

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	18th FEBRUARY 2016	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE ( 01283 595811) <a href="mailto:kevin.stackhouse@south-derbys.gov.uk">kevin.stackhouse@south-derbys.gov.uk</a>	DOC: u/ks/budget round 201617/base budget policy reports/5 final/final budget proposals 16 17 REF:
SUBJECT:	FINAL BUDGET PROPOSALS 2016/2017 and FINANCIAL PLAN to 2021	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

## 1.0 Recommendations

- 1.1 That a Council Tax increase of 1.95% for 2016/17 is recommended to Full Council on 29<sup>th</sup> February 2016.
- 1.2 That estimated net General Fund Revenue Expenditure totalling £10,985,851 for 2015/16 (revised) and £11,137,566 for 2016/17 is recommended to Full Council on 29<sup>th</sup> February 2016.
- 1.3 That the Medium-term Financial Plan to 2021 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 £1.5m on the General Fund over the spending review period to enable a minimum level of General Reserves of £1m by 2020
- 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 rents of Council House Tenants, excluding Tenants in Sheltered Accommodation, are set in accordance with provisions contained in the Welfare Reform and Work Bill 2015/16 and are reduced by 1% in 2016/17.
- 1.7 That the option of freezing current rents or increasing rents by 0.9% in 2016/17 for tenants in Sheltered Accommodation is considered.
- 1.8 That the 5-year capital investment and financing plan to 2021 as detailed in **Appendix 3** is approved.

- 1.9 That the Councils National Non-Domestic Rate Return (NNDR 1) for 2016/17 showing retained business rates (before the Tariff) of £8,791,969 for 2015/16 and £9,413,679 for 2016/17 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 2016/17 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. These proposals will form the basis of setting the Council Tax for 2016/17 by Full Council on 29th February 2016.
- 2.2 The Council's proposed base budget for 2016/17 and projected medium-term financial position was reported in detail to the Committee on 15<sup>th</sup> January 2016 (details are available at: <http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1859/Committee/391/Default.aspx>). This report does not repeat those details but firms up the position following a period of scrutiny and consultation, together with details of the final Financial Settlement.
- 2.3 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 4th February 2015. That report is available at: <http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1869/Committee/394/Default.aspx>
- 2.4 Following the meeting on 4<sup>th</sup> February, the Committee is now required to ratify the level of Council House Rents in 2016/17 to reflect proposed amendments to the Welfare Reform and Work Bill 2015/16. This includes a consideration of the options for rent levels applying to tenants in Sheltered Accommodation.
- 2.5 The 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 reviewed ahead of 2016/17. This took account of the Local Government Provisional Financial Settlement for 2016/17, together with outcomes from the annual base budget review undertaken during the autumn of 2015.
- 3.2 During the consultation period on the Provisional Financial Settlement, some further analysis has been undertaken on the Council's provisional allocations regarding its Core Spending Power in future years. In addition, the Base Budget has been updated to cover a potential risk which is detailed later in the report.

#### **The Final Financial Settlement for Local Government**

- 3.3 The provisional Financial Settlement announced by Central Government was released on 8th February 2016. Although there was a substantial amount of lobbying by representative groups, the principle behind the actual allocations for 2016/17, together with provisional allocations provided by Central Government to 2020, were generally approved.
- 3.4 The Government did provide some additional resources nationally and the effect on the Council is detailed later in the report.
- 3.5 The consultation on the Government's proposals for the future allocation of the New Homes Bonus (NHB) closes on 10<sup>th</sup> March 2016; a response is currently being prepared to the Government given the potential impact on the Council.

#### **Updated Estimates for Future Years**

- 3.6 During the consultation period, councils were advised to undertake their own sensitivity analysis on the provisional allocations between 2017/18 and 2019/20. This was to ensure that amounts for business rates retention and local growth projections were in accordance with Central Government assumptions.
- 3.7 Following a review, this has led to several changes to provisional allocations to take account of local factors for the Council. The revised figures are detailed and explained below.

#### **Revenue Support Grant (RSG)**

- 3.8 There was a small adjustment of £4,200 overall to reflect actual allocations. In addition, the Council has been awarded a transitional grant of £3,244 in 2016/17 and £3,230 in 2017/18. This is partly to compensate for the reduction in RSG, although clearly it is minimal compared to the overall loss.

## Business Rates Retention

3.9 The updated figures are shown in the following table.

<b>Updated Business Rates Retention included in the MTFP</b>	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Forecast £'000	2018/19 Forecast £'000	2019/20 Forecast £'000	2020/21 Forecast £'000
Total Retained Rates	9,080	9,633	9,599	9,882	10,198	10,198
Less Tariff	-6,200	-6,252	-6,375	-6,563	-6,773	-6,773
Less Levy	-459	-577	-585	-603	-622	-622
Add Pooling Share Returned	288	366	371	383	396	396
<b>Total Business Rates in the Year</b>	<b>2,709</b>	<b>3,170</b>	<b>3,010</b>	<b>3,099</b>	<b>3,199</b>	<b>3,199</b>
<b>January Figures</b>	2,291	2,709	2,553	2,623	2,672	2,750
<b>Increase</b>	418	461	457	476	527	449

3.10 The increase compared to the provisional figures reported in January, reflects the underlying growth in rates over and above that included in the Government's base line figure. The Committee declared a surplus for Business Rates in the Collection Fund of £400,000 in January. Effectively, this has been included directly in the Council's Core Spending Power.

3.11 In the above table, the Tariff paid over to the Government, as part of the redistributive mechanism, is fixed. Although a Levy is still calculated, approximately 2/3<sup>rd</sup> is retained with the Council as part of the Derbyshire Business Rates Pool. These figures are shown separately in the above table.

3.12 Overall, this provides additional resources of approximately £2.7m for the MTFP over the spending period. Although the amounts are realistic in that they reflect the actual position locally, with £9.6m of retained rates being the figure reported to the Government for 2016/17, the figures can vary.

3.13 The projections are based on the current level of rates being maintained and that benefits continue from the Derbyshire Pool. It should be noted that the Council is not protected by a "safety net" should overall rates income fall below a floor of 7.5%, as this is a risk that the Pool authorities have to meet.

3.14 In addition, there is still some uncertainty regarding future valuation appeals (from businesses). These mainly relate to the rating of supermarkets, ATM machines and health centres.

3.15 To mitigate these risks, the Council has already provided for the "worst-case" scenario regarding appeals, together with bad debts. The provisions, which are set-aside in the Collection Fund, total approximately £3m.

## **Section 31 Grants**

- 3.16 In addition, the Council should continue to benefit from Section 31 Grants it has previously received since the introduction of the Rates Retention system. These have been confirmed at £416,000 for 2015/16 and £353,000 for 2016/17.
- 3.17 The Grants are based on local businesses qualifying for concessions under various Government schemes. These schemes are designed to support businesses and in particular smaller businesses, together with providing incentives to bring empty space back into use.
- 3.18 These grants are paid to reimburse councils who, by granting relief or capping increases, lose rates income. The grants are paid by Central Government directly into the General Fund to ensure that the Billing Authority is no worse off overall.
- 3.19 These grants are calculated on an annual basis and have not been included in the MTFP. This will act as a contingency should any negative impacts force a reduction in retained rates.

