

COUNCIL  
27 August 2020

Report of the Director of Resources

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## **PROVISIONAL REVENUE AND CAPITAL OUTTURN 2019/20, REVISED REVENUE BUDGET 2020/21, CAPITAL PROGRAMME AND MEDIUM TERM FINANCIAL PLAN**

### **PURPOSE OF REPORT**

This report provides details of the provisional financial outturn for the District Council's Revenue and Capital spending for the year ended 31<sup>st</sup> March 2021 and significant variations from the revised budget.

The report also seeks approval for the updated Capital Programme for 2020/21 to 2025/26, revised revenue budget for 2021/22 and an updated Medium Term Financial Plan (MTFP) for 2021/22 to 2025/26.

### **RECOMMENDATIONS**

1. That the General Fund Revenue and Capital Outturn reports for 2020/21 be noted.
2. That the General Fund Revenue Account for the year 2020/21 be balanced by a transfer of £490,533.33 into the Funding Uncertainties Reserve;
3. Members note that, subject to the approval of recommendation 2, the revenue account for 2020/21 is balanced.
4. That the provisional Capital Out-turn, as detailed in Appendix 4, and financing arrangements for 2020/21, in the sum of £4,944,145 are approved;
5. That the revised Capital Programme as detailed in Appendix 4 and including new bids totalling £1,368,573, and financing arrangements for 2021/22, in the sum of £9,114,092 are approved;
6. That the Capital Programmes for 2022/23 to 2025/26, as detailed in Appendix 4, for the sum of £3,178,176, are approved;
7. That the potential future capital programme liabilities outlined in Appendix 5 are noted.
8. That the revised budget for 2021/22, as detailed in Appendix 3, and the proposed financing of £490,533.33 from the Funding Uncertainties Reserve followed by £253,466.66 from the General Reserve, are approved;
9. That the updated Medium Term Financial Plan 2021/22 to 2025/26, as shown in Appendix 3, and revised Corporate Savings Target of £500,000 are approved;
10. That the summary of revenue balances, provisions and earmarked reserves, set out in Appendix 2, is noted.

## WARDS AFFECTED

All

## STRATEGIC LINK

The Council's Revenue Budget and Capital Programme assist in delivering the priorities and targets within the Corporate Plan, by allocating budgets to specific projects. It should be noted, however, that not all projects shown in the new Corporate Plan have been costed and included in these financial plans.

The revenue budget, capital programme and Medium Term Financial Plan specifically address the following priority area: "People: Achieve a sustainable financial position by prudent management of resources and reviewing services". The Capital Programme is presented to link spending with the three priority areas of People, Place and Prosperity.

The provisional financial position as at 31<sup>st</sup> March 2020 has been reflected in an updated Medium-Term Financial Plan and will be reflected in the Medium Term Financial Strategy and Revenue Spending Proposals for 2021/22 that will be presented in 2021.

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## 1 SUMMARY

- 1.1 The provisional outturn on the revenue account for 2020/21 was a balance of £490,533 against revised estimates. Key reasons for the variance are highlighted in the report below.
- 1.2 The provisional outturn for the 2020/21 capital programme was an under-spend of £498,000 against the revised capital programme that was approved in March 2020 and updated in May 2020, December 2020 and March 2021. Key schemes that contributed to this underspend are given in the report below. Most of the under-spend has been treated as "slippage" and moved into the revised capital programme for 2021/22.
- 1.3 If the recommendations of this report are approved, the provisional outturn is that Council will maintain its general fund balances at £2.0m at 31 March 2020 and increase earmarked reserves from £14.0m to £17.7m for the same period.
- 1.4 It is necessary to update the budget for 2021/22 to take account of the impact of the coronavirus lockdown on the Council's income and expenditure. Further clarity is awaited on the level of financial support that will be available from the government, but at the time of writing this report it is projected that it will be necessary to transfer £744,000 to balance the budget. It is proposed to initially utilise the £490,533 balance in the Funding Uncertainty Reserve, with the additional expected pressure of £253,467 to be financed by a contribution from the General Reserve.
- 1.5 An updated Medium Term Financial Plan has been prepared to reflect the 2019/20 outturn and events that have occurred since the budget and MTFP were approved in March 2020. The updated MTFP indicates that ongoing annual savings of approximately £500,000 will be required to balance the revenue budget from 2021/22.

## 2 REPORT

### Introduction

- 2.1 The figures shown in this report reflect the provisional outturn for 2019/20. The Council's accounts are subject to external audit review and technical adjustments might be required that could affect the overall financial position. Any changes that are required during the audit will be reported when the Statement of Accounts is considered for approval in November.

### Revenue Outturn Position

- 2.2 The General Fund contains all services that the Council is responsible for providing. During 2019/20 the Council faced a number of challenges in successfully managing its financial position whilst also planning for the future. The Council set a balanced budget contributing a net £858,398 to Reserves, including a £47,296 contribution to the General Fund. Despite continuing reductions in government funding, the Council delivered a range of services to residents and ended 2019/20 with a revenue account balance of £490,533 which is recommended to be transferred to the Funding Uncertainties Reserve.
- 2.3 The Summary Revenue Account, comparing the outturn with the revised budget is shown at Appendix 1. The table below identifies the most significant variances against the revised estimates:

Table 1: Revenue Account Outturn 2019/20

Budget Head	Variance: Revised Estimate to Outturn 2019/20 £000s
Income from Section 106 contributions	(2,463)
Revenue Grants and contributions	(262)
Recycling Credits	(89)
Consultancy Services	94
Planning Application Fees	(65)
Water charges	(64)
Others – various under and over spends	(23)
<b>Net Cost of Services</b>	<b>(2,873)</b>
Net Interest and Investment Income	(40)
Transfers to / (from) Reserves	2,442
Retained Business Rates	32
Other Government Grants (non ring-fenced)	(51)
<b>Sub Total</b>	<b>(491)</b>
<b><i>Proposed Transfer to Funding Uncertainties Reserve</i></b>	<b>491</b>
<b>Total</b>	<b>0</b>

Reductions in expenditure or increased income are shown in brackets in the table above.

The most significant variances relate to Section 106 contributions received in year, in excess of the £554,000 revised budget and to revenue grants and contributions which have been received but not applied in year. This income is offset in "Transfers to / (from)

Reserves” by a transfer to the Revenue Grants Unapplied Reserve to be used in future financial years to fund suitable schemes and initiatives once they are developed.

Note that the variance on Consultancy relates to advice given relating to the Waste Management Contract, and this is offset in “Transfers to / (from) Reserves” as it was funded from the Committed Expenditure Reserve (having been budgeted in 2018/19).

