

## **APPENDIX A Medium Term Financial Plan 2025/26 to 2028/29 at November 2024**

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## 1. Introduction

- 1.1. The purpose of the Medium Term Financial Plan (MTFP) document and the associated planning process is to ensure that the Council's resources are directed effectively and efficiently towards the delivery of the Borough Plan, and the Council's services and priorities. The planning process facilitates prudent management of the Council's finances, providing for the needs of residents and businesses over the medium term, and building in resilience and management of the financial pressures the Council anticipates over the next four years.
- 1.2. The Council and its members are committed to consulting with residents, businesses, and other stakeholders to help inform the budget setting process and spending priorities through various forms of communication and engagement.
- 1.3. The MTFP builds on the current approved levels of spending on revenue services and capital expenditure, the financing, and the forecast reserves position. It incorporates financial forecasts of interest rates, inflation and budgetary demands, changes to funding & income generation, the refreshed capital programme, the efficiency programme, and the use of reserves.

## 2. Strategic Priorities

- 2.1. The Medium Term Financial Plan is driven by local priorities. The Council's spending strategy is set out in the Borough Plan formally adopted by Members of the Council.
- 2.2. The delivery of the Borough Plan is measured through the Performance Framework and monitored using a set of local performance indicators and targets established for the coming year. The Medium Term Financial Plan reflects the contents of the plan, ensuring that resources are directed towards key priorities.
- 2.3. The Council's vision is expressed as:  
"Working together to protect and invest in the High Peak with the Council on your side"  
This vision is articulated further by five aims:
  - Supporting our communities to create a healthier and safer High Peak
  - Future proof Housing
  - Protect and create jobs by supporting economic growth, development & regeneration
  - Protect and improve the environment including responding to the climate emergency
  - A responsive, smart, financially resilient and forward thinking Council
- 2.4. These aims are supported by several objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

Aim	Objectives
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	Aim	Objectives
1	Supporting our communities to create a healthier, and safer High Peak	<p>Work with our partners and the community to address health inequality, food and fuel poverty, mental health and loneliness</p> <p>Develop a positive relationship with communities</p> <p>Effective relationship with strategic partners</p> <p>Practical support of community safety arrangements</p> <p>Provision of sports facilities and leisure opportunities focused upon improving health</p> <p>Working cooperatively with local groups, and sports clubs to help people move more and enjoy our green spaces</p> <p>Enhance the distinctive culture, creativity and heritage of the Borough</p> <p>Improve residents' access to benefits and financial support</p> <p>Assist and influence other public partners to improve their services in the High Peak</p>
2	Future Proof Housing	<p>Fit for purpose housing that meets the needs of HPBC tenants</p> <p>Increased supply of good quality homes</p> <p>Maintain an effective Housing Revenue Account (HRA) Business Plan</p> <p>Provide effective housing estate management to manage and enhance the environment within our control and for the wider community</p>
3	Protect and create jobs by supporting economic growth, development & regeneration	<p>Encourage business growth including start-ups and enterprises</p> <p>Working to support existing local businesses, both large and small across the High Peak as they respond to future challenges</p> <p>Supporting the development of innovative green jobs and businesses across the High Peak</p> <p>Promote tourism to maximise local benefit</p> <p>Work to create flourishing town centres and thriving high streets that support the local economy</p> <p>Maintain and deliver an effective Local Plan</p> <p>High quality development and building control with an "open for business" approach</p>
4	Protect and Improve the Environment including responding to the climate emergency	<p>Effective recycling and waste management</p> <p>Meeting the challenges of climate change</p> <p>Provision of high quality public amenities, clean streets and environmental health</p> <p>Provision of quality parks and open spaces</p> <p>Car parking arrangements that meet the needs of residents, businesses and visitors</p>
5	A responsive, smart, financially resilient and forward thinking Council	<p>Ensuring the 'golden thread' through our workforce</p> <p>Ensure our future financial resilience can be financially sustainable whilst offering value for money</p> <p>Ensure our services are readily available to all our residents in the appropriate channels and provided "right first time"</p> <p>Invest in our staff to ensure we have the internal expertise to deliver our plans by supporting our high performing and well-motivated workforce</p> <p>Effective procurement with a focus on local business</p> <p>Use innovation, technology and partnership with others to help improve the efficiency of services, improve customer satisfaction and reduce our impact on the environment</p> <p>More effective use of Council assets</p> <p>Strong and effective democratic processes</p>

- 2.5. The Council is committed to playing the lead role in championing the local area. Fulfilling this role means influencing partners in a number of key areas, such as ensuring the provision of accessible health and social care, dealing with anti-social behaviour, pressing for more regular and faster rail links, public transport and essential road infrastructure, completion of the off road route for the Trans-Pennine Trail and access to the Monsal and Tissington trails, bringing additional funding into the borough, ensuring benefits for High Peak from the East Midlands Devolution Deal and ensuring there is collective action on climate change.
- 2.6. The Plan identifies key priority outcomes, which will be the highest priority in the development of performance targets and key actions. A significant proportion of the Council's resources will be directed towards achieving them:

<b>Aim</b>	<b>Key Priority Outcomes</b>
Supporting our communities to create a healthier and safer High Peak	Increased level of community support
	Refreshed Community Safety Strategy
	New Cultural Strategy
Future Proof Housing	Effective HRA Business Plan
	Improved tenant satisfaction
	Improved private sector housing conditions
	Increased supply of quality affordable housing
	Review and reintroduce the caretaking service
Protect and create jobs by supporting economic growth, development & regeneration	Increased economic growth and higher paid employment
	Thriving and flourishing town centres and high streets
Protect and improve the environment including responding to the climate emergency	Reduced carbon emissions
	High recycling rates
	Reduced levels of environmental crime
	Annual Reports on progress around the Climate Change Strategy and Biodiversity Plan
A responsive, smart, financially resilient and forward thinking Council	Increased levels of staff and customer satisfaction
	Increased use of local firms through procurement
	Increased levels of customer satisfaction
	Better engagement with our local communities
	Providing Value for Money council service

- 2.7. The Council maintains a Strategic Alliance with Staffordshire Moorlands District Council, formed around the principle of shared services in the pursuit of efficiency and realisation of savings. The Strategic Alliance has enabled the implementation and transformation of a joint management structure and services, consequently realising significant efficiency savings. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner.

### **3. Capital Programme**

- 3.1. The Capital Programmes for both the general fund and the HRA, as presented to and approved by Members in February 2024, have now been reviewed, re-profiled and updated to reflect the latest capital projections to 31 March 2029. The general fund Capital Programme includes the carry forward from 2023/24 of £2,446,300 approved by The Executive as part of the Quarter 1 Finance

report in October 2024. The programmes are summarised in these tables with more detail shown at Annex A.

