STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

MEDIUM TERM FINANCIAL PLAN 2017/18 to 2020/21

November 2016

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1. Introduction

1.1. The Budget and Medium Term Financial Plan (MTFP) is a key element of the Council's budget and policy framework. It aims to ensure resources are directed effectively and efficiently towards delivery of the 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 budget and medium term financial planning process establishes how available resources will be allocated to services in line with Council 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 strategy 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.

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 Budget and 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 Staffordshire Moorlands.

2.4. The Council's Corporate Plan has been developed after taking into account the views and aspirations of Staffordshire Moorlands 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 September 2015.

2.5. The Council's vision is expressed as:

"Achieving Excellence in the delivery of high quality services that meet the needs and aspirations of our communities"

This vision is articulated further by four aims:-:

- Help create a safer and healthier environment for our communiites to live and work
- Meet our financial challenges and provide value for money
- Help create a strong economy by supporting further regeneration of towns and villages
- 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 communities to live and work	• Increased supply of good quality affordable homes • Develop a positive relationship with communities • Effective relationship with strategic partners • Effective support of community safety arrangements including CCTV • Provision of sports facilities and leisure opportunities focused upon improving health
2	Meet our financial challenges and provide value for money	• Effective use of financial and other resources to ensure value for money • Ensure 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
3	Help create a strong economy by supporting further regeneration of towns and villages	• Encourage business start-ups and enterprises • Flourishing town centres that support the local economy • Encourage and develop tourism • High quality development and building control with an "open for business" approach
4	Protect and improve the environment	• Effective recycling and waste management • Promote environmentally sustainable policies and practices • 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.

2.8. The Council's influencing role is focused in the following areas:

- Support the police and other partners to reduce crime, the fear of crime and anti social behaviour
- Ensure there is effective health provision particularly for the elderly
- Support the development of rail links to the city of Stoke-on-Trent
- Ensure that the services provided by other public sector partners meet the needs of residents
- Support the development of a new entertainment facilities in Leek
- Work with Staffordshire County Council and other partners to ensure an effective partnership with central government
- Identify European Funding opportunities
- The provision of waste and recycling centres across the district

2.9. The Plan identifies key priority outcomes, which will be the highest priority in the development of perfromance targets and key actions. A significant proprtion of the Council's resources will be directed towards achieving them:-

	Aim	**Objectives**
1	Help create a safer and healthier environment for our communities to live and work	• Increased supply of quality affordable homes • Improved health • Improved community safety
2	Meet our financial challenges and provide value for money	• Balanced and sustainable medium term financial plan position • Council services provide value for money • High level of resident and customer satisfaction
3	Help create a strong economy by supporting further regeneration of towns and villages	• 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

2.10. The Council maintains a Strategic Alliance with High Peak Borough 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.

2.11. The Council intends to continue to drive savings and service improvements through collaboration with its Alliance partner, High Peak Borough Council.

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.

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

Income and Expenditure	2016/17 Budget
	£
Employees	8,048,670
Premises	1,907,800
Transport	1,204,710
Supplies & Services	4,332,230
Benefits	43,510
Borrowing	259,000
Parish Grant	49,810
Financing Costs	555,000
Contribution to / (from) Reserves and Balances	137,970
Total Expenditure	**16,508,700**
Fees and Charges / Other Income	(5,692,990)
Interest Receipts	(56,690)
Ascent LLP Income	(590,100)
Recharges outside General Fund	(16,300)
Net Expenditure	**10,152,620**

3.3. The net expenditure is financed as follows:

Financing	2016/17 Budget
	£
Council Tax	(4,890,430)
Government Funding	(1,261,220)
New Homes Bonus	(1,264,390)
Business Rates Retention	(2,989,640)
Collection Fund Deficit	253,060
Total Financing	**(10,152,620)**