- 2.4 The impact of Covid19 on the financial position of the Council was not significant during 2019/20 as the effects of the pandemic began to be felt during the final few weeks of the year and have not seriously impacted the outturn position. The impact is significant in 2020/21 and despite additional funding from Central Government there remains a serious risk to the Council’s current sound financial position (see Section 3 below). Accordingly the overall revenue account balance of £490,533 is proposed to be transferred into the Funding Uncertainties Reserve to ensure the Council has appropriate levels of funding to enable the budget to be balanced for the short term while it responds to potential ongoing changes in funding levels, thus preventing unnecessary service reductions

## Reserves and Balances as at 31 March 2020

- 2.5 The table below shows a summary of General Fund Reserves and Provisions. The detailed position on reserves and balances, following the recommendations set out above, can be seen in Appendix 2. It is important to appreciate that many of the reserves and provisions are earmarked for specific purposes, and accordingly these funds should not be regarded as being available for general use.

Reserve	Opening Balance 1 <sup>st</sup> April 2019 £'000	Closing Balance 31 <sup>st</sup> March 2020 £'000
General Reserve & Working Balance	2,162	2,000
Earmarked Reserves	13,984	17,664
Provisions	417	1,148
<b>Total Reserves and Provisions</b>	<b>16,563</b>	<b>20,812</b>

Revenue balances carried forward at 31 March 2020 total £2,000,000 (31 March 2019 £2,162,000). This balance is significant as it reflects the revenue balances that are generally available for new expenditure. The Council has determined that it is prudent to maintain a working balance of £1m to meet emergencies and contingencies, and to assist with cash flow. This balance will also be required in the event that the Council does not achieve the savings required to balance the budget in any financial year.

The Council holds a number of earmarked reserves to finance future capital and revenue expenditure. The value of earmarked reserves held at 31 March 2020 is £17,664,000 (£13,984,000 at 31 March 2019).

Provisions are made when an event has taken place that gives the Council an obligation that most likely requires settlement, but where the timing or amount are uncertain. The Council has an Insurance provision and an NNDR provision for Business Rate Appeals, which has grown during 2019/20 based on the latest information received relating to likely appeals. The Business Rate Retention regime places a liability on the Council and other Precepting Authorities to refund ratepayers who successfully appeal against the rateable

value of their property on the rating list. The provision represents the Council's estimated share of such liabilities as at the 31<sup>st</sup> March 2020.

The section on the Capital Programme set out below explains that sources of funding for the capital programme and potential future capital liabilities are diminishing. The current Medium Term Financial Plan (MTFP), shown in Appendix 3, illustrates that in 2021/22 there is still a savings gap of around £500,000. The level of the General Reserve and the Funding Uncertainties Reserve provide mitigation in case savings of that magnitude do not materialise by March 2021 when the Council must set a balanced budget for 2021/22.

## **Council Tax and Business Rates Collection**

- 2.6 Derbyshire Dales District Council collects council tax on behalf of Derbyshire County Council, Derbyshire Fire and Rescue Authority and Derbyshire Police Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to precepts. In 2019/20 £54.5m (£51.7m in 2018/19) was collected from council tax payers; this represents 98.5% of council tax that was due by 31 March (target 98.4%). The final year-end position on the Council Tax Collection Fund is a surplus of £226,000 (2018/19 £146,000 deficit).

During 2019/20 the Council was part of a business rates pool with other Derbyshire Authorities, and business rates were collected on behalf of Derbyshire County Council and Derbyshire Fire and Rescue Authority. Amounts collected, bad debts written off and any surplus or deficit on the collection fund are distributed according to prescribed shares. In 2019/20 £18.3m (£18.5m in 2018/19) was collected from business rate payers; this represents 97.6% of business rates were due by 31 March (target 97.3%). The final year-end position on the National Non Domestic Rates (NNDR) Collection Fund is a deficit of £1.416m (2018/19 £0.367m surplus).

Derbyshire Dales District Council's share of these surplus and deficits is taken into account when setting the council tax for the following financial year.

## **3 CAPITAL SPENDING**

- 3.1 Capital expenditure can be defined as any expenditure acquire or construct an asset that has a useful life of more than one year, or any continuing expenditure to enhance (not merely maintains) an asset. Capital expenditure may include:

- buying or building a new property
- work to improve or enhance the Council's properties
- awarding grants for the above types of activity, even if it does not create or enhance an asset for the Council, for example, grants for disabled facilities in residents' homes.

### **3.2 *Capital spending in 2020/21***

The Capital budget for 2020/21 was set in March 2020 at **£3,925,893**. This was revised during the year to reflect progress on schemes and the addition of new schemes. In March 2021 the Council approved a revised capital programme for 2020/21 of £7,790,985. The provisional outturn for 2020/21 is £4,944,145. Details of spending against each scheme can be seen in Appendix 3 to this report.

The table below shows capital spending, analysed by the Council's priorities:

	2020/21 Budget £'000s	2020/21 Revised Budget £'000s	2019/20 Actual £'000s	2019/20 Actual £'000s
<b>Council Priorities 2019/20</b>				
Prosperity	7,545,730	1,303,970	1,326,218	1,326,218
People	92,310	124,065	112,461	112,461
Place	213,855	9,563	2,051	2,051
Other	1,131,610	1,095,859	594,355	594,355
<b>Total Capital Spending</b>	<b>3,925,893</b>	<b>2,533,457</b>	<b>2,035,085</b>	<b>2,035,085</b>

At 31<sup>st</sup> March 2020, there is slippage of £498,000 compared with the revised estimate; the principal schemes contributing to this are:

Capital scheme	Comments	Variance: Revised Programme to Outturn 2019/20 £000s
Fishpond Meadow, Ashbourne	Scheme completed in April 2020	(23)
Darley Dale Down Station Improvements	To be completed in 2020/21	(23)
Commercial Vehicles	Vehicles now scheduled for replacement in 2020/21	(26)
Matlock Town Hall – Condition Surveys	To be completed in 2020/21	(38)
Capital Investment Transfer of Leisure	To be completed in 2020/21	(90)
Ashbourne Leisure Centre – Condition Surveys	To be completed in 2020/21	(145)
Air Handling Unit at Arc Leisure	To be completed in 2020/21	(40)
Customer Innovation Project: Whitespace scheme	To be spent in 2020/21	(17)

Reductions in expenditure are shown as negative figures in the table above.

Further details are given in Appendix 3 to this report.

This report seeks Members' approval to carry forward most of the underspending from 2019/20 as slippage into 2020/21.

### 3.3 Capital spending in 2020/21

The revised capital programme for 2020/21 has been updated to reflect slippage and is summarised below:

Priority	2020/21 Recommended Capital Programme
	£
Prosperity	3,719,266
People	28,200
Place	4,116,467
Other	1,250,159
	<b>9,114,092</b>

Further details are given in Appendix 3 to this report.