Service Area	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
Housing	516,600	-	-	-	-	516,600
Asset Management	4,580,810	2,179,220	4,313,180	1,297,410	1,362,280	13,732,900
Housing Grants	571,660	555,000	555,000	555,000	555,000	2,791,660
ICT Strategy	82,250	671,650	505,500	175,000	-	1,434,400
Fleet Management	1,382,970	316,000	3,067,000	223,000	464,000	5,452,970
Leisure	4,140,630	-	250,000	-	-	4,390,630
Regeneration	986,980	1,512,680	1,186,150	-	-	3,685,810
Waste	-	920,830	-	-	-	920,830
<b>Total Revised Programme</b>	<b>12,261,900</b>	<b>6,155,380</b>	<b>9,876,830</b>	<b>2,250,410</b>	<b>2,381,280</b>	<b>32,925,800</b>
Financed by:						
External Contributions	699,810	1,475,830	555,000	555,000	555,000	3,840,640
Planning Obligations	82,110	-	-	-	-	82,110
Capital Receipts (Land)	1,954,500	2,895,000	2,150,000	1,631,410	518,590	9,149,500
Capital Receipts (one for one)	516,600	-	-	-	-	516,600
Capital Receipts (Vehicles)	24,250	40,000	16,000	64,000	13,250	157,500
Earmarked Reserves	460,000	-	-	-	-	460,000
Borrowing	8,524,630	1,744,550	7,155,830	-	1,294,440	18,719,450
<b>Total Revised Financing</b>	<b>12,261,900</b>	<b>6,155,380</b>	<b>9,876,830</b>	<b>2,250,410</b>	<b>2,381,280</b>	<b>32,925,800</b>

HRA Scheme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
Asset Management Works	7,622,230	7,737,480	5,310,130	4,872,960	4,697,960	30,240,760
De-carbonisation	630,810	-	-	-	-	630,810
Commissioning	100,000	100,000	100,000	100,000	100,000	500,000
Vehicle Replacement	211,940	-	-	-	-	211,940
Re-Purchase Dwellings	200,000	200,000	200,000	200,000	200,000	1,000,000
ICT Housing System	-	972,650	55,000	-	-	1,027,650
Housing Refugees	1,188,490	-	-	-	-	1,188,490
<b>Total Programme</b>	<b>9,953,470</b>	<b>9,010,130</b>	<b>5,665,130</b>	<b>5,172,960</b>	<b>4,997,960</b>	<b>34,799,650</b>
Major Repairs Reserve	2,423,140	2,423,140	2,423,140	2,423,140	2,423,140	12,115,700
HRA Contribution	3,558,840	4,335,460	3,041,990	2,549,820	2,374,820	15,860,930
Capital Receipts (1-4-1)	200,000	200,000	200,000	200,000	200,000	1,000,000
Capital Receipts (Other) Refugees	666,490	451,530	-	-	-	1,118,020
Local Authority Housing Fund	522,000	-	-	-	-	522,000
Mayoral Devolution Fund (Decarb)	583,000	-	-	-	-	583,000

HRA Scheme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
Borrowing	2,000,000	1,600,000	-	-	-	3,600,000
<b>Total Financing</b>	<b>9,953,470</b>	<b>9,010,130</b>	<b>5,665,130</b>	<b>5,172,960</b>	<b>4,997,960</b>	<b>34,799,650</b>

3.2. The indicative capital programmes include the following major elements:

- **Asset Management Plan** (both general fund and HRA): it is essential that the Council maintains an asset base to facilitate provision of services and delivery of the Borough Plan. In order to monitor affordability, the Capital Strategy in the MTFP will set out the proposed outcomes and actions, and the consequent capital and revenue financial implications, both positive and negative, of maintaining the Council's current property assets.
- **Housing Grants** (general fund): The Borough Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant (DFG). From 1 April 2023, the Council has engaged its partner, Alliance Norse Ltd, to deliver DFG services under the 'N-Able' brand.
- **ICT Strategy** (both general fund and HRA): An updated strategy has been developed alongside an Organisational Development Strategy and Access to Services Strategy. The aim is to drive a change in culture and deliver the systems, processes and skills required in an environment where information is shared seamlessly through connected systems. This will potentially reduce the costs of services through optimisation, improving online services and enabling customers to self-serve. This will also reduce manual administrative tasks, removing paper processes and allowing Officers to focus on high-value tasks. The replacement of the ageing Housing Management (OHMS) system is priority and the latest cost projection of £1.027million has been included in this budget update.

An earmarked reserve has been established specifically to support with the implementation of the ICT Strategy. The balance of this reserve at 1 April 2024 was £750,000.

- **Fleet Management** (both general fund and HRA): The Council has a forward plan of fleet replacement requirements based on estimates of the useful lives of the existing fleet and future business needs. Current assumptions are that new vehicles will be funded via direct capital purchase, but this will be subject to further funding options appraisals prior to purchase. In response to the climate emergency, the use of clean fuel and greater efficiency is a key consideration. Proceeds from the sale of vehicles will be used to fund future purchases through use of reserves and capital receipts to further reduce the overall cost of financing the vehicle fleet by reducing borrowing costs.
- **Leisure projects** (general fund): New Mills Leisure Centre refurbishment and reconfiguration pending further member approval, energy efficiency works at Buxton Pool via the Public Sector Decarbonisation Scheme (PSDS), Play Investment Plan projects and Move More Sports grants fund.

- **Regeneration projects** (general fund): Revitalising Buxton project encompassing The Springs.
- **Weekly food waste collections** (general fund): Weekly food recycling initiative, funded by Department for Environment Food and Rural Affairs (DEFRA). Capital elements of the programme include purchase of food bins and food collection vehicles. DEFRA has also indicated that there will be sources of funding under the 'Simpler Recycling' umbrella to resource the transition of implementing a weekly food waste collection service over 2024/25 and/or 20205/26 as well as the ongoing costs from April 2026. At this stage, the assumption has been made that the costs of this initiative can be contained within the funding allocated by Central Government.

### **3.3. Financing the Capital Programme**

- 3.3.1. The capital programme is funded from several streams, including external grants and contributions from third parties, capital receipts from asset sales as part of the asset management plan and sale of council dwellings, earmarked revenue reserves, and a planned annual contribution from the Housing Revenue Account to finance construction of and improvements to council dwellings.
- 3.3.2. Borrowing is undertaken to fund the shortfall after other capital resources have been used. The Council's estimated borrowing requirement for both the general fund and HRA capital programmes are shown in the table above. The Treasury Management Strategy then considers whether this is funded externally or internally - both options have a consequence on revenue either through reduced investment income or increased external interest liability.
- 3.3.3. The capital receipts applied to the General Fund include the one-for-one right-to-buy element used to fund capital expenditure on new housing properties. Following a change in Government guidelines, these receipts can now fund 100% of overall expenditure. Direct property purchases are being considered where there is a business case for doing so. The HRA can also apply capital receipts which are not subject to the same restrictions as the one-for-one receipts to the overall capital programme.
- 3.3.4. It is proposed to utilise reserves allocated for capital spend (where possible) on the acquisition of short-life assets such as vehicles, plant and equipment, or similarly, increase the HRA contribution to capital, where it is best value to do so.