3.4. The medium-term projection for capital commitments approved by Members in February 2016 is detailed below: -

Service Area	2015/16	2016/17	2017/18	2018/19	2019/20	Total
	£	£	£	£	£	£
Asset Management Plan	180,410	665,090	1,273,300	286,000	699,510	3,104,310
Affordable Housing	1,000,000	-	-	-	-	1,000,000
Growth Fund	-	700,000	800,000	-	-	1,500,000
Housing Grants	535,820	654,000	654,000	654,000	654,000	3,151,820
ICT Strategy	135,000	100,000	100,000	100,000	100,000	535,000
Other Schemes	584,310	280,380	50,000	-	-	914,690
Total Programme	**2,435,540**	**2,399,470**	**2,877,300**	**1,040,000**	**1,453,510**	**10,205,820**
Financed by:-						
External Contributions	535,820	840,490	654,000	654,000	654,000	3,338,310
Capital Receipts	-	-	6,000	12,000	190,000	208,000
Capital Reserve	825,000	-	-	-	-	825,000
S106 Planning Obligations	9,240	-	-	-	-	9,240
Borrowing	1,065,480	1,558,980	2,217,300	374,000	609,510	5,825,270
Total Financing	**2,435,540**	**2,399,470**	**2,877,300**	**1,040,000**	**1,453,510**	**10,205,820**

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
- 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 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.

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

4.2. The Capital Programme

4.2.1. The Capital Programme presented to 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	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Asset Management Plan	638,650	1,273,300	286,000	699,510	434,250	3,331,710
Affordable Housing	-	-	-	-	-	-
Growth Fund	-	700,000	800,000	-	-	1,500,000
Housing Grants	686,060	654,000	654,000	654,000	654,000	3,302,060
ICT Strategy	281,000	50,000	50,000	50,000	80,630	511,630
Other Schemes	531,040	66,500	164,000	50,000	50,000	861,540
Total Programme	**2,136,750**	**2,743,800**	**1,954,000**	**1,453,510**	**1,218,880**	**9,506,940**
Financed by:-						
External Contributions	869,140	654,000	654,000	654,000	654,000	3,485,140
Capital Receipts	-	6,000	12,000	190,000	-	208,000
Capital Reserve	900,000	-	-	-	-	900,000
S106 Planning Obligations	100,000	22,000	114,000	-	-	236,000
Borrowing	267,610	2,061,800	1,174,000	609,510	564,880	4,677,800
Total Financing	**2,136,750**	**2,743,800**	**1,954,000**	**1,453,510**	**1,218,880**	**9,506,940**

4.2.3. The 2016/17 capital projections above include the carry forward of £169,110 capital budgets from 2015/16 as approved by Members in July 2016 (Provisional Outturn report). and new schemes totalling £236,000 (in accordance with section 106 planning obligations)

Asset Management Plan

4.2.4. 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.

4.2.5. A stock condition survey has been undertaken on the Council's property assets. A report detailing the outcomes and actions emerging was presented to Cabinet on 20th September 2016. This includes the potential capital and revenue financial implications of maintaining the Council's current property assets over a 30 year period.

4.2.6. 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.

4.2.7. 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

4.2.8. 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

4.2.9. 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. In preparation for the MTFP to be presented in February, the Council will assess and confirm the approach for asset investment over the period 2017/18 – 2020/21

4.2.10 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.

Affordable Housing Project

4.2.10. The Council's affordable housing project is being delivered via Ascent Housing – the joint venture established by the Council in partnership with Your Housing. Phase one is now complete with the majority of the 276 units now occupied.

4.2.11. The £5 million debenture facility was fully drawn in 2014/15, and is generating annual income of £100,000 for the remainder of the 25 year period (subject to early repayments by Ascent).

4.2.12. £14 million of the £20 million loan facility has been drawn to date, the current Ascent business plan projections suggest that the remaining £6million loan facility will not be drawn during the 4 year period of this plan. However, if further schemes are developed as part of the business plan, further drawdowns may be required.

4.2.13. It is assumed at this stage that Ascent will refinance with the Council on maturity the initial 5 year loans. The Council will be meeting with Your Housing prior to the February MTFP to begin refinancing discussions.

Growth Fund

4.2.14. Members approved the establishment of a growth capital fund. The growth fund was set up with the aim of supporting capital projects that have a positive impact upon the Council's strategic objectives and generate revenue income streams.

4.2.15. Formal applications to the fund were invited, but after an appraisal of the business cases, no external applications have progressed to the next stage of assessment. However, there are internal schemes currently being developed with the aim of accelerating business growth and employment - the business case for moving forward with these projects will be assessed by the Transformation Board. Therefore, the capital budget remains in place to fund potential growth related projects.

4.2.16. Growth related projects should aim to generate income receipts for the Council, for example via increased business rates, rental income or interest receipts. £150,000 in additional income was identified within the current efficiency and rationalisation plan. However, these savings are yet to be achieved and this will be included as part of the overall efficiency programme review (see paragraph 4.3) to be undertaken prior to February 2017.

