower than anticipated, together with investment returns at 18.2% over 3-years, compared to an estimate of 14.4%. However, the current level of interest rates is continuing to have a negative impact with bond yields at all-time lows and forecast to remain lower for much longer.

The Council's Position

- 3.14 The Council's share of the Deficit is £11.7m, down from £13m in 2013. This has increased the level of solvency from 79% to 83%, although this is still below the average of 86.7% on the overall Fund. Consequently, the Council is still effectively "catching up."
- 3.15 The Council's contribution to the Fund, as an employer, is made-up of two rates, i.e. a primary and a secondary rate. The primary rate (currently 12.8% of an employee's pensionable pay) is designed to cover the cost of benefits accruing for existing scheme members.
- 3.16 The secondary rate is a lump-sum payment each year which is allocated to paying-off the deficit in the longer-term. This payment is currently £658,000 in 2016/17.
- 3.17 The Fund's Actuary has modelled contribution rates for the next 3-years to enable all benefits accruing to be met and to return the Council to a fully funded position over 19-years in accordance with the approved Funding Strategy.
- 3.18 In doing so, the Actuary has factored in potential investment returns, together with the likely number of pensioners that will still be drawing benefits in the longer-term and the age/profile of current Pension Fund Members.
- 3.19 As a result, the Council's primary rate has been calculated at 13.8% (fixed for 3-years) which is an increase of 1% on the current rate. In addition, the secondary rate in terms of the lump-sum payment has been calculated at £665,000 in 2017/18, £671,000 in 2018/19 and £678,000 in 2019/20. This is an increase compared to the current payment of £658,000 in 2016/17.

Budget Position

- 3.20 Pending the notification of the Fund's Valuation, the Budget and MTFP had included an increase of 4% per year between 2016/17 and 2019/20 in the deficit (secondary rate) and assumed no increase in the primary rate. The actual increase in the secondary rate is fairly marginal at £20,000 over 3 years. This is much lower than the 4% provision.
- 3.21 However, although the primary rate itself has only been increased by 1% (12.8% to 13.8%) this equates to an 8% increase in cash terms. Overall

therefore, there will be an increase in the cost of Pensions compared to that reported in January, as shown in the following table.

		2017.18	2018.19	2019.2	2020.21	2021.22
Increase in Primary Rate		54,948	55,772	56,888	58,025	59,186
Decrease in Secondary Rate		-11,717	-26,066	-36,447	-36,447	-36,447
Overall increase in MTFP		43,231	29,706	20,441	21,579	22,739

3.22 In total, this adds approximately £140,000 into the cost of services over the next 5-years compared to that previously estimated. This will be subject to the next valuation of the Fund in 2019, which will determine contribution rates from 2020/21.

Pensions Reserve

3.23 However, to offset increased costs, a separate earmarked reserve of £182,000 was set up in 2014/15. This was specifically earmarked to offset additional costs arising out of the 2016 Valuation.

3.24 Therefore, in accordance with the Council's Policy on Specific Reserves, the Pension Reserve will be drawn-down to finance the additional cost so that there is a neutral effect on the General Fund. The remaining balance on the Reserve will cover costs (subject to the next Valuation in 2019) for 7-years to 2023/24.

3.25 Future costs and the performance of the Fund will be kept under review. The next Valuation of the Fund is due in 2019 and this will determine contribution rates from 2020/21.

Other Updates

3.26 The only other change to the proposed Base Budget and MTFP is an increase in the cost of the Land Charges Unit of approximately £20,000 over 5-years.

3.27 This follows changes to duties and responsibilities as approved by the Committee in December 2016. As reported, it is anticipated that this cost will be met by increased income over the period of the MTFP.

Updated Projection

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

3.29 All other budgets and forward projections remain unchanged from that reported in January. The overall change is only marginal and the updated position is summarised in the following table.

General Fund: Medium-Term Projection as at February 2017

Year	Budget Deficit / Surplus (-) £	Earmarked Sums £	Balance of General Reserve £
Base Budget 2016/17	-1,198,868	581,211	-7,606,156
Proposed Budget 2017/18	-482,058	103,769	-7,984,444
Projection 2018/19	852,749	-9,706	-7,141,401
Projection 2019/20	1,586,881	249,559	-5,304,961
Projection 2020/21	1,630,297	248,421	-3,426,242
Projection 2021/22	2,068,661	247,261	-1,110,320

3.30 An assessment of the projected financial position is detailed in **Section 6** later in the report.

Financial Risks

3.31 During the annual budget round, several risks have been considered by the Council's Policy Committees. An updated risk analysis is also detailed in Section 6.

Council Tax 2017/18

3.32 The Base Budget for 2017/18 includes a proposed increase in Council Tax of 1.95%. As usual, the Committee are required to recommend the level of Council Tax for 2017/18 to the Full Council on 1st March 2017.

3.33 The proposed increase of 1.95% is below the Government's limit of 2%, above which a local referendum would be required to set a higher increase. As a shire district, the Council does have the option of increasing its Council Tax rate by up to £5 at Band D, without it being subject to a local referendum.

3.34 The Band D Tax for 2016/17 is £153.18. The 1.95% increase in the MTFP will raise Band D to £156.17, an increase of £3 in 2017/18. An increase of £5 would raise Band D in 2017/18 to £158.18 – 3.3%.

3.35 If an increase of 3.3% was applied in 2017/18, this would generate additional revenue of approximately £60,000 per year – cumulatively £340,000 over 5-years. As Council Tax is paid by households in proportion to Band D, Bands E to H would pay more than £5, whilst those in Bands A to C would pay less.