### **3.4. Transformation Programme**

- 3.4.1. The delivery of transformation programme projects is monitored by the Transformation Board made up of Directors, along with key Heads of Service and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.
- 3.4.2. The progress and current financial projections of the transformation programme are explored below along with any potential revenue and capital consequences. Any further work required to identify the financial implications of the programme are discussed and will feed into future MTFP updates.

### 3.5. Capital Strategy

3.5.1. In accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities, a Capital Strategy was produced and approved alongside the MTFP in February 2024. This report explains how capital expenditure and investment decisions are taken in line with the Council's Borough Plan and service objectives, taking account of stewardship, value for money, prudence, risk management, sustainability and affordability. The Strategy will be updated and presented to members with the MTFP report in February 2025.

### 3.6. Member Priority Actions/ Projects

3.6.1. During the development of the Borough Plan several priority actions were identified by members. These are being assessed by the management team as to what the financial implications are for each action – in the next iteration of the MTFP this table will indicate to what extent the financial implications are included in the plan.

Portfolio Holder	Priority Action	Financial Implications			
		(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Leader	Develop a Cultural Strategy to support and celebrate the rich history and culture of the Borough				
	Deliver the UKSPF Local Investment Plan				
	Refresh and implement the Asset Management Framework and Plan				
	Refresh the council's Communications Strategy in order to ensure there is a more effective dialogue and engagement with residents				
	Further develop and implement the Melandra Castle Management Agreement				
	Implement the Access to Services Strategy to ensure that services are accessible to all				
	Implement the Scrutiny and Constitution Review and increase member and public participation				
	Develop and implement an enhanced community leadership scheme				
	Develop a programme of shared projects with Staffordshire Moorlands DC to continue the benefits of the strategic alliance				
	Develop and implement a plan to enhance regional and local strategic partnerships, by building strong partnership relationships, influencing policy and creating wider stakeholder involvement				
	Develop and enhance our partnerships with the local voluntary sector to work cooperatively across the High Peak				
	Review existing estate management arrangements to see a refreshed approach to communal gardens / areas, green spaces, communal entrances, landscaping and fencing				
	Continue to enhance our repairs and maintenance service through our partnership with Norse				
	Consider options for co-location of services with partners				
	Review options to improve the marketing and promotion of Council and partner services				
Recreation, Tourism	Deliver the Leisure Facilities Transformation plan focused on improving the health and wellbeing of residents				



Portfolio Holder	Priority Action	Financial Implications				
		(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known	
	Review and implement the Council's Growth Strategy to ensure that it is focused on the effective regeneration of our towns and rural communities					
	Implement the accelerated housing delivery programme					
	Implement the development of Glossop Halls					
	Implement the Revitalising Buxton and Buxton HAZ programmes					
	Develop a new Parking Strategy to ensure that our car parks meet the needs of residents and visitors					
	Implement the Move More High Peak Strategy					
	Implement the Parks Development Plan to support the widest community use of parks and support community / friends groups					
	Implement the Tourism Strategy to maximise the positive impact to our communities					
	Establish and implement a plan to support local businesses to access funding including buy local campaigns					
	Explore options to enhance our existing relationships with local groups, and sports clubs					
	Community Safety & Planning	Complete the review of the Local Plan				
		Develop plans to ensure the effective use of Biodiversity Net Gain				
Refresh, review and implement the Community Safety Strategy						
Explore options to refresh and enhance our CCTV system						
Corporate Services and Finance	Develop and implement the Council's Efficiency Programme, with a key priority of protecting front line services					
	Implement the Digital Strategy to enhance and support the delivery of services					
	Implement the Organisational Development Strategy to ensure effective workforce development and use of apprenticeships					
	Implement the Procurement Strategy with a focus on spending money locally					
	Review and Implement the Housing Revenue Account (HRA) Business Plan					
	Review the Debt Recovery Policy to ensure recognition of vulnerable people					
	Implement a Cost of Living response plan					
Housing & Licensing	Continue the development and implementation of the Alliance; Our Future programme, along with the service culture reviews					
	Implement a plan to ensure compliance with the Social Housing (Regulation) Act 2023					
	Develop a Private Sector Housing Strategy to improve conditions for homeowners and private tenants					
	Implement the Empty Properties Strategy					
	Develop and implement a plan to increase the HPBC housing stock					
	Develop and implement a strategy to increase the supply of social, affordable and specialist housing					
	Develop a High Peak Decent Homes Standard					
Review our sheltered / supported housing stock to assess the ongoing needs of our tenants and ensure the stock / service meet the expectations of our tenants now and in the future						

Portfolio Holder	Priority Action	Financial Implications			
		(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Climate Change and Environment	Review the Council's waste and recycling arrangements to increase recycling and to respond to the emerging new national strategy				
	Implement the Climate Change Strategy and Action Plans of responses to the declared climate emergency and complete the development of a High Peak Biodiversity Plan				
	Develop and implement a EV Charging Strategy				
	Implement a plan to ensure high quality public amenities				
	Work with local businesses and community organisations to both deliver on climate change and biodiversity plans, and lobby other bodies including government where we lack the powers to take action directly				
	Host an annual event to consider progress on the climate change and biodiversity plans				

#### 4. Housing Revenue Account (HRA) review

- 4.1. Work continues on a fundamental review of the HRA Business Plan to incorporate key issues and challenges such as rent setting, voluntary debt repayment, efficiency plans, welfare reforms, understanding tenant priorities, considering the outcomes of estate regeneration reviews, prioritising decent homes standard failures, meeting Health and Safety concerns, and development of new stock.

#### 5. Efficiency Programme

- 5.1. The 2024/25 to 2027/28 Medium Term Financial Plan (MTFP) was balanced with the inclusion of an efficiency requirement of £750,000. Themed areas to achieve this programme include: Asset Management Plan, Income and Charges, Project Management, Recruitment and Retention, and Council Controlled Companies.
- 5.2. Work to identify the detail of where these savings can be achieved continues in all areas and there is a Head of Service lead for each stream, with update presentations being made to members. Plans are in place to overachieve the efficiency targets in order to provide an in built contingency to any challenging areas, this is shown below as a headroom to the MTFP target.
- 5.3. At this first iteration of the MTFP there is no further efficiency target included in 2028/29 year 4 of the plan. This will be reviewed as the plan is balanced for budget setting in February 2025.

Plan	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Efficiency targets in MTFP</i>	(150,000)	(200,000)	(200,000)	(200,000)	-	(750,000)
Asset Management Plan	(24,000)	(79,000)	(165,000)			(268,000)

<b>Plan</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000	£'000
Council Controlled Companies	(28,000)	(86,000)	(211,000)			(325,000)
Income & Charges	(83,000)	(40,000)	(40,000)			(163,000)
Project Management	(15,000)	(15,000)	(15,000)			(45,000)
Recruitment & Retention	-	-	-			-
<b>Total</b>	<b>(150,000)</b>	<b>(220,000)</b>	<b>(431,000)</b>	<b>-</b>	<b>-</b>	<b>(801,000)</b>
<i>(Headroom)/ shortfall against MTFP</i>	-	(20,000)	(231,000)	200,000	(51,000)	(51,000)

5.4. A long-standing earmarked reserve of £200,000 was increased to £500,000 in the closure of accounts for 2023/24 – this is available to support the implementation of the Efficiency Programme.

