APPENDIX A

HIGH PEAK BOROUGH COUNCIL

MEDIUM TERM FINANCIAL PLAN 2017/18 to 2020/21

November 2016

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1. INTRODUCTION

1.1. The Medium Term Financial Plan (MTFP) is a key element of the Council's budget and policy frameworks. It aims to ensure that resources are directed effectively and efficiently towards delivery of the Council's Corporate Plan. It describes the financial direction of the Council for planning purposes and outlines the financial pressures the Council is likely to experience over the next 4 years.

1.2. The medium-term financial planning process establishes how available resources will be allocated to services in line with the Council's priorities which have been determined following consultation with residents, councillors and other stakeholders. The process facilitates the Council in planning the prudent management of its finances, in building resilience and in providing for the needs of residents over the long term.

1.3. The MTFP is updated regularly to fit in with the budget cycle. This review of the MTFP builds on the existing plan and updates assumptions to reflect known changes to income, costs and funding. The plan incorporates revenue and capital financial projections over the four years 2017/18 to 2020/21. It also includes an assessment of key risks and a presentation of longer-term financial issues which have the potential to impact on the Council.

1.4. The Council will demonstrate economy, efficiency and effectiveness in the application of its resources. Value for Money (VFM) is maximised when there is an optimum balance between economy, efficiency and effectiveness.

- Economy: the price the Council pays for providing its services
- Efficiency: how much the Council gets out of what's put in (productivity)
- Effectiveness: value of the impact achieved (quantitative or qualitative)

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 Corporate Plan formally adopted by members of the Council.

2.2. Following the elections in May 2015, there was a fundamental review of the Corporate Plan focussing on the period 2015-2019 (up to the end of the current political administration).

2.3. The purpose of a Corporate Plan is to establish the Council's vision, corporate objectives and key priorities for the medium term. It in effect determines the Council's commitments in the delivery of services and community leadership to the citizens of High Peak.

2.4. The Council's Corporate Plan has been developed after taking into account the views and aspirations of High Peak citizens and having come to a clear understanding of empirical evidence. The plan has taken due recognition of the national and regional policy framework. It has taken on board learning from the progress made by the Council and has benefitted from input from Members at a priority setting event which was held in July 2015.

2.5. The Council's vision is expressed as:

"Delivering excellent services to High Peak residents and demonstrating value for money"

This vision is articulated further by four aims:

- Help create a safer and healthier environment for our residents to live and work
- Meet financial challenges & provide value for money
- Support economic development & regeneration
- Protect and improve the environment

2.6. These aims are supported by a number of objectives which also provide the framework for the delivery of service plans. The Council's objectives are summarised below:

	Aim	Objectives
1	Help create a safer and healthier environment for our residents to live and work	• Effective relationship with strategic partners • Fit for purpose housing stock that meets the needs of tenants • Effective support of community safety arrangements • Provision of high quality leisure facilities
2	Meet its financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure our services are easily available to all our residents in the appropriate channels and provided 'right first time' • A high performing and highly motivated workforce • More effective use of Council assets
3	Support economic development and regeneration	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Promote tourism • High quality development and building control with an 'open for business approach'
4	Protect and improve the environment	• Effective recycling and waste management • Provision of high quality public amenities, clean streets and environmental health • Provision of quality parks and open spaces • Car parking arrangements that meet the needs of residents, businesses and visitors

2.7. The Council is committed to playing the lead role in championing the local area. In so doing the Council recognises its community leadership role. Fulfilling this role effectively means influencing partners in a number of key areas in order to ensure that services are shaped and delivered around the needs and aspirations of citizens. The priorities for the Council's influencing role will be focused in the following areas:

- Work with the private sector on regeneration schemes including: The Crescent, Woods Mill and Torr Vale Mill
- Press for more regular and faster rail links and road infrastructure
- Provision of accessible health and social care
- Effective snow clearance
- Support the police in dealing with anti social behaviour
- Work with partners to bring additional funding into the borough

2.8. 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:

	Aim	Priority Outcomes
1	Help create a safer and healthier environment for our residents to live and work	• Good quality social housing provision • Improved health
2	Meet financial challenges and provide value for money	• Balanced and sustainable medium term financial position • Council services provide value for money • High level of resident and customer satisfaction
3	Support economic development and regeneration	• Sustainable towns and rural communities • Increased economic growth
4	Protect and improve the environment	• High recycling rates • Quality parks and open spaces and clean streets

2.9. 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.

2.10. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner.

3. CURRENT SPENDING LEVELS

3.1. The starting point for the development of the MTFP is the current level of spending and the approved capital expenditure commitments.

General Fund Revenue Budget

3.2. The Council's current year (2016/17) General Fund budget can be summarised as follows:

Income and Expenditure	2016/17 Budget
	£
Employees	11,783,380
Premises	3,432,170
Transport	696,310
Supplies & Services	9,831,890
Benefits	28,960
Borrowing	1,547,970
Parish Grant	51,320
Financing Costs	191,000
Total Expenditure	**27,563,000**
Fees and Charges / Other Income	(10,817,340)
Interest Receipts	(130,660)
Capital Recharges	(231,240)
HRA Recharges	(6,197,820)
Net Expenditure	**10,185,940**

3.3. The net expenditure is financed as follows:

Financing	2016/17 Budget
	£
Council Tax	(5,270,520)
Government Funding	(1,124,580)
New Homes Bonus	(773,320)
Business Rates Retention	(2,851,190)
Collection Fund Deficit	529,570
Contribution to / (from) Reserves & Balances	(695,900)
Total Financing	**(10,185,940)**

Housing Revenue Account Budget

3.4. The Housing Revenue Account (HRA) is a 'ring-fenced' account that ensures the management and maintenance of the Council's housing stock is funded from the income generated by rents and other related sources.

3.5. The Council's current year (2016/17) Housing Revenue Account budget can be summarised as follows:

Budget Heading	2016/17 Budget
	£
Repairs & Maintenance	3,096,290
Supervision & Management	3,001,070
Rates, Rents, Taxes, Charges	130,770
Other Operating Expenditure	1,435,860
Depreciation & Impairment Charges	1,432,000
Interest & Debt Management Charges	3,416,430
HRA Contribution to Capital Programme	2,744,570
Total Expenditure	**15,256,990**
Dwellings Rents	(14,642,120)
Non - Dwelling Rents & Other Income	(614,870)
Total Income	**(15,256,990)**
(Surplus) / Deficit for year	**-**

General Fund Capital Budget

3.6. The medium-term projection for General Fund capital commitments approved by Council in February 2016 is detailed below:

Service Area	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Housing	241,960	-	-	-	-	241,960
Asset Management Plan	313,060	1,474,350	2,215,460	2,970,130	1,104,000	8,077,000
Growth Fund	-	-	-	-	-	-
Housing Grants	250,000	238,000	238,000	238,000	238,000	1,202,000
ICT Strategy	124,710	100,000	100,000	100,000	100,000	524,710
Other Schemes	569,250	275,600	244,130	-	-	1,088,980
Total Programme	**1,498,980**	**2,087,950**	**2,797,590**	**3,308,130**	**1,442,000**	**11,134,650**
Financed by:						
External Contributions	305,360	284,250	238,000	238,000	238,000	1,303,610
Capital Receipts	-	679,000	138,000	845,000	240,000	1,902,000
Capital Reserve	750,000	-	-	-	-	750,000
S106 Planning Obligations	291,960	25,000	-	-	-	316,960
Borrowing	151,660	1,099,700	2,421,590	2,225,130	964,000	6,862,080
Total Financing	**1,498,980**	**2,087,950**	**2,797,590**	**3,308,130**	**1,442,000**	**11,134,650**

Housing Revenue Account Capital Budget

3.7. The medium-term projection for Housing Revenue Account capital commitments approved by Council in February 2016 was as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Planned Maintenance	2,967,180	3,121,000	3,220,000	3,220,000	3,220,000	15,748,180
Responsive Works	815,750	1,340,000	1,290,000	1,290,000	1,290,000	6,025,750
Aids & Adaptations	319,230	380,000	300,000	300,000	300,000	1,599,230
Environmental Improvements	150,000	-	-	-	-	150,000
New Build Projects	-	194,000	142,000	287,410	200,000	823,410
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
Efficiency Programme	-	(504,430)	-	-	-	(504,430)
Total Programme	**4,407,160**	**4,685,570**	**5,107,000**	**5,252,410**	**5,165,000**	**24,617,140**
HRA Contribution	2,218,850	2,246,570	3,144,000	3,212,000	3,218,000	14,039,420
Major Repairs Reserve	1,421,000	1,432,000	1,432,000	1,432,000	1,432,000	7,149,000
Capital Receipts	30,000	509,000	531,000	608,410	515,000	2,193,410
Capital Investment Fund	737,310	498,000	-	-	-	1,235,310
Total Financing	**4,407,160**	**4,685,570**	**5,107,000**	**5,252,410**	**5,165,000**	**24,617,140**

4. TRANSFORMATION PROGRAMME

4.1. Introduction

4.1.1. The Council's 'transformation programme' incorporates all major projects which meet the strategic priorities of the Authority and have significant financial implications, including:

- The capital programme
- Housing Revenue Account review
- The efficiency and rationalisation strategy
- Service reviews
- Member priority projects
- Other large scale projects

4.1.2. The delivery of transformation programme projects is monitored by a Transformation Board made up of Directors, Heads of Service along with key Corporate Service Managers and officers. A director is allocated as 'project executive' and a full business case appraisal is completed for each project.

4.1.3. The progress and current financial projections of the transformation programme is explored below along with any potential revenue consequences. Any further work required to identify the financial implications of the programme are discussed and will feed into the 2017/18 budget setting process.

4.2. General Fund Capital Programme

4.2.1. The General Fund Capital Programme approved by members in February 2016 has been reviewed, re-profiled and updated to reflect the latest position in terms of capital projections to 31st March 2021.

4.2.2. The latest capital projections, specifically identifying the major schemes, are summarised in the table below. Full detail is attached in Annex A.