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 2nd February 2017. This included reducing rents for council tenants in 2017/18 in accordance with provisions set out in the Government's Welfare Reform Act (2016).
- 4.2 As previously reported, Regulations included in this Act mean that rents are being reduced by 1% for 4 years, 2016/17 to 2019/20 inclusive. The detailed report to the Housing and Community Services Committee is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1983/Committee/419/Default.aspx>

The Position Entering the 2017/18 Budget Round

- 4.3 During 2016/17, the financial position of the HRA has been reviewed on several occasions. This was to reflect changes to the on-going capital investment and Council House New Build Projects, together with the 2015/16 budget out-turn position.
- 4.4 The position reported in October 2016, estimated a deficit on the HRA in 2017/18 of £266,000, reducing the HRA's General Reserve to approximately £1.12m, only slightly above the minimum level of £1m.
- 4.5 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. Consequently, planned capital expenditure was reduced in the 10-year financial plan to reflect this reduction in resources.

HRA Financial Plan as at February 2017

- 4.6 Following a review of the Base Budget, the overall deficit is now estimated at £215,000 for 2017/18 compared to a forecast of £266,000. This is less, mainly due to management and maintenance costs being lower than forecast following the base budget review.
- 4.7 Following the base budget review, the 10-year Financial Plan for the HRA has been reviewed and updated. This is detailed in **Appendix 2**. The overall position has improved marginally compared to the previous forecast due to the slight reduction in the estimated deficit for 2017/18.
- 4.8 Overall, the Plan shows a sustainable position although as previously reported, it is much tighter than 18 months ago.

HRA Financial Risks

- 4.9 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.

Risk Area	Effect / Mitigation
Future Rent Levels	<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.</p> <p>Beyond this, it has been assumed that rents will again be allowed to rise. The Government has previously indicated that they have only suspended the previous rent policy for these years until Universal Credit (UC) is fully implemented.</p> <p>The Housing Minister, at that time, also stated that future rent increases would return to the inflation-linked formula. However, this is not guaranteed and it is now uncertain how the subsequent delay in the full implementation of UC, possibly to 2021/22, will impact.</p> <p>Clearly, the HRA is dependent on rent income (currently £12.4m 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>
Right to Buys	<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.</p> <p>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>
Supporting People Grant	<p>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.</p> <p>In the meantime, an operational review of associated services is being undertaken to consider options if the Grant is withdrawn. Consequently, it is planned to submit a separate report at a later date detailing any proposals.</p>
Impairment	<p>This relates to an accounting adjustment. This is currently being reviewed to bring local authorities into line with other organisations in accordance with International Reporting Standards. This is being challenged by the relevant professional bodies.</p> <p>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.</p>

	The potential for impairment charges could have serious implications for all housing authorities and this is why it is being challenged.
Changes to Central Government Policy	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.
Welfare Reform and Universal Credit (UC)	<p>Although UC is still some years away from potentially impacting on all Council Tenants, there is concern amongst housing professionals that changes could see a reduction in payment of rent and an increase in arrears.</p> <p>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.</p> <p>In order to mitigate this risk, intervention may be necessary between the Landlord and the Tenant. This can place additional pressure on resources and increase the management costs in the HRA.</p>

Future Spending

- 4.10 Given that the Financial Plan for the HRA remains tight and that there are still several risks that could impact on the longer-term projection, it is important that any future spending decisions are fully analysed for their affordability and the effect upon the longer-term Financial Plan.
- 4.11 In addition, it is important that services are kept under review given that future budgetary pressures may arise in the medium-term.

5.0 Capital Investment

- 5.1 The main areas of spend continue to be on council housing investment and the improvement of leisure and community facilities, together with the relocation of the Depot.
- 5.2 The full programme along with financing is detailed in **Appendix 3**. The relevant Prudential Indicators for the capital programme are detailed in the Treasury Management Strategy which is a separate report on this Committee's Agenda (Item 6).

Housing Capital Receipts

- 5.3 Council policy is to reinvest all housing receipts (after any pooling payment to Government) from the sale of council houses and land, into the housing stock and in particular, for New Build.

- 5.4 As regards New Build, the Council has an agreement with the Government to enable it to retain additional receipts generated above a target level of council house sales each year (known as 1-4-1 receipts) to be used on New Build.
- 5.5 The level of receipts and their drawdown is included in the HRA's Financial Plan as detailed in Appendix 2.

General Fund Receipts

- 5.6 The current balance of receipts and land sales, associated with the development of William Nadin Way Swadlincote, that are still to be received, together with their drawdown to finance capital projects, is detailed in Appendix 2. A summary is shown in the following table.

General Fund Capital Receipts	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
B/fwd 1st April	-2,790,544	-509,213	-303,798	6,202	6,202	6,202
Less: Capital Drawdowns	2,281,331	1,803,398	310,000	0	0	50,000
Capital Receipts - William Nadin Way	0	-1,000,000				
Capital Receipts - Existing Depot	0	-600,000				
Balance C/fwd 31st March	-509,213	-303,798	6,202	6,202	6,202	56,202

- 5.7 As previously reported, it was expected that by 2018/19, all general receipts would be utilised. The capital drawdown in 2018/19 mainly relates to the annual contribution to the Vehicle Replacement Reserve. This contribution will be made direct from the General Fund after 2018/19 and this change in financing was included in the MTFP some years ago.
- 5.8 It is likely that before 2018/19, the Council will receive some receipts which are pending (but not finalised) from further land sales and this should ensure that any marginal deficit balance as shown in the above table, does not materialise.
- 5.9 No prior investment commitments have been made against these receipts and should not until monies have been received. The Council has an established evaluation framework in place to prioritise capital investment.