Housing Grants

4.2.17. The District 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 has been incorporated into the Better Care Fund and paid to the county council.

4.2.18. 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, payable to the Council from Staffordshire County Council.

4.2.19. 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 Staffordshire Moorlands 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

4.2.20. 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 required), provide the infrastructure to support joint working, support new ways of working and improve access to services for our customers.

4.2.21. Implememation 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 infrastratucture and Microsoft compliancy phase of the project resulting in higher than originally anticpated expediture in 2016/17. An additional £100,000 has been added to the ICT capital programme overall to account for an additional years expenditure.

4.2.22. 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.

Brough Park

4.2.23. A report was presented to Cabinet in July 2016 seeking approval for up to £600,000 in capital funding to support enhancements to Brough Park in Leek. This would be the Council’s 20% (maximum) contribution to the overall project, with the remaining 80% funding to be applied for from the Heritage Lottery Fund (HLF)

4.2.24. A business case is to be completed for consideration and dependent on the outcome, an allocation within the capital programme may be required. A further update will be included in the February report.

Financing the Capital Programme

4.2.25. 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; capital receipts from asset sales as part of the asset management plan; earmarked revenue reserves and borrowing.

4.2.26. The main element of spending within the current programme which is expected to be funded from external resources is support towards Disabled Facilities Grants. Estimated capital receipts of £0.2m will be available over the next four years subject to a review of surplus assets. Revenue reserves of £0.9m are forecast to be applied 2016/17.

4.2.27. Borrowing is therefore the main funding option for the programme. 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.

4.2.28. There remains a balance of £100,000 within the 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.

Revenue Consequences of the Capital Programme

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

Revenue Consequence* (changes year-on-year)	**2016/17 (baseline)**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£	£	£	£	£
Ascent Loan Income	(490,100)	2,210	4,030	75,670	(410)
Debenture Income	(100,000)	-	-	-	-
Growth Fund (recovery of Borrowing)	(7,700)	3,850	(22,650)	(20,800)	-
Borrowing Costs	259,000	16,690	51,450	30,260	42,490
Total	**(338,800)**	**22,750**	**32,830**	**85,130**	**42,080**

** Income generation from the growth fund, savings from asset rationalisation and implementation of the ICT Strategy are already assumed within the Efficiency & Rationalisation Plan (see 4.3)*

4.3. Efficiency & Rationalisation Programme

4.3.1. The current Efficiency and Rationalisation Strategy was approved by Members in April 2014, which identified a programme of £2.3 million in savings to be made over the period 2014/15 – 2016/17.

4.3.2. 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.

4.3.3. 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

4.3.4. After taking into account these principles a framework was developed to inform the finalisation of the Efficiency and Rationalisation Strategy. The programme is focussed upon five 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. An update with regard to the progress of service reviews and revenue implications is included in the next section.

5. Innovation and Growth

Creation of a Development Fund on an “invest to save” basis

4.3.5. The current profile of the financial savings proposed in the Strategy are summarised below (see ANNEX B for more detailed plan). The below table also illustrates progress against the programme and identifies any new efficiency requirements.

Efficiency Strategy	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	TOTAL
	£	£	£	£	£	£		£
ORIGINAL PROGRAMME								
Enhancing Income & Improving Trading	52,940	135,740	78,760	-	-	-	-	267,440
Extending Shared Services	25,000	50,000	50,000	-	-	-	-	125,000
Corporate Efficiency Projects	425,000	520,000	235,000	-	-	-	-	1,180,000
Service Reviews	170,000	240,000	125,000	-	-	-	-	535,000
Innovation & Growth	-	25,000	125,000	-	-	-	-	150,000
Total	**672,940**	**970,740**	**613,760**	-	**-**	**-**	**-**	**2,257,440**
CURRENT PROGRESS	**582,020**	**354,910**	**1,320,510 to achieve**	**-**	**-**	**-**	**-**	**2,257,440**
NEW REQUIREMENT	**-**	**-**	**-**	**616,860**	**650,200**	**712,780**	**367,210**	**2,347,050**

4.3.6. £706,750 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).

4.3.7. 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 £535,000 targeted savings will be achieved in 2016/17. Additionally, £240,000 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.