Service Area	2016/17	201718	2018/19	2019/20	2020/20	Total
	£	£	£	£	£	£
Housing	241,960	-	-	-	-	241,960
Asset Management Plan	1,582,190	2,215,460	2,970,130	1,104,000	254,870	8,126,650
Housing Grants	438,840	238,000	238,000	238,000	238,000	1,390,840
ICT Strategy	318,000	50,000	50,000	50,000	41,520	509,520
Other Schemes	426,630	254,130	45,000	45,000	45,000	815,760
Total Programme	**3,007,620**	**2,757,590**	**3,303,130**	**1,437,000**	**579,390**	**11,084,730**
Financed by:						
External Contributions	544,880	238,000	238,000	238,000	238,000	1,496,880
Capital Receipts	679,000	138,000	845,000	240,000	-	1,902,000
Capital Reserve	-	-	-	-	-	-
S106 Planning Obligations	308,080	10,000	-	-	-	318,080
Borrowing	1,475,660	2,371,590	2,220,130	959,000	341,390	7,367,770
Total Financing	**3,007,620**	**2,757,590**	**3,303,130**	**1,437,000**	**579,390**	**11,084,730**

4.2.3. The capital projections above include the carry forward of £523,770 capital budgets from 2015/16 as approved by Members.

Housing Revenue Account Capital Programme

4.2.4. The Housing Revenue Account Capital Programme approved by members in February 2016 is largely unchanged at this stage with further work to be undertaken prior to February 2017. However, an additional year has been added based on the current HRA business plan and the allocation of capital receipts has been updated.

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Planned Maintenance	2,908,300	3,220,000	3,220,000	3,220,000	3,220,000	15,788,300
Responsive Works	445,000	940,000	940,000	940,000	940,000	4,205,000
Aids & Adaptations	435,670	300,000	300,000	300,000	300,000	1,685,670
New Build Projects	194,000	142,000	301,050	454,000	454,000	1,545,050
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
Total Programme	**4,137,970**	**4,757,000**	**4,916,050**	**5,069,000**	**5,069,000**	**23,949,020**
HRA Contribution	1,580,970	2,676,000	2,757,640	3,004,000	3,065,000	13,083,610
Major Repairs Reserve	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Receipts	509,000	531,000	608,410	515,000	454,000	1,860,050
Capital Investment Fund	498,000	-	-	-	-	498,000
Total Financing	**4,137,970**	**4,757,000**	**4,916,050**	**5,069,000**	**5,069,000**	**23,949,020**

4.2.5. The capital projections above include a £547,600 reduction to the 2016/17 programme relating to a transfer to revenue for specific items of expenditure which should be classified as revenue expenditure rather than capital as per accounting regulations (as reported to the HRA Member working group in September). This has also been applied to any planned expenditure in 2017/18 – 2020/21 which should be classed as revenue.

Asset Management Plan (AMP) – General Fund

4.2.6 It is essential that the Council maintains an asset base, which delivers the ambitions of the Corporate Plan – however, this needs to be affordable. This is becoming increasingly difficult due to the age of a number of the Council's key buildings and the shrinking amount of financial resources available to support service delivery.

4.2.7 A stock condition survey has been undertaken on the Council's property assets. A report detailing the outcomes and actions emerging was presented to Executive in July 2016. This includes the potential capital and revenue financial implications of maintaining the Council's current property assets over a 30-year period.

4.2.8 The surveys have confirmed that a number of the Council's operational assets are dated in appearance, have structural issues or urgent health and safety work requirements or the electrical and mechanical infrastructure require updating. The investment required to ensure the assets remain fit for purpose is significant over the 30 year period and would consequently impact on future revenue budgets.

4.2.9 Therefore, the report discusses the options to either reduce the amount of capital expenditure or reduce the impact on revenue of the necessary capital spending:

- Asset rationalisation
- Shared use of assets
- Reduction in specification and functionality
- Generate additional capital receipts
- Identify grants to support investment
- Generate additional revenue from asset holdings

4.2.10 Additionally, it also recommended the review of:

- Public conveniences and car parks provision, with a view to disposal of assets that are surplus to requirements.
- Leisure asset portfolio in the context of the expiry of the existing leisure management contract with a view to reducing the on-going assets and operating costs
- Operational depot asset portfolio in the context of a potential new operating model with a view to reducing overall costs
- Strategic land holdings with a view to developing options to either generate additional capital receipts or opportunities to generate ongoing financial returns

4.2.11 The current capital programme costs of the AMP include approved carry forwards from 2015/16, and the additional estimated costs of maintaining the asset portfolio in 2020/21. The 2017/18 – 2019/20 AMP remains as approved in February 2016 in this iteration. The current programme includes significant early investment in key public buildings: Pavilion Gardens, Buxton Town Hall and Glossop Halls

4.2.12 In preparation for the MTFP to be presented in February, the Council will assess and confirm the approach for asset investment in key buildings over the period 2017/18 – 2020/21. Any positive revenue implications of the asset management plan, for example, reduced annual maintenance and utility costs due to fewer and/or more efficient buildings and income receipts from shared accommodation partners will be taken towards the efficiency programme.

Asset Management Plan (AMP) - Housing

4.2.13 The Executive has agreed to complete a full condition survey on the Council's portfolio of housing properties by March 2019. The last stock condition survey was undertaken in 2012 and was based on a 20% sample of properties. It is recognised that reliable and up-to-date stock condition data is critical for investment planning and consequently it was agreed to undertake a phased prioritised approach to assessing the condition of the stock to validate the data currently held. This will be based on property type and phased in the following way:

- Phase 1 – Non Traditional properties (to be completed during 2016/17)
- Phase 2 – Sheltered Accommodation (to be completed during 2016/17)
- Phase 3 – Large town concentrations of stock (to be completed during 2017/18)
- Phase 4 – Rural Stock (to be completed by 2018/19)

4.2.14 Stock condition requirements will then be considered in line with the affordability of the HRA Business Plan. The results of the stock condition surveys will emerge during 2017, which will then feed into the 2018/19-2021/22 MTFP. The HRA capital programme proposed within this update is based on existing stock condition information. The 2017/18 programme will be reviewed prior to the February report, using existing internal data and prioritising schemes pending the stock condition information being completed.

Buxton Crescent

4.2.15 The Buxton Crescent Hotel and Thermal Spa has made a step change since the last report given that both construction contracts have now started. The smaller contract to refurbish the Pump Room is now virtually complete. This will eventually become the hub for the proposed visitor centre. The main contract to convert the Crescent and the Natural Baths into the hotel and spa is progressing well with a programmed completion in 2018.

4.2.16 Funding arrangements are in place for the project. It is, however, still necessary to identify the potential financial risks to the Council if the project failed to complete. The corresponding financial risks relate to mothballing costs and ongoing maintenance requirements of the building over a 5-year period (the estimated time to end the current project, procure a new partner, design and develop to the point of starting on site). Estimated costs are shown below:

Costs	HPBC Liability Cost over 5 years
	£
Mothballing costs (security, insurance, utilities)	257,500
Work to the Nestle pipe*	200,000
Maintenance Costs	1,600,000
TOTAL	**2,057,500**

**Work to Nestle pipe, as part of phase one. The water pipe from the natural baths running to George Street is suspended on steel girders. This is a temporary measure pending phase 2 construction works. If the project was cancelled an immediate measure would be to relay the water pipe underground*

4.2.17 The above costs are not included in the MTFP at this stage, but flagged as a risk.

Housing Grants

4.2.18. The Borough Council is the duty holder under the Housing Grants, Construction and Regeneration Act 1996 for the mandatory Disabled Facilities Grant and this status remains despite changes to funding arrangements. All eligible applicants are entitled to receive mandatory funding for certain major adaptations to their properties. The funding for these adaptations has previously been given directly to the Council but from 2015/16, the funding was incorporated into the Better Care Fund and paid to the County Council.

4.2.19 The Better Care Fund is a single pooled fund for all health and social care provision and covers the whole range of services including public health, social care services and clinical commissioning groups. The 2015/16 provision for Disabled Facilities Grants was ring-fenced within the Better Care Fund, and was received from the County Council.

4.2.20 It is not clear however what the level of funding or the payment mechanism might be for future years. The County Council has launched a review of DFG provision in partnership with the district authorities which intends to re-engineer the delivery of adaptation services and this will subsequently inform the allocation of funding and the performance and delivery targets. There is a risk that High Peak will need to increase its level of funding contribution in future years depending on levels of demand and any revised funding regime. - Further updates will be provided as this becomes clear.

ICT Strategy

4.6.21. The framework for a new 3 year ICT Strategy was established in 2014/15. The key drivers of which are to support delivery of the Efficiency and Rationalisation Plan (£100,000 revenue saving targeted), provide the infrastructure to support joint working, support new ways of working and improve access to services for our customers.

4.6.22. Implementation of the Strategy has commenced, involving discussions with service areas to ascertain requirements and with a view to finding an Alliance wide solution in regard to IT provision. The aim of which is to reduce the number of applications and software and consequently pressure on server space. The capital provision for this project has been reprofiled to account for the acceleration of the infrastructure and Microsoft compliancy phase of the project resulting in higher than originally anticipated expenditure in 2016/17. An additional £100,000 has been added to the ICT capital programme overall to account for an additional years expenditure.

4.2.23 Capital investment is required to establish the infrastructure required to meet the key drivers. This in turn will identify the revenue consequences of capital purchases – increased costs including maintenance, updates and annual licence purchases, offset by savings resulting from better usage and consolidation of the Council's suite of systems.

Funding the Capital Programme

4.2.24 The capital programme can be funded from a number of options which include external grants and contributions from third parties, comprising of Government and lottery funding streams; 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.

4.2.25 Borrowing is undertaken to fund the shortfall after the other capital resources have been used. The current programme includes estimates of external funding of £1.497m towards General Fund projects; capital receipts of £3.762m (£1.902m General Fund + £1.860m HRA); Housing Revenue Reserves of £3.629m are forecast to be applied in full in 2016/17 and a further £18.460m of Housing Revenue Reserves over the following four years (subject to review – see 4.3). Borrowing is the main funding option for the General Fund programme at £7.368m. 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 as highlighted in the table below.

4.2.26 The capital receipts applied to the HRA include the one-for-one right-to-buy element used to fund capital expenditure on new housing properties. Under Government guidelines, these receipts can only represent 30% of overall expenditure, with a further 70% being required to be allocated. The current strategy is to fund this via a third party, i.e. a social housing landlord or developer, with the third party organisation providing the additional 70% expenditure. The HRA can also apply capital receipts which are not subject to the same restrictions to the overall capital programme. A review will be undertaken prior to February as to the allocation of these receipts; whether to wait for the stock condition information or apply in the interim.

4.2.27 There remains a balance of £100,000 within the general fund earmarked reserve established specifically to fund capital projects. It is proposed to use this fund where an options appraisal on the acquisition of vehicles, plant and equipment has been carried out and suggests that the most financially viable option is to outright purchase. Similarly, an increase in the contribution to capital is proposed where it is best value to do so for the HRA.