## 6. Financial Forecasts

### 6.1. Interest Rates

6.1.1. The current view of interest rates is that the Bank of England base rate will be at 4.00% at the start of 2025/26, decreasing over the life of the plan to 3.00% by mid-2026 and remain there. These relatively high interest rates have a significant impact on borrowing costs, offset where portfolios allow by increased investment income.

6.1.2. The strategy for external borrowing continues to keep fixed term periods short until rates start to decrease and borrowing can be locked in at lower interest rates for longer periods to provide certainty of future costs. Internal borrowing will also be used where there is a net benefit from the reduction in the external borrowing cost, compared to the reduced investment income potential.

6.1.3. The table below shows the net borrowing cost to the Council across the MTFP period:

	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£	£	£	£	£
Investment income	(1,121,170)	(807,870)	(549,820)	(466,380)	(536,750)
Borrowing costs	1,484,670	1,927,950	2,191,090	2,425,300	2,391,930
<b>Net borrowing costs</b>	<b>363,500</b>	<b>1,120,080</b>	<b>1,641,270</b>	<b>1,958,920</b>	<b>1,855,180</b>

### 6.2. Inflationary Projections

6.2.1. The Consumer Price Index (CPI), as at September 2024, stood at 1.7%. The Bank of England target for inflation is 2%. This informs the inflation forecasts applied to Council's expenditure and income in this plan.

6.2.2. There is an earmarked reserve of £250,000 available to support any unforeseen costs of inflation.

6.2.3. The MTFP presented to members in February 2024 has been updated to reflect the latest forecasts on inflation and to roll forward a further 12 months to include the 2028/29 financial year. The full costs to the Council arising from inflation are forecast in the table below.

<b>Inflationary Changes</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£	£	£	£
Employee Costs	457,310	326,610	237,880	241,870
Premises Costs	106,230	103,290	105,360	107,470
Transport	-	-	-	-
Supplies and Services	207,660	197,860	194,370	195,050
Fees & Charges	(70,660)	(72,660)	(73,420)	(74,200)
<b>In-Year Inflation Pressure</b>	<b>700,540</b>	<b>555,100</b>	<b>464,190</b>	<b>470,190</b>
General Fund	490,450	348,650	277,210	279,750
Housing Revenue Account	210,090	206,450	186,980	190,440

### 6.3. Budgetary Demand

6.3.1. Changes in budgetary demand that have been identified since the MTFP was presented and approved to Council in February 2024, or are now anticipated during the four year MTFP period, are highlighted below:

<b>Changed Budget Demand</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£	£	£	£
Local Plan revision/ maintenance	(89,230)	-	-	-
Planning application income	-	(100,000)	-	-
Homelessness Support	55,730	-	-	-
Alliance Leisure & Leisure Transformation	(193,670)	275,640	(164,300)	322,210
Parks Development Fund	-	(10,000)	-	(20,000)
Pond Desilting	35,000	(50,000)	-	-
Alliance Environmental Services recycling improvements & other change notices	(194,500)	(80,000)	(80,000)	(80,000)
Water body risk management	(70,000)	-	-	-
Assets - Toilets refurbishment	-	(10,000)	-	-
Assets - Feasibility works (Energy)	-	(10,000)	-	-
D-day	(20,000)	-	-	-
WW2 80 Anniversary	20,000	(20,000)	-	-
Glossop Halls rental income	(33,300)	(16,100)	(7,000)	(9,800)
Alliance Norse Ltd	(420)	(13,800)	(15,030)	(15,050)
Buxton Opera House Glazed Canopies surveys	20,000	(20,000)	-	-
Cavendish Arcade repairs	20,000	-	-	-
ICT Strategies & Our Future	26,440	222,650	56,040	(157,000)
HR Support	(23,000)	(27,000)	-	-
Finance Employee costs (Pension)	(141,000)	(23,000)	(23,000)	(23,000)
Finance Premises costs (Insurance)	114,070	-	-	-
Finance Transport costs	(13,500)	-	-	-
Finance non-crystalised inflation	(300,000)	(200,000)	-	-
Water income	(100,000)	-	-	-

Changed Budget Demand	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
<b>Total General Fund</b>	<b>(887,380)</b>	<b>(81,610)</b>	<b>(233,290)</b>	<b>17,360</b>
ICT Strategies & Our Future	14,800	33,850	(52,430)	3,870
Alliance Norse Ltd	208,540	-	-	-
Condition Survey	(80,000)	-	-	-
PAS Energy efficiency Survey	(25,000)	-	-	-
<b>Total HRA</b>	<b>118,340</b>	<b>33,850</b>	<b>(52,430)</b>	<b>3,870</b>

## 7. Funding & Income Generation

### 7.1. Council Tax

7.1.1. The Council awaits confirmation of the percentage up to which Council Tax can be increased without being subject to a referendum. An estimated increase of 2% is included throughout the MTFP. Estimates of tax base growth are included based on the trend history:

Increased Council Tax Income	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
Revenue from increased Council Tax	(138,420)	(143,220)	(148,160)	(153,230)
Revenue from Tax Base growth	(101,520)	(103,550)	(105,620)	(107,730)
<b>Total</b>	<b>(239,940)</b>	<b>(246,770)</b>	<b>(253,780)</b>	<b>(260,960)</b>

### 7.2. Business Rates Retention

7.2.1. The multiplier used to set Business Rates charges is set by central government. In 2024/25 the multiplier was de-coupled to allow central government to set the small business and standard multipliers independently. The business rates multipliers are uplifted by the preceding September CPI each year. At September 2024, CPI was 1.7%, therefore, this has been applied to the 2025/26 year and forecast CPI is applied for the remainder of the plan. Where reliefs are in place, the plan assumes continuation of reliefs as well as the associated section 31 grant funding to compensate for the resulting loss in business rates income until more information is received from central government. Other changes in business rates retention may come from growth or an improvement in income from the Business Rates Pool.