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

- 3.20 The provisional allocation for 2017/18 has been reduced by approximately £420,000 compared to the provisional figure reported in January. It is now expected that the Government's proposals (subject to consultation) for redistributing NHB will be effective from 2017/18 and not 2018/19. The MTFP has been updated accordingly.

## **Council Tax**

- 3.21 During the consultation process, some concerns were raised concerning the Government's projections for growth in the Council Tax Base (not the actual rate) in the medium-term. An analysis of the Council's figures highlighted that the Government were expecting South Derbyshire's Tax Base to increase by 3% in 2018/19 and 2019/20.
- 3.22 Although these percentages may materialise when the emerging Local Plan is approved and adopted, this is not certain. Therefore, the MTFP has been based on previous projections for growth of 1.5% per year, which is in accordance with recent figures.

## **Core Spending Power - Updated**

- 3.23 The revised figures detailed above are included in the updated MTFP in **Appendix 1**. Overall, this has provided a greater level of resources compared to the provisional figures in January as summarised in the following table.

£'000	
Retained Business Rates	2,788
Less: Council Tax	-521
Less: New Homes Bonus	-428
Add: Revenue Support Grant	2
	<b><u>1,841</u></b>

3.24 The effect of the updated figures on the MTFP is detailed later in the report.

### **Four Year Settlement**

3.25 The Government have offered local councils certainty over provisional allocations if they sign-up and agree to a 4-year Settlement. They need to do this by October 2016.

3.26 This is quite a broad proposal and further details are still awaited. However, it is anticipated that some incentive will be provided, although it is also likely that a “Plan” would need to be submitted to outline how efficiency savings would be made to deliver a sustainable MTFP.

3.27 This will be kept under review and reported to the Committee at the appropriate time.

### **Waste Collection and Recycling**

3.28 As previously reported, the Council has been aware that the cost of the Recycling Scheme may need to increase. The Council is still working with the main contractor to ascertain the potential costs involved.

3.29 Although the final outcome is still to be established, a provision has been included in the MTFP, pending negotiations.

3.30 When definitive proposals are known, these will be subject to a separate report to the relevant Policy Committee, together with the financial implications, which will also need to be considered by this Committee.

### **Updated Projection**

3.31 The updated MTFP is detailed in **Appendix 1**. This includes the revised figures for Core Spending Power and the provision for Recycling. All other budgets and forward projections remain unchanged from that reported in January. A summary is shown in the following table.

**General Fund: Medium-Term Projection as at February 2016**

Year	Budget Deficit / Surplus (-)	Sums Earmarked against Reserve	Balance of General Reserve	Balance in January
Base Budget 2015/16	-£563,667	£911,000	£5,787,667	£5,369,321
Proposed Budget 2016/17	-£856,917	£433,000	£6,211,584	£5,424,678
Projection 2017/18	£337,202	£420,000	£5,454,382	£4,807,750
Projection 2018/19	£1,442,959	£90,000	£3,921,423	£2,905,070
Projection 2019/20	£2,086,259	£20,000	£1,815,164	£530,834
Projection 2020/21	£2,112,933	£270,000	-£567,769	-£1,910,155

- 3.32 Although the position shows an improvement compared to January, the longer-term situation has not changed overall with a need to identify resources or seek budget savings over the medium-term.
- 3.33 The General Fund continues to show a budget surplus for 2015/16 and 2016/17 based on current budgets. This is mainly due to additional income from planning fees and business rates.
- 3.34 A deficit is then forecast from 2017/18, but this becomes acute in 2018/19 as Revenue Support Grant falls out and proposed reductions in New Homes Bonus Payments take effect.
- 3.35 The General Fund Reserve will eventually fall below the minimum level of £1m in 2020/21, with potentially a significant budget deficit by 2018/19.
- 3.36 The position is not serious in the short-term but the medium-term forecast shows a significant financial deficit which will need to be corrected before, or at the very latest, in 2017/18.
- 3.37 The Government's Financial Settlement has provided a significant challenge for local councils but, as the Government have stated, provides sufficient lead in-time to meet this challenge.
- 3.38 Currently, the level of General Reserves is fairly healthy and may increase in the short-term as additional income and general under spending in the current Base Budget for 2015/16 accrues. However, this is not guaranteed and this has not been included in the MTFP at this stage.
- 3.39 In addition, some of the additional income, in particular from Planning Fees, may need to be set-aside to meet appeal costs as previously reported. This will be kept under review and considered at the 2015/16 budget out-turn stage later in the year.
- 3.40 Although a higher level of reserves is clearly beneficial, based on the latest projections, the level of reserves will not sustain the overall deficit in the medium-term.

- 3.41 It has been anticipated for some time that the General Fund would face reductions in core funding. Consequently, the Council has taken a cautious approach and built up a good level of General Reserves.
- 3.42 As a growth area, income may accelerate at a greater rate than that contained in the assumptions and built into the MTFP. In addition, additional resources may flow to the Council when the Government reviews the distribution of future Business Rates. However, this is not clear and cannot be guaranteed.
- 3.43 Based on the projections, the Council's Base Budget and forward spending plans will need to be reviewed. Without a significant increase in resources, base budget savings of up to £1.5m will need to be made over the spending period in order for the minimum level of General Reserves to be sustained and for the longer-term budget deficit to be reduced.

### **Financial Risks**

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

### **Council Tax**

- 3.45 In January, the Committee proposed an increase in Council Tax of 1.95% in 2016/17, in accordance with Central Government guidelines. This is subject to approval by Full Council on 29<sup>th</sup> February 2016.
- 3.46 The Committee is required to recommend a Council Tax rate to that meeting with 1.95% increasing the Band D rate from £150.25 in 2015/16 to £153.18 in 2016/17 for the Council's services. This excludes other Preceptors.
- 3.47 For planning purposes, the MTFP has built-in a 1.95% increase in future years, again in line with Government guidelines.

### **Flexibility for a £5 per Year Increase**

- 3.48 As part of the final Financial Settlement, the Government has allowed all district councils to increase their Band D Council Tax by a maximum of 2% or £5 per year for each of the next 4 years without requiring a Referendum. If the Council was to take-up this option, it would generate approximately £65,000 per year over and above the current proposal of 1.95%.
- 3.49 If a £5 increase was levied on the current Band D rate of £150.25 for the next 4 years, this would generate approximately £900,000 cumulatively between 2016/17 and 2020/21.
- 3.50 A £5 increase would equate to 3.3% in 2016/17 and 3% by 2019/20. 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.