Revenue Consequences of the Capital Programme

4.2.28 The capital investment proposals above will result in estimated revenue consequences as follows:

Revenue Consequences	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Borrowing Costs	27,180	52,910	57,450	39,790
Other (Income)/Expenditure	-	-	-	-
General Fund	**27,180**	**52,910**	**57,450**	**39,790**
HRA contribution to Capital	(68,570)	81,640	246,360	61,000
Borrowing Costs	(88,660)	(124,120)	(63,870)	(35,600)
Housing Revenue Account	**(157,230)**	**(42,480)**	**182,490**	**25,400**
Total	**(130,050)**	**10,430**	**239,940**	**65,190**

4.3. Housing Revenue Account review

The Reforms

4.3.1. The Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, which will have significant implications for High Peak Borough Council and in particular a negative impact on the Housing Revenue Account.

4.3.2. The July 2015 Budget announcement included:

- Social housing rents to reduce by 1% per annum from April 2016 for 4 years.
- Included a provision for high-income (£30k household income) tenants to be charged a market or near market rent (‘Pay to Stay’) with the additional rent raised by local authorities to be returned to the Treasury.
- A review of lifetime tenancies in social housing to limit their use and ensure tenancies match household needs and make better use of the stock.

4.3.3. In October, the Government outlined within the Housing Bill that local authorities will have to make a fixed payment to government each year, based on an estimate for the income from selling high-value vacant homes. The bill requires Councils to consider selling all high-value property as it becomes vacant. There is no definition of high value at this stage, the Bill proposes that this will be done by ministers through regulation and for which it says could vary for different areas.

Impact on the HRA Income Streams

4.3.4. The reductions in rental income have had a significant impact on the Council’s Housing Revenue Account (HRA) and the resources available to deliver services, property improvements and development plans.

4.3.5. The announced reduction in rents by 1% per year for four years resulted in a decrease of £2.4m by 2019/20 (compared to the 3% increase the business plan was assuming)

4.3.6. It has recently been announced that the proposed pay-to-stay scheme will not be mandatory for individual authorities to implement. At this stage there is no detail as to whether there will be any remaining obligations for the Council.

Impact on Development Plans

4.3.7. The current HRA provides for:

- An annual Repairs & Maintenance budget of £3 million; and
- An annual capital programme of approximately £5 million the majority of which is financed directly from revenue

4.3.8. The 30-year HRA business plan is based upon capital expenditure that is derived from the existing stock condition information. The plan also currently makes provision to repay outstanding debt at £1.2 million per annum.

4.3.9. The financial implications of the recent reforms have resulted in the need to fundamentally review all of the current assumptions. The current annual repairs and capital programme budget are not sustainable going forward as this level of expenditure would create an annual deficit, requiring reserves to be applied and in time creating a borrowing requirement which would exceed the debt cap. In addition there will be no headroom available for the development of new stock in the future.

4.3.10. Therefore, a full stock condition survey has been commissioned to assess the level of expenditure required to maintain the housing stock over the life of the business plan. The MTFP reflects the current repairs and capital programme budget, the 2017/18 budget allocation will be reviewed prior to February using existing sources of information and prioritising schemes, then stock condition information will feed into the 2018/19 budget setting process.

HRA Review

4.3.11. The introduction of Housing Revenue Account (HRA) self-financing means that it is vital that local authorities have effective governance and financial management frameworks in place. In order to support local authorities in assessing and developing these frameworks, the Chartered Institute of Public Finance Accountancy and Chartered Institute of Housing have worked together to produce a voluntary code of practice for the sector. The principles and provisions of this voluntary code are intended to:

- Assist housing authorities in ensuring effective governance, finance and business planning;
- Provide transparency to tenants, members and officers on how the housing business is being managed. The code will give tenants and members a framework against which to hold the authority to account;
- Allow housing authorities to assess where they may need further support and assistance.

4.3.12. The Council has used the Code to formulate an agenda for the review and development of the HRA. A member-working group has been established and has begun to review proposals for the devlopment of the HRA Business Plan.

4.3.13. Given the significance of the financial position there has been an early focus on areas where reductions in financial provisions in the HRA can be made or additional income can be generated in order to ensure that the longer term financial position can be brought into balance.

4.3.14. The HRA review schedule is illustrated below:

<table>
<tr><th>Meeting Date</th><th>Agenda Items</th><th>Actions</th></tr>
<tr><td rowspan="3">June 2016</td><td>Stock Condition</td><td rowspan="3">Full stock condition survey underway
Option to vary annual debt repayment – further comparative work to be carried out</td></tr>
<tr><td>Financing Transactions</td></tr>
<tr><td>Housing & Planning Bill Implications</td></tr>
<tr><td rowspan="3">August 2016</td><td>Capital Programme</td><td rowspan="3">2017/18 capital programme under review with schemes to be included on a priority basis pending stock data
Rent Policy currently being written, focus on additional income streams</td></tr>
<tr><td>Rent Policy</td></tr>
<tr><td>Carelink / Other Support</td></tr>
<tr><td rowspan="3">October 2016</td><td>Lettings</td><td rowspan="3">Review of voids/tenancies underway to reduce loss of income and streamline processes
Options analysis for the operation of sheltered accommodation to ensure service is affordable</td></tr>
<tr><td>Voids</td></tr>
<tr><td>Sheltered Accommodation</td></tr>
<tr><td rowspan="3">December 2016</td><td>Tenancy & Neighbourhood Management</td><td rowspan="3"></td></tr>
<tr><td>Repairs</td></tr>
<tr><td>Other Policy Changes</td></tr>
<tr><td rowspan="2">February 2017</td><td>Revised HRA Business Plan</td><td rowspan="2"></td></tr>
<tr><td>Tenant Engagement</td></tr>
<tr><td rowspan="2">April 2017</td><td>Housing Need & Supply</td><td rowspan="2"></td></tr>
<tr><td>Future Development</td></tr>
</table>

4.4. Efficiency & Rationalisation Programme

4.4.1. The current Efficiency and Rationalisation Strategy was approved by Members in April 2014, which identified a programme of £2.8million in savings to be made over the period 2014/15 – 2016/17, of which £300,000 relates to the HRA.

4.4.2. In establishing the current Efficiency & Rationalisation plan, importance was placed on ensuring the programme of savings was well focussed and recognised the capacity constraints on the organisation following the departure of a significant number of staff under voluntary redundancy. Therefore, external challenge work was commissioned to assist in identifying areas which have the greatest potential for further savings.

4.4.3. A number of principles were developed in order to ensure that the plans are focussed in the right areas and are deliverable. These are:

- Service reviews will be completed on a structured basis
- Individual service structures will be properly combined across the Alliance
- There will be continued protection of front-line services
- Non-priorities will be identified in discretionary services and targeted for savings if possible
- Mandatory services will be developed to ensure that they are efficient when compared with the best local authorities
- Transactional services to be delivered around the needs of customers and development of "channel shift"
- There will be strong focus on corporate efficiencies e.g. procurement, asset management to minimise the impact on staffing levels

4.4.4. After taking into account these principles a framework was developed to inform the finalisation of the Efficiency and Rationalisation Strategy. The programme is focused upon six areas:

1. Enhancing Income and Improving Trading

Focussed upon increasing the income generated from Council Services including, by identifying and generating new income streams, improving the effectiveness of services that compete with other service providers, and improving the yield from fees and charges through increased activity.

2. Extending Shared Services

Looking at new partners such as Staffordshire County Council, Peak National Park and other neighbouring Councils

3. Corporate Efficiency Projects

Targeting savings that do not directly impact on front line service provision including; implementation of the procurement strategy, further development of the Asset Management Plan, a review of administrative support, agreement of a longer term approach to workforce pay and benefits, a comprehensive review of the ICT strategy, finalisation of the current management review, more cost effective arrangements around utilisation of the third sector and development of alternative service delivery models.

4. Service Reviews

Structured and comprehensive review of all of the Council's services – removing service silos in order to realise savings from new approaches to delivery including exploiting channel shift, combining similar functions such as enforcement, and taking a joined up approach to corporate support services.

5. Innovation and Growth

Creation of a Development Fund on an "invest to save" basis

6. Housing Revenue Account

Saving from the integration of the housing management function

4.4.5. The current profile of the financial savings proposed in the Strategy are summarised below (see ANNEX B for more detail on the current plan). The below table illustrates progress to date and re-profiles the outstanding target efficiencies where required. It also identifies new efficiencies required over the next four years.

Efficiency Strategy	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£	£		£
ORIGINAL PROGRAMME:	1,078,560	1,061,530	659,910	-	-	-		**2,800,000**
Enhancing Income & Improving Trading	93,560	141,530	120,910	-	-	-		**356,000**
Extending Shared Services	25,000	50,000	50,000	-	-	-		**125,000**
Corporate Efficiency Projects	510,000	540,000	334,000	-	-	-		**1,384,000**
Service Reviews	150,000	230,000	105,000	-	-	-		**485,000**
Innovation & Growth	50,000	50,000	50,000	-	-	-		**150,000**
General Fund Efficiency Plan	**828,560**	**1,011,530**	**659,910**	**-**	-	-		**2,500,000**
HRA Efficiency Plan	250,000	50,000	-	-	-	-		**300,000**
Total	**1,078,560**	**1,061,530**	**659,910**	**-**	**-**	**-**		**2,800,000**
REPROFILED PROGRAMME:								
Existing Programme - General Fund	482,980	361,330	1,655,690	-	-			**2,500,000**
Existing Programme - HRA	250,000	50,000	-	-	-			**300,000**
Shortfall – General Fund*	**-**	-	-	495,740	740,940	334,100	189,440	**1,760,220**
Shortfall – HRA				522,320	715,870	1,008,920	1,322,160	**3,569,270**
Total	**732,980**	**411,330**	**1,655,690**	**1,018,060**	**1,456,810**	**1,343,020**	**1,511,600**	**8,129,490**

**Incorporates the saving assumed from Pavilion Gardens to offset additional cost of capital as a result of increased expenditure on the Octagon works.*

4.4.6. £995,780 in unachieved efficiencies in 2014/15 and 2015/16 have been rolled forward into 2016/17. The shortfall is primarily as a consequence of the short-term and one-off costs of the implementation of the service review process. The 2015/16 shortfall was met by service underspends and additional income (partly by utilisation of the earmarked reserve set up specifically for this purpose).