6.0 Section 25 Report (under the Local Government Act 2003)

- 6.1 In his role as the Council's Section 151 (Chief Finance) Officer, the Director of Finance and Corporate Services, is required to provide an overall opinion on the robustness of the estimates included in budgets and the adequacy of Council reserves. An assessment is set out in the sections that follow.

Comments of the Chief Finance Officer

- 6.2 This report, together with that considered on 12th January 2016, highlights the challenge that the Council continues to face to ensure that its financial position remains robust and sustainable over the medium-term.
- 6.3 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, together with provisions that recognise both current cost pressures and potential costs associated with growth of the District.
- 6.4 It is noted that additional resources have been approved for "Growth" and that a separate reserve will be set-aside to provide investment to meet additional demand on services.
- 6.5 The Budget for 2017/18 and forward projections are based on the most up-to-date economic forecasts for inflation and interest rates, etc.
- 6.6 In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This also includes the likely effects of future funding in the form of Retained Business Rates, the New Homes Bonus and Council Tax receipts, based on provisional allocations (updated for local factors) from Central Government for the period ending in March 2020.
- 6.7 The compilation of detailed budgets has been undertaken in conjunction with service managers. 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 Council.
- 6.8 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. This provides an indication of the sustainability of spending plans and allows sufficient time in which remedial action can be implemented to address any issues in a planned and timely manner.
- 6.9 The following table shows the projected level of Reserves over the planning period, 2017 to 2022.

Projected Level of Revenue Reserves

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Estimated Usable Reserves	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	7,606	7,984	7,141	5,305	3,426	1,110
Earmarked	4,721	2,971	2,768	2,566	2,364	2,298
Capital Receipts and Grants	3,660	3,334	3,499	3,868	4,234	4,495
HRA	1,599	1,134	1,162	1,118	1,311	1,880
TOTAL	17,586	15,423	14,570	12,857	11,335	9,783

6.10 The Council, based on the recommendation of the Chief Finance Officer, has approved to set a minimum (contingency) level of General Reserves of £1m on both the General Fund and Housing Revenue Accounts. This meets the requirements of the Local Government Act 2003.

General Fund

6.11 The above table shows that the level of reserves on the General Fund is currently healthy compared to the minimum target of £1m and is forecast to remain above the minimum level of £1m by 2021/22.

6.12 Although the General Fund is forecast to achieve budget surpluses for 2016/17 and 2017/18 based on current projections, a deficit is then forecast from 2018/19, as Revenue Support Grant falls out and the full impact of the revised allocations for the New Homes Bonus take effect.

6.13 However, the annual deficits could be financed by drawing down the current level of the General Reserve. Effectively, the financial projection shows the implications of taking that action.

6.14 However, it is considered that this is a high risk strategy. Future deficits, as highlighted in Section 3 earlier in the Report, are projected to be significant. If no action is taken to reduce future deficits, it could quickly de-stabilise the financial position given that any action to achieve budget savings may take time to fully implement.

6.15 Effectively, the current base budget remains unsustainable in the medium-term. Provision for certain cost pressures and potential risks have been included in the MTFP, including additional income being set-aside to meet additional demand on services.

6.16 It is considered that a balanced approach needs to be undertaken by utilising reserves, identifying some budget savings and at the same time providing for additional costs associated with Growth.

6.17 Although in budgeting terms expenditure is still greater than income over the medium-term, the Council does have a history of under spending on its General Fund. This is reviewed each year and budgets adjusted accordingly.

However, future under spends are not guaranteed and therefore, should not be relied upon.

- 6.18 The budget process has considered in detail the potential implications of Growth on costs and has reviewed projections associated with new residential development. It is noted that projections for new properties have been revised upwards, but latest Planning numbers indicate that these could be higher based on the current number of developments with outline and approved planning permissions.
- 6.19 The issue is that the full effects of growth are not fully known at present. Some costs are emerging and although provision has been made in the MTFP, it is difficult to currently gauge the full impact.
- 6.20 In the meantime, the Council is faces a financial challenge to identify budget savings from within its current General Fund budget. It has been recommended that the Council takes action during 2017/18 to alleviate the projected budget deficit of £850,000 in 2018/19.
- 6.21 This would ease the pressure in future years and help to maintain a sustainable financial position. Therefore, the Council should commence a review of service expenditure at its earliest opportunity in order to maintain a sustainable financial position ahead of 2018/19.

Housing Revenue Account (HRA)

- 6.22 The financial position remains tight following changes to national rent policy in 2015/16. However, the HRA is forecast to remain sustainable based on current budgets and service levels. This will allow a minimum reserve balance to be maintained and ensure that sufficient amounts are set-aside to repay debt.
- 6.23 It is noted that the biggest risk is future income from rents and the direction of Central Government Policy following the current 4-year reduction in rent levels. The HRA's Financial Plan assumes that rents will again be allowed to rise beyond 2020, but this is not guaranteed.
- 6.24 In the meantime, this leaves limited scope for increasing the overall Base Budget of the HRA. Efficiencies/budget savings should be investigated wherever possible in order to sustain the longer-term financial position on the HRA.

Earmarked Reserves

- 6.25 The Council also 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, community development projects and grounds maintenance.

6.26 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.

6.27 A list of all revenue reserves and funds is detailed in **Appendix 4** showing current balances. The Policy for using and monitoring these reserves was approved by the Council in October 2016.

Risk Analysis

6.28 The following table summarises the key risks and issues detailed in the report and during this particular Budget Round; it assesses the potential impact upon the Council's reserves as projected in the updated MTFP.