## Retained Business Rates

- 3.51 The Council's updated projections were detailed earlier in the report. The Council is required to submit estimated figures to the Government through an annual return (*National Non-Domestic Rates Return 1 2016/17*).
- 3.52 This calculates the estimated net rates available for distribution as precepts, subject to growth and other variations. Following the completion of the annual return, the distributable amounts are estimated as shown in the following table.

Central Government (50%)	£11,767,098
South Derbyshire District Council (40%)	£9,413,679
Derbyshire County Council (9%)	£2,118,078
Derbyshire Fire and Rescue Service (1%)	£235,342
<b>Total Estimated Rates (before in-year growth) 2016/17</b>	<b>£23,534,197</b>

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

## 4.0 Housing Revenue Account (HRA)

- 4.1 The base budget and financial plan was considered in detail by the Housing and Community Services Committee on 4th February 2016. This included reducing rents for council tenants in 2016/17 in accordance with provisions set out in the Government's Welfare Reform and Work Bill 2015/16.
- 4.2 Provisions included in this Bill will also mean rents being reduced by a further 1% for the following 3 years after 2016/17. 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/1869/Committee/394/Default.aspx>

### **The Position Entering the 2016/17 Budget Round**

- 4.3 In October 2015, the financial position of the HRA was reviewed. This followed the announcement in Central Government's Summer Budget earlier in the year that they were proposing to reduce rents in the social housing sector by 1% per year from 2016/17, for 4 years.
- 4.4 The report, which was considered by the Committee last October, highlighted a significant loss of income in the HRA Business Plan of £6m to 2020, rising to £19m by 2024.
- 4.5 This was due to the fact that the previous financial plan had been predicated on real terms increases in social rents for 10-years. This was in accordance with previous Central Government policy following the introduction of the self-financing framework in 2012.

- 4.6 Based on this change, the financial projection in October 2015 highlighted that the HRA would not be able to meet the first debt repayment of £10m in 2021.
- 4.7 Therefore, the Finance and Management Committee approved a review of future capital investment plans. This was to ensure that the HRA could meet commitments for debt repayment in accordance with the approved debt repayment schedule and maintain a minimum working balance of £1m in accordance with the Financial Strategy.

### **HRA Financial Plan as at February 2016**

- 4.8 The updated plan is detailed in **Appendix 2**. This follows the base budget review and the need to identify resources to ensure the longer-term sustainability of the HRA.
- 4.9 In addition, the Housing and Community Services Committee, at its meeting on 12<sup>th</sup> January 2016, approved in principle further capital investment designed to deliver additional New Build properties (Phase 2). The financial implications of the associated projects have been included in the updated financial plan.
- 4.10 The proposed schemes are:
- Acquisition and refurbishment of properties on Alexander Road, Swadlincote - £0.22m.
  - Further New Build at Lullington Road, Overseal - £0.6m.
  - Development of the site, off Yard Close, Swadlincote - £2m.
  - Purchase of properties at Rowley Court, Swadlincote - £0.9m.
- 4.11 Overall, the updated Financial Plan shows a sustainable position although provisional capital expenditure in future years has been substantially reduced to ensure the HRA remains sustainable.
- 4.12 *In summary, the overall position is now much tighter to ensure that a working balance of £1m is maintained and that future debt repayments are met.*

### **Future Capital Expenditure**

- 4.13 In order to ensure the sustainability of the HRA and to provide resources to fund the proposed Phase 2 New Build/Acquisition programme, it has been necessary to reduce the sums estimated for future capital works by £12m over the next 10 years.
- 4.14 An assessment has been made to determine whether the remaining funding is sufficient to maintain the housing stock in future years based on the latest stock condition information.

4.15 Early indications are that the capital expenditure detailed within the latest revision of the HRA Financial Projection will be sufficient to meet the Council's requirements. This has been subject to a broad review. A more detailed assessment will be undertaken as part of a review of the Council's HRA Business Plan, which will be reported separately to the Committee later in the year.

### **Proposals for Council House Rents 2016/17**

4.16 The Housing and Community Services Committee approved a reduction of 1% in current rent levels for Council Tenants in accordance with provisions contained in the Welfare Reform and Work Bill 2015/16.

4.17 However, the Committee were unable to reach a decision on the rents for tenants in Sheltered Accommodation. This was because the Government was still considering proposals to exempt "supported housing" (which includes sheltered accommodation) from the 1% rent reduction for one year, pending a review into the financing of supported housing across the Country.

4.18 Although the Bill has still to receive Royal Assent, it is about to complete its passage through the Parliamentary process. The Government has confirmed that the exemption will apply for 2016/17 and the Regulations will be placed by 1<sup>st</sup> April 2016.

### **Options for Setting Rents for Tenants in Sheltered Accommodation**

4.19 As Sheltered Accommodation is exempt from the regulations in 2016/17, the Council has the option of reverting to the existing national rent policy, which the Council has previously adopted. This would mean rents increasing for these tenants by CPI, as it stood at September 2015 (minus 0.1%) +1%, i.e. a net increase of 0.9%.

4.20 However, the existing national rent policy is not mandatory, it is effectively a guideline. The Council's policy mirrors the national policy as this was a cornerstone of the self-financing framework.

4.21 The Financial Plan in **Appendix 2** assumes that rents in sheltered accommodation would decrease along with all other tenants. Increasing rents for these tenants by 0.9% would generate an additional £75,000 per year (£3/4m over the 10-year Financial Plan). This would help to alleviate the financial pressure on the HRA as detailed in this report.

4.22 On average, this would increase rents for individual tenants by 80p per week.

4.23 However, the Council is not required to follow the policy. It could opt to freeze the current rent level for sheltered tenants or indeed still reduce the rents in accordance with all other tenants.

4.24 If a rent freeze was implemented for 2016/17, this would increase revenue by approximately £40,000 per year (£400,000 over 10 years). A reduction of 1% would leave the current Financial Plan as detailed in this report, unchanged.

## HRA Financial Risks

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

Risk Area	Effect / Mitigation
<b>Future Rent Levels</b>	The rent level for the next 4 years will be set in accordance with the Welfare Reform and Work Bill 2015/16, i.e. a 1% reduction. Beyond this, it has been assumed that rents will again be allowed to rise. The Government has indicated that they have only suspended the previous rent policy for the next 4-years until Universal Credit is fully implemented and that future levels will again be linked to an index based formula. The HRA is wholly dependent on rent income. Even small variations in rent (e.g. 0.5%) can have significant implications in monetary terms for the Financial Plan over the longer-term.
<b>Capital Expenditure</b>	The resources available for on-going capital have been reduced substantially (£12m) compared to the previous plan. A detailed assessment of the Council's medium and long-term capital investment requirements will be undertaken by technical officers as part of a review of the Council's HRA Business Plan. This will be to ensure resources are invested wisely and that the stock meets future requirements.
<b>Rents from New Build</b>	The risk is that any delay in letting properties will affect income. However, this is likely to be a short-term problem due to the demand for accommodation. In the longer-term, it is considered that the rent should remain achievable.
<b>Right to Buys</b>	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.
<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.
<b>Impairment</b>	This relates to an accounting adjustment. The Government is currently reviewing their accounting treatment to bring local authorities into line with other organisations in accordance with International Reporting Standards. This is being challenged by the relevant professional bodies.