4.4.7. As the service review process has been completed (with the exception of some outstanding mini-reviews currently taking place within Housing and Benefits) the majority of the £485,000 targeted savings will be achieved in 2016/17. Additionally, £408,000 in Procurement related savings (reduced spend as a result of procurement activity being challenged/increased on contract spend etc) were identified as part of the 2016/17 budget setting process. These will be offset against the efficiency programme in 2016/17.

4.4.8. This would leave approximately £763,000 to be achieved – with focus then turning to other efficiency projects for example income generation, asset management, growth projects and further sharing of services to deliver the remaining savings. A review of these remaining projects and the viability of the savings targets will be assessed prior to the February Budget and MTFP, with consideration to reprofiling or reallocation of efficiency targets.

4.4.9. In addition to the existing efficiency programme, in order to balance the general fund budget in 2017/18, 2018/19, 2019/20 and 2020/21, there is a new savings requirement of £1,760,220.

4.4.10. A proportion of this will potentially be met from the new localised Business Rates retention system (see paragraph 6.2). However there is uncertainly around what impact this will have on the Council at present and the new system is unlikely to be in place until 2019-20 / 2020-21. There are also potential savings that will generate from the significant projects taking place over the life of the MTFP relating to Channel Shift, and the procurement and review of the current provision of Waste Collection, Leisure Centre Management and Facilities Management (see paragraph 4.7).

4.4.11. There is also a saving requirement of £3,569,270 over the four years in respect of the HRA. This will be met from savings and additional income identified from the HRA review and service review outcomes.

4.4.12. A further exercise reviewing the revenue underspends of recent years will also take place during the 2017/18 budget setting process. The review will identify areas, which have consistently underspent against the base budget, with a view to removing the excess provision. Any budget adjustments will be used to support the Efficiency & Rationalisation Strategy.

4.5. Service Reviews

4.5.1. In agreeing the Efficiency Strategy, members approved the principle of conducting a programme of service reviews. These reviews ensure the services provided by the Council can be operated with a reduced level of financial resources.

4.5.2. The programme began during 2014/15, when all staff were given the opportunity to put forward their ideas on service improvement and efficiencies via ‘Hearts and Minds’ sessions. The service reviews progressed in line with the SHAPE Review methodology and have now reached the implementation stage.

4.5.3. A report was presented to Corporate Select in September 2015, which summarised the service review outcomes, the financial and staffing implications that result from the proposals, and details of the implementation process.

4.5.4. The achievement of efficiency savings in respect of the service review process have been deferred as a result of the one off costs associated with implementation for example, the cost of redundancy, pay protection and temporary staff arrangements. However, it is anticipated that the majority of the £485,000 targeted efficiency will be achieved during 2016/17

4.5.5. The salary estimates are currently being updated in line with service review structures, the savings will then be realised against the Efficiency Programme and reported in the February MTFP and Quarter 3 financial update report.

4.6. Member Priority Projects

4.6.1. During the development of the Corporate Plan a number of priority actions have been identified and prioritised by members. These are as follows:

Member Priority Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not known
Leader				
Adopt an approved Local Plan which will be kept under review	Y	✓		
Communicate more effectively with residents	N			
Review and improve our relationships with Strategic Partners	N			
Work with our Combined Authority partners and the Local Enterprise Partnership to bring funding to High Peak	Y			✓
Use our influence to secure better health and care services through commissioners and from providers	N			
Parks, Leisure & Recycling				
Establish a developer open space contributions plan	Y			✓
Work with local residents to improve our parks	N			
Take steps to reduce dog fouling and littering	Y			✓
Finance & Corporate Services				
Continually review and implement an efficiency and rationalisation programme	Y	✓		
Improve customer service	Y			✓
Review car parking provision and extend resident concessionary parking	Y	✓		
Tourism, Regeneration & Licensing				
Review TIC and tourism service	Y			✓
Together with partners work for the delivery of the Crescent development	Y	✓		
Support the development of the Woods Mill area, Glossop Halls and Torr Vale Mill	Y			✓
Create an "Open for Business" environment in High Peak	N			
Housing				
Complete and implement a Housing Management and Revenue Plan	Y		✓	

4.6.2. Any costs or revenue associated with these actions will need to be included in the MTFP. The impact of a number of them is already included in this iteration of the plan but additional work will need to be undertaken to develop a number of the actions further and at the same time identify any financial implications.

4.7. Other Projects

Channel Shift

4.7.1. In addition to the above, the Council is progressing the 'channel shift' project, which focuses on changing the way in which our customers interact with the Council with the enhanced use of technology. The aim of which is not only to achieve financial savings but also to improve the customer experience and streamline internal processes.

4.7.2. This project will potentially impact on the capital programme (investment as part of the ICT Strategy) with the savings generated from the project covering the cost of borrowing and supporting the efficiency programme.

4.7.3. The business case for this project has been developed, with a timeline for implementation in place. The first phase concentrates on the update of the website and the use of e-forms to channel applications for Housing Benefit and Council Tax discounts and exemptions, and the use of credit information to apply risk-based verification and assist with the review of eligibility for discounts and exemptions.

Significant Procurement Activity

4.7.4. During the life of the MTFP, there will be a number of large scale procurement projects that will either be completed or the initial review work will be commenced. These exercises will potentially have a significant financial impact on the Authority, and therefore further updates will be provided as the projects progress:

- *Waste and Streets Service Delivery* - The Council is currently developing the business case for a joint delivery model for the provision of Waste and Street services. The service is currently outsourced with the contract expiring during 2017/18 -, whilst the Council's Alliance partner Staffordshire Moorlands D.C. have an internally delivered service. Therefore, the two Authorities will be focusing on the delivery of a jointly operated service in order to avoid duplication and realise efficiencies.
- *Leisure Centre Operation* - Both High Peak B.C. and Staffordshire Moorlands D.C. outsource the operation of Leisure Centres to a private sector contractor. Both contracts expire during 2018/19, therefore similar to the delivery of Waste and Streets, the Authorities will be looking to potentially work together on the future operation of the Leisure Centres. Consideration will also be given to the future asset management costs of maintaining the buildings and the delivery models going forward in order to achieve value for money.
- *Asset Management Plan & Facilities Management* - The Council has a joint contract with Staffordshire Moorlands D.C. for the facilities management of the buildings – currently undertaken by Derbyshire County Council. The contract has delivered savings to each Authority and is due to expire at the end of 2016/17. The two Authorities, working together, will aim to drive further savings from the re-procurement of the contract.

5. FINANCIAL FORECASTS

5.1. Interest Rates

5.1.1. The Bank of England Base Rate was cut from 0.50% to 0.25% following the Monetary Policy Committee (MPC) meeting of 4th August 2016. Latest interest rate forecasts (from the Council's treasury advisors, Capita) include the likelihood that a further cut to near zero at 0.10% will take place if data comes in as forecast, but do not project the possibility of negative rates.

5.1.2. The tentative forecast is for increases in Bank Rate in May 2018 to 0.25% and to 0.50% in May 2019, but these will very much depend on how strongly, and how soon, the UK economy makes a gradual recovery and so start a process of very gradual increases in Bank Rate over a prolonged period. The mix of extreme political and economic uncertainties over this time period continue to make it very likely that these forecasts will be subject to significant updating as events evolve.

5.1.3. Borrowing commentary reports that yields are at historic lows and borrowing should be considered where appropriate to the strategy. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates remains.

5.1.4. Based on the current forecasts, changes in investment income and borrowing costs are highlighted below:

	2017/18	2018/19	2019/20	2020//21
	£	£	£	£
Changes in Investment Income	74,410	(19,060)	(68,450)	(68,410)
Changes in Borrowing Costs	(144,240)	74,960	10,420	57,950

5.2. Inflationary Projections

5.2.1. The Retail Price Index (RPI) and Consumer Price Index (CPI) 12 month rate, as at August 2016, stood at 1.8% and 0.6% respectively. Inflation forecasts are made reflecting the composition of the Council's expenditure, resulting in an inflation rate specific to the Council.

5.2.2. The MTFP presented to members in February 2016 was premised on inflation assumptions at that time. Those inflationary assumptions have now been rolled forward a further 12 months to incorporate the 2020/21 financial year and have been updated to reflect the latest available information from authoritative sources such as the Office for National Statistics (ONS). The additional costs to the Council arising from inflation are forecast in the table below.

Inflationary Changes	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Employee Costs	427,450	365,100	370,810	366,500
Premises Costs	50,270	57,750	65,000	70,000
Transport	1,540	3,850	8,680	8,800
Supplies and Services	93,660	122,090	127,130	128,820
In-Year Inflation Pressure	**572,920**	**548,790**	**571,620**	**574,120**
General Fund	443,400	429,110	446,780	453,740
Housing Revenue Account	129,520	119,680	124,840	120,380
	572,920	**548,790**	**571,620**	**574,120**

5.3. Budgetary Demand

5.3.1. The Medium Term Financial Plan presented to Council in February 2016 analysed and projected forward both income and expenditure. This has been revised to reflect known increases and decreases in budgetary demand.

5.3.2. The current known changes in budgetary demand are highlighted below:-

Increased / (Reduced) Budget Demand	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Cemetery wall and paths backlog maintenance	(20,000)	-	-	-
HRA pension past service deficit costs	(67,000)	(67,000)	(69,000)	(70,000)
Uniforms – Customer Services (cyclical)	(2,500)	2,500	(2,500)	2,500
Supported Housing – subsidy loss arising out of increase	75,000	-	-	-
Pavilion Gardens – Octagon closure	(50,000)	(59,000)	(59,000)	-
Internal Audit – 5 yearly external review	(2,500)	-	-	-
MMI Second levy (funded from earmarked reserve)	(61,700)	-	-	-
Pension Fund Deficit Repair – budget adjustment	50,000	-	-	-
Hathersage Pool – Access grant increase	2,220			
Building Control – service change	90,000	-	-	-
Recharge to HRA re: Buxton Town Hall	(50,000)	-	-	-
Total – General Fund	**(36,480)**	**(123,500)**	**(130,500)**	**(67,500)**
Major works transfer to revenue from capital*	300,000	-	-	-
Survey and related minor works transfer to revenue	147,600	(147,600)	-	-
Vacating of Furness Vale	(90,310)	-	-	-
Reduction in mobile phone costs	(15,410)			
Radon Monitoring Programme (funded by HRA savings)	(149,760)	-	-	-
Recharge to HRA re: Buxton Town Hall	50,000	-	-	-
Total – Housing Revenue Account	**242,120**	**(147,600)**	**-**	**-**

**offset by reduction in revenue contribution to capital*

5.4. Budget Growth

5.4.1. In previous years, few additions in respect of budget growth have been included in the MTFP. It was assumed in light of the financial pressures faced by the Council, that any local issues that necessitate budget growth will be financed by internal spending reductions elsewhere.