The spending proposals shown in the table above are the aggregate of the estimated scheme costs. All estimated grants and contributions have been dealt with as part of the financing arrangements (shown below). The major items in the spending proposals where expenditure in 2020/21 is estimated at £250,000 or more are:

	£000
Development at Blenheim Road, Ashbourne	250
Disabled Facilities Grants	491
Social Housing Grants: Tideswell	413
Social Housing Grants: Rural Villages – affordable housing for rent programme	410
Non Traditional Homes improvement scheme	1,000
Social Housing Grants: Darley Dale – Bakewell Road Site	570
Ashbourne Pavilion project	326
Commercial vehicles – Vans, lorries etc.	464
Purchase of waste vehicles	3,612

#### New Bids

The revised capital programme for 2020/21 includes £1,368,573 for the following new schemes detailed here, and coloured in red in Appendix 3

New Scheme	Reason for Inclusion	Amount
Ashbourne Memorial Gardens Band Stand & New park shelter	The current bandstand in Ashbourne is in poor condition due to deterioration of its structure	£40,000 Bandstand £30,000 New shelter

War Memorials at Cromford & Ashbourne	The stone steps at Cromford are crumbling and subsiding. The surface stonework at Scarthin is Delaminating. The Lighting at Ashbourne is no longer fit for purpose	£5,000 Cromford £10,000 Ashbourne £15,000 Survey and Stone work
Hulland Ward Community Asset Transfer	Grant for capital works to Hulland Ward Parish Council for the improvement of community facilities	£22,000
Non Traditional Home Improvement Schemes	Improvements to homes	£1,000,000
Ashbourne Pavilion Project	Capital Grant towards the scheme	*£246,573
<b>Total New Bids</b>		<b>£1,368,573</b>

\*The scheme for Ashbourne Pavilion Project has a total cost of £325,573 of which £79,000 was included in the existing capital programme. Additional costs total £246,573.

### 3.4 **Capital spending in 2021/22 to 2023/24**

The revised capital programmes for 2021/22 to 2023/24 have been updated to reflect slippage and new bids and is summarised below:

<b>Priority</b>	<b>2021/22 to 2023/24 Recommended Capital Programme</b>
	<b>£</b>
Prosperity	1,967,940
Other	1,210,236
	<b>3,178,176</b>

Further details are given in Appendix 3 to this report.

## **Capital Resources**

3.5 The Council has substantial internal resources to finance its capital programme including its strategic reserves and the balance of its Capital Receipts Reserve. Also available is the use of external borrowing when required. The Council has sufficient resources to fund the proposed capital programme.

The table below shows how the capital spending in 2019/20 was financed and how it is proposed to finance the capital programme from 2020/21 to 2023/24:

<b>Source of Funding</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22 to 2023/24</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Capital Receipts	570,270	2,973,676	210,854	3,754,801
Grants & Contributions	515,013	1,243,470	982,940	1,991,423

Use of Reserves:				
Capital Programme Reserve	511,730	852,357	190,000	1,554,087
Section 106 Contributions	250,000	950,573	985,000	2,185,573
Grants Unapplied Reserve	48,705	51,295	0	100,000
Vehicle Renewals Reserve	0	464,350	716,000	1,180,350
ICT Reserve	110,579	20,000	80,000	210,579
Economic Development Reserve	0	10,000	0	10,000
Carsington Reserve	0	20,070	13,382	33,452
Customer Innovation Reserve	28,789	28,200	0	0
Waste Vehicles reserve		2,500,100		2,500,100
<b>Total Capital Financing</b>	<b>2,035,085</b>	<b>9,114,092</b>	<b>3,178,176</b>	<b>14,327,352</b>

3.6 The table below shows the impact on the Council's Reserves and Balances of the above proposals:

Reserve/Balance	B/fwd 01/04/2019 £	New Receipts £	Used £	C/fwd 31/03/2024 £	Comments
Capital Programme Reserve	2,318,850	0	1,554,087	764,763	Mostly earmarked for specific projects
Other Strategic Reserves* (earmarked for capital schemes) See below	3,578,848	850,000	4,091,469	337,379	Mostly earmarked for specific projects
Section 106 Income	3,521,833	3,018,011	2,185,573	4,354,271	Relies on new receipts being attained
Capital Receipts	2,944,441	938,305	3,754,801	127,946	Relies on new receipts being attained
Capital Grants	220,380	2,756,736	2,741,423	235,693	Mostly earmarked for specific projects
<b>Total</b>	<b>12,584,352</b>	<b>7,563,052</b>	<b>14,327,353</b>	<b>5,820,051</b>	

"Other Strategic Reserves" comprise the following:

Reserve	B/fwd 01/04/2019 £	New Receipts £	Used £	C/fwd 31/03/2024 £
Carsington Improvements	33,452	0	33,452	0
Vehicle Renewals	440,063	750,000	1,180,350	9,713
ICT Reserve	438,245	100,000	210,579	327,666
Economic Development Reserve (earmarked for capital)	10,000	0	10,000	0
Revenue Grants Unapplied	100,000	0	100,000	0
Waste Vehicles Reserve	2,500,100	0	2,500,100	0
Customer Innovation Reserve	56,988	0	56,988	0
<b>Total</b>	<b>3,578,848</b>	<b>850,000</b>	<b>4,091,469</b>	<b>337,379</b>

3.7 **Officer comments:**

The table above demonstrates that, if the recommendations of this report are accepted, sources of capital funding are forecast to reduce to £5,820,051 by 31 March 2024. However, Section 106 contributions, capital grants and the amounts in other strategic reserves are set aside for specific purposes; if these are excluded the amount available for new capital schemes reduces to £1,128,401.

The Corporate Leadership Team has identified a number of future capital liabilities and potential new projects that will be required in the next 1-2 years that have not been included in this revised capital programme. These projects are set out in Appendix 4. They total £625,500 but do not include the estimated costs of a traveller site. If the £625,500 is deducted from the £1,128,401, it leaves the Council with available funds of only £502,901 to meet further liabilities, not yet identified or quantified.

For a small district council, in the current economic climate, a fully funded capital programme of £14.3m can be seen as fairly healthy. Members should note, however, that much of the capital programme is spent on enhancing and replacing existing assets and that existing funds are likely to be virtually depleted by 2023/24. There will always be a need for some asset replacements and hence the need for annual contributions from revenue to capital reserves, as identified in the Medium term Financial Strategy.

#### **4 REVISED REVENUE BUDGET 2020/21**

- 4.1 The full impact financial impact of Covid19 on the Council is uncertain, and it is not yet known how long it will take for a full recovery to occur. To date significant income has been lost and additional expenditure incurred. Current projections are that service income losses of £1.974m will occur during 2020/21 with the main losses being within car park income (£1.175m). Additional service expenditure of £745,000 is expected to be necessary, with the significant costs arising in providing additional management fees to support Freedom Leisure following income losses due to closure of leisure centres.
- 4.2 In addition to this income losses relating to NNDR and Council tax falling within the Collection fund will be incurred, significantly due to new reliefs awarded to businesses and due to financial difficulties some business owners and residents now face. This income loss will affect the Council and precepting authorities, but does not have to be taken into account until the Council sets its budget for 2021/22. It is hoped that this loss will be offset by funding from Central Government, possibly over the next three financial years. Therefore, income losses arising from council tax and business rates have not been reflected in the revised revenue budget for 2020/21.
- 4.3 It is expected that further government assistance will be provided to Local Authorities to cover some of the lost income. To date central government has awarded the Council £837,000 of grant funding in response to Covid19 pressures and £338,000 Council Tax Hardship Fund which will offset with a shortfall in Council Tax receipts. In addition a New Burdens Grant has been received for administering and delivering the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund, however some of this will be passed over to Arvato to recognise their contribution towards administering the grants. Further New Burdens Funding is anticipated to support to Council in delivering the Discretionary Grant Fund. The Council is waiting for clarity over the level of funding for lost income that has recently been announced; at the time of writing this report that funding has been estimated at £1.125m for 2020/21. It has been suggested that further government funding might be awarded to assist with the pressures of outsourced leisure contracts, but that has not been reflected in the revised estimates at this stage due to uncertainty.