	Impairment is 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. The potential for impairment charges could have serious implications for all housing authorities and this is why it is being challenged.
<b>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 / Universal Credit (UC)</b>	Although UC is still some years away from potentially impacting on Council Tenants, there is some concern amongst professional commentators that changes could reduce the ability for some vulnerable tenants to pay rent. The Council has supported some tenants in recent years, through its Discretionary Housing Fund, who have been affected by recent changes to Welfare Reform

4.26 *Given that the Financial Plan is now much tighter for the HRA 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*

## **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.
- 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.

### **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 entered into 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 Future receipts are anticipated from the sale of land (Phases 2 and 3) off William Nadin Way and as approved, these will be reinvested into relocating the Council Depot. The forecast and profile of general capital receipts is shown in the following table.

General Capital Receipts	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Balance b/fwd	3,131	2,393	63	775	1,025	775
Add: Land Sale Receipts	135	100	3,085	500	0	0
Less - Financing of New Depot		-1,473	-2,373			
Less - Contribution to Vehicle Renewals Fund	-250	-250		-250	-250	
Less - Amount Required for General Schemes	-623	-707				
<b>Balance c/fwd</b>	<b>2,393</b>	<b>63</b>	<b>775</b>	<b>1,025</b>	<b>775</b>	<b>775</b>

- 5.7 Due to previous concerns regarding financing vehicle replacements from capital receipts, these will be financed direct from the General Fund Reserve from 2020/21. This has been recognised in the MTFP, together with an amount previously set-aside for 2017/18.
- 5.8 However, in the meantime, there is still a requirement to finance vehicle replacements from capital. Therefore, this may leave limited scope to provide resources for new capital schemes.

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

- 6.1 In their 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 14<sup>th</sup> January 2015, highlights the challenge that the Council now faces 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 forecast 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 The Budget for 2016/17 and forward projections are based on the most up-to-date economic forecasts for inflation and interest rates, etc.

- 6.5 In addition, a realistic but prudent view has been taken regarding projected income levels from fees, charges and short-term investments. This also includes 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.
- 6.6 The compilation of detailed budgets has been undertaken in conjunction with service managers, including wherever possible, a zero based approach to compiling budgets. 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 a quarterly report to this Committee.
- 6.7 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.
- 6.8 The following table shows the projected level of revenue reserves over the planning period, 2016 to 2021.

**Projected Level of Revenue Reserves**

Revenue Reserves	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
General Fund	5,788	6,212	5,454	3,912	1,815	-568
Earmarked Reserves	4,476	3,606	2,451	1,542	1,347	1,417
HRA	2,067	1,748	1,102	1,242	1,338	1,317
<b>Estimated Balances</b>	<b>12,331</b>	<b>11,566</b>	<b>9,007</b>	<b>6,696</b>	<b>4,500</b>	<b>2,166</b>

- 6.9 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**

- 6.10 The above table shows that the level of reserves on the General Fund is currently healthy compared to the minimum target of £1m. However, given the projected budget deficit from 2018/19, the level of reserves will ultimately become negative without corrective action being taken well before 2018/19.
- 6.11 Indeed, the projected level of the budget deficit and ultimately the General Reserve Balance, would not accord to legislative requirements or the Council's responsibility to set a balanced budget.

- 6.12 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.
- 6.13 As a growth area, income from Planning Fees and the New Homes Bonus in particular, may increase above estimated levels. However, this cannot be guaranteed and this income can fluctuate over time.
- 6.14 The Base Budget will be reviewed when the impact of growth that arises from the emerging Local Plan is known. This may also bring additional expenditure as pressure on day-to-day service provision increases.
- 6.15 Future projections for core funding in the Business Rates Retention System, have taken into account current income levels, including a share of growth, based on provisional figures to 2020/21 issued by the Government.
- 6.16 This should continue to be enhanced by the Council being a member of the Derbyshire Pool. In addition, Central Government's proposals for further Business Rates retention could be positive for the financial position.
- 6.17 However, the Council is set to face a financial challenge to identify additional resources of up to £1.5m. Even if additional income is generated, it is considered inevitable that this will also bring about additional expenditure at some point.
- 6.18 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)**

- 6.19 The financial position has now become much tighter with the reduction in overall rental income for the next 4-years. The on-going effects over the longer-term are significant.
- 6.20 In order to maintain a minimum working balance of £1m and to ensure that sufficient amounts are set-aside to repay debt, future allocations for capital expenditure to maintain properties at decent standards, have been reduced.
- 6.21 The reduction has meant that provision for a Phase 2 Programme of New Build/Property Acquisition can be accommodated.
- 6.22 Based on the updated projections, there is no pressing need to review day-to-day service expenditure. However, the Council should be mindful of reducing resources and that the later part of the Financial Plan assumes that the Government will return to rent increases after 2020.



6.23 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

6.24 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.

6.25 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.

6.26 A list of all other reserves and funds is detailed in **Appendix 4** showing current balances.

## Risk Analysis

6.27 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
<b>Changes in Central Government Policy</b>	<ul style="list-style-type: none"> <li>Further reductions in core spending power (General Fund) and rent income (HRA) 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, informed by the Financial Settlement. These assume that proposals for reducing allocations of NHB from 2017/18 are implemented.</li> </ul>	<p><b>High</b></p> <p>Cumulatively, a 1% variance in core funding equates to about £1/2m over the MTFP; a ½% reduction in rents equates to £3/4m over 10-years.</p>
<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>Empty properties increase reducing New Homes Bonus.</li> </ul>	<ul style="list-style-type: none"> <li>"In built" surplus in the Collection Fund.</li> <li>Local growth is continuing and even at a moderate pace is beneficial.</li> <li>Continued membership of the Derbyshire Business Rates Pool.</li> </ul>	<p><b>Medium</b></p> <p>Only 11% of the Collection Fund Balance is transferred to the Council's General Fund. In addition, the effect is not immediate and costs can be spread.</p>