5.4.2. No new items of budget growth have been included in this version of the Medium Term Financial Plan.

5.5. Pensions

5.5.1. The Derbyshire Pension Fund underwent a triennial actuarial valuation in 2016 to determine the level of future contributions necessary to achieve a balanced position. The final outcome is expected later in November, whereupon contribution rates will be agreed covering the next 3 years commencing in 2017/18.

5.5.2. At the last valuation, the Derbyshire Fund had a funding level (the ratio of assets to liabilities) of 82.5% and a scheme deficit of £663 million. The revised position, as at 2016, will be confirmed later in November

5.5.3. The High Peak Borough Council portion of the Fund had a funding level of 69% at the 2013 valuation and a deficit of £25.9 million. Since this valuation the Council has budgeted to make contributions into the Fund of £2.51 million in 2014/15, £2.61 million in 2015/16, and £2.67 million in 2016/17. The updated position as at 31st March 2016 will again be confirmed later in November.

5.5.4. The outcome of the 2016 revaluation will set contributions to be made in 2017/18, 2018/19 and 2019/20. In anticipation of the outcome of the actuary's revaluation; allowance for an increase in contributions of £375,000 has been included in the Medium Term Financial Plan to cover these years.

5.5.5. In year 4 of the MTFP (2020/21) the contributions necessary will be determined by a further revaluation scheduled to take place in 2019. Provision for an increase in contributions of £125,000 has been included in this iteration.

5.5.6. These additional pension costs are included in the employee inflation element of the Plan.

5.6. Housing Revenue Account – Other Operating Expenditure

5.6.1. There are a number of items that relate only to the HRA. They include some direct elements of income and expenditure as well as notional charges for asset depreciation and debt impairment.

5.6.2. Increase in Other Operating Expenditure - The updated HRA plan provides for a number of changes to operating expenditure as set out in the table below:

Expenditure / (Income)	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Provision for Irrecoverable Debts	(74,670)	(2,180)	560	(1,320)
Charges for Depreciation	118,000	-	-	-
Interest Receipts	53,860	(13,450)	(22,420)	(22,420)
Past Service Pension Deficit Contribution	67,000	67,000	69,000	70,000
Increased / (Reduced) Other Operating Expenditure	**164,190**	**51,370**	**47,140**	**46,260**

6. FUNDING & INCOME GENERATION

6.1. Council Tax

6.1.1. The 2010 settlement heralded the introduction of 0% Council Tax increases, restricting the capacity of Local Authorities to raise council tax to meet budget pressures and cuts in Central Government funding. Government initially provided funding to mitigate the shortfall in local authority income between 2011/12 and 2015/16.

6.1.2. The Council has the capacity to vary Council Tax levels, following the abolition of capping. However the Council's ability to increase Council Tax by more than 1.99% is subject to referendum. In 2016/17 the Council raised the Council Tax applying a 1.9% increase.

6.1.3. At this stage it is assumed the Authority will increase its share of Council Tax by 1.9% in each year of the 4 years covered by this Plan.

6.1.4. Provision for tax base growth remains unchanged from the levels assumed in February. Further work will be carried out in the course of the next few months to recalculate likely changes in the tax base. Updated figures will be included in the February iteration of the MTFP..

6.1.5. The table below sets out the additional yield from Council Tax as assumed in the Medium Term Financial Plan:

Increased Council Tax Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue from increased Council Tax	(100,140)	(103,030)	(105,960)	(107,970)
Revenue from Tax Base growth	(51,800)	(51,120)	(50,070)	(51,020)
Total	**(151,940)**	**(154,150)**	**(156,030)**	**(158,990)**

6.2. Business Rates Retention

6.2.1. The 2013/14 Local Government Finance Settlement saw the introduction of the new business rates retention system, replacing the previous system of financing with a system based on the retention of business rates.

6.2.2. Under the current system, the Authority retains 40% of Business Rates less a tariff that is payable in to a pool of Derbyshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,209,510 for 2017/18): any amount in excess of this Baseline is subject to levy, or conversely if the amount of retained Business Rates is below this Baseline, the loss is capped by a safety net payment. The MTFP does not anticipate the Council falling below the Baseline.

6.2.3. As part of the Derbyshire Pool, the levy is made to the Pool instead of Central Government. If the Council was not in the Derbyshire Pool it would have to pay 50p in the £1 to the Government as a levy, effectively limiting the income the Council can gain from business rates growth. However, as part of the Pool, the Council is able to retain some of this levy. Under the Pool agreement, this amount will depend on the amount all members of the Pool pay in at the end of the year, and the proportional success of the Council against its own baseline.

6.2.4. In October 2015, the Government announced a forthcoming package of reforms to the Business Rates Retention System including a move to local government retaining 100% of the rates that they received with an end to RSG.

6.2.5. In outline the proposals for reform are as follows:

- Local authorities will retain 100% of BR to fund local spending on services;
- The new system will be in place by the end of the current Parliament
- Local authorities with be able to retain income from growth – i.e. there will be no levy;
- The reform will be fiscally neutral and local authorities will have new responsibilities and / or central government grants will be phased out;
- Local authorities will have the ability to reduce rates – there will be the ability to increase for combined authority mayors; and
- The new system will retain a system of tariffs and top ups subject to a fundamental review of needs.

6.2.6. In July 2016 the Department for Communities and Local Government (DCLG) published two consultation papers:

- Self-sufficient local government: 100% BR Retention; and
- BR Reform - Fair Funding Review: Call for evidence on Needs and Redistribution.

6.2.7. The Council responded to the consultation documents, detail of which was reported to Executive on 22nd September 2016.

6.2.8. There remains uncertainly surrounding how the new system will be phased in and in what form. Further updates will be presented as more information is released. For the purpose of the MTFP, no financial assumptions have been included based on the proposed new system, these will be fed into the plans once we have more certainty around how the new system will operate.

6.2.9. The MTFP anticipates that Business Rates retention will be above the baseline, but is somewhat suppressed due to the extension of reliefs including increased small business rate relief, multiplier cap relief, re-occupied long-term empty property relief, and newly built empty relief. To compensate for the loss of business rates income resulting from the reliefs, funding has to date been made available to Councils under Section 31 of the Local Government Act 2003. The MTFP assumes both the extension of reliefs and Section 31 grants will continue.

6.2.10. Changes in the level of the Council's business rates will be impacted by a range of factors, including the Staffordshire Pool's success in generating new and retaining existing business within its area. At this stage, predicted levels of business rates income are based on known and expected changes to the business rates listing.

Business Rates Retention	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
In year:				
Baseline Funding	(2,209,510)	(2,274,700)	(2,347,400)	(2,422,430)
Achievement against Baseline	(223,830)	(179,240)	(120,250)	(58,200)
Section 31 Grant	(617,170)	(628,510)	(639,780)	(651,230)
	(3,050,510)	**(3,082,450)**	**(3,107,430)**	**(3,131,860)**
Change between years:				
Business Rates retained	(178,748)	(20,600)	(13,710)	(12,980)
Section 31 Grant	(20,572)	(11,340)	(11,270)	(11,450)
	(199,320)	**(31,940)**	**(24,980)**	**(24,430)**

6.3. Collection Fund

6.3.1. 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.

6.3.2. The collection fund assumptions regarding Council Tax remain unaltered from the previous version of the MTFP presented in February 2016. Further work will be carried out over the next few months to update these assumptions and revised figures will be included in the February 2017 MTFP. At this stage, it is expected that the High Peak's share of a deficit, in respect of Council Tax, will be £1,030 in 2017/18.

6.3.3. It is assumed that a surplus, after providing for appeals, of £80,410 will be distributed in 2017/18 in respect of retained Business Rates generated in the current and previous years. It is assumed the Business Rates element of the collection fund will break even in future years, leaving no surplus or deficit for distribution.

6.3.4. These and future year movements are set out in the table below:

Changes in Collection Fund Income	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£	£	£	£
Council Tax	1,030	(1,330)	(1,350)	(1,350)
Business Rates	(667,180)	80,410	-	-
Total	**(666,150)**	**79,080**	**(1,350)**	**(1,350)**

6.4. Income from Government Grants

Revenue Support Grant

6.4.1. The current MTFP, reported to Council in February 2016, includes the phased elimination of Revenue Support Grant (RSG) announced by the Government in October 2015.

6.4.2. This revision of the MTFP maintains the profile of RSG reduction proposed by the Government as part of the 4 year settlement in February 2016. Reductions of £544,480 (33%), £334,340 (21%) and £245,760 (15%) in 2017/18, 2018/19 and 2019/20 respectively are included. This results in no RSG being included in the Authority’s funding by 2019/20.

6.4.3. Local Authorities were required to submit an efficiency plan to Government by 14th October 2016 if they wanted to accept the 4 year settlement. The plan should set out what the Council intends to do in order to address the challenge of financial sustainability. If the four-year offer is not accepted the Council would be subject to the existing annual process for determining the local government finance settlement. Allocations could be subject to additional reductions dependent on the fiscal climate and the need to make further savings to reduce the deficit.

6.4.4. The Council accepted the 4 year settlement and submitted an efficiency plan – this is attached as ANNEX E.

New Homes Bonus

6.4.5. New Homes Bonus (NHB) is aimed at encouraging local authorities to grant planning permission for the building of new houses, in return for additional revenue.

6.4.6. Consultation on the future format of New Homes Bonus was carried out earlier in the year with a closing date of March 2016. Details on the outcome have yet to emerge, but proposed changes being consulted on included the following:-

- Proposals for reductions in the number of years for which the Bonus is paid from the current 6 years to 4 years;
- Withholding the Bonus from areas where an authority does not have a Local Plan in place;
- Abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal;
- Potentially adjusting the Bonus to reflect estimates of deadweight (expected development)

6.4.7. New Homes Bonus continues to represent a significant element of the Authority's funding. Historically, the Council has been awarded £0 (2011/12), £147,410 (2012/13), £170,950 (2013/14), £132,600 (2014/15), £159,360 (2015/16) and £163,000 (2016/17) in New Homes Bonus.