Factor	Potential Implications	Mitigation	Likely impact on Financial position
Changes in Central Government Policy	<ul style="list-style-type: none"> Further reductions in core funding (General Fund) and rent income (HRA) due to the national position or changes in redistribution systems. 	<ul style="list-style-type: none"> The MTFP has analysed and built in provisional allocations for future years, informed by the Financial Settlement and current growth forecasts. 	<p>High</p> <p>Cumulatively a 1% variance in core funding equates to approximately £1/2m over the MTFP; a ½% reduction in rents equates to approximately £3/4m over 10-years.</p>
Council Tax and the Collection Fund	<ul style="list-style-type: none"> Collection rates reduce due to the economic climate. Demand for Council Tax Support increases when resources are fixed. Empty properties increase reducing New Homes Bonus. Business Rates reduce due to appeals and a reduction in liable businesses. 	<ul style="list-style-type: none"> Council Tax Fund in surplus. Tax receipts increasing from new properties. Local Council Tax Support Scheme now matured. Continued membership of the Derbyshire Business Rates Pool. Provisions made for Bad Debts and Appeals. 	<p>Medium</p> <p>Only 11% of the Council Tax Fund is transferred to the Council's General Fund. In addition, the effect is not immediate and costs can be spread.</p>
Growth	<ul style="list-style-type: none"> A key factor influencing future income and cost of service provision. 	<ul style="list-style-type: none"> The MTFP projects continuing growth in Council Tax receipts and New Homes Bonus which based on past performance and 	<p>High</p> <p>This could affect the MTFP either way. Growth is a determining factor for the Council's</p>

		<p>planning data may be less than actuals.</p> <ul style="list-style-type: none"> • Provision for cost of growth increased in 2017/18 Budget Round. • Future budgets for planning, land charges income, etc. are currently within actual levels for 2016/17. 	<p>income and expenditure which could easily vary compared to that forecast.</p>
Budget Overspend	<ul style="list-style-type: none"> • Underlying cost pressures, due to growth, yet to surface. • Unexpected costs. There are on-going cost pressures, for example, maintenance of assets, as identified in the Base Budget review for 2017/18. 	<ul style="list-style-type: none"> • Current level of general and specific reserves is healthy and the MTFP allows contingencies for inflation and growth, etc. The Base Budget of both the General Fund and HRA is assumed to increase by around 2% per year. • Monitoring arrangements in place allow early identification of issues. 	Medium
Economic Conditions	<ul style="list-style-type: none"> • Higher price increases on key costs such as fuel and utilities. • Interest rates affect investment returns and debt payments. 	<ul style="list-style-type: none"> • Central inflation contingency held for price increases across these key areas. • The General Fund is currently “debt free” and not subject to movement in interest rates. The HRA debt is largely fixed. • Sufficient balances allow “internal borrowing” if required. • Budgeted income from short-term investments is relatively low. 	Low
Welfare Reform	<ul style="list-style-type: none"> • In particular the implementation of Universal credit. 	<ul style="list-style-type: none"> • Evidence suggests that this could lead to more vulnerable residents have difficulty paying Council Tax and Rent. • The Council could be left with staff that currently administer and process housing benefit locally. 	<p>Medium</p> <p>Although it is expected that the full impact will not be known until the later part of the current planning period.</p>

Consultation and Provision of Information

6.29 The information and broad budget proposals, together with details on where the Council spends its money and how it is financed, have been presented across the District. This also explained the challenge that the Council faces over the medium-term and why this has arisen.

6.30 Specifically, this dissemination of information has been undertaken via:

- Local Area Forums
- Consultation with the local businesses, together with the Community and Voluntary Sector, including a briefing at the South Derbyshire Partnership Board meeting on 25th January 2017.

6.31 In addition, the proposals have been subject to the Council's scrutiny process and a report back from the Overview and Scrutiny Committee has been provided separately.

6.32 Although many questions and queries were dealt with, no substantive issues were raised. A record of discussions has been minuted at each Area Forum, at the Overview and Scrutiny Committees on 18th January and 8th February 2017, together with the South Derbyshire Partnership on 25th January 2017.

7.0 Financial Implications

As detailed in the report.

8.0 Corporate Implications

There are no other legal, employment or corporate implications apart from those highlighted in the report.

9.0 Community Implications

The proposed budgets provide the financial resources to enable all of the on-going services and Council priorities to be delivered to the local community. The formulation of Medium-Term Financial Plans ensures that the Council maintains a sustainable financial position which is a key Outcome in its Corporate Plan.

GENERAL FUND MEDIUM TERM FINANCIAL PLAN
BUDGET & PROJECTION as at FEBRUARY 2017

	Approved Budget £ 2016.17	Projection £ 2017.18	Projection £ 2018.19	Projection £ 2019.20	Projection £ 2020.21	Projection £ 2021.22
BASE BUDGET						
Environmental & Development	3,757,844	3,978,193	4,290,036	4,353,796	4,435,904	4,519,811
Housing & Community	2,337,318	2,185,406	2,351,307	2,385,173	2,427,148	2,606,015
Finance & Management	5,031,576	5,173,525	5,239,579	5,308,438	5,378,440	5,444,683
Net Service Expenditure	11,126,738	11,337,124	11,880,921	12,047,407	12,241,492	12,570,509
Accounting Adjustments						
Reverse out Depreciation	-718,738	-783,025	-783,025	-783,025	-783,025	-783,025
Minimum Revenue Provision (MRP)	223,127	214,202	205,634	197,409	189,512	181,932
Voluntary Revenue Provision (VRP - Recycling Bins & Grove Active Zone)	131,226	131,226	131,226	131,226	131,226	75,891
	10,762,353	10,899,528	11,434,757	11,593,017	11,779,205	12,045,306
Add: Known Variations						
External Facilitator - Pay and Grading Review	0	20,000	0	0	0	0
Pay and Grading - On-going Costs	0	35,000	0	0	0	0
Restructure of Legal & Democratic Services	1,856	0	0	0	0	0
Restructure of Land Charges	730	3,694	3,749	3,824	3,901	3,901
Grants to Voluntary Bodies	0	-3,207	-3,207	-3,207	-3,207	-3,207
Concurrent Functions	0	3,329	3,362	3,396	3,430	3,464
Pension Deficit	0	43,231	29,706	20,441	21,579	22,739
Incremental Salary Increases	0	0	22,130	11,065	11,065	11,065
Provision for Employer's NIC on "off-payroll" payments	0	27,000	27,000	27,000	27,000	27,000
County Withdrawal of Contribution To Etwall Leisure Centre	0	0	22,682	22,682	22,682	22,682
Phased Implementation of National Living Wage	0	5,990	10,604	14,099	14,099	14,099
Provision for Auto Enrolment (October 2017)	0	0	57,920	59,079	60,260	61,465