<b>Growth</b>	<ul style="list-style-type: none"> <li>• A key factor influencing future levels of grant funding under the business rates redistribution system and NHB.</li> <li>• The number of local businesses declines which reduces base income.</li> <li>• Affects Council Tax income and other income streams such as Planning Fees</li> </ul>	<ul style="list-style-type: none"> <li>• The MTFP projects some continuing growth in Business Rates but has not included funding from Section 31 Grants.</li> <li>• Provisions made for appeals and bad debts.</li> <li>• Council Tax Base only increased by 1.25% per year compared to 3% in Government forecasts.</li> <li>• Future budgets for planning, land charges income, etc. are currently within actual levels for 2015/16.</li> </ul>	<b>High</b>  This could affect the MTFP either way. Growth is a determining factor for the Council's income and expenditure and tends to be subject to external factors. This will directly impact on the General Fund.
<b>Budget Overspend</b>	<ul style="list-style-type: none"> <li>• Underlying cost pressures, due to growth, yet to surface.</li> <li>• Unexpected costs. There are on-going cost pressures as identified in the Base Budget review for 2016/17.</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 of both the General Fund and HRA is assumed to increase by 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>• Central inflation contingency held for price increases across these key areas.</li> <li>• The General Fund is currently "debt free" and not subject to movement in interest rates. The HRA debt is largely fixed.</li> <li>• Sufficient balances allow "internal borrowing" if required.</li> <li>• Budgeted income from short-term investments is relatively low.</li> </ul>	<b>Low</b>

<b>Welfare Reform</b>	<ul style="list-style-type: none"> <li>• In particular the implementation of Universal credit.</li> </ul>	<ul style="list-style-type: none"> <li>• This could lead to more vulnerable residents have difficulty paying Council Tax and Rent if overall benefit is reduced.</li> <li>• The Council could be left with staff that currently administer and process housing benefit locally.</li> </ul>	<b>Medium</b>  Although the full impact will not be known for the next 2-years
-----------------------	---	--	--

## **Consultation and Provision of Information**

6.28 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.

6.29 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 presentation at the South Derbyshire Partnership on 20th January 2016.

6.30 In addition, the proposals have been subject to the Council's scrutiny process and a report back from the Overview and Scrutiny Committee will be provided at the meeting.

6.31 Although there were questions and queries, no substantive issues were raised. A record of discussions has been minuted at each Area Forum, at the Overview and Scrutiny Committees on 20th January and 10<sup>th</sup> February 2016, together with the South Derbyshire Partnership on 20<sup>th</sup> January.

### **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.

## GENERAL FUND MEDIUM TERM FINANCIAL PROJECTION (February 2016)

	Approved Budget 2015/16 £	Proposed Budget 2016/17 £	Projection 2017/18 £	Projection 2018/19 £	Projection 2019/20 £	Projection 2020/21 £
<b>BASE BUDGET - Net Service Expenditure</b>	10,944,226	10,892,575	11,114,545	11,340,434	11,570,313	11,885,247
Reverse out Depreciation	-645,650	-718,739	-718,739	-718,739	-718,739	-718,739
Minimum Revenue Provision (MRP)	232,781	223,470	214,531	205,950	197,712	189,803
Voluntary Revenue Provision (VRP - Green bins for kerbside recycling)	109,663	109,663	109,663	109,663	109,663	109,663
<b>Known / Anticipated Changes to the Base Budget</b>						
External Facilitator - Pay and Grading Review	100,000	0	0	0	0	0
Pay and Grading - on-going costs	0	35,000	35,000	35,000	35,000	35,000
Incremental Salary Increases	0	0	17,000	17,000	17,000	17,000
Electoral Services Restructure	11,500	0	0	0	0	0
Phased implementation of the National Living Wage	0	0	5,990	10,604	14,099	14,099
Provision for Auto Enrolment (October 2017)	0	0	37,720	75,440	75,440	75,440
Pay and Grading - on-going costs	0	130,000	130,000	130,000	130,000	130,000
Increase in Planning Fee Income	0	0	-150,000	0	0	0
Contingent Sum - Inflation	89,704	221,970	225,889	229,879	314,933	322,350
Contingent Sum - Growth	100,000	100,000	100,000	100,000	100,000	100,000
Payment to Parish Councils - Share of Council Tax Support Grant	43,627	43,627	43,627	43,627	43,627	43,627
District Election May 2019	0	0	0	0	125,000	0
<b>TOTAL ESTIMATED SPENDING - CURRENT BASE BUDGET</b>	<b>10,985,851</b>	<b>11,037,566</b>	<b>11,165,226</b>	<b>11,578,858</b>	<b>12,014,048</b>	<b>12,203,489</b>
<b>Add Provisions</b>						
Apprenticeship Levy (April 2017)	0	0	27,500	27,500	27,500	27,500
Waste Collection and Recycling	0	100,000	100,000	100,000	100,000	100,000
On-going Reduction in DWP Benefits Administration Grant	0	0	65,024	89,322	104,688	110,000
<b>TOTAL PROJECTED SPENDING</b>	<b>10,985,851</b>	<b>11,137,566</b>	<b>11,357,750</b>	<b>11,795,680</b>	<b>12,246,236</b>	<b>12,440,989</b>

	Approved Budget 2015/16 £	Proposed Budget 2016/17 £	Projection 2017/18 £	Projection 2018/19 £	Projection 2019/20 £	Projection 2020/21 £
<b>FINANCING</b>						
Revenue Support Grant	-1,811,467	-1,199,194	-668,239	-338,367	0	0
Transitional Grant	0	-3,244	-3,230	0	0	0
Business Rates Retention	-2,709,000	-3,170,000	-3,010,000	-3,099,000	-3,199,000	-3,199,000
New Homes Bonus	-2,322,405	-2,855,000	-2,417,000	-1,834,000	-1,716,000	-1,716,000
Council Tax Freeze Grant 2015/16	-50,794	0	0	0	0	0
Council Tax Income	-4,598,852	-4,747,044	-4,902,078	-5,061,354	-5,224,977	-5,393,057
<b>Core Spending Power</b>	<b>-11,492,518</b>	<b>-11,974,482</b>	<b>-11,000,547</b>	<b>-10,332,721</b>	<b>-10,139,977</b>	<b>-10,308,057</b>
Add Estimated Collection Fund Surplus - Council Tax	-57,000	-20,000	-20,000	-20,000	-20,000	-20,000
<b>TOTAL FINANCING</b>	<b>-11,549,518</b>	<b>-11,994,482</b>	<b>-11,020,547</b>	<b>-10,352,721</b>	<b>-10,159,977</b>	<b>-10,328,057</b>
<b>General Fund - Yearly Surplus (-) / Deficit</b>	<b>-563,667</b>	<b>-856,917</b>	<b>337,202</b>	<b>1,442,959</b>	<b>2,086,259</b>	<b>2,112,933</b>
<b>GENERAL FUND RESERVE BALANCE</b>						
Balance b/f	-6,135,000	-5,787,667	-6,211,584	-5,454,382	-3,921,423	-1,815,164
General Fund - Yearly Surplus (-) / Deficit (as above)	-563,667	-856,917	337,202	1,442,959	2,086,259	2,112,933
Purchase of Town Centre Land	230,000	0	0	0	0	0
Pay and Grading Review - one-off costs	0	200,000	150,000	70,000	0	0
Melbourne Sporting Partnership (Section 106 Funding)	0	213,000	0	0	0	0
Contribution to Vehicle Replacement Fund	20,000	20,000	20,000	20,000	20,000	20,000
Provision for Capital Funding / Replacement Fund Contributions	661,000	0	250,000	0	0	250,000
<b>Balance c/f</b>	<b>-5,787,667</b>	<b>-6,211,584</b>	<b>-5,454,382</b>	<b>-3,921,423</b>	<b>-1,815,164</b>	<b>567,769</b>