6.4.8. The changes are proposed for 2017/18 onwards and would have a significant impact on the amount of grant received by the Authority. The MTFP presented in February 2016, assumed the scheme would reduce to a 4 year format with effect from 2018/19 and included the financial consequences of this change.

6.4.9. This MTFP brings forward the impact of this change to 2017/18, but in line with the consultation, assumes that the reduction would be to a 5 year scheme initially, followed by a change to a 4 year format in 2018/19.

6.4.10. New Homes Bonus receipts of £104,000 have been anticipated in the MTFP for 2017/18; 2018/19; 2019/20 and 2020/21. Further liaison with Regeneration will take place to ensure the forecasts included in the MTFP are as robust as possible, with an update included in February.

6.4.11. The building of new homes also has the effect of generating additional revenue from an increase in the council tax base. However, increased costs are also incurred in servicing the needs of the additional properties.

Local Council Tax Support Scheme

6.4.12. The Council operates a scheme whereby funding received from central Government in respect of Local Council Tax Support is passed onto the parishes by means of an annual grant. The allocation of this grant is based on the eligibility of parish residents for council tax discounts.

6.4.13. The level of resources made available for this grant has remained constant in spite of reductions in overall Government funding. The MTFP assumes that this approach will continue. This comes at a cost to the Council, which in 2017/18 equates to £16,930.

Summary of Income from Government Grants

6.4.14. The table below summarises the assumed level of and movement in Government funding:

Government Grant	2014/15 (baseline)	2015/16 (actual)	2016/17 (actual)	2017/18 (forecast)	2018/19 (forecast)	2019/20 (forecast)	2020/21 (forecast)
	£	£	£	£	£	£	£
Revenue Support Grant	(2,371,010)	738,550	507,880	544,480	334,340	245,760	-
Council Tax Freeze	(113,630)	(62,040)	175,670	-	-	-	-
New Homes Bonus	(450,960)	(159,360)	(163,000)	43,050	199,190	55,000	58,640
Change in Govt Funding	**(2,935,600)**	**517,150**	**520,550**	**587,530**	**533,530**	**300,760**	**58,640**

6.5. Fees and Charges

General Fees and Charges

6.5.1. 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. The Council's Charging Policy sets out the following principles for establishing the level of fees and charges:

- 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
- Subsidies should be reconfirmed annually

6.5.2. The annual revision of the Council's fees and charges will take place over the next few months, which will also incorporate some of the work undertaken as part of the Income Generation project. The outcome of which will be reported in February.

6.5.3. The Medium Term Financial Plan currently projects that the Council will increase fees and charges (and other income) broadly in line with inflation. However, it is also recognised that certain income streams (such as car parking, planning receipts) may not increase each year and that other income streams (such as grants and rental income) are fixed or subject to periodic review.

6.5.4. The projected revenue from increased fees and charges (and other income) is summarised in the table below:

Increased Fees and Changes	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue from increased Fees and Charges	(100,000)	(100,000)	(100,000)	(100,000)
Total	**(100,000)**	**(100,000)**	**(100,000)**	**(100,000)**

Housing Revenue Account – Rent Charges

6.5.5. As detailed in section 4.3, the Government announced in July 2015 far reaching legislative and financial changes for the social housing sector, the most significant financially being the announcement to reduce by 1% per annum from April 2016 for 4 years.

6.5.6. Therefore, the HRA Plan projects an average rent decrease on dwellings 1.0% in 2017/18 – 2019/20, with a 1.5% increase assumed from 2020/21. It is also assumes that 'Other Charges', including garages and sheltered housing service, will increase in 2017/18. However, the rent policy review currently being undertaken will potentially update these assumptions and will feed into the February MTFP.

Reduced Rental Income	2017/18	2018/19	2019/20*	2020/21
	£	£	£	£
Reduced revenue from Rental Income and Other Charges	143,720	212,580	(61,420)	121,200

**53 week rent year*

7. RISKS, CONTINGENCIES & USE OF RESERVES

7.1. Risks and Contingencies

7.1.1. 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 Medium Term Financial Plan are summarised in ANNEX C.

7.1.2. The table below highlights specific financial risks that are embedded within this Medium Term Financial Plan:

Revenue Risks	Capital Risks
• Inflationary assumptions • Interest rates • Housing benefits • Fees and charges • Universal Credit • Business Rates • Council Tax collection • Housing Rent levels (HRA affordability) • Government grants • Financial benefits from partnerships / shared services • Pension costs • Outsourced waste contract • Outsourced leisure contract	• 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) • Housing finance • Weather

7.2. Contingencies

7.2.1. The Medium Term Financial Plan is underpinned by a number of assumptions. These assumptions have been made in the light of currently available information. New information, when it emerges, may require the Council to alter its assumptions with a consequential effect on the Council's financial position.

7.2.2. Key risk areas will be closely monitored and reviewed on an ongoing basis and remedial action taken. Members will receive quarterly updates on performance against the budget. The Council will carry adequate reserves as a contingency against risks that cannot be fully mitigated.

7.2.3. The Council carries reserves as a contingency for situations where risks 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 currently required to hold a general (contingency) reserve of £1,300,000 to meet unforeseen expenditure.

7.3. Use of Reserves and Balances

General Fund Reserves and Balances

7.3.1. The February Medium Term Financial Plan included a £68,250 contribution from General Fund Reserves in 2016/17. This reflected usage of the Section 106 (Commuted Sum) Reserve (£6,550) and usage of the Insurance Fund to meet the costs of the Council's obligations under the Municipal Mutual Insurance (MMI) scheme of arrangement (£61,700). The MMI obligation is a one-off payment, at this stage, affecting 2016/17 only. The level of Section 106 reserve usage is assumed to continue throughout the life of this Plan.

7.3.2. The February MTFP also included a contribution of £627,650 from General Fund contingency reserve in 2016/17, made possible by the anticipated levels of Business Rates Retention.

7.3.3. At this stage no movement to or from balances has been included in the financial projections for 2017/18, 2018/19, 2019/20 and 2020/21 apart from the £26,200 which is planned to be drawn from the S106 reserve over the 4 years. This position will be reviewed in preparation for the February iteration of the MTFP.

HRA Reserves and Balances

7.3.4. The HRA balance is made up of surpluses that have accumulated over a number of years. The Council retains a minimum of £1 million (approximately £250 per property) in order to cover unexpected events that could - if realised – trigger financial pressures.

7.3.5. Due to the strict ring-fencing rules that apply to the HRA, any funds set aside form part of HRA reserves. The table below summarises the projected HRA reserves position for the duration of this MTFP.

- HRA Working Balance – this reserve is the excess of income after expenditure in any given year and is set aside to provide for capital expenditure demands in the future and to provide a contingency against unforeseen costs.
- Housing Reform / contingency reserve – this reserve was set aside to fund potential additional unforeseen costs of housing reform and self-financing.
- Stock Condition Reserve – this reserve has been set aside to fund the cost of providing a stock condition survey.
- Major Void Reserve – this reserve is a contingency against the costs of Void properties requiring external or structural major works.
- Capital Investment Fund – this reserve is used to smooth the cost of borrowing required to fund any capital expenditure.

	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£	£	£	£	£
HRA Reserves Brought Forward	7,490,742	7,849,005	7,326,685	6,610,815	5,601,895
Surplus/(Loss) for the year	260,263	(522,320)	(715,870)	(1,008,920)	(1,322,160)
Transfers to / from reserves	98,000	-	-	-	-
HRA Working Balance	**7,849,005**	**7,326,685**	**6,610,815**	**5,601,895**	**4,279,735**
Housing Reform / Contingency Reserves	457,560	457,560	457,560	457,560	457,560
Stock Condition Reserve	300,000	300,000	300,000	300,000	300,000
Major Void Reserve	100,000	100,000	100,000	100,000	100,000
Total Working Balance carried forward	**8,706,565**	**8,184,245**	**7,468,375**	**6,459,455**	**5,137,295**
Capital Investment Fund carried forward	446,872	446,872	446,872	446,872	446,872
Total HRA Reserves carried forward	**9,153,437**	**8,631,117**	**7,915,247**	**6,906,327**	**5,584,167**

7.3.6. It can be seen from the table above that the HRA balance is projected to exceed its £1 million contingency minimum over the next four years. However, due to the 1% reduction in rental income per annum over the next four years, the HRA balances are significantly reducing based on current expenditure assumptions.

8. MTFP REVENUE POSITION

8.1. General Fund Revenue Position

8.1.1. The medium term General Fund revenue position is as set out in the table below:

Summary Revenue Position	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.2)	27,180	52,910	57,450	39,790
Interest Rate Changes (section 5.1)	74,410	(19,060)	(68,450)	(68,410)
Borrowing Costs (section 5.1)	(144,240)	74,960	10,420	57,950
Inflation Pressures (section 5.2)	443,400	429,110	446,780	453,740
Increased / (Reduced) Budget Demand (section 5.3)	(36,480)	(123,500)	(130,500)	(67,500)
Budget Growth (section 5.4)	-	-	-	-
Increased Council Tax Income (section 6.1)	(151,940)	(154,150)	(156,030)	(158,990)
Business Rates Retention (section 6.2)	(199,320)	(31,940)	(24,980)	(24,430)
Changes in Collection Fund (section 6.3)	(666,150)	79,080	(1,350)	(1,350)
Reduction in Government Grant (section 6.4)	587,530	533,530	300,760	58,640
Additional Fees and Charges (section 6.5)	(100,000)	(100,000)	(100,000)	(100,000)
Contribution to Reserves & Balances (section 7)	689,350	-	-	-
In Year Change in Position	**523,740**	**740,940**	**334,100**	**189,440**
Efficiency & Rationalisation Plan (section 4.3)	(28,000)			
Shortfall to be Identified (Section 4.3)				
Budget (Surplus) / Deficit	**495,740**	**740,940**	**334,100**	**189,440**
Cumulative (Surplus) / Deficit	**495,740**	**1,236,680**	**1,570,780**	**1,760,220**

8.1.2. Annex D shows the projected General Fund revenue position in detail.

8.2. Housing Revenue Account Revenue Position

8.2.1. The medium term Housing Revenue Account revenue position is as set out in the table below.

Summary Revenue Position	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Budget deficit brought forward	-	522,320	715,870	1,008,920
Revenue consequence of Capital spend (section 4.2)	(157,230)	(42,480)	182,490	25,400
Inflation pressures (section 5.2)	129,520	119,680	124,840	120,380
Increased / reduced budget demand (section 5.3)	242,120	(147,600)	-	-
Increased / reduced budget growth (section 5.4)	-	-	-	-
Increase in Other Operating Expenditure (section 5.6)	164,190	51,370	47,140	46,260
Reduction in Rent and Other Charges (section 6.5)	143,720	212,580	(61,420)	121,200
In Year Change in Position	**522,320**	**715,870**	**1,008,920**	**1,322,160**
Budget (Surplus) / Deficit	522,320	1,238,190	2,247,110	3,569,270

8.2.2. Annex D shows the projected Housing Revenue Account revenue position in detail.

9. CONSULTATION

9.1. The Council is committed to consulting with residents and other stakeholders to help inform the budget setting process and spending priorities/non-priorities. A variety of techniques have been used and the approaches have been iterative, building year on year on what has gone before. The Council already holds comprehensive information gathered about residents' spending priorities. Much of this information was gathered in times of rising expenditure. The financial challenges for the Council are now very different.