4.3.8. This would leave approximately £550,000 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.

4.3.9. In addition to the existing efficiency programme, in order to balance the budget in 2017/18, 2018/19, 2019/20 and 2020/21, there is a new savings requirement of £2,347,050.

4.3.10. 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 4.6).

4.3.11. 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.

4.4. Service Reviews

4.4.1. 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.

4.4.2. 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.

4.4.3. A report was presented to the Resources Overview & Scrutiny Panel 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.

4.4.4. 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 £535,000 targeted efficiency will be achieved during 2016/17

4.4.5. 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.

4.5. Member Priority Actions / Projects

4.5.1. 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 Actions / Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Environment				
Refresh the processes for dealing with enforcement action against environmental crime (fly tipping and littering) in order to ensure that there is zero tolerance	Y	✓		
Agree and implement actions that will ensure that the waste collection service can deal with the reducing levels of recycling income and recycling credits	Y		✓	
Agree an approach that results in joint operating arrangements with High Peak for waste collection and street cleansing	Y		✓	
Reduce the Council's energy consumption and associated costs	Y			✓
Customer Services				
Implement the agreed Customer Services Strategy	Y		✓	
Agree and implement an approach to bring about effective channel shift	Y		✓	
Agree and implement a plan for further improvement of the Council's website	Y	✓		
Review and revise processes to ensure that they are focused upon the customer and are effectively aligned across services	Y		✓	
Develop a plan to ensure better sharing of information between services and with partners	N			
Planning & Property				
Develop and implement a new approach that ensures that the planning applications process is quicker, linked to growth and focussed upon increasing income	Y		✓	
Develop and implement plans to extend the public market operation in Leek	Y	✓		
Develop and implement a plan which will address the planning enforcement backlog	Y			✓
Ensure that delegations in respect of planning applications are appropriately applied and that Parish Council views' are taken into account	N			
Implement a system to ensure that planning conditions implementation is tracked effectively	N			

Member Priority Actions / Projects	Financial Implications			
	(y/n)	Firm - in plans	Costs understood - not in plans	Costs not yet known
Leisure, Sports, Parks, Countryside and Communities				
Agree an approach that results in joint leisure centre contract renewals across the Alliance	Y		✓	
Develop and implement a plan that is focussed on increasing footfall in Leisure Centres by the effective use of off-peak capacity	Y			✓
Work with health services to develop a plan to enhance leisure provision with a focus on health improvement	Y			✓
Identify and implement an approach to reduce the cost of country parks	Y			✓
Develop a plan to improve Brough Park with HLF support	Y		✓	
Develop a strategy for further development of affordable and specialist housing	Y			✓
Develop and agree a new empty properties strategy	Y			✓
Develop and implement a plan to reduce anti-social behaviour	N			
Develop a scheme that supports the upgrading of security in vulnerable people's homes	N			
Support the Community Safety Partnership with improved provision of outreach workers for dealing with domestic violence	N			
Leader				
Develop and implement a plan to identify new and innovative ways of generating income	Y			✓
Implement the Growth Fund initiative to support small businesses	Y			✓
Support the development of London Mill	Y		✓	
Support the development of Cornhill	Y			✓
Support the development of improved rail links in partnership with Stoke-on-Trent City Council	N			
Support the development of a Cinebowl / Fast Food Outlet	N			
Implement the town deal in Biddulph in partnership with Biddulph Town Council	N			

4.5.2. 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.

4.6. Other Projects

Channel Shift

4.6.1. 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.

4.6.2. 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.

4.6.3. 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.

Significant Procurement Activity

4.6.4. 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 in-house, with the Council's Alliance partner High Peak B.C. having an outsourced waste operation – the contract expires during 2017/18. 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 Staffordshire Moorlands D.C. and High Peak B.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.

- The Council has a joint contract with High Peak B.C. for the facilities management of the buildings – currently undertaken by Derbyshire County Council. The contract initially 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:-

Investment Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	
Changes in Investment Income	32,060	(15,990)	(36,580)	(36,590)
Changes in Borrowing costs	(10,250)	(5,310)	(580)	(27,900)
	21,810	**(21,300)**	**(37,160)**	**(64,490)**

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.