Reduction in Leisure Management Contract Fee	-32,240	0	0	0	0	0
Contingent Sum - Growth	200,000	200,000	200,000	200,000	200,000	200,000
Contingent Sum - Inflation	114,923	93,654	115,828	118,144	120,507	122,917
District Election May 2019	0	0	0	125,000	0	0
TOTAL ESTIMATED SPENDING	11,047,622	11,328,218	11,924,532	12,194,540	12,260,521	12,531,432

Provisions

Apprenticeship Levy (April 2017)	0	28,208	28,490	28,917	29,496	30,085
Waste and Recycling	100,000	100,000	100,000	100,000	100,000	100,000
TOTAL PROJECTED SPENDING	11,147,622	11,456,426	12,053,021	12,323,457	12,390,016	12,661,518

	Approved Budget £ 2016.17	Projection £ 2017.18	Projection £ 2018.19	Projection £ 2019.20	Projection £ 2020.21	Projection £ 2021.22
FINANCING						
Revenue Support Grant	-1,199,194	-668,239	-338,367	0	0	0
Transitional Grant	-3,244	-3,230	0	0	0	0
Business Rates Retention	-3,527,130	-3,668,010	-3,564,091	-3,433,124	-3,430,816	-3,427,989
New Homes Bonus	-2,849,878	-2,601,787	-2,171,399	-2,008,315	-1,860,405	-1,518,254
Council Tax Income	-4,747,044	-4,942,217	-5,106,415	-5,275,137	-5,448,498	-5,626,613
Core Spending Power	-12,326,490	-11,883,483	-11,180,272	-10,716,576	-10,739,719	-10,572,856
Add Estimated Collection Fund Surplus - Council Tax	-20,000	-55,000	-20,000	-20,000	-20,000	-20,000
TOTAL FINANCING	-12,346,490	-11,938,483	-11,200,272	-10,736,576	-10,759,719	-10,592,856
General Fund yearly Surplus (-) / Deficit	-1,198,868	-482,058	852,749	1,586,881	1,630,297	2,068,661

GENERAL FUND RESERVE BALANCE

Balance b/fwd	-6,988,499	-7,606,156	-7,984,444	-7,141,401	-5,304,961	-3,426,242
General Fund Yearly Surplus (-) / Deficit (as above)	-1,198,868	-482,058	852,749	1,586,881	1,630,297	2,068,661
Purchase of Town Centre Land	47,000	0	0	0	0	0
General Fund Capital Bids Remaining	301,211	127,000	0	0	0	0
Melbourne Sporting Partnership (Section 106 Funding)	213,000	0	0	0	0	0
Pension Earmarked Reserve Drawdown	0	-43,231	-29,706	-20,441	-21,579	-22,739
Contribution to Vehicle Replacement Fund	20,000	20,000	20,000	270,000	270,000	270,000
Balance c/fwd	-7,606,156	-7,984,444	-7,141,401	-5,304,961	-3,426,242	-1,110,320

HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION

	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27
	Approved Budget £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000	Forecast £'000
INCOME											
Rental Income	-12,457	-12,381	-12,286	-12,109	-12,358	-12,854	-12,940	-13,279	-13,631	-13,992	-14,363
Non-Dwelling Income	-111	-111	-110	-108	-111	-114	-117	-121	-125	-128	-132
Supporting People Grant	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240
Other Income	-181	-151	-151	-151	-151	-151	-151	-151	-151	-151	-151
Total Income	-12,989	-12,883	-12,787	-12,608	-12,860	-13,359	-13,448	-13,791	-14,147	-14,511	-14,886
EXPENDITURE											
General Management	1,788	1,785	1,809	1,836	1,866	1,897	1,929	1,961	1,994	2,028	2,062
Supporting People	802	830	844	860	879	899	919	941	963	986	1,010
Responsive	1,247	1,276	1,298	1,323	1,351	1,381	1,410	1,441	1,472	1,504	1,536
Planned Maintenance	1,984	1,968	2,010	2,054	2,100	2,148	2,197	2,248	2,299	2,351	2,405
Bad Debt Provision	44	44	43	42	43	45	45	46	48	49	50
Interest Payable & Receivable	1,690	1,777	1,827	1,827	1,827	1,828	1,528	1,528	1,258	1,259	1,259
Depreciation	2,985	3,417	3,180	3,170	3,160	3,151	3,142	3,135	3,128	3,121	3,114
Net Operating Income	-2,449	-1,786	-1,776	-1,496	-1,634	-2,010	-2,278	-2,491	-2,985	-3,213	-3,450
Reversal of Depreciation	-2,985	-3,417	-3,180	-3,170	-3,160	-3,151	-3,142	-3,135	-3,128	-3,121	-3,114
Capital Expenditure	2,795	1,800	1,843	1,888	1,935	1,983	1,692	1,733	1,777	1,816	1,847
Debt Repayment	0	3,550	1,624	1,282	1,225	1,168	1,450	1,402	1,351	1,305	1,267
New Build Contribution	1,000	0	0	0	0	0	0	0	0	0	0
Potential Restructure Costs	27	41	60	73	73	74	75	77	78	80	82
Pension Deficit	0	11	13	10	11	11	11	12	12	12	13