9.2. The consultation process for 2017/18 will be undertaken via an online communication available on the Council's website, which summarises the financial challenges and invites comment on the plan. There will also be reference included within the next e-newsletter issued by Regeneration to local businesses. There will also be tenant consultation undertaken in respect of changes to the Rent Policy.

9.3. It will be particularly important that the Council, as it makes difficult budgetary decisions, is able to evidence that it has considered the impact of its decisions on groups with 'protected characteristics'.

9.4. Going forward, the Council will be developing a timetable of consultation, which will focus on specific emerging issues that will potentially have a significant impact on the Council’s finances over the medium term.

ANNEX A

Proposed Capital Projections (2016/17 to 2020/21) – General Fund

Capital Schemes	2016/17 £	2017/18 £	2018/19 £	2019/20 £	2020/21 £	Total £
Asset Management Plan(AMP)						
Council Offices/Public Buildings	1,442,560	1,696,500	2,449,000	454,000	129,870	6,171,930
Car Parks	135,000	135,000	150,000	350,000	-	770,000
Infrastructure	1,690	18,960	271,130	300,000	125,000	716,780
Leisure Centres	2,940	365,000	100,000	-	-	467,940
	1,582,190	**2,215,460**	**2,970,130**	**1,104,000**	**254,870**	**8,126,650**
Affordable Housing Projects	**241,960**	**-**	**-**	**-**	**-**	**241,960**
Private Sector Housing Grants	**438,840**	**238,000**	**238,000**	**238,000**	**238,000**	**1,390,840**
ICT	**318,000**	**50,000**	**50,000**	**50,000**	**41,520**	**509,520**
Other Schemes						
Play Facilities	110,370	10,000	-	-	-	120,370
Country Parks & Allotments	100,550	-	-	-	-	100,550
Conservation/Heritage	54,650	45,000	45,000	45,000	45,000	234,650
Market Town Regeneration	161,060	199,130	-	-	-	360,190
	426,630	**254,130**	**45,000**	**45,000**	**45,000**	**815,760**
Total Programme	**3,007,620**	**2,757,590**	**3,303,130**	**1,437,000**	**579,390**	**11,084,730**
Funding of Programme						
External Contributions	544,880	238,000	238,000	238,000	238,000	1,496,880
Planning Obligations	308,080	10,000	-	-	-	318,080
Capital Receipts	679,000	138,000	845,000	240,000	-	1,902,000
Borrowing	1,475,660	2,371,590	2,220,130	959,000	341,390	7,367,770
	3,007,620	**2,757,590**	**3,303,130**	**1,437,000**	**579,390**	**11,084,730**

ANNEX A

Proposed Capital Projections (2016/17 to 2020/21) – Council Dwellings (HRA)

Capital Schemes	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
ASSET MANAGEMENT WORKS:						
Roofing & External Works	672,280	475,000	475,000	475,000	475,000	2,572,280
Kitchens Programme	233,670	290,000	290,000	290,000	290,000	1,393,670
Bathroom Programme	77,240	580,000	580,000	580,000	580,000	2,397,240
Central Heating Programme	987,180	605,000	605,000	605,000	605,000	3,407,180
Electrical Works	401,610	165,000	165,000	165,000	165,000	1,061,610
Health & Safety Works	132,820	150,000	150,000	150,000	150,000	732,820
Aids & Adaptations	435,670	300,000	300,000	300,000	300,000	1,635,670
HRA Shop Works	76,000	-	-	-	-	76,000
Sheltered Schemes Various Works	132,500	-	-	-	-	132,500
External & Structural Works	70,000	-	-	-	-	70,000
General Insulation Works	-	75,000	75,000	75,000	75,000	300,000
Replacement Windows & Doors	-	550,000	550,000	550,000	550,000	2,200,000
Work to Communal Areas	-	150,000	150,000	150,000	150,000	600,000
REPAIRS TEAM CAPITAL WORKS						
Void Rewires	35,000	35,000	35,000	35,000	35,000	175,000
Void Kitchens	350,000	350,000	350,000	350,000	350,000	1,750,000
Void Bathrooms	60,000	60,000	60,000	60,000	60,000	300,000
Void Central Heating	-	495,000	495,000	495,000	495,000	1,980,000
OTHER CAPITAL WORKS:						
Professional Fees	125,000	180,000	180,000	180,000	180,000	845,000
Commissioning Costs	155,000	155,000	155,000	155,000	155,000	775,000
New Build Project	194,000	142,000	301,050	454,000	454,000	1,545,050
	4,137,970	**4,757,000**	**4,916,050**	**5,069,000**	**5,069,000**	**23,949,020**
Funding:						
Major Repairs Reserve	1,550,000	1,550,000	1,550,000	1,550,000	1,550,000	7,750,000
Capital Receipts	509,000	531,000	608,410	515,000	454,000	2,617,410
HRA Contribution	1,580,970	2,676,000	2,757,640	3,004,000	3,065,000	13,083,610
Capital Investment Fund	498,000	-	-	-	-	498,000
	4,137,970	**4,757,000**	**4,916,050**	**5,069,000**	**5,069,000**	**23,949,020**

ANNEX B

Efficiency and Rationalisation Strategy (April 2014)

Efficiency Strategy	2014/15	2015/16	2016/17	TOTAL
	£	£	£	£
ENHANCING INCOME & IMPROVING TRADING				
Income Generation	18,000	75,000	57,000	150,000
Trading Effectiveness	50,000	50,000	50,000	150,000
Improving Yield from Fees and Charges	25,560	16,530	13,910	56,000
	93,560	**141,530**	**120,910**	**356,000**
EXTENDING SHARED SERVICES				
Further Sharing with Local Authorities & Partners	25,000	50,000	50,000	125,000
	25,000	**50,000**	**50,000**	**125,000**
CORPORATE EFFICIENCY PROJECTS				
Procurement	160,000	200,000	90,000	450,000
Asset Management	130,000	130,000	125,000	385,000
Workforce Planning, Pay & Other Benefits	10,000	20,000	20,000	50,000
Administration	20,000	30,000	-	50,000
ICT Strategy	20,000	50,000	30,000	100,000
Management Savings	100,000	-	-	100,000
Third Sector Commissioning	-	20,000	30,000	50,000
Development of Trusts / Social Enterprises	70,000	60,000	20,000	150,000
Development of Alternative Service Delivery Models	-	30,000	19,000	49,000
	510,000	**540,000**	**334,000**	**1,384,000**
SERVICE REVIEWS				
Customer Services	30,000	65,000	40,000	135,000
Regulatory Services	40,000	75,000	35,000	150,000
Operational Services	30,000	40,000	30,000	100,000
Corporate Services	50,000	50,000	-	100,000
	150,000	**230,000**	**105,000**	**485,000**
INNOVATION & GROWTH				
Growth Fund	50,000	50,000	50,000	150,000
	50,000	**50,000**	**50,000**	**150,000**
HOUSING REVENUE ACCOUNT				
HRA	250,000	50,000	-	300,000
	250,000	**50,000**	**-**	**300,000**
TOTAL	**1,078,560**	**1,061,530**	**659,910**	**2,800,000**

ANNEX C

Medium Term Financial Plan – Principal Risks

Risk Category	Risk	Mitigation and Controls
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
Financial Implications	Additional financial pressures emerge – cost & 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 will be reviewed to account for the new approach proposed in the efficiency & Rationalisation Strategy
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

Risk Category	Risk	Mitigation and Controls
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. Executive Director (Transformation) appointed as programme director.
Programme Delivery	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 D

Proposed Revenue Projections (2017/18 to 2020/21) – General Fund

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Employees	12,260,830	12,625,930	12,996,740	13,363,240
Premises	3,672,960	3,583,110	3,648,110	3,718,110
Transport	694,690	698,540	707,220	716,020
Supplies & Services	9,929,330	10,053,920	10,178,550	10,309,870
Benefits	82,460	82,460	82,460	82,460
Borrowing	1,430,910	1,558,780	1,626,650	1,724,390
Parish Grant re Council Tax Support	51,320	51,320	51,320	51,320
Financing Costs	191,000	191,000	191,000	191,000
Total Expenditure	**28,313,500**	**28,845,060**	**29,482,050**	**30,156,410**
Fees and Charges / Other Income	(11,084,340)	(11,310,340)	(11,538,340)	(11,708,340)
Interest Receipts	(56,250)	(75,310)	(143,760)	(212,170)
HRA Recharges	(6,519,460)	(6,491,540)	(6,616,380)	(6,736,760)
Capital Recharges	(231,240)	(231,240)	(231,240)	(231,240)
Net Expenditure	**10,422,210**	**10,736,630**	**10,952,330**	**11,267,900**
Council Tax	(5,422,460)	(5,576,610)	(5,732,640)	(5,891,630)
Council Tax - Compensation Grant	0	0	0	0
Revenue Support Grant	(580,100)	(245,760)	0	0
Business Rates Retention	(3,050,510)	(3,082,450)	(3,107,430)	(3,131,860)
New Homes Bonus	(730,270)	(531,080)	(476,080)	(417,440)
Contribution to / (use of) Reserves	(6,550)	(6,550)	(6,550)	(6,550)
Collection Fund	(136,580)	(57,500)	(58,850)	(60,200)
Total Financing	**(9,926,470)**	**(9,499,950)**	**(9,381,550)**	**(9,507,680)**
Cumulative Deficit / (Surplus)	**495,740**	**1,236,680**	**1,570,780**	**1,760,220**
In-Year Deficit / (Surplus)	**495,740**	**740,940**	**334,100**	**189,440**