	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
<b>Total Business Rates Retention</b>	<b>(3,237,980)</b>	<b>(3,477,120)</b>	<b>(3,669,420)</b>	<b>(3,908,000)</b>
(Increase)/ decrease in retention	(295,680)	(239,140)	(192,300)	(238,580)
Owing to:				
Growth/ Pool improvements	(134,530)	(105,960)	(103,800)	(109,050)
Section 31 grant funding (increase)/ reduction	(161,150)	(133,180)	(88,500)	(129,530)

### 7.3. Collection Fund

7.3.1. The Council maintains a Collection Fund to record the receipt of Council Tax and Business Rates and their distribution to precepting authorities. Any surplus or deficit generated is distributed or recovered from the preceptors in subsequent years:

Changes in Collection Fund Income	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Council Tax (surplus)/ deficit	(289,490)	(205,650)	(50,760)	(51,770)	(52,810)
Business Rates (surplus)/ deficit	142,780	(6,210)	-	-	-
<b>Total (surplus)/ deficit</b>	<b>(146,710)</b>	<b>(211,860)</b>	<b>(50,760)</b>	<b>(51,770)</b>	<b>(52,810)</b>
Change from previous year		(65,150)	161,100	(1,010)	(1,040)

## 7.4. Income from Government Grants

7.4.1. Government Grants to support the Council's expenditure for the coming year are usually included in the Provisional Local Government Settlement. Pending this information, the MTFP includes estimates of funding for the plan with a general tapering anticipated.

Government Grant (gain)/ loss of funding	2024/25	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Formula Grant - Baseline Funding	(2,553,800)	(2,602,320)	(2,662,170)	(2,718,080)	(2,772,440)
Funding Guarantee Grant	(860,690)	(215,170)	(100,000)	-	-
Services Grant	(15,070)	(15,070)	(15,070)	(15,070)	(15,070)
Revenue Support Grant	(114,920)	(114,920)	(114,920)	(114,920)	(114,920)
New Homes Bonus	(125,960)	(150,000)	(125,000)	(100,000)	(75,000)
<b>Total</b>	<b>(3,670,440)</b>	<b>(3,097,480)</b>	<b>(3,017,160)</b>	<b>(2,948,070)</b>	<b>(2,977,430)</b>
(Increase)/ decrease in government funding		572,960	80,320	69,090	(29,360)

7.4.2. The actual funding receivable for 2025/26 and whether a longer period of funding is confirmed in the provisional settlement will impact on the balanced plan to be presented in February 2025.

## 7.5. General Fees and Charges

7.5.1. Charging for local services makes a significant contribution to the Council's finances. The Council also uses charging to influence individual choices and behaviour, and to bring other benefits to local communities. Charges are set according to the category they fall into:

- Full commercial: Service is promoted to maximise revenue within an overall objective of generating a surplus from the service.
- Fair charging: Service is promoted to maximise income but subject to defined policy constraints including commitments made to potential customers on an appropriate fee structure.
- Cost recovery: Service generally available to all but without a subsidy.

- Subsidised: Service is widely accessible, but users of the service should make some contribution from their own resources.
- Nominal: Service to be fully available and a charge is made to discourage frivolous usage.
- Free: Service fully available at no cost.
- Statutory: Charges are set in line with legal obligations.

7.5.2. Annual revision of the Council's fees and charges has commenced and a preliminary version of the 2025/26 charges is available for Member scrutiny in Annex D (part 2) of this report to engage conversation regarding any proposed changes with Heads of Service. The final outcome of this process will be presented for approval as part of the February 2025 MTFP. This iteration of the plan assumes an overall increase in income from fees and charges from inflation, increased charges, or increased demand as applicable:

<b>Fees &amp; Charges</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£	£	£	£	£
Additional income from increased fees & charges		(190,660)	(72,660)	(73,420)	(74,200)
Total income from fees & charges	(6,729,480)	(6,920,140)	(6,992,800)	(7,066,220)	(7,140,420)

7.5.3. Income from the 'Income and Charges' theme in the Efficiency Programme will add to the existing fees & charges income streams.

## **7.6. Housing Revenue Account Rent Charges**

7.6.1. The formula rent increases each year by CPI+1% in the preceding September. CPI was 1.7% at September 2024, therefore an increase of 2.7% is included in 2025/26. An increase of 2% is included in subsequent years. An increase of 5% is included for 'Other Charges' (including garages and service charges) throughout the plan. Residents in sheltered blocks are also recharged for utilities usage:

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
	£	£	£	£
Additional income from increased rent and other charges	(101,320)	(422,020)	(431,610)	(442,480)

## **8. Risks, Contingencies & Use of Reserves**

### **8.1. Risk identification and management**

8.1.1. The early identification and management of risks is critical to the Medium Term Financial Planning process. Risks to the MTFP are assessed, mitigated, and actively managed to ensure that the Council delivers its services effectively within the funding at its disposal. The principal risks to the MTFP are summarised at Annex B.

8.1.2. Risk areas will be monitored closely and reviewed on an on-going basis and remedial action taken as appropriate. Risks associated with specific projects

will be identified within the project methodology documents and reviewed monthly by the Transformation Board. Specific financial risks which are embedded within this MTFP are:

### Revenue risks

- Inflationary assumptions
- Interest rates
- Housing benefits
- Fees and charges
- Universal Credit
- Business Rates
- Council Tax collection
- Government grants
- Financial benefits from partnerships/ shared services
- Pension costs
- Contract management

### Capital risks

- Interest rates
- External funding
- Capital receipts
- Capacity to deliver capital programme
- Project overspend
- Project overrun
- External factors (e.g. planning objections, judicial reviews etc. leading to project delay)
- Weather

## 8.2. Contingencies

8.2.1. The Council will carry adequate reserves as a contingency against risks that cannot be fully mitigated. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (CFO) to report on the robustness of the estimates included in the budget and the adequacy of the reserves that the budget provides. The Council is required to hold a general (contingency) reserve to meet unforeseen expenditure. While there is no detailed guidance on calculating the level of general reserves the Council is encouraged to take into account the strategic, operational and financial risks facing the Council. These amounts are then moderated to acknowledge the likelihood of all risk events occurring together. The table below reflects the approach taken in calculating the minimum level of general reserve required, which was set at £1,576,800 in the February 2024 MTFP, this will be reviewed again for the February 2025 MTFP.

Item	Calculation Factor	Value £m	Amount of Reserve £
Gross expenditure – Employees	3% increase in costs	8.7	261,000
Gross expenditure – Other	2% increase in costs	10.3	206,000
New Budget Growth	2% increase in costs	1.2	24,000
Fees and Charges	2% shortfall on income	7.5	150,000
Net interest	2% impact of interest rate changes	1.5	30,000



Item	Calculation Factor	Value £m	Amount of Reserve £
Efficiency Provisions	10% shortfall on achievement	0.2	15,000
Council Tax Collection	1.5% loss of income	6.9	104,000
Business Rates Retention	1.5% loss of income	2.9	44,000
Government Funding	25% fall in funding	3.7	918,000
Total Requirement all events			<b>1,752,000</b>
Moderation	10% reduction		(175,200)
<b>Total Requirement</b>			<b>1,576,800</b>

8.2.2. The HRA working balance is made up of surpluses that have accumulated over several years. The Council retains a minimum of £1million (approximately £250 per property) to cover unexpected events that could - if realised – trigger financial pressures. This has been calculated based on the below:

Item	Calculation Factor	Value £m	Amount of Reserve £
Gross expenditure – Employees	3% increase in costs	2.2	65,000
Gross expenditure – Other	2% increase in costs	16.3	326,000
Borrowing Costs (net)	2% impact of interest rate changes	2.6	52,000
Dwelling Rents	4% loss of income	16.7	668,000
Non Dwelling Rents	3% loss of income	0.6	19,000
<b>Total Requirement all events</b>			<b>1,130,000</b>
Moderation	10% reduction		(113,000)
<b>Total Requirement</b>			<b>1,017,000</b>

8.2.3. The level and utilisation of reserves is determined formally by the Council, having received the advice and judgement of the Chief Financial Officer (CFO). The Chief Financial Officer's advice is:

8.2.4. "In the view of the Executive Director & Chief Finance Officer (Section 151 Officer), the budget includes estimates that take into account circumstances and events that are reasonably foreseeable at the time of preparing the budget. The view is therefore held that the level of reserves are adequate for the Council based on this budget and the circumstances in place at the time of preparing it." [Note: A formal record of the Chief Finance Officer's advice is recorded in the minutes of the Council meeting. In the unusual event that a Chief Finance Officer's advice is not accepted by a Council, the rejection by a Council of the Chief Finance Officer's advice must be recorded in the minutes].

8.2.5. Further detail of the CFO's determination in regard to contingency balances and reserves is detailed in ANNEX C.

### 8.3. Use of Reserves and Balances

## General Fund Reserves and Balances

8.3.1. The February 2024 MTFP included a £1,640 contribution per annum from General Fund Reserves in respect of Section 106 (Commuted Sum), this is revised to £1,240 in this plan to match the remaining balances. No other movements to or from earmarked or contingency reserves have been included so the plan remains unbalanced until this is updated as part of the February 2025 MTFP. The draft general fund useable reserve balance at 31 March 2024 was £9.206million. Based on the deficit/ surplus position in this preliminary iteration of the 2025/26 to 2028/29 MTFP, the anticipated use of reserves would be £1,612,990:

Use of Reserve	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
Deficit/ (surplus)	337,800	681,540	465,110	128,540
Cumulative deficit (call on reserves)		1,019,340	1,484,450	1,612,990

## HRA Reserves and Balances

8.3.2. The HRA balance is made up of surpluses that have accumulated over several years. The Council retains a minimum of £1million (approximately £250 per property) to cover unexpected events triggering financial pressures. The HRA (draft) reserves at the 31 March 2024 stood at £12.989million. As with the general fund, this plan remains unbalanced until it is updated as part of the February 2025 MTFP. The impact of the profile of HRA surpluses or deficits in this preliminary iteration is a use of reserves of £1.59million:

Use of HRA Reserve	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
Deficit/ (surplus)	2,105,240	487,170	(315,960)	(685,560)
Cumulative deficit (call on reserves)		2,592,410	2,276,450	1,590,890

## 9. MTFP Revenue position

### 9.1. General Fund

9.1.1. This iteration of the Medium Term Financial Plan remains unbalanced at this point whilst further work takes place in time for the February 2025 update, firming assumptions made and considering the use of reserves necessary to bring the Plan into balance. The table below shows the indicative detailed revenue budget for the period 2025/26 – 2028/29.

Budget Heading	2024/25 Budget	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Employees	9,922,900	10,261,210	10,587,820	10,825,700	11,067,570
Premises	4,944,640	5,164,940	5,268,230	5,373,590	5,481,060
Transport	419,950	406,450	406,450	406,450	406,450
Supplies & Services	15,097,420	14,496,470	14,469,570	14,201,220	14,440,500
Benefits	369,720	369,720	369,720	369,720	369,720
Borrowing	1,480,650	1,927,950	2,191,090	2,425,300	2,391,930
<b>Total Expenditure</b>	<b>32,235,280</b>	<b>32,626,740</b>	<b>33,292,880</b>	<b>33,601,980</b>	<b>34,157,230</b>

Budget Heading	2024/25 Budget	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Fees and Charges/ Other Income	(8,893,730)	(9,106,390)	(9,202,050)	(9,298,470)	(9,395,670)
Interest Receipts	(1,121,170)	(807,870)	(549,820)	(466,380)	(536,750)
HRA Recharges	(8,336,610)	(8,665,040)	(8,905,340)	(9,039,890)	(9,234,200)
<b>Net Expenditure</b>	<b>13,883,770</b>	<b>14,047,440</b>	<b>14,635,670</b>	<b>14,797,240</b>	<b>14,990,610</b>
Council Tax	(6,921,140)	(7,161,080)	(7,407,850)	(7,661,630)	(7,922,590)
Business Rates Retention	(2,942,330)	(3,237,980)	(3,477,120)	(3,669,420)	(3,908,000)
Government Grants	(3,670,440)	(3,097,480)	(3,017,160)	(2,948,070)	(2,977,430)
Contribution to/ (use of) Reserves	(1,640)	(1,240)	(1,240)	(1,240)	(1,240)
Contribution to/ (use of) Balances	(201,510)	-	-	-	-
Collection Fund	(146,710)	(211,860)	(50,760)	(51,770)	(52,810)
<b>Total Financing</b>	<b>(13,883,770)</b>	<b>(13,709,640)</b>	<b>(13,954,130)</b>	<b>(14,332,130)</b>	<b>(14,862,070)</b>
Deficit/ (Surplus)	-	337,800	681,540	465,110	128,540

## 9.2. Housing Revenue Account

9.2.1. The medium term Housing Revenue Account proposed revenue position is as set out in the table below. This will be revised for the February 2024 MTFP to set a balanced sustainable basis for the HRA going forward.

Budget Heading	2024/25 Budget	2025/26	2026/27	2027/28	2028/29
	£	£	£	£	£
Repairs & Maintenance	6,230,930	6,559,360	6,757,660	6,850,210	7,002,520
Supervision & Management	2,848,230	2,848,230	2,890,230	2,932,230	2,974,230
Rates, Rents, Taxes, Charges	109,130	109,130	109,130	109,130	109,130
Other Operating Expenditure	868,470	890,470	913,470	949,680	972,680
Depreciation & Impairment Charges	2,289,000	2,423,140	2,423,140	2,423,140	2,423,140
Interest & Debt Management Charges	2,622,520	2,377,060	2,211,180	2,161,100	2,191,670
HRA Contribution to Capital Program	3,489,060	4,335,460	3,041,990	2,549,820	2,374,820
<b>Total Expenditure</b>	<b>18,457,340</b>	<b>19,542,850</b>	<b>18,346,800</b>	<b>17,975,310</b>	<b>18,048,190</b>
Dwellings Rents	(16,687,660)	(16,778,860)	(17,190,250)	(17,610,730)	(18,040,440)
Non - Dwelling Rents & Other Income	(648,630)	(658,750)	(669,380)	(680,540)	(693,310)
<b>Total Income</b>	<b>(17,336,290)</b>	<b>(17,437,610)</b>	<b>(17,859,630)</b>	<b>(18,291,270)</b>	<b>(18,733,750)</b>
(Surplus) / Deficit for year	1,121,050	2,105,240	487,170	(315,960)	(685,560)

## 10. Consultation

- 10.1. The Budget setting and Medium Term Financial Planning process provides the Council with the opportunity to plan its delivery of public services in accordance with local priorities against the availability of funding and the financial challenges the Council faces. The Council is committed to consulting with residents and other stakeholders to help inform the budget setting process and spending priorities, or non-priorities. Comments can be submitted via the Council website <https://www.highpeak.gov.uk/article/1288/Our-future-financial-plans>.