Accumulated Absence reversal	0	0	0	0	0	0	0	0	0	0	0
Pension Reserve adjustments	0	0	0	0	0	0	0	0	0	0	0
Potential Early Termination Costs	80	0	0	0	0	0	0	0	0	0	0
Orchard upgrade	0	0	83	0	0	0	0	0	0	0	0
Delays on New Build (income deferred)	67	0	0	0	0	0	0	0	0	0	0
Job Evaluation On-going Support Costs	0	10	0	0	0	0	0	0	0	0	0
Incremental Salary Increases	6	6	6	6	6	6	6	6	6	7	7

HRA (Surplus) / Deficit

-1,460	215	-1,328	-1,407	-1,543	-1,919	-2,185	-2,396	-2,888	-3,115	-3,349
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HRA Reserve B/fwd	-1,426	-1,599	-1,134	-1,162	-1,118	-1,311	-1,880	-1,966	-1,862	-2,250	-2,064
(Surplus) / Deficit for year	-1,460	215	-1,328	-1,407	-1,543	-1,919	-2,185	-2,396	-2,888	-3,115	-3,349
Earmarked non-traditional properties	0	0	100	200	100	100	100	0	0	0	0
Transfer to Debt Repayment Reserve	1,287	250	1,200	1,250	1,250	1,250	2,000	2,500	2,500	3,300	1,000
HRA Reserve C/fwd	-1,599	-1,134	-1,162	-1,118	-1,311	-1,880	-1,966	-1,862	-2,250	-2,064	-4,414

	2016.17 Approved Budget £'000	2017.18 Forecast £'000	2018.19 Forecast £'000	2019.20 Forecast £'000	2020.21 Forecast £'000	2021.22 Forecast £'000	2022.23 Forecast £'000	2023.24 Forecast £'000	2024.25 Forecast £'000	2025.26 Forecast £'000	2026.27 Forecast £'000
Debt Repayment Reserve											
Balance B/fwd	-1,703	-2,990	-6,790	-9,714	-12,446	-15,021	-7,539	-11,089	-4,991	-8,842	-13,447
Depreciation balance	0	-3,550	-1,624	-1,282	-1,225	-1,168	-1,450	-1,402	-1,351	-1,305	-1,267
Transfers to reserve	-1,287	-250	-1,200	-1,250	-1,250	-1,250	-2,000	-2,500	-2,500	-3,300	-1,000
Earmarked non-traditional properties	0	0	-100	-200	-100	-100	-100	0	0	0	0
Repayment of loan	0	0	0	0	0	10,000	0	10,000	0	0	10,406
Reserve C/fwd	-2,990	-6,790	-9,714	-12,446	-15,021	-7,539	-11,089	-4,991	-8,842	-13,447	-5,308

New Build Reserve

Capital Receipts B/fwd	-768	0	-478	-953	-1,322	-1,688	-2,000	-2,309	-2,511	-2,710	-2,910
New Build Expenditure - phase 1	1,180	0	0	0	0	0	0	0	0	0	0
Contribution to Reserve	-1,000	0	0	0	0	0	0	0	0	0	0
Easements	0	0	0	0	0	0	0	0	0	0	0
Feasibility / Other costs	13	0	0	0	0	0	0	0	0	0	0
Acquisitions - Alexander Road	219	0	0	0	0	0	0	0	0	0	0
Proposed Lullington Rd	583	0	0	0	0	0	0	0	0	0	0
Acquisitions - Rowley Court	910	0	0	0	0	0	0	0	0	0	0
HCA grant	-95	0	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-636	-478	-475	-369	-366	-312	-309	-202	-199	-199	-199
Borrowing in year	-406	0	0	0	0	0	0	0	0	0	0
Balance c/fwd	0	-478	-953	-1,322	-1,688	-2,000	-2,309	-2,511	-2,710	-2,910	-3,109

APPENDIX 3

CAPITAL EXPENDITURE & FINANCING JANUARY 2017

	Approved Budget 2016/17 £	Adjustments £	Total Budget 2016/17 £	Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £	Budget 2020/21 £	Budget 2021/22 £
COUNCIL HOUSING								
Major Improvements under Self-financing	2,445,000	0	2,445,000	1,500,000	1,543,000	1,588,000	1,635,000	1,683,000
Council New Build Programme Phase 1	1,180,000	0	1,180,000	0	0	0	0	0
Council New Build Phase 2 plus Acquisitions	2,700,000	-975,000	1,725,000	0	0	0	0	0
Major Disabled Facilities Grant (Council Houses MRA)	300,000	0	300,000	300,000	300,000	300,000	300,000	300,000
Minor Disabled facilities Grant (Council - HRA)	50,000	0	50,000	0	0	0	0	0

Total Expenditure

6,675,000	-975,000	5,700,000	1,800,000	1,843,000	1,888,000	1,935,000	1,983,000
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Major Repairs Reserve	2,795,000	0	2,795,000	1,800,000	1,843,000	1,888,000	1,935,000	1,983,000
Revenue Contribution	1,975,000	-975,000	1,000,000	0	0	0	0	0
Capital Receipts Reserve	1,404,000	0	1,404,000	0	0	0	0	0
HCA Grant	95,000	0	95,000	0	0	0	0	0
Loan	406,000	0	406,000	0	0	0	0	0