- 4.4 The 2020/21 Original budget included £93,000 minimum revenue provision which is no longer required as it has now been possible to wholly fund the new waste contract vehicles from reserves rather than borrowing as initially planned. This saving is proposed to be used to offset additional one off costs claimed by Serco due to Covid19 (subject to Council approval). This will be an ongoing saving to the MTFP in future years. The 2020/21 Original Budget also included a new Corporate Director post, which has not yet been filled, and slippage is included in the Revised Budget assuming this post will remain vacant until Jan 2021. The Original Budget included pay budgets with a 2% pay award anticipated, recent information indicates that a pay award of 2.75% is likely and the impact of this is a further cost of £59,000 that has been included in the updated MTFP.
- 4.5 An emerging pressure has been identified which is likely to cost £167,000 during 2020/21 for the management and maintenance of the Councils trees, with approximately 250 of them presenting hazards to residents and visitors. It is possible some of the remedial works may slip into the next financial year, and would most likely be managed through the Committed Expenditure Reserve if not completed by year end. Thereafter ongoing proactive management of the tree stocks is expected to cost approximately £60,000 per year and this will be built into the MTFP. A full report will be prepared for the relevant policy committee in due course, but the costs have been included in the revised estimates for 2020/21 and MTFP.
- 4.6 Taking all of the above factors into account, the revised estimates for 2020/21 are summarised in Appendix 5, with the overall impact being an additional £744,000 expenditure, which is recommended to be financed from the Funding Uncertainties Reserve as far as possible with excess costs currently proposed to be funded from the General Reserve.
- 4.7 The impact of Covid19 on the Public Sector could not have been expected, and there is no previous experience of this type of virus or of the economic impact that it would have. The current and future economic situation is uncertain and extremely serious. It is hoped that this is a one off event, but this cannot be guaranteed and further highlights the necessity to maintain an adequate level of Reserves, including the General Reserve to protect the Council against exceptional events. Due to robust Leadership and sound Financial Management the financial situation at Derbyshire Dales District Council is secure in the immediate aftermath of the first wave, whilst some other Councils are currently in very challenging financial positions. The need to plan long term and to hold sufficient levels of reserves is reinforced in order to be able to deliver our key services, support our residents and businesses now and in the future, and continue to provide value for money in all that we do.

## **5 MEDIUM TERM FINANCIAL PLAN**

- 5.1 The Medium Term Financial Plan (MTFP), shown in Appendix 5, sets out in broad terms the Authority's anticipated future spending requirements and indicates the level of savings that could be required in future years if the Council is to meet its statutory duty to set a balanced budget. The MTFP takes account of current and known additional requirements. The quantified additional requirements are based on the planned intentions of the Council and any future impact of decisions already implemented, but cannot be conclusive, as other changes will undoubtedly occur over time.
- 5.2 The Council's Medium Term Financial Plan was last updated in March 2020 when the Council set its budget for 2020/21. At that time a Corporate Savings Target of £400,000 was approved.

- 5.3 The figures in the updated MTFP reflect the funding that has been indicated in the Government's Settlement Funding Assessment for 2020/21. Several funding streams (New Homes Bonus, Rural Services Delivery Grant and Revenue Support Grant) received from Government, have a significant, direct impact on the Council. The Ministry for Communities and Local Government (MHCLG) has previously indicated that all of these funding streams will reduce and that information has been used to model the Council's MTFP. During 2020/21 the MHCLG continues to carry out a comprehensive spending review, as well as reviews on local authority needs and resources and the business rates system. These reviews could bring about significant changes in the Council's funding from 2021/22, which makes medium term financial planning very difficult at this point in time. As the provisional and final settlements are not normally received until December and January respectively prior to financial year start, the Council will have limited time to respond to changes.
- 5.4 The ongoing impact of Covid19 on the Medium Term Financial Plan is as yet not fully understood, and we await further government guidance to clarify the impacts on our central funding in future years. Clarity is also required to understand whether current impacts will be one off or recurring in nature and this may be dependent upon whether there are additional waves of the virus, and what the future economic outlook becomes.
- 5.5 The MTFP includes the impact of several key developments for the council over the MTFP period. These include the introduction of the chargeable garden waste service, the triennial review of the pension fund and impacts of savings arising through the previous Leisure Review.
- 5.6 The figures in the medium term financial plan indicate that significant savings must be achieved in the medium term if the Council is to be able to set a balanced budget each year. It is recommended that the Corporate Savings Target should be increased to £500,000 by 2023/24, based on the assumptions in the MTFP which may or may not turn out to be accurate.

#### 5.7 **Officer comment**

If the assumptions in the medium term plan turn out to be accurate, and the proposed savings shown in the efficiency plan are realised, the Council will need to identify ongoing annual savings of around £500,000 to balance the budget in 2021/22, or use the General Reserve in that year to cover any shortfall. The use of the General Reserve is a one-off, not sustainable for future years, but it would provide time during 2021 (when it is hoped that there will be more clarity over the funding position) for the Corporate Leadership Team to develop a Savings Plan to address budgetary shortfalls arising in 2022/23 onwards.

The recommendations made in this report have been reflected in the draft Statement of Accounts, which will be published on the Council's website. The Statement of Accounts is subject to an independent audit, carried out by Mazars LLP. The audited Statement of Accounts will be presented for approval at the Council meeting to be held in November 2020.