## APPENDIX 2

### HOUSING REVENUE ACCOUNT FINANCIAL PROJECTION - REVISED @ FEBRUARY 2016

	2015.16	2016.17	2017.18	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27
All Figures in £'000	Approved Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
<b>INCOME</b>												
Rental Income	-12,526	-12,457	-12,346	-12,231	-12,058	-12,301	-12,790	-12,881	-13,218	-13,569	-13,929	-14,298
Non-Dwelling Income	-117	-111	-110	-109	-108	-110	-113	-116	-119	-122	-126	-129
Supporting People Grant	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240	-240
Other Income	-165	-181	-181	-181	-181	-181	-181	-181	-182	-182	-182	-183
<b>Total Income</b>	<b>-13,048</b>	<b>-12,989</b>	<b>-12,877</b>	<b>-12,761</b>	<b>-12,587</b>	<b>-12,832</b>	<b>-13,324</b>	<b>-13,418</b>	<b>-13,759</b>	<b>-14,113</b>	<b>-14,477</b>	<b>-14,850</b>
<b>EXPENDITURE</b>												
General Management	1,577	1,765	1,788	1,812	1,836	1,861	1,886	1,912	1,938	1,964	1,991	2,019
Supporting People	932	798	810	823	836	850	864	880	895	912	930	948
Responsive & Planned Maintenance	3,341	3,219	3,456	3,544	3,625	3,707	3,792	3,878	3,968	4,059	4,154	4,251
Bad Debt Provision	44	44	43	43	42	43	45	45	46	47	49	50
Interest Payable & Receivable	1,681	1,690	1,840	1,891	1,891	1,891	1,892	1,592	1,592	1,323	1,323	1,291
Depreciation	2,876	2,985	3,042	3,015	3,005	2,995	2,985	2,976	2,969	2,962	2,955	2,947
<b>Net Operating Income</b>	<b>-2,597</b>	<b>-2,489</b>	<b>-1,897</b>	<b>-1,633</b>	<b>-1,352</b>	<b>-1,484</b>	<b>-1,861</b>	<b>-2,135</b>	<b>-2,351</b>	<b>-2,846</b>	<b>-3,075</b>	<b>-3,344</b>
Reversal of Depreciation	-2,876	-2,985	-3,042	-3,015	-3,005	-2,995	-2,985	-2,976	-2,969	-2,962	-2,955	-2,947
Capital Expenditure	3,500	3,500	2,452	2,452	2,452	2,452	1,997	1,997	1,997	1,997	1,997	1,997
Debt Repayment	0	0	2,877	850	553	543	988	979	972	965	958	950
New Build Contribution	2,287	1,000	0	0								
Incremental Salary Increases		6	6	6	6	6	6	6	6	6	6	6
<b>HRA (Surplus) / Deficit</b>	<b>314</b>	<b>-968</b>	<b>396</b>	<b>-1,340</b>	<b>-1,346</b>	<b>-1,478</b>	<b>-1,855</b>	<b>-2,129</b>	<b>-2,345</b>	<b>-2,840</b>	<b>-3,069</b>	<b>-3,338</b>

HRA Reserve B/fwd	-2,381	-2,067	-1,748	-1,102	-1,242	-1,338	-1,317	-1,172	-1,300	-1,145	-1,485	-1,254
(Surplus) / Deficit for year	314	-968	396	-1,340	-1,346	-1,478	-1,855	-2,129	-2,345	-2,840	-3,069	-3,338
Transfer to Debt Repayment Reserve	0	1,287	250	1,200	1,250	1,500	2,000	2,000	2,500	2,500	3,300	2,500
<b>HRA Reserve C/fwd</b>	<b>-2,067</b>	<b>-1,748</b>	<b>-1,102</b>	<b>-1,242</b>	<b>-1,338</b>	<b>-1,317</b>	<b>-1,172</b>	<b>-1,300</b>	<b>-1,145</b>	<b>-1,485</b>	<b>-1,254</b>	<b>-2,093</b>

Balance B/fwd	-1,703	-1,703	-2,990	-6,117	-8,167	-9,970	-12,013	-5,001	-7,980	-1,452	-4,917	-8,255
Depreciation balance	0	0	-2,877	-850	-553	-543	-988	-979	-972	-965	-958	-950
Transfers to reserve	0	-1,287	-250	-1,200	-1,250	-1,500	-2,000	-2,000	-2,500	-2,500	-3,300	-2,500
Repayment of loan	0	0	0	0	0	0	10,000	0	10,000	0	920	11,450
<b>Reserve C/fwd</b>	<b>-1,703</b>	<b>-2,990</b>	<b>-6,117</b>	<b>-8,167</b>	<b>-9,970</b>	<b>-12,013</b>	<b>-5,001</b>	<b>-7,980</b>	<b>-1,452</b>	<b>-4,917</b>	<b>-8,255</b>	<b>-255</b>

Capital Receipts B/fwd	-2,013	-480	-1,361	-1,090	-1,591	-1,983	-2,327	-2,633	-2,909	-3,107	-3,295	-3,480
New Build Expenditure - P1	3,866	1,443	0	0	0	0	0	0	0	0	0	0
Contribution to Reserve	-2,287	-1,000	0	0	0	0	0	0	0	0	0	0
Acquisitions - Alexander Road	220	0	0	0	0	0	0	0	0	0	0	0
Proposed Lullington Rd	300	300	0	0	0	0	0	0	0	0	0	0
Proposed Yard Close	225	750	1,000	0	0	0	0	0	0	0	0	0
Proposed Acquisition - Rowley Close	910	0	0	0	0	0	0	0	0	0	0	0
HCA grant	-190	-220	-220	0	0	0	0	0	0	0	0	0
RTB Receipts in year	-591	-703	-509	-501	-392	-344	-306	-275	-198	-188	-185	-168
Borrowing in year	-920	-1,450	0	0	0	0	0	0	0	0	0	0
<b>Balance c/fwd</b>	<b>-480</b>	<b>-1,361</b>	<b>-1,090</b>	<b>-1,591</b>	<b>-1,983</b>	<b>-2,327</b>	<b>-2,633</b>	<b>-2,909</b>	<b>-3,107</b>	<b>-3,295</b>	<b>-3,480</b>	<b>-3,648</b>

[illegible]