Total Funding

6,675,000	-975,000	5,700,000	1,800,000	1,843,000	1,888,000	1,935,000	1,983,000
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PRIVATE SECTOR HOUSING

Disabled Facility Grants and other Works	545,112	341,337	886,449	398,000	336,000	336,000	336,000	336,000
Decent Homes	70,464	0	70,464	0	0	0	0	0
Strategic Housing Market Assessment	40,000	-40,000	0	50,000	0	0	0	50,000
Private Sector Stock Condition Survey	0	0	0	0	60,000	0	0	0
Empty Property Landlord Grants	42,163	0	42,163	0	0	0	0	0

Total Expenditure

697,739	301,337	999,076	448,000	396,000	336,000	336,000	386,000
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External Contributions	70,464	0	70,464	0	0	0	0	0
General Fund	124,000	0	124,000	62,000	0	0	0	0
Derbyshire County Council	421,112	341,337	762,449	336,000	336,000	336,000	336,000	336,000
General Capital Receipts	82,163	-40,000	42,163	50,000	60,000	0	0	50,000
Total Funding	697,739	301,337	999,076	448,000	396,000	336,000	336,000	386,000

GENERAL FUND INVESTMENT PROGRAM

Swadlincote Woodlands Nature Reserve	37,000	-37,000	0	37,000	0	0	0	0
Rosliston Forestry Centre - Play Project	130,000	-130,000	0	130,000	0	0	0	0
Grove Active Zone/Cycling/Tennis	47,674	0	47,674	0	0	0	0	0
Community Partnership Scheme	177,211	-100,000	77,211	100,000	0	0	0	0
Melbourne Leisure Centre	75,000	-65,000	10,000	65,000	0	0	0	0
Melbourne Sports Partnership	1,187,473	-162,153	1,025,320	0	0	0	0	0
Town Hall	0	21,600	21,600	0	0	0	0	0
Table Tennis Tables	0	12,000	12,000	0	0	0	0	0
Save More Waste Less	0	127,610	127,610	0	0	0	0	0
Open Space Development Project	0	23,100	23,100	0	0	0	0	0
Swadlincote Heritage Opportunities project	177,097	-2,097	175,000	155,165	155,165	0	0	0
Total Expenditure - Community Projects	1,831,455	-311,940	1,519,515	487,165	155,165	0	0	0

National Forest	16,000	-16,000	0	16,000	0	0	0	0
Volunteer Time	6,000	-6,000	0	6,000	0	0	0	0
National Forest	80,000	-80,000	0	80,000	0	0	0	0
Earmarked Reserve	25,474	0	25,474	0	0	0	0	0
Councillor Contribution	500	0	500	0	0	0	0	0
Section 106	6,700	0	6,700	0	0	0	0	0
Sport England	15,000	0	15,000	0	0	0	0	0
Football Foundation	455,805	-203,741	252,064	0	0	0	0	0
Sport England	155,000	0	155,000	0	0	0	0	0
Rugby Football Union	20,000	-3,167	16,833	0	0	0	0	0
S106 Receipt	213,000	0	213,000	0	0	0	0	0
Revenue Contribution	0	2,200	2,200	0	0	0	0	0

Earmarked Reserve	0	25,430	25,430	0	0	0	0	0
Donations	0	17,125	17,125	0	0	0	0	0
Revenue Contribution	0	6,000	6,000	0	0	0	0	0
Earmarked Reserve	0	3,808	3,808	0	0	0	0	0
Lottery	0	11,792	11,792	0	0	0	0	0
Tesco	0	12,000	12,000	0	0	0	0	0
Hubbub	0	127,610	127,610	0	0	0	0	0
Friends of Newhall Park	0	23,100	23,100	0	0	0	0	0
Revenue Contribution	7,000	0	7,000	7,000	7,000	0	0	0
Earmarked Reserve	10,000	0	10,000	7,000	0	0	0	0
Derbyshire County Council	10,000	0	10,000	10,000	0	0	0	0
Heritage Lottery	150,097	-2,097	148,000	131,165	148,165	0	0	0
Capital Receipts Reserve	418,668	-65,000	353,668	65,000	0	0	0	0
General Fund	242,211	-165,000	77,211	165,000	0	0	0	0
Total Funding - Community Projects	1,831,455	-311,940	1,519,515	487,165	155,165	0	0	0

FIXED ASSETS

Vehicle Replacements	1,251,203	-1,251,203	0	1,521,203	270,000	270,000	270,000	270,000
New Depot	3,000,000	-2,990,000	10,000	0	0	0	0	0
William Nadin Way	0	11,000	11,000	0	0	0	0	0
Boardman Industrial Units	0	1,854,500	1,854,500	1,061,000	0	0	0	0
Repairs to Village Halls and Community Facilities	31,700	-31,700	0	31,700	0	0	0	0
Public Buildings - Planned Maintenance Programme	58,032	-58,032	0	58,032	0	0	0	0
Dellner Factory Premises	89,800	-49,800	40,000	49,800	0	0	0	0
Bretby Villa	47,000	-27,000	20,000	27,000	0	0	0	0
Chestnut Avenue, Midway	47,666	-37,666	10,000	37,666	0	0	0	0
Total Expenditure - Fixed Assets	4,525,401	-2,579,901	1,945,500	2,786,401	270,000	270,000	270,000	270,000
Capital Receipts Reserve	3,387,398	-1,501,898	1,885,500	1,438,398	250,000	0	0	0
Earmarked Reserve	1,071,003	-1,031,003	40,000	1,281,003	0	0	0	0
General Fund	67,000	-47,000	20,000	67,000	20,000	270,000	270,000	270,000