## 6 **RESERVES AND BALANCES FOR 2020/21 AND BEYOND**

- 6.1 The impact on reserves and balances of the revised revenue budget for 2020/21 and the updated capital programme is set out in Appendix 2 and summarised below:

Reserve	Opening Balance 1 <sup>st</sup> April 2020 £'000	Forecast Closing Balance 31 <sup>st</sup> March 2021 £'000	Forecast Balance 31 <sup>st</sup> March 2025 £'000
General Reserve & Working Balance	2,000	1,746	1,746
Earmarked Reserves	17,664	11,690	10,318
Provisions	1,148	1,148	1,148
<b>Total Reserves and Provisions</b>	<b>20,812</b>	<b>14,585</b>	<b>13,212</b>

## 7 KEY EVENTS FOR 2020/21 AND BEYOND

- 7.1 Whilst the impact of Covid19 on the financial position for 2019/20 was minimal as the effects were only felt in the final 2 weeks of the year, the impact is much more significant in 2020/21 and there remains some uncertainty how long it will take for a full economic recovery and if there will be further waves of the virus. A number of Revenue income streams have been affected such as car parking, and the closure of Leisure Facilities has resulted in increased costs, partly due to income losses, incurred by the Council via its management arrangement with Freedom Leisure. The effects of Covid19 are wide reaching and as yet not yet fully known, and this causes significant financial risks to the Council.
- 7.2 Further uncertainties arise due to the further delay of the Fair Funding Review and the Retained Business Rate Review. Both of these reviews have the potential to significantly affect the amount of funding received by the Council in future years. The full impact of the McCloud/Sargeant tribunal judgement on public sector pensions is likely to have long term cost implications on the LGPS, the effect of this is also not yet known.
- 7.3 Looking ahead to 2021/22, the Council continues with its drive to generate further savings or to identify additional income in the face of financial pressures. The key issue facing Derbyshire Dales District Council in the medium term is the need to produce a sustainable, balanced budget in the face of declining government support, following previous government austerity measures, and significant uncertainty of how the future now looks.

There are ongoing major projects outlined below that are being undertaken that will significantly influence the Council's ability to balance its budget in the future. There is also a requirement for significant work and expertise to ensure that the best outcome for the Council and residents is achieved.

### 7.4 **Garden Waste Service**

Plans are currently underway for the introduction of a chargeable garden waste collection scheme effective from April 2021. This is expected to deliver significant income to partly offset the increased cost of the new waste contract.

### 7.5 **Council House Building Programme**

The Council has previously approved proposals to become a provider of social housing. The modest programme of development will see up to 52 homes delivered over the next few years. The programme will provide a new and ongoing revenue stream to the General Fund, helping to support the Council's wider strategic objectives. The business plan for the programme was revised in June 2020 and forecast an annual revenue income of approximately £200,000 when all 52 homes have been completed.

## 7.6 ***Climate Change Action Plan***

The Council's Climate Change Strategy and Action Plan is expected to be received very shortly and will be reported to Council separately. Whilst the detail is not yet known, it is expected that the Action Plan will identify a number of items that will require significant investment, if the Council is to meet its commitment to reach net zero carbon emissions by 2030.

## 7.7 ***Other Corporate Plan Priorities***

It is worth noting that priorities and plans in the new Corporate Plan are not fully costed and future financing decisions will need to take this into account.

## 8 **RISK ASSESSMENT**

### 8.1 Legal

The Council has a legal duty to set a balanced budget and has a general duty to act in the public interest in managing the custody of public funds. The accounts have been prepared by qualified personnel using accepted principles for to ensure proper accountability. The legal risk is therefore low.

### 8.2 Financial

The recommended transfer of the 2019/20 revenue account surplus to the Funding Uncertainties Reserve will help to provide funding for potential future liabilities that the Council may face in balancing its revenue budget.

For revenue spending, in 2020/21 the use of the Funding Uncertainties Reserve and then the General Reserve will ensure a balanced revised budget if there is insufficient government funding to cover all Covid19 additional spending and lost income. However, this will leave the General Reserve with a considerably lower balance, which is assessed as high risk.

The Medium Term Financial Plan illustrates that before the 2021/22 budget is set in March 2020 significant savings must be identified or the use of reserves approved in order to set a balanced budget. There are risks associated with this approach; these risks are explained in the Council's [Medium Term Financial Strategy](#). If savings cannot be identified by March 2021, the use of the Funding Uncertainties Reserve will mitigate the risks in the short term but the financial risk in respect of the Council's long-term financial position remains high.

### 8.3 Corporate Risk

The Council's financial position is taken into account in determining all the priorities in the Corporate Plan. The Council is expected to deliver significant savings or approve the use of reserves to balance its revenue budget from 2020/21 onwards. "Financial Resilience"

has been identified on the Council's Strategic Risk Register and has been assessed as high risk, pending the delivery of the required savings and the outcome of the Local Government Finance Settlement for 2021/22. The consequences of failing to identify the required savings are shown as:

- Lack of resources available to deliver the core Council activities
- Controls not performed or overlooked due to time and resource pressures.
- Cash flows are not available to maintain standards and quality of service provision.
- Increase in claims made to the Council
- Initiatives, development programmes etc. around capital enhancements, car park maintenance etc. may not be performed resulting in members of the public hurt or public property damaged.

## **9 OTHER CONSIDERATIONS**

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

## **10 CONTACT INFORMATION**

Karen Henriksen, Director of Resources  
Telephone: 01629 761284;  
Email: [karen.henriksen@derbyshiredales.gov.uk](mailto:karen.henriksen@derbyshiredales.gov.uk)

Paul Frith, Financial Services Manager  
Telephone: 01629 761214;  
Email: [paul.frith@derbyshiredales.gov.uk](mailto:paul.frith@derbyshiredales.gov.uk)

## **11 BACKGROUND PAPERS**

None

## **12 ATTACHMENTS**

Appendix 1: Summary Revenue Outturn 2019/20  
Appendix 2: Summary of Revenue Balances, Provisions and Earmarked Reserves as at 31st March, 2020  
Appendix 3: Capital Programme 2019/20 to 2023/24  
Appendix 4: Potential capital schemes/liabilities not included in capital programme  
Appendix 5: Medium Term Financial Plan

## SUMMARY OF REVENUE OUTTURN 2019/20

	Amount	Original Budget	Revised Budget	Variance from Revised Budget
Chief Executive	394,685	485,010	424,602	(29,917)
Community and Environmental Services	2,226,638	2,226,724	2,281,860	(55,222)
Corporate Services	1,750,640	1,888,186	1,799,536	(48,896)
Housing	(2,644,217)	511,865	(40,826)	(2,603,391)
Regeneration & Policy	399,740	479,059	421,989	(22,249)
Regulatory Services	395,948	452,325	473,267	(77,319)
Resources	2,678,726	2,674,918	2,714,818	(36,092)
<b>Net cost of Services</b>	<b>5,202,161</b>	<b>8,718,087</b>	<b>8,075,246</b>	<b>(2,873,085)</b>
<b>Non Service Items:</b>				
Interest on Balances	(182,896)	(105,000)	(139,500)	(43,396)
Borrowing Interest Paid	227,456	227,502	225,000	2,456
Statutory Debt Repayment	247,612	247,612	247,612	0
Loan Premium Due	110,924	110,924	110,924	0
Income from Investment Properties	(101,055)	(104,905)	(101,956)	901
<b>Net Revenue Expenditure</b>	<b>5,504,203</b>	<b>9,094,220</b>	<b>8,417,326</b>	<b>(2,913,123)</b>
<b>Transfers to / from Reserves</b>	<b>3,976,831</b>	<b>858,398</b>	<b>1,535,292</b>	<b>2,441,539</b>
<b>Funding Requirement</b>	<b>9,481,034</b>	<b>9,952,618</b>	<b>9,952,618</b>	<b>(471,584)</b>
<b>Funded by:</b>				
<b>External Funding</b>				
Retained Business Rates including S31				
Grant Payments to and from Pool	(2,728,291)	(2,760,244)	(2,760,244)	31,953
Business Rate Collection Fund (Surplus)/ Deficit	(209,081)	(209,081)	(209,081)	0
CT Collection Fund (Surplus)/ Deficit	(11,299)	(11,299)	(11,299)	0
Rural Services Delivery Grant	(401,179)	(401,179)	(401,179)	0
New Homes Bonus	(519,955)	(519,955)	(519,955)	0
Other Government Grants	(50,902)	0	0	(50,902)
<b>Total External Funding</b>	<b>(3,920,707)</b>	<b>(3,901,758)</b>	<b>(3,901,758)</b>	<b>(18,949)</b>
Total Council Tax Requirement (inc Parishes)	(7,660,812)	(7,660,812)	(7,660,812)	0
Town and Parish Precepts	1,609,952	1,609,952	1,609,952	0
<b>District Council Tax Requirement</b>	<b>(6,050,860)</b>	<b>(6,050,860)</b>	<b>(6,050,860)</b>	<b>0</b>
<b>Outturn</b>	<b>(490,533)</b>	<b>0</b>	<b>0</b>	<b>(490,533)</b>
<b>Proposed Transfer to Funding Uncertainties Reserve</b>	<b>490,533</b>			
<b>Total</b>	<b>0</b>			