# APPENDIX 3

## CAPITAL EXPENDITURE & FINANCING (as at January 2016)

	Approved Budget 2015/16 £	Approved B/fwd 2014/15 £	Adjs 2015/16 £	Total Budget 2015/16 £	Approved Budget 2016/17 £	Approved Budget 2017/18 £	Approved Budget 2018/19 £	Approved Budget 2019/20 £	Approved Budget 2020/21 £
<b>COUNCIL HOUSE IMPROVEMENTS</b>									
Major Improvements under Self-financing	3,150,000			3,150,000	3,150,000	2,102,000	2,102,000	2,102,000	2,102,000
Major Disabled Facilities Grant (Council Houses MRA)	300,000			300,000	300,000	300,000	300,000	300,000	300,000
Minor Disabled facilities Grant (Council - HRA)	50,000			50,000	50,000	50,000	50,000	50,000	50,000
Council New Build Programme Phase 1	5,495,000			5,495,000	2,493,000	1,000,000	0	0	0
<b>Total Expenditure</b>	<b>8,995,000</b>	<b>0</b>	<b>0</b>	<b>8,995,000</b>	<b>5,993,000</b>	<b>3,452,000</b>	<b>2,452,000</b>	<b>2,452,000</b>	<b>2,452,000</b>
<b>Financed from</b>									
Major Repairs Reserve	2,876,000			2,876,000	2,985,000	2,452,000	2,452,000	2,452,000	2,452,000
Revenue Contribution	2,911,000			2,911,000	1,338,000	780,000	0	0	0
Capital Receipts Reserve	2,098,000			2,098,000	0	0	0	0	0
HCA Grant	190,000			190,000	220,000	220,000	0	0	0
Loan	920,000			920,000	1,450,000	0	0	0	0
<b>Total Financing</b>	<b>8,995,000</b>	<b>0</b>	<b>0</b>	<b>8,995,000</b>	<b>5,993,000</b>	<b>3,452,000</b>	<b>2,452,000</b>	<b>2,452,000</b>	<b>2,452,000</b>
<b>PRIVATE SECTOR HOUSING RENEWAL</b>									
Disabled Facility Grants and other Works	398,000	81,097		479,097	398,000	398,000	336,000	336,000	336,000
Decent Homes	0	73,436		73,436	0	0	0	0	0
Private Sector Stock Condition Survey	0	22,750		22,750	0	0	60,000	0	0
Empty Property Landlord Grants	0	42,943	0	42,943	0	0	0	0	0
Strategic Housing Market Assessment	0	40,000	0	40,000	0	60,000	0	0	0
<b>Total Expenditure</b>	<b>398,000</b>	<b>260,226</b>	<b>0</b>	<b>658,226</b>	<b>398,000</b>	<b>458,000</b>	<b>396,000</b>	<b>336,000</b>	<b>336,000</b>



**Financed from**

External Contributions	0	73,436		73,436	0	0	0	0	0
General Fund	62,000	62,750		124,750	62,000	62,000	0	0	0
Derbyshire County Council	336,000	81,097		417,097	336,000	336,000	336,000	336,000	336,000
General Capital Receipts	0	42,943		42,943	0	60,000	60,000	0	0

**Total Financing**

<b>398,000</b>	<b>260,226</b>	<b>0</b>	<b>658,226</b>	<b>398,000</b>	<b>458,000</b>	<b>396,000</b>	<b>336,000</b>	<b>336,000</b>
----------------	----------------	----------	----------------	----------------	----------------	----------------	----------------	----------------

**GENERAL FUND INVESTMENT PROGRAM****COMMUNITY SERVICES**

Swadlincote Woodlands Nature Reserve	6,000	0	0	6,000	31,000	0	0	0	0
Melbourne Leisure Centre	0	0	0	0	76,600	0	0	0	0
Melbourne Sports Partnership	750,000	0	0	750,000	735,786	632,631	0	0	0
Eureka Park - Community Programme	0	350,000	0	350,000	0	0	0	0	0
Rosliston Forestry Centre - Play Project	130,000	0	0	130,000	0	0	0	0	0
Grove Hall Active Zone Redevelopment	500,000	479,300	0	979,300	0	0	0	0	0
Community Partnership Scheme	150,000	12,700	0	162,700	150,000	0	0	0	0
Etwall Lesiure Centre - Fitness / Community Facilities	25,000	353,500	0	378,500	0	0	0	0	0

**ENVIRONMENTAL AND DEVELOPMENT SERVICES**

Swadlincote Heritage Opportunities project	30,986	0	0	30,986	147,616	200,866	134,118	0	0
Noise and Antisocial Behaviour Prevention	9,900	0	0	9,900	0	0	0	0	0
Partnership Schemes in Conservation Areas	3,080	0	0	3,080	0	0	0	0	0

**PROPERTY AND OTHER ASSETS**

New Depot	0	0	0	0	3,000,000	500,000	0	0	0
Vehicle Replacements	50,000	0	0	50,000	1,232,064	250,000	250,000	250,000	250,000
Chestnut Avenue, Midway - Leisure Project	5,000	0	0	5,000	22,402	0	0	0	0
Bretby Villa	188,050	0	0	188,050	50,000	0	0	0	0
Dellner Factory Premises	147,893	0	0	147,893	100,000	0	0	0	0
Repairs to Village Halls and Community Facilities	0	0	0	0	31,700	0	0	0	0
Public Buildings - Planned Maintenance Programme	0	0	0	0	58,032	0	0	0	0

**Total Expenditure - General Fund**

1,995,909	1,195,500	0	3,191,409	5,635,200	1,583,497	384,118	250,000	250,000
-----------	-----------	---	-----------	-----------	-----------	---------	---------	---------

**Financed from**

Derbyshire County Council	250,000	0	0	250,000	0	0	0	0	0
Section 106	0	0	0	0	0	213,000	0	0	0
Rugby Football Union	0	0	0	0	20,000	0	0	0	0
Sport England	0	0	0	0	150,000	0	0	0	0
Melbourne Parish Council	18,000	0	0	18,000	0	0	0	0	0
Football Foundation	34,214	0	0	34,214	565,786	0	0	0	0
Leisure Management Contractor	0	70,000	0	70,000	0	0	0	0	0
Partnership Funding	0	2,000	0	2,000	0	0	0	0	0
Tennis Club	0	4,000	0	4,000	0	0	0	0	0
Section 106	0	31,500	0	31,500	0	0	0	0	0
Revenue Contributions	25,000	0	0	25,000	0	0	0	0	0
Earmarked Reserves	0	20,000	0	20,000	0	0	0	0	0
Renewals (Sinking) Fund	0	106,000	0	106,000	0	0	0	0	0
Section 106	0	24,277	0	24,277	0	0	0	0	0
Heritage Lottery	0	325,723	0	325,723	0	0	0	0	0
Revenue Contributions	3,080	0	0	3,080	0	0	0	0	0
Sport England	500,000	0	0	500,000	0	0	0	0	0
Badminton England	0	15,000	0	15,000	0	0	0	0	0
Police & Crime Commissioner	0	17,500	0	17,500	0	0	0	0	0
Earmarked Reserves	0	179,300	0	179,300	0	0	0	0	0
Prudential borrowing	0	167,500	0	167,500	0	0	0	0	0
Vehicle Replacement Reserve	50,000	0	0	50,000	1,232,064	250,000	250,000	250,000	250,000
Derbyshire County Council	14,686	0	0	14,686	10,000	10,000	10,000	0	0
Revenue Contributions	0	0	0	0	7,000	7,000	7,000		
Earmarked Reserves	10,000	0	0	10,000	0	0	0		
Heritage Lottery	6,300	0	0	6,300	130,616	183,866	117,118	0	0