Total Funding - Fixed Assets

4,525,401	-2,579,901	1,945,500	2,786,401	270,000	270,000	270,000	270,000
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Total Expenditure - HRA	6,675,000	-975,000	5,700,000	1,800,000	1,843,000	1,888,000	1,935,000	1,983,000
Total Expenditure - GF	7,054,595	-2,590,504	4,464,091	3,721,566	821,165	606,000	606,000	656,000
	13,729,595	-3,565,504	10,164,091	5,521,566	2,664,165	2,494,000	2,541,000	2,639,000
Total Funding	13,729,595	-3,565,504	10,164,091	5,521,566	2,664,165	2,494,000	2,541,000	2,639,000

General Fund Contributions

Vehicle Replacements	20,000	-20,000	0	40,000	20,000	270,000	270,000	270,000
Swadlincote Woodlands Nature Reserve	15,000	-15,000	0	15,000	0	0	0	0
Rosliston Forestry Centre - Play Project	50,000	-50,000	0	50,000	0	0	0	0
Bretby Villa	47,000	-27,000	20,000	27,000	0	0	0	0
Community Partnership Scheme	177,211	-100,000	77,211	100,000	0	0	0	0
Disabled Facility Grants and other Works	124,000	0	124,000	62,000	0	0	0	0
	433,211	-212,000	221,211	294,000	20,000	270,000	270,000	270,000

General Capital Receipts - Contributions

Vehicle Replacements	250,000	-250,000	0	500,000	250,000	0	0	0
New Depot	3,000,000	-2,990,000	10,000	0	0	0	0	0
William Nadin Way	0	11,000	11,000	0	0	0	0	0
Boardman Industrial Units	0	1,854,500	1,854,500	1,061,000	0	0	0	0
Repairs to Village Halls and Community Facilities	31,700	-31,700	0	31,700	0	0	0	0
Public Buildings - Planned Maintenance Programme	58,032	-58,032	0	58,032	0	0	0	0
Chestnut Avenue, Midway	47,666	-37,666	10,000	37,666	0	0	0	0
Melbourne Sports Partnership	343,668	0	343,668	0	0	0	0	0
Melbourne Leisure Centre	75,000	-65,000	10,000	65,000	0	0	0	0
Empty Property Landlord Grants	42,163	0	42,163	0	0	0	0	0
Strategic Housing Market Assessment	40,000	-40,000	0	50,000	0	0	0	50,000
Private Sector Stock Condition Survey	0	0	0	0	60,000	0	0	0
	3,888,229	-1,606,898	2,281,331	1,803,398	310,000	0	0	50,000

APPENDIX 4

ANALYSIS OF EARMARKED RESERVES

	Actual Balance b/fwd 1/4/16 £	Estimated Movement 2016/17 £	Estimated Movement 2017/18 £	Estimated Balance c/fwd 31/3/18 £
Specific / Earmarked Reserves - Council Funds				
Vehicle and Plant Replacement Fund	981,494	225,000	-750,000	456,494
Dilapidation Works - Factory Site per Lease Agreement	102,777	0	-50,000	52,777
IT Reserve	100,526	-50,000	25,000	75,526
Pensions Reserve	182,000	0	-43,231	138,769
Local Plan - Consultation and Implementation	50,941	-39,066	-11,875	0
Repton Parish (Former Depot proceeds)	33,049	0	0	33,049
Corporate Services Innovation Fund	81,666	0	-50,000	31,666
Rosliston Forestry Centre / Café	56,929	10,000	-25,000	41,929
Planning - Staffing and Support Costs	130,576	-106,319	-24,257	0
Facilities Development Fund	30,000	-15,000	-15,000	0
Civic Offices - Maintenance	32,000	-10,000	-22,000	0
Leisure Maintenance	5,000	-5,000	0	0
Corporate Training and Development Programme	19,775	-10,000	-9,775	0
Total - Specific / Earmarked Reserves - Council Funds	1,806,733	-385	-976,138	830,210
Specific Grants and Contributions				
Public Open Space - Commuted Sums	1,295,583	-93,141	-34,514	1,167,928
Youth Engagement Partnership	555,145	-117,575	-84,014	353,556
Schools Sport Partnership Project	185,298	-96,812	-84,598	3,888
Community Safety & Crime Reduction	342,392	-66,154	-67,975	208,263
Young People's Cultural Partnership / Arts Development	2,674	-1,778	0	896
Rosliston Business Units	10,719	-10,719	0	0
Get Active in the Forest Partnership	43,315	0	0	43,315
Environmental Education	20,783	-8,165	0	12,618
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	0	53,012
Swadlincote Woodlands - Section 106	50,774	0	0	50,774
Rosliston Forestry Centre - The Glade	35,892	0	-35,892	0
New Play Equipment and Safety Surfacing	26,007	0	-26,007	0
Maurice Lea Park NHLF Grant	23,012	0	-23,012	0
South Derbyshire Partnership Reserve	27,528	-15,000	0	12,528
Homelessness Prevention	150,794	-25,000	-35,000	90,794
Welfare Reform, Fraud and Compliance	159,000	-50,000	-75,000	34,000
Community Right to Bid	20,728	0	0	20,728
Community Right to Challenge	16,547	0	0	16,547
Property Records - Data sharing	7,131	0	0	7,131
Electoral Registration	38,401	-15,000	-23,401	0
Total - Specific Grants and Contributions	3,064,734	-499,344	-489,413	2,075,977
Section 106 - Earmarked Funds	2,869,000	-350,000	-500,000	2,019,000
TOTAL EARMARKED RESERVES	7,740,467	-849,729	-1,965,551	4,925,187