**SUMMARY OF REVENUE BALANCES, PROVISIONS AND EARMARKED RESERVES**

(Note this includes the proposed transfer of £490,000 into the Funding Uncertainties Reserve in 2019/20, and the expected £744,000 funding of the Revised Budget 2020/21 from the Funding Uncertainties Reserve followed by the General Reserve)

Revenue Funding	Balance at 31st. March 2019 £	Estimated Contribution in 2019/20 £	Transfer to Fund Waste Vehicles 19/20	Estimated Use in 2019/20 Revenue £	Estimated Use in 2019/20 Capital	Estimated Balance at 31st. March 2020 £	Estimated Contribution in 2020/21 £	Estimated Use in 2020/21 Revenue £	Estimated Use in 2020/21 Capital	Estimated Balance at 31st. March 2021 £
<b>Revenue Balances</b>										
General Fund Working Balance	1,000,000	0		0	0	1,000,000	0	0	0	1,000,000
General Reserve	1,161,543	47,296	(209,000)	0	0	999,839	0	253,468	0	746,371
	<b>2,161,543</b>	<b>47,296</b>	<b>(209,000)</b>	<b>0</b>		<b>1,999,839</b>	<b>0</b>	<b>253,468</b>		<b>1,746,371</b>
<b>Provisions</b>										
Insurances	54,000	6,640		0	0	60,640	0	0	0	60,640
NNDR Appeals	362,596	839,555		114,527		1,087,624	0	0		1,087,624
	<b>416,596</b>	<b>846,195</b>	<b>0</b>	<b>114,527</b>	<b>0</b>	<b>1,148,264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,148,264</b>
<b>Reserves</b>										
Business Rates Fluctuations Reserve	1,096,362	264,061	(600,000)	0	0	760,423	0	270,000	0	490,423
Capital Programme Reserve	2,988,892	0	(582,000)	88,042	511,730	1,807,120	0	0	852,357	954,763
Carsington Improvements	33,452	0	0	0	0	33,452	0	0	20,070	13,382
Committed Expenditure	270,217	77,889	0	176,981	0	171,125	0	0	0	171,125
Customer Innovation Project	371,000	0	0	62,816	28,788	279,397	0	120,592	28,200	130,605
Economic Development	273,384	63,301	0	38,840	0	297,845	0	42,944	10,000	244,901
Elections	157,814	30,000	0	89,758	0	98,056	30,000	0	0	128,056
Funding Uncertainties	0	911,533	(421,000)	0	0	490,533	0	490,533	0	0
ICT Renewals	438,245	100,000	0	5,787	110,579	421,879	0	37,250	20,000	364,629
Insurances	464,473	0	0	0	0	464,473	0	0	0	464,473
Investment Fund / Invest to Save Reserve	564,590	0	0	0	0	564,590	0	0	0	564,590
Job Evaluation	150,000	0	0	0	0	150,000	0	0	0	150,000
Local Plan	158,422	50,000	0	0	0	208,422	50,000	150,000	0	108,422
Member / Officer Indemnity	25,000	0	0	0	0	25,000	0	0	0	25,000
Vehicle Renewals	989,063	150,000	(549,000)	0	0	590,063	150,000	0	464,350	275,713
Waste Contract Fluctuations	412,000	300,000	0	0	0	712,000	0	0	0	712,000
Ward Member Budget Reserve	36,100	0	(36,100)	0	0	0	0	0	0	0
Revenue Grants Unapplied	5,555,801	3,656,661	0	824,154	298,705	8,089,604	117,072	503,974	1,001,869	6,700,833
Waste Vehicles Reserve	0	103,000	2,397,100	0	0	2,500,100	0	0	2,500,100	0
Corporate Plan Priority Reserve	0	0	0	0	0	0	201,471	10,000	0	191,471
	<b>13,984,816</b>	<b>5,706,445</b>	<b>209,000</b>	<b>1,286,377</b>	<b>949,802</b>	<b>17,664,082</b>	<b>548,543</b>	<b>1,625,293</b>	<b>4,896,946</b>	<b>11,690,386</b>
<b>TOTAL</b>	<b>16,562,954</b>	<b>6,599,936</b>	<b>0</b>	<b>1,400,904</b>	<b>949,802</b>	<b>20,812,184</b>	<b>548,543</b>	<b>1,878,761</b>	<b>4,896,946</b>	<b>14,585,021</b>

\*The General Fund Working Balance is specified as a “controlled reserve” for the purposes of Section 26 of the Local Government Act 2003.