National Forest	80,000	0	0	80,000	0	0	0	0	0
National Forest	0	0	0	0	16,000	0	0	0	0
Volunteer Time	6,000	0	0	6,000	0	0	0	0	0
External Funding	5,000	0	0	5,000	22,402	0	0	0	0
Earmarked Reserves	147,893	0	0	147,893	100,000	0	0	0	0
General Fund	397,950	100,000	0	497,950	215,000	0	0	0	0
General Capital Receipts	447,786	132,700	0	580,486	3,166,332	919,631	0	0	0

**Total Financing - General Fund**

<b>1,995,909</b>	<b>1,195,500</b>	<b>0</b>	<b>3,191,409</b>	<b>5,635,200</b>	<b>1,583,497</b>	<b>384,118</b>	<b>250,000</b>	<b>250,000</b>
------------------	------------------	----------	------------------	------------------	------------------	----------------	----------------	----------------

**TOTAL EXPENDITURE - ALL SCHEMES**

<b>11,388,909</b>	<b>1,455,726</b>	<b>0</b>	<b>12,844,635</b>	<b>12,026,200</b>	<b>5,493,497</b>	<b>3,232,118</b>	<b>3,038,000</b>	<b>3,038,000</b>
-------------------	------------------	----------	-------------------	-------------------	------------------	------------------	------------------	------------------

**General Capital Receipts**

Melbourne Sports Partnership	447,786			447,786		419,631			
Melbourne Leisure Centre				0	76,600				
New Depot				0	3,000,000	500,000			
Community Partnership Scheme		12,700		12,700					
Repairs to Village Halls and Community Facilities				0	31,700				
Public Buildings - Planned Maintenance Programme				0	58,032				
Etwall Leisure Centre - Fitness / Community Facilities		120,000		120,000					
	<b>447,786</b>	<b>132,700</b>	<b>0</b>	<b>580,486</b>	<b>3,166,332</b>	<b>919,631</b>	<b>0</b>	<b>0</b>	<b>0</b>

**General Fund**

Community Partnership Scheme	150,000			150,000	150,000				
Noise and Antisocial Behaviour Prevention	9,900			9,900					
Swadlincote Woodlands Nature Reserve	0			0	15,000				
Rosliston Forestry Centre - Play Project	50,000			50,000					
Bretby Villa	188,050			188,050	50,000				
Grove Hall Active Zone Redevelopment		100,000		100,000					
	<b>397,950</b>	<b>100,000</b>	<b>0</b>	<b>497,950</b>	<b>215,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Appendix 4

<b>Earmarked - Estimated Balances at Year End</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Specific / Earmarked Reserves - Council Funds</b>							
Vehicle Replacement Fund	782,064	957,064	732,064	257,064	182,064	107,064	282,064
Dilapidation Works - Factory Site per Lease Agreement	260,870	60,870	0	0	0	0	0
IT Reserve	195,526	100,526	25,526	75,526	100,526	125,526	50,526
Pensions Reserve	182,000	182,000	182,000	0	0	0	0
Local Plan - Consultation and Implementation	164,000	39,000	0	0	0	0	0
Repton Parish (Former Depot proceeds)	33,049	33,049	33,049	33,049	33,049	33,049	33,049
Corporate Services Innovation Fund	81,666	81,666	0	0	0	0	0
Rosliston Forestry Centre / Café	45,772	55,772	40,772	20,772	10,772	20,772	30,772
Planning - Staffing and Support Costs	167,000	132,000	27,000	0	0	0	0
Civic Offices - Maintenance	32,000	32,000	0	0	0	0	0
Leisure Maintenance	5,000	0	0	0	0	0	0
Corporate Training	19,775	0	0	0	0	0	0
<b>Total - Specific / Earmarked Reserves</b>	<b>1,968,722</b>	<b>1,673,947</b>	<b>1,040,411</b>	<b>386,411</b>	<b>326,411</b>	<b>286,411</b>	<b>396,411</b>

### Specific Grants and Contributions

Public Open Space - Commuted Sums	517,403	440,753	347,603	347,603	347,603	347,603	347,603
Youth Engagement Partnership	568,803	336,803	185,003	185,003	185,003	185,003	185,003
Schools Sport Partnership Project	182,861	106,011	31,011	31,011	31,011	31,011	31,011
Community Safety & Crime Reduction	401,292	294,292	228,292	228,292	228,292	228,292	228,292
Young People's Cultural Partnership / Arts Development	30,287	28,537	20,387	20,387	20,387	20,387	20,387
Rosliston Business Units	10,719	10,719	0	0	0	0	0
Get Active in the Forest Partnership	89,084	73,184	46,384	46,384	46,384	46,384	46,384
Environmental Education	57,539	57,539	57,539	57,539	57,539	57,539	57,539
Tetron Point Storm Water Basin - S106 UK Coal	53,012	53,012	53,012	53,012	53,012	53,012	53,012
Swadlincote Woodlands - Section 106	50,774	50,774	50,774	50,774	50,774	50,774	50,774
Rosliston Forestry Centre	35,892	35,892	15,892	0	0	0	0

New Play Equipment and Safety Surfacing	26,007	6,007	0	0	0	0	0
Maurice Lea Park NHLF Grant	23,012	23,012	23,012	0	0	0	0
BCU Funding	21,110	21,110	21,110	0	0	0	0
LSP Reserve	25,357	25,357	25,357	0	0	0	0
Housing Strategy	34,559	34,559	34,559	0	0	0	0
Homelessness Prevention	187,365	187,365	187,365	97,365	0	0	0
Community Right to Bid	20,728	20,728	20,728	0	0	0	0
Community Right to Challenge	16,547	16,547	16,547	90	90	90	90
Property Records - Data sharing	7,131	7,131	7,131	0	0	0	0
Fraud Initiatives - Partnership Funding	92,000	47,000	0	0	0	0	0
Heritage Lottery Grants	17,500	17,500	0	0	0	0	0
Electoral Registration	38,401	38,401	38,401	38,401	0	0	0
<b>Total - Specific Grants and Contributions</b>	<b>2,507,383</b>	<b>1,932,233</b>	<b>1,410,107</b>	<b>1,155,861</b>	<b>1,020,095</b>	<b>1,020,095</b>	<b>1,020,095</b>