Expenditure/Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Employee Costs	292,670	319,800	325,420	320,910
Premises Costs	29,190	32,930	33,490	34,060
Transport	6,020	13,320	13,420	13,570
Supplies and Services	53,520	63,250	63,810	64,740
In-Year Inflation Pressure	**381,400**	**429,300**	**436,140**	**433,280**

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 changes 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
	£	£	£	£
Staff conference costs (biennial)*	-	-	-	-
Reduction in level of Parish Council Local Council Tax Support	(22,200)	(13,780)	(13,830)	-
Internal Audit (5 yearly external review)	(2,500)	-	-	-
Uniforms – Customer Services	(2,500)	2,500	(2,500)	2,500
MMI second levy	(10,500)	-	-	-
Supported housing scheme – subsidy loss	15,000	-	-	-
Removal of salary recharge to capital programme	16,300	-	--	-
Building Control – service change	90,000	-	-	-
Total	**83,600**	**(11,280)**	**(16,330)**	**2,500**

*** The cost of the staff conference is now met from an earmarked reserve in the year of occurrence**

5.4. Budget Growth

5.4.1. In previous years, very few additions in respect of budget growth have been included in the MTFP. It is 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 Staffordshire Pension Fund underwent a triennial actuarial valuation in 2016 to determine the level of future contributions necessary to achieve a balanced position. Although the final outcome is not yet known, initial indications have been received outlining the level of payments required.

5.5.2. At the last valuation in 2013 the Fund had a funding level (the ratio of assets to liabilities) of 71.7%, and a scheme deficit of £1,209 million. The revised position, as at 2016, will be confirmed later in November.

5.5.3. The Staffordshire Moorlands District Council portion of the Fund had a funding level of 61% at the 2013 valuation and a deficit £24.8 million. Since this valuation the Council has budgeted to make contributions into the Fund of £0.97 million in 2014/15, £1.08 million in 2015/16, and £1.18m in 2016/17. The updated position as at 31st March 2016 will again be confirmed 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 line with the early indications received from the Fund actuary; allowance for an increase in contributions of £372,000 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 shown in the employee inflation element of the Plan.

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 froze the Council Tax applying a 0% increase.

6.1.3. However, it is assumed at this stage that a 1.9% Council Tax increase will be implemented in 2017/18, 2018/19, 2019/20, and 2020/21.

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 currently assumed in the Medium Term Financial Plan:

Increased Council Tax Income	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Council Tax increase	(92,920)	(95,350)	(97,840)	(100,370)
Revenue from tax base growth	(35,120)	(35,640)	(35,430)	(35,000)
TOTAL	**(128,040)**	**(130,990)**	**(133,270)**	**(135,370)**

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 into a pool maintained by a number of Staffordshire Authorities. This amount is then compared to a Funding Baseline (estimated at £2,477,200 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 Staffordshire Pool, the levy or the safety net payment is made to or from the Pool instead of Central Government. If the Council was not in the Staffordshire 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 40% of this levy; meaning that each £1 achieved above the baseline, is distributed as follows:

- 70p is retained by the Council;
- 20p is paid to a Central Incentive Fund which is managed by the Pool Board;
- 10p is paid to a Contingency Fund maintained by the Pool Board to assist should a safety net payment be triggered.

The benefit to the Council of being part of the Pool arrangement is estimated to be approximately £172,000 in 2017/18.

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 Cabinet on 20th 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	(2,447,200)	(2,519,400)	(2,599,920)	(2,683,020)
Achievement against Baseline	(98,460)	(52,550)	8,650	73,080
Section 31 Grant	(549,530)	(559,870)	(570,220)	(580,750)
Total	**(3,095,190)**	**(3,131,820)**	**(3,161,490)**	**(3,190,690)**
Change between years:				
Business Rates retained	(85,120)	(26,290)	(19,320)	(18,670)
Section 31 Grant	(20,430)	(10,340)	(10,350)	(10,530)
Total	**(105,550)**	**(36,630)**	**(29,670)**	**(29,200)**

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 Staffordshire Moorlands share of a deficit, in respect of Council Tax, will be £12,660 in 2017/18.

6.3.3. It is assumed that a deficit, after providing for appeals, of £127,680 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	12,660	(1,200)	(1,220)	-
Business Rates	(190,680)	(127,680)	-	-
Total	**(178,020)**	**(128,880)**	**(1,220)**	**-**

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 £554,840 (31%), £344,450 (19%) and £347,000 (20%) 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 £209,040 (2011/12), £152,870 (2012/13), £60,640 (2013/14), £310,160 (2014/15), £248,415 (2015/16) and £283,260 (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 £154,310 have been anticipated for both 2017/18 and 2018/19. In 2019/20 and 2020/21 NHB receipts of £124,850 have been anticipated in the Plan. 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 Council's commitment to encouraging 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 potentially incurred in servicing the needs of the additional properties.