**CAPITAL PROGRAMME – 2019/20 OUT-TURN & PROPOSED PROGRAMME FOR 2020/21 TO 2023/24**

Key: **Includes Slippage** **Revenue – De-minimis** **New schemes**

**Corporate Priority – Prosperity**

Earmarked Schemes	Corporate Priority (new)	31st March 20 Out Turn Position	2019/20 Approved March	2020/21 including Slippage	2021/22	2022/23	2023/24	Total
Blenheim Road	Prosperity	-		250,000.00				250,000.00
Disabled facilities Grants	Prosperity	515,013.11	491,470.00	491,470.00	491,470.00	491,470.00		1,989,423.11
Social Housing Grants - Bakewell Lady Manners School	Prosperity	92,500.00	92,500.00	80,000.00				172,500.00
Social Housing Grant - Cromford / Matlock Bath	Prosperity	-		100,000.00				100,000.00
Social Housing Grant - Tideswell	Prosperity	-		412,500.00				412,500.00
Social Housing Grant - Rural village affordable Housing Grant	Prosperity	420,000.00	420,000.00	410,000.00				830,000.00
Social Housing Grant - Darley Dale	Prosperity	-		157,500.00				157,500.00
Social Housing Grant - Luke Lane / Mercaston Lane	Prosperity	-		0.00	135,000.00			135,000.00
Social Housing Grant - Matlock Asker Lane	Prosperity	250,000.00	250,000.00	0.00				250,000.00
Social Housing Grant - Doveridge - Bakers Lane	Prosperity	-		0.00				0.00
Hurst farm Estate Cladding Programme	Prosperity	48,704.50	50,000.00	51,295.50				100,000.00
<b>Non Traditional Homes improvement schemes</b>	<b>Prosperity</b>			<b>1,000,000.00</b>				<b>1,000,000.00</b>
Social Housing Grant - Ashbourne NCHA 12 bungalows	Prosperity		0.00	0.00				0.00
Social Housing Grant - Matlock YMCA with NCHA	Prosperity			0.00	500,000.00			500,000.00
Social Housing Grant - Wirksworth community land trust	Prosperity			0.00	350,000.00			350,000.00
Social Housing Grant - Bakewell Alms-house Trust	Prosperity			35,000.00				35,000.00
Social Housing Grant - Bakewell Road, Darley Dale	Prosperity			570,000.00				570,000.00
Social Housing Grant - Harrison Alms-house Charity	Prosperity			26,500.00				26,500.00
Social Housing Grant - Ashbourne Empty Property Buy Back	Prosperity			25,000.00				25,000.00
Hurst Farm Social Club	Prosperity			110,000.00				110,000.00
<b>Total Programme</b>	<b>Total</b>	<b>1,326,217.61</b>	<b>1,303,970</b>	<b>3,719,266</b>	<b>1,476,470</b>	<b>491,470</b>	<b>0</b>	<b>7,013,423</b>

## Corporate Priority – People

Earmarked Schemes	Corporate Priority (new)	31st March 20 Out Turn Position	2019/20 Approved March	2020/21 including Slippage	2021/22	2022/23	2023/24	Total
SCP Payments Portal	People	8,558.00	6,138.00	0.00				8,558.00
CRM System	People	75,115.96	71,850.00	0.00	0.00	0.00		75,115.96
Customer Innovation Project - Paye.net	People	28,787.50	46,077.00	0.00				28,787.50
Customer Innovation Project - White Space	People			15,000.00				15,000.00
Customer Innovation Project - Direct Debit set up	People			13,200.00				13,200.00
<b>Total Programme</b>	<b>Total</b>	<b>112,461.46</b>	<b>124,065</b>	<b>28,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>140,661</b>

## Corporate Priority - Place

Earmarked Schemes	Corporate Priority (new)	31st March 20 Out Turn Position	2019/20 Approved March	2020/21 including Slippage	2021/22	2022/23	2023/24	Total
Wirksworth St Mary's Churchyard Railings	Place	2,050.57	2,051.00	0.00				2,050.57
Condition Surveys - Parks & Pavilions	Place	-	6,355.00	67,355.00				67,355.00
Ashbourne Pavillion Project	Place			325,573.00				325,573.00
Bakewell Riverside Path	Place	-		10,000.00				10,000.00
Hall Leys Park Ranger Station	Place	-	1,157.00	1,157.00				1,157.00
Waste Vehicles	Place			3,612,382.00				3,612,382.00
Ashbourne Memorial Gardens and Bandstand	Place			70,000.00				70,000.00
Works to war Memorials	Place			30,000.00				30,000.00
<b>Total Programme</b>	<b>Total</b>	<b>2,050.57</b>	<b>9,563</b>	<b>4,116,467</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,118,518</b>

## Corporate Priority – Other

Earmarked Schemes	Corporate Priority (new)	31st March 20 Out Turn Position	2019/20 Approved March	2020/21 including Slippage	2021/22	2022/23	2023/24	Total
Pay & Display Ticket Machines	Other	-	6,000.00	6,000.00				6,000.00
Fishpond Meadow, Ashbourne: Car Park improvements	Other	-	23,000.00	23,000.00				23,000.00
Bakewell ABC Car Park improvements	Other	-		129,500.00				129,500.00
Monsal Head car Park improvements	Other	-		10,500.00				10,500.00
Darley Dale Down Station Improvements	Other	8,410.00	31,000.00	22,590.00				31,000.00
Wirksworth Steeple Arch cemetery extension	Other	-		60,000.00				60,000.00
Paths at Bakewell Cemetery	Other	-		3,749.00				3,749.00
Burials Review	Other	-		44,000.00				44,000.00
Commercial Vehicles	Other	-	26,350.00	464,350.00	280,000.00	214,000.00	322,000.00	1,280,350.00
Miscellaneous Grants	Other	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	150,000.00
Carsington fund grants	Other	-	13,380.00	20,070.00	6,690.00	6,692.00		33,452.00
Hulland Ward Recreation Ground	Other			22,000.00				22,000.00
Matlock Town Hall - works in condition surveys	Other	13,852.61	52,000.00	88,147.39	135,854.00			237,854.00
Ramp at Northwood depot	Other	-	10,000.00	0.00				0.00
Capital Investment Transfer of Leisure	Other	474,332.10	652,053.00	89,678.96				564,011.06
Wirksworth Leisure centre - Condition surveys	Other	-		0.00				0.00
Wirksworth Leisure centre - sports hall flooring	Other	-		0.00				0.00
Ashbourne Leisure Centre - Condition surveys	Other	4,589.19	149,110.00	144,520.81				149,110.00
Air handling unit at ARC	Other	-	40,000.00	40,000.00				40,000.00
Public Conveniences Condition survey works	Other	2,808.88	2,862.00	7,053.12				9,862.00
Microsoft Enterprise Agreement	Other			0.00	80,000.00			80,000.00
V11 Income Management system upgrade	Other	7,203.50	7,000.00	0.00				7,203.50
V13 Income Management system upgrade	Other	-	0.00	20,000.00				20,000.00
Backup storage replacement	Other	19,702.00	19,702.00	0.00				19,702.00
Microsoft Exchange Server	Other	-	8,402.00	0.00				0.00
Estates salaries	Other	33,457.00	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00	133,457.00
<b>Total Programme</b>	<b>Total</b>	<b>594,355.28</b>	<b>1,095,859</b>	<b>1,250,159</b>	<b>557,544</b>	<b>275,692</b>	<b>377,000</b>	<b>3,054,751</b>

Earmarked Schemes	Corporate Priority (new)	31st March 20 Out Turn Position	2019/20 Approved March	2020/21 including Slippage	2021/22	2022/23	2023/24	Total
<b>Total Programme</b>	<b>Total</b>	2,035,084.92	2,533,457	9,114,092	2,034,014	767,162	377,000	14,327,353