**Proposed General Fund Capital Programme**

<b>Capital Schemes</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
	£	£	£	£	£	£
<b>Asset Management</b>						
Public Bldgs.	3,273,310	1,334,620	1,591,170	836,680	878,520	7,914,300
Car Parks	-	112,460	377,680	57,840	60,730	608,710
Public Conveniences	545,900	502,140	6,230	-	-	1,054,270
Waterways and Infrastructure	174,180	30,000	464,010	-	-	668,190
Leisure Centres	276,500	-	1,632,860	270,660	284,190	2,464,210
Depots & Park Buildings	310,920	200,000	241,230	132,230	138,840	1,023,220
	<b>4,580,810</b>	<b>2,179,220</b>	<b>4,313,180</b>	<b>1,297,410</b>	<b>1,362,280</b>	<b>13,732,900</b>
<b>Housing(RTB 1 for 1)</b>	<b>516,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>516,600</b>
<b>Disabled/ Repairs Grants</b>	<b>571,660</b>	<b>555,000</b>	<b>555,000</b>	<b>555,000</b>	<b>555,000</b>	<b>2,791,660</b>
<b>ICT</b>	<b>82,250</b>	<b>671,650</b>	<b>505,500</b>	<b>175,000</b>	<b>-</b>	<b>1,434,400</b>
<b>Fleet Management</b>	<b>1,382,970</b>	<b>316,000</b>	<b>3,067,000</b>	<b>223,000</b>	<b>464,000</b>	<b>5,452,970</b>
<b>Leisure Services</b>						
Move More Grants Fund	139,100	-	100,000	-	-	239,100
Leisure Centres	3,399,530	-	-	-	-	3,399,530
Play Facilities	602,000	-	150,000	-	-	752,000
	<b>4,140,630</b>	<b>-</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>4,390,630</b>
<b>Revitalising Buxton</b>	<b>986,980</b>	<b>1,512,680</b>	<b>1,186,150</b>	<b>-</b>	<b>-</b>	<b>3,685,810</b>
<b>Food Waste Collection</b>	<b>-</b>	<b>920,830</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>920,830</b>
<b>Total Programme</b>	<b>12,261,900</b>	<b>6,155,380</b>	<b>9,876,830</b>	<b>2,250,410</b>	<b>2,381,280</b>	<b>32,925,800</b>
<b>Funding of Programme</b>						
External Contributions	699,810	1,475,830	555,000	555,000	555,000	3,840,640
Planning Obligations	82,110	-	-	-	-	82,110
Capital receipts	1,954,500	2,895,000	2,150,000	1,631,410	518,590	9,149,500
Capital receipts (1-4-1)	516,600	-	-	-	-	516,600
Capital Receipts (Vehicles)	24,250	40,000	16,000	64,000	13,250	157,500
Earmarked Reserves	460,000					460,000
Borrowing	8,524,630	1,744,550	7,155,830	-	1,294,440	18,719,450
	<b>12,261,900</b>	<b>6,155,380</b>	<b>9,876,830</b>	<b>2,250,410</b>	<b>2,381,280</b>	<b>32,925,800</b>

## Proposed Housing Revenue Account Capital Programme

Scheme	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£
<b>Asset Management</b>						
Structural Works	99,900	99,900	99,900	99,900	99,900	499,500
Heat Pumps	74,250	74,250	74,250	74,250	74,250	371,250
Winster Mews	-	-	436,720	-	-	436,720
Roofing Works	436,720	436,720	436,720	436,720	436,720	2,183,600
Bathroom Programme	421,900	500,000	246,800	246,800	246,800	1,662,300
Kitchen Programme	844,760	600,000	669,640	669,640	669,640	3,453,680
Reactive Replacement	-	500,000	-	-	-	500,000
Electrical Works (complete rewire)	134,300	350,000	496,720	496,270	496,270	1,973,560
Aids & Adaptations	294,710	294,710	294,710	294,710	294,710	1,473,550
Windows & Doors Programme	1,030,070	1,030,090	906,690	906,690	906,690	4,780,230
External Walls Insulation & Rendering	499,500	499,500	499,500	499,500	499,500	2,497,500
Gas Heating	730,060	730,060	730,000	730,000	730,000	3,650,120
Communal Boiler (Northlands)	-	150,000	-	-	-	150,000
Communal Areas Externals	199,800	-	-	-	-	199,800
Fire Compartmentation Works	272,950	272,950	-	-	-	545,900
Fire Doors - Replace all	1,364,750	1,364,750	-	-	-	2,729,500
Major Void Retrofit to decarbonise	43,680	43,680	43,680	43,680	43,680	218,400
Gamesley Carpark/Externals	382,130	191,070	-	-	-	573,200
External Works	149,850	149,850	149,850	149,850	149,850	749,250
Radon Fans	49,950	49,950	49,950	49,950	49,950	249,750
Gamesley Communal Fencing	-	70,000	-	-	-	70,000
45 Park Road	-	-	175,000	175,000	-	350,000
Communal Heating - Milton Court	272,950	150,000	-	-	-	422,950
Communal Heating - Queens Court	320,000	30,000	-	-	-	350,000
Contingency	-	150,000	-	-	-	150,000
<b>Total Asset Management Works</b>	<b>7,622,230</b>	<b>7,737,480</b>	<b>5,310,130</b>	<b>4,872,960</b>	<b>4,697,960</b>	<b>30,240,760</b>
Decarbonisation (Mayoral - Devolution Fund )	630,810	-	-	-	-	630,810
Staffing /Commissioning	100,000	100,000	100,000	100,000	100,000	500,000
Vehicle Replacement	211,940	-	-	-	-	211,940
Re-Purchase Dwellings	200,000	200,000	200,000	200,000	200,000	1,000,000
ICT Housing System	-	972,650	55,000	-	-	1,027,650
Housing Refugees	1,188,490	-	-	-	-	1,188,490
<b>Total Spend</b>	<b>9,953,470</b>	<b>9,010,130</b>	<b>5,665,130</b>	<b>5,172,960</b>	<b>4,997,960</b>	<b>34,799,650</b>