Local Council Tax Support Grant

6.4.12. The Council operates a scheme whereby funding received from Central Government in respect of Local Council Tax Support is passed on to 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 been reduced each year in line with the reduction in overall Government funding suffered by the Authority. The Medium Term Financial Plan assumes that this approach will continue (see changed budget demand as set out in table 5.3.2 above).

Summary of Income from Government Grants

6.4.14. The table below summarises the movement in Government funding from the 2014/15 baseline:-

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	(2,610,220)	831,660	532,270	550,040	344,470	351,780	-
Rural Services Delivery Grant	(8,580)	(2,990)	(3,360)	(33,580)	11,190	(11,190)	15,000
Council Tax Freeze	(105,300)	(56,390)	161,690	-	-	-	-
New Homes Bonus	(732,710)	(248,420)	(283,260)	207,600	216,490	123,570	158,410
Change in Govt Funding	**(3,456,810)**	**523,860**	**407,340**	**724,060**	**572,150**	**464,160**	**173,410**

6.5. 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 assumes 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	(55,000)	(55,000)	(55,000)	(55,000)
Total	**(55,000)**	**(55,000)**	**(55,000)**	**(55,000)**

7. Risks, Contingencies & Use of Reserves

7.1. Risk Identification and Management

7.1.1. The early identification and management of risks is critical to the Budget and Medium Term Financial Planning process. Risks 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. Risk areas will be closely monitored and reviewed on an on-going basis and remedial action taken as appropriate.

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

Revenue Risks	Capital Risks
• Inflationary assumptions • Interest rates • Revenue consequences of capital • Housing benefits • Fees and charges • Universal Credit • Business Rates • Council Tax collection • Government grants • Financial benefits from partnerships / shared services • Pension costs • Insurance costs • Waste management costs	• 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 Joint Venture • Suppliers / Contractors • 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.

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 £1,000,000 to meet unforeseen expenditure.

7.3. Use of Reserves and Balances

7.3.1. The February 2016 Medium Term Financial Plan included a £22,680 contribution from General Fund Reserves in 2016/17. This reflected usage of the Section 106 (Commuted Sum) Reserve (£12,180); and usage of the Insurance Fund to meet the costs of the Council's obligations under the Municipal Mutual Insurance (MMI) scheme of arrangement (£10,500). 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 2016 MTFP also included a contribution of £160,650 into General Fund contingency reserves 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 £24,360 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.

8. MTFP General Fund Revenue Position

8.1. The medium term general fund revenue position is as set out in the table below, which summaries the impact of the discussions in the previous sections of the report:-

Summary Revenue Position	2017/18	2018/19	2019/20	2020/21
	£	£	£	£
Revenue Consequences of Capital Spend (section 4.2)	22,750	32,830	85,130	42,080
Interest Rate Changes (section 5.1)	21,810	(21,300)	(37,160)	(64,490)
Inflation Pressures (section 5.2)	381,400	429,300	436,140	433,280
Increased / (Reduced) Budget Demand (section 5.3)	83,600	(11,280)	(16,330)	2,500
Budget Growth (section 5.4)	0	0	0	0
Increased Council Tax Income (section 6.1)	(128,040)	(130,990)	(133,270)	(135,370)
Business Rates Retention (section 6.2)	(105,550)	(36,630)	(29,670)	(29,200)
Changes in Collection Fund Surplus (section 6.3)	(178,020)	(128,880)	(1,220)	-
Reduction in Government Grant (section 6.4)	724,060	572,150	464,160	173,410
Additional Fees and Charges (section 6.5)	(55,000)	(55,000)	(55,000)	(55,000)
Contribution to / (Use of) Reserves & Balances (section 7)	(150,150)	-	-	-
In Year Change in Position	**616,860**	**650,200**	**712,780**	**367,210**
Efficiency & Rationalisation Plan (section 4.3)				
Additional Income / New Efficiencies				
Budget (Surplus) / Deficit	**616,860**	**650,200**	**712,780**	**367,210**
Cumulative (Surplus) / Deficit	**616,860**	**1,267,060**	**1,979,840**	**2,347,050**

8.2. The table above predicts a cumulative deficit position of £2,347,050 over the life of the Medium Term Financial Plan.