**Potential Future Liabilities – Not included in the Capital Programme**

<b>PROJECT</b>	<b>COMMENTS</b>	<b>COST</b>	
<b>ECONOMIC DEVELOPMENT</b>			
Bakewell Road, Matlock Redevelopment	Report due to be presented to members later in 2020/21	TBD	
			<b>0</b>
<b>CAR PARKS:</b>			
Various Car Parks	Surface repairs & full re-lining	20,500	
			<b>20,500</b>
<b>PARKS:</b>			
Broadwalk Park	Paths	10,000	
			<b>10,000</b>
<b>CEMETERIES &amp; CHURCHYARDS:</b>			
Bakewell Cemetery Chapels	Repairs identified in 2009 survey	15,000	
			<b>15,000</b>
<b>OTHER PROPERTY:</b>			
Bakewell ABC Various	Flat roof, gutters, ventilation	40,000	
Dimple Playing Fields, Matlock	Footpath improvements	30,000	
Traveller Site	New site(s) to meet housing need. Report due to be presented to members in September 2020.	TBD	
Lovers Walks	Detailed inspection of cliff faces, design of scheme & cost of remedial works	TBD	
Station House, Matlock	Currently vacant: Significant repairs required – Options appraisal to be completed.	TBD	
Matlock Town Hall	Replace metal windows (identified in 2014 condition survey)	210,000	
Harrison Way, Northwood	Resurface of Road with appropriate tarmac surface Harrison way	40,000	
Shrovetide Walk, Ashbourne	Resurfacing scheme & appropriate landscaping	40,000	
			<b>360,000</b>
<b>OFFICE TECHNOLOGY:</b>			
Replacement telephony	Subject to business plan & maintenance of current equipment	50,000	
Mid Call Solution for telephone payments	To improve security. Dependent on new telephony being in place	30,000	
Wi-Fi Replacement	May be required to address 'roaming issues'	20,000	
Uninterruptable power supply	Upgrade	20,000	
Production Server replacement	5 year replacement cycle	30,000	
Network switch replacement	5 year replacement cycle	20,000	
Disaster recovery storage	5 year replacement cycle (shared procurement)	20,000	
VDI Server Replacement	5 year replacement cycle	30,000	
			<b>220,000</b>
	<b>Total</b>		<b>£625,500</b>

**MEDIUM TERM FINANCIAL PLAN (AUGUST 2020)**

	Note	Original Budget 2020/21	Revised Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Base Service Funding Requirement - B/fwd</b>		<b>9,827</b>	<b>9,827</b>	<b>10,871</b>	<b>9,716</b>	<b>9,351</b>	<b>9,744</b>	<b>9,895</b>
Adjustment for Service Costs Funded from EM Reserves		981	1,018	(839)	(142)	55	(92)	0
<b>Base Net Revenue Expenditure</b>		<b>10,808</b>	<b>10,845</b>	<b>10,032</b>	<b>9,574</b>	<b>9,406</b>	<b>9,652</b>	<b>9,895</b>
<b>Inflation</b>								
Pay		0	0	139	142	145	148	151
Other		0	0	89	91	93	95	97
<b>Pressures / Savings - Recurring</b>								
Increasing savings from Leisure review		0	0	(5)	(300)	(50)	0	0
Additional costs of new waste contract, net of income for charging for garden waste collections		0	0	(539)	(156)	0	0	0
Potential increase in pension contributions following revaluation		0	0	0	0	150	0	0
Anticipated increase in pay award from 2% to 2.75%		0	59	0	0	0	0	0
Tree Management - Recurring		0	60	0	0	0	0	0
MRP		0	(93)	0	0	0	0	0
<b>Updated Base Service Funding Requirement for Next Year</b>		<b>10,808</b>	<b>10,871</b>	<b>9,716</b>	<b>9,351</b>	<b>9,744</b>	<b>9,895</b>	<b>10,143</b>
<b>Pressures / Savings - One off</b>								
Corporate Director Post		0	(76)	0	0	0	0	0
Covid19 - Increases in Expenditure			745	0	0	0	0	0
Covid19 - Income shortfalls			2,312	0	0	0	0	0
Covid19 - LA Grants			(1,245)	0	0	0	0	0
Tree Management - One Off			107	0	0	0	0	0
Anticipated Government Contribution to offset income losses			(1,125)	0	0	0	0	0
<b>Forecast spending</b>		<b>10,808</b>	<b>11,589</b>	<b>9,716</b>	<b>9,351</b>	<b>9,744</b>	<b>9,895</b>	<b>10,143</b>
<b>Transfers to/from reserves</b>		(981)	(1,018)	(179)	(37)	(92)	0	0
<b>Contributions to reserves for future years costs</b>								
Vehicle renewal fund		150	150	150	150	150	150	150
Election reserve annual contribution		30	30	30	30	30	30	30
Local plan reserve		50	50	50	50	50	50	50
Corporate Plan Priorities Reserve		202	202	0	0	0	0	0
<b>Total Net Spending Requirements</b>		<b>10,259</b>	<b>11,003</b>	<b>9,767</b>	<b>9,544</b>	<b>9,882</b>	<b>10,125</b>	<b>10,373</b>
<b>Funded By:</b>								
Revenue Support Grant	1	0	0	380	390	400	410	420
Business Rates Baseline Funding	2	(1,742)	(1,742)	(1,766)	(1,801)	(1,837)	(1,873)	(1,910)
Settlement Funding Assessment		(1,742)	(1,742)	(1,386)	(1,411)	(1,437)	(1,463)	(1,490)
Other business rates income, net of payment to pool	3	(860)	(860)	(827)	(842)	(858)	(875)	(892)
NDR Collection Fund (surplus)/deficit		(131)	(131)	0	0	0	0	0
Rural Services Delivery Grant	4	(401)	(401)	(200)	(200)	(200)	(200)	(200)
Financing from Council Tax	5	(6,391)	(6,391)	(6,548)	(6,709)	(6,896)	(7,087)	(7,284)
Council Tax Collection Fund (surplus) / deficit		(103)	(103)	0	0	0	0	0
New Homes Bonus	6	(631)	(631)	(289)	(218)	0	0	0
<b>Total Income</b>		<b>(10,259)</b>	<b>(10,259)</b>	<b>(9,250)</b>	<b>(9,380)</b>	<b>(9,391)</b>	<b>(9,625)</b>	<b>(9,866)</b>
<b>Corporate Saving Target</b>		<b>0</b>	<b>744</b>	<b>517</b>	<b>164</b>	<b>491</b>	<b>500</b>	<b>507</b>

1. Negative RSG removed in 2019/20 and 2020/21 following settlement. Effect of future negative grant cannot be dismissed.
2. Assumed NNDR receipts as per current pool arrangement. Changes to future distribution not confirmed.
3. Effect of NNDR CF balance reflected in use of business rate fluctuations reserve to mitigate impact.
4. RSDG only confirmed for 2020/21.
5. Council tax base growth assumed at 250 band D properties per year plus 1.94% increase from 2021/22 onwards.
6. New Homes Bonus calculated on current year methodology, no new allocations assumed only legacy payments.