## **ANNEX B**

<b>Risk Category</b>	<b>Risk</b>	<b>Mitigation and Controls</b>
Financial Implications	Robustness of financial assumptions within Efficiency and Rationalisation Strategy	Structured project management arrangements have been put in place with detailed business cases for each initiative – these will be strengthened in the service review process
	Additional financial pressures emerge – cost inflation & income	The strategy is kept under constant review and adjustments will be made where necessary.
Service Continuity	Interruptions to key services or performance standards	Resource implications and impact are identified as part of the business case process. Service continuity and maintenance of standards of service are key requirements of any new proposals.
Corporate Governance	Maintaining stakeholder confidence; lack of clarity on accountability	Ongoing review of standards of internal control (e.g. Financial Procedure Rules reviewed and updated). Internal Audit Plan takes into account the new approach.
Management of Change	Management of corporate and local, cultural change; behavioural risks; residual effects of aggregation; proposed changes to organisational structure, roles & responsibilities	Progress with achievement of aims will be monitored through an effective performance management structure. Investment has been made in a new approach to Organisational Development.
People Risks	Impact of cultural changes, assessment of skills, recruitment & retention, capacity issues	Continuing communications process for the delivery of transformation programme
Key Projects & Partnerships	Managing changes to shared service delivery arrangements	The project management methodology provides for an adequate transition where there are changes in service delivery
Performance Management	Adequacy of framework to monitor transition	Risk management processes are embedded
Reputation and Relationship Risks	Maintaining existing partner confidence	Continuing communications process for the delivery of transformation programme
Programme Delivery	Delays in implementation of efficiency savings	Effective governance arrangements in place to monitor plans.
		Executive Directors and Senior Managers own delivery of efficiencies.
		Chief Executive Director acts as programme director.
	A number of the efficiency / rationalisation initiatives are not achieved	Structured project management approach is in place for delivery including effective exception reporting
		The strategy is kept under constant review
		Identification of further efficiency / rationalisation opportunities through benchmarking / effective member working groups
Political Support	Lack of Members support for Plan.	Regular reporting and member briefings including effective scrutiny arrangements

## **ANNEX C**

### **Chief Finance Officer's Review of Contingencies / Reserves**

#### **Chief Finance Officer's Section 25 Review**

The purpose of this statement is to provide councillors with information on the robustness of the estimates and the adequacy of reserves in the Medium Term Financial Plan (MTFP).

#### **Background**

The Council sets its budget in February each year. In setting the budget the level of Council Tax and other fees and charges are established. Decisions are based on a budget that sets out estimates of what the Council plans to spend on each of its services in the forthcoming year.

The decision on the level of the income is taken before the financial year begins and it cannot be changed during the year, so allowance for risks and uncertainties that might increase service expenditure above that planned, must be made by:

- Making prudent allowance in the estimates for each of the services; and
- Ensuring that there are adequate reserves to draw on if the service estimates turn out to be insufficient.

Section 25 of the Local Government Act 2003 requires that the Council's Chief Finance Officer reports to Full Council when it is considering its Budget for the forthcoming financial year. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so that councillors have professional, authoritative advice available to them when they make their decisions. Section 25 also requires members to have regard to this report in making their decisions.

#### **Robustness of Spending Forecasts**

Heads of Service in conjunction with the Council's Head of Finance monitor detailed budgets throughout the year. This enables additional service pressures to be identified on an on-going basis.

Reports are presented on a quarterly basis to the Corporate Select Scrutiny Committee and Executive. These reports highlight all variances between spending and budgets.

The proposal for the Budget for the forthcoming year and updated MTFP are based on analysis and assurances from Heads of Service and their finance support staff. Executive Portfolio Holders have worked with their respective Executive Directors throughout the process. Corporate Select members scrutinised the progress of spending throughout the year and received a report on the draft MTFP in the preceding November.

Extensive work has also been carried out to produce the MTFP. A range of broad assumptions have been utilised and robustly challenged as part of the process.



Forecasts take account of the financial commitments that emerge from the Council's Borough Plan.

The Council has taken all reasonable and practical steps to identify and make provision for the Council's commitments for the forthcoming years in order to achieve a balanced budget.

### **Robustness of Income Forecasts**

The level of Council Tax has been established with reference to the maximum increase allowed without requiring a referendum. The forecasts of the business rates that will be retained by the Council have been calculated in line with the current Business Rates Retention Scheme. The forecasts taken account of the following:

- The baseline income set by government;
- Prudent forecast of the financial benefits of being a member of the Derbyshire pool arrangements;
- The award of reliefs and the receipt of Section 31 grants to compensate;
- Adequate provision to meet the impact of successful appeals; and
- Predicted levels of business rates income are based on known and expected changes to the business rates listing.

The level of fees and charges has been assessed in conjunction with Heads of Service. The proposed levels for the forthcoming year take account of the following factors in line with the Council's Charging Policy:

- The cost of providing services should be fully met by income;
- There is a standard approach to concessions for those on low incomes;
- Where a subsidy is agreed, this should be used to support the development of Council services in accordance with priorities; and
- Subsidies should be reconfirmed annually.

### **Key Budget Risks**

Any changes by central government to local authority core funding and the Business Rates Retention Scheme, including resetting the baseline income, may have significant impact on the Council's finances. The provisional settlement only provides confirmation of the Council's funding for the first year of the MTFP.

The volatility of the national economic situation remains challenging and unpredictable. The potential impact of interest rates and inflation continues to be monitored.

### **Adequacy of Reserves**

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Local Authority Accounting Panel (LAAP) has a guidance note on Local Authority Reserves and Balances (LAAP Bulletin 77) to assist local authorities in this process. This guidance is not statutory, but compliance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government. It is best practice to follow this guidance.

The guidance however states that no case has yet been made to set a statutory minimum level of reserves, either as an absolute amount or a percentage of budget. Each Local Authority should take advice from its Chief Finance Officer and base its judgement on local circumstances.

Reserves should be held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves;
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves;
- A means of building up funds known as ‘earmarked reserves’, to meet known or predicted funding requirements.

The CIPFA Guidance highlights a range of factors, in addition to cash flow requirements, that Councils should consider including:

- The treatment of inflation;
- The treatment of demand led pressures;
- Efficiency savings;
- Partnerships; and
- The general financial climate, including the impact on investment income.

The guidance also refers to reserves being deployed to fund recurring expenditure and indicates that this is not a long-term option. If the Council chooses to use reserves as recommended within the Budget, appropriate action will need to be factored into the MTFP to ensure that this is addressed over time.

The risk assessment process has identified a number of key risks which could impact on the Council’s resources. The Council continues to face significant funding reductions and on-going budget pressures.

With these risks in mind, it is recommended that the Council adopts a policy for reserves as follows:

- Set aside sufficient sums in earmarked reserves that it considers prudent. These reserves are established as are required and are reviewed regularly for both adequacy and purpose and levels are reporting appropriately in line with the established reporting processes; and
- General Reserves are maintained to be at least at the level of the contingency requirement calculated with reference to LAAP Bulletin 77 and reported to Council as part of the approved MTFP.

Earmarked reserves have been established to provide resources for specific purposes.

## **Opinion**

In my professional view, if the Council were to accept the current MTFP then the level of risks identified in the budget process, alongside the Council's financial management arrangements suggest that the level of reserves is adequate.

**Martin Owen FCCA**

**Executive Director (Resources (S151 Officer))**