ANNEX D

Proposed Revenue Projections (2017/18 to 2020/21) – Housing Revenue Account

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Repairs & Maintenance	3,788,520	3,717,400	3,797,610	3,876,610
Supervision & Management	2,695,930	2,739,130	2,783,760	2,825,140
Rates, Rents, Taxes, Charges	115,320	115,320	115,320	115,320
Other Operating Expenditure	1,428,190	1,493,010	1,562,570	1,631,250
Depreciation & Impairment Charges	1,550,000	1,550,000	1,550,000	1,550,000
Interest & Debt Management Charges	3,381,630	3,244,060	3,157,770	3,099,750
HRA Contribution to Capital Programme	2,676,000	2,757,640	3,004,000	3,065,000
Total Expenditure	**15,635,590**	**15,616,560**	**15,971,030**	**16,163,070**
Dwellings Rents	(14,495,540)	(14,277,940)	(14,334,290)	(14,202,380)
Non - Dwelling Rents & Other Income	(617,730)	(622,750)	(627,820)	(638,530)
Total Income	(15,113,270)	(14,900,690)	(14,962,110)	(14,840,910)
(Surplus) / Deficit for year	**522,320**	**715,870**	**1,008,920**	**1,322,160**
Cumulative Deficit	**522,320**	**1,238,190**	**2,247,110**	**3,569,270**

ANNEX E

Efficiency Plan Submission – High Peak Borough Council

4 Year Local Government Finance Settlement - Background

As part of the 2016/17 Local Government Finance Settlement, the Government offered Local Authorities a four-year funding settlement up to and including 2019/20 covering Revenue Support Grant, transitional funding and Rural Service Delivery Grant.

The aim of which was to increase certainty and confidence in terms of the funding position and encourage Local Authorities to strengthen financial management and work collaboratively with local partners when considering the way services are provided in the future.

In order to take advantage of this offer High Peak B.C. is required to submit an efficiency plan setting out what the Council intends to do to address the challenge of financial sustainability.

If the four year offer is not accepted the Council would be subject to the existing annual process for determining the local government finance settlement. Allocations could be subject to additional reductions dependent on the fiscal climate and the need to make further savings to reduce the deficit.

High Peak Borough Council recognises the benefit of a 4 year settlement to support financial planning and provide funding certainty and will therefore be accepting the offer.

The Council's Medium Term Financial Plan

The Council's Medium Term Financial Plan (MTFP) has clear links to the Corporate Plan, details the Strategic Alliance with High Peak Borough Council, and focuses on the ongoing and planned transformation projects that will enable the Council to reduce its costs or generate additional income locally – with the efficiency programme forming an integral part. The MTFP was presented and approved at Full Council on 25th February 2016. The full MTFP can be found on the Council's website:-
http://www.highpeak.gov.uk/sites/default/files/meetings/papers/papers-947316724/6%2520%2520Recommendations%2520from%2520The%2520Executive%2520meeting%2520held%2520on%252018%2520February%25202016.pdf

The MTFP incorporates the 4 year Local Government finance settlement into the funding position – see section 6.4. This identifies the efficiencies required to be achieved over the 4 year period – which are considered in section 4 of the MTFP (and discussed as part of this document).

The Corporate Plan

The Corporate Plan sets out the Authority's vision for the duration of the current council (2015-2019). The full version is published on the Council's website:- http://www.highpeak.gov.uk/hp/your-council/our-priorities-and-how-we-are-doing/corporate-plan-2015-2019

Aim 2 of the corporate plan acknowledges the need to meet the Council's financial challenges and provide value for money, with key priorities focusing on:-

- Effective use of financial and other resources to ensure value for money
- Ensure our services are easily available to all our residents in the appropriate channels and provided "right first time"
- A high performing and well motivated workforce
- More effective use of Council assets

In order to achieve the key priorities and effectively meet our financial challenges, the Council will:-

- Continually review and implement an efficiency and rationalisation programme
- Improve customer service
- Communicate more effectively with residents

This is to be undertaken whilst protecting front-line customer facing services and prioritising financial resources on the achievement of the other 3 aims:-

- To help create a safer and healthier environment for our communities to live and work
- To support economic development and regeneration
- To protect and improve the environment

Strategic Alliance with Staffordshire Moorlands District Council

In 2008 High Peak Borough Council and Staffordshire Moorlands District Council entered into a strategic alliance between the two Councils with the following agreed vision:

"Under the management of a single Chief Executive, to establish joint working arrangements and a shared approach to the delivery of key services that will improve the quality of people's lives in the two authorities and deliver greater value for money"
This vision to be realised by delivery of the agreed set of general aims for the strategic alliance, to:-

- Increase the levels of customer satisfaction through the improvement of services.
- Produce realistic cash savings in order to deliver improved services and limit Council Tax increases.
- Strengthen and share skills, expertise and leaning in order to deliver better services.
- Preserve and enhance the special and distinctive characteristics within each local authority area.
- Increase our influence locally, regionally and nationally in order to secure a 'better deal' for all our communities.

The Strategic Alliance was formed around the principle of shared services in the pursuit of efficiency and realisation of savings. 2016 sees the Alliance operating with a fully integrated shared management structure, workforce and IT systems. These secure economy without impairing the ability of each authority to maintain its unique identity and address its individual issues. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner, Staffordshire Moorlands District Council.
The Alliance Management Structure sets out the fully integrated, shared operational and management structure of the Alliance partners and is published on the Council's website: http://www.highpeak.gov.uk/sm/your-council/transparency/management-team-and-structure

Transformation Programme

In order to support the achievement of the Corporate Plan aims and address financial challenges, the Council has established a Transformation Programme.

The Council's 'transformation programme' incorporates all major projects which meet the strategic priorities of the authority and have significant financial implications, including:-

- The capital programme
- **The efficiency and rationalisation strategy**
- Service reviews
- Member priority projects
- Other large scale projects

The delivery of transformation programme projects is monitored by the Transformation Board made up of Directors, Heads of Service along with key Corporate Service Managers and officers. A Director is allocated as 'project executive' and a full business case appraisal is completed for each project.

The Efficiency Plan

The MTFP approved in February identified a cumulative deficit position by the end of 2019/20 of £1.9million:

	2016/17 (£)	2017/18 (£)	2018/19 (£)	2019/20 (£)
Total Net Expenditure	10,845,850	10,805,040	11,034,030	11,322,800
Total Financing	(10,185,940)	(10,117,130)	(9,470,890)	(9,353,210)
Cumulative Deficit	**659,910**	**687,910**	**1,563,140**	**1,969,590**

Of the total cumulative deficit, £659,910 is to be achieved as part of the current 3-year efficiency programme, with the remaining £1,309,680 to be achieved through savings made from the implementation of future projects.

Current 3 year Efficiency Plan

The Authority's current efficiency plan was approved in April 2014 and aimed to achieve £2.5m over a three year period 2014/15 – 2016/17. The programme included a number of specific project areas under 5 headings:-

Efficiency Programme	Target (£)
Enhancing Income and Improving Trading Focussed upon increasing the income generated from Council Services including, by identifying and generating new income streams, improving the effectiveness of services that compete with other service providers, and improving the yield from fees and charges through increased activity.	356,000
Extending Shared Services Looking at new partners and other neighbouring Councils	125,000
Corporate Efficiency Projects Targeting savings that do not directly impact on front line service provision including; implementation of the procurement strategy, further development of the Asset Management Plan, a review of administrative support, a comprehensive review of the ICT strategy, more cost effective arrangements around utilisation of the third sector and development of alternative service delivery models.	1,384,000
Service Reviews Structured and comprehensive review of all of the Council's services – removing service silos in order to realise savings from new approaches to delivery including exploiting channel shift, combining similar functions such as enforcement, and taking a joined up approach to corporate support services.	485,000
Innovation and Growth Creation of a Development Fund on an "invest to save" basis focusing on growth projects which result in financial benefits to the Authority in terms of income generation	150,000
TOTAL	**2,500,000**

The Authority has achieved the 2014/15 and 2015/16 targets and will be reviewing progress on the outstanding projects within the next MTFP update to review if there is a requirement to re-profile and/or focus on substitute savings in the interim. The Council has established an Efficiency Programme earmarked reserve to support with implementation.

Future Efficiency Projects

The Council considered within the MTFP approved in February 2016, other large scale projects that are already or will be progressing over the next 4 years, of which one of the aims is to generate efficiencies. These projects are detailed below:-

Channel Shift

The Council is progressing the 'channel shift' project, which focuses on changing the way in which our customers interact with the Council with the enhanced use of technology. The aim of which is not only to achieve financial savings but also to improve the customer experience and streamline internal processes. This project will potentially impact on the capital programme investment as part of the ICT Strategy) with the savings generated from the project covering the cost of borrowing and supporting the efficiency programme.

The business case for this project has been developed, with a timeline for implementation in place. The first phase concentrates on the use of e-forms to channel applications for Housing Benefit and Council Tax discounts and exemptions, and the use of credit information to apply risk-based verification and assist with the review of eligibility for discounts and exemptions.

Waste and Streets Service Delivery

The Council is currently developing the business case for a joint delivery model for the provision of Waste and Street services. The service is currently outsourced with the contract expiring during 2017/18 -, whilst the Council's Alliance partner Staffordshire Moorlands D.C. have an internally delivered service. Therefore, the two Authorities will be focusing on the delivery of a jointly operated service in order to avoid duplication and realise efficiencies.

Leisure Centre Operation

Both High Peak B.C. and Staffordshire Moorlands D.C. outsource the operation of Leisure Centres to a private sector contractor. Both contracts expire during 2018/19, therefore similar to the delivery of Waste and Streets, the Authorities will be looking to potentially work together on the future operation of the Leisure Centres. Consideration will also be given to the future asset management costs of maintaining the buildings and the delivery models going forward in order to achieve value for money.

Asset Management Plan & Facilities Management

Efficiencies have already been made as a result of rationalising assets, sharing buildings with partner organisations and reducing revenue costs as a result of capital investment. The Council has now undertaken a 30 year stock condition review to inform the level of investment required to maintain the assets and assess the revenue implications of doing so. As a result, a report has been written which sets out the actions identified to ensure the efficient use of Alliance property resources and reduce the impact on revenue.

The Council has a joint contract with Staffordshire Moorlands D.C. for the facilities management of the buildings – currently undertaken by Derbyshire County Council. The contract has delivered savings to each Authority and is due to expire at the end of 2016/17. The two Authorities, working together, will aim to drive further savings from the re-procurement of the contract.