8.3. ANNEX D shows the indicative detailed revenue budget for the period 2017/18 – 2020/21.

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 finanicial challenges and invites comment on the plan. There will also be reference included within the next e-newsletter issued by Regeneration to local businesses.

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)

Capital Schemes	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£	£	£	£	£	£
Asset Management Plan						
Council Offices/ Public Buildings	371,120	236,990	216,000	245,000	434,250	1,503,360
Leisure Centres	144,620	590,000	-	-	-	734,620
Car Parks	15,000	367,310	70,000	300,000	-	752,310
Infrastructure	107,910	79,000	-	154,510	-	341,420
	638,650	1,273,300	286,000	699,510	434,250	3,331,710
Affordable Housing Project	-	-	-	-	-	-
Growth Fund	-	700,000	800,000	-	-	1,500,000
Private Sector Housing Grants	686,060	654,000	654,000	654,000	654,000	3,302,060
ICT Projects	281,000	50,000	50,000	50,000	80,630	511,630
Other Schemes						
Conservation	44,500	44,500	50,000	50,000	50,000	189,000
Other Housing Projects	-	-	-	-	-	-
Street Scene & Depots	214,540	-	-	-	-	214,540
Outdoor Sports Facilities	172,000	-	-	-	-	172,000
Play Facilities	100,000	22,000	114,000	-	-	236,000
	531,040	66,500	164,000	50,000	50,000	861,540
TOTAL PROGRAMME	**2,136,750**	**2,743,800**	**1,954,000**	**1,453,510**	**1,218,880**	**9,506,940**
CONTRIBUTIONS	869,140	654,000	654,000	654,000	654,000	3,485,140
NET PROGRAMME	**1,267,610**	**2,089,800**	**1,300,000**	**799,510**	**564,880**	**6,021,800**

ANNEX B

Summary of Approved Efficiency and Rationalisation Strategy (April 2014)

Efficiency Strategy	2014/15	2015/16	2016/17	TOTAL
	£	£	£	£
ENHANCING INCOME & IMPROVING TRADING				
Income Generation	6,000	75,000	19,000	100,000
Trading Effectiveness	40,000	50,000	40,000	130,000
Improving Yield from Fees and Charges	6,940	10,740	19,760	37,440
	52,940	**135,740**	**78,760**	**267,440**
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	115,000	75,000	40,000	230,000
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	-	35,000	15,000	50,000
Development of Trusts / Social Enterprises	-	80,000	20,000	100,000
Development of Alternative Service Delivery Models	-	30,000	20,000	50,000
	425,000	**520,000**	**235,000**	**1,180,000**
SERVICE REVIEWS				
Customer Services	30,000	65,000	40,000	135,000
Regulatory Services	40,000	75,000	35,000	150,000
Operational Services	50,000	50,000	50,000	150,000
Corporate Services	50,000	50,000	-	100,000
	170,000	**240,000**	**125,000**	**535,000**
INNOVATION & GROWTH				
Growth Fund	-	25,000	125,000	150,000
	-	**25,000**	**125,000**	**150,000**
TOTAL	**672,940**	**970,740**	**613,760**	**2,257,440**

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 ne 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 2019/21)

Budget Heading	2017/18 Projection	2018/19 Projection	2019/20 Projection	2020/21 Projection
	£	£	£	£
Employees	8,311,340	8,631,140	8,956,560	9,277,470
Premises	1,936,990	1,969,920	2,003,410	2,037,470
Transport	1,210,730	1,224,050	1,237,470	1,251,040
Supplies & Services	4,513,750	4,579,500	4,640,810	4,708,050
Benefits	5,010	5,010	5,010	5,010
Borrowing	265,440	311,580	341,260	355,850
Parish Grant re Council Tax Support	27,610	13,830	0	0
Financing Costs	555,000	555,000	555,000	555,000
Total Expenditure	**16,825,870**	**17,290,030**	**17,739,520**	**18,189,890**
Fees and Charges / Other Income	(5,744,140)	(5,821,790)	(5,897,590)	(5,952,590)
Interest Receipts	(24,630)	(40,620)	(77,200)	(113,790)
Ascent LLP Income	(587,890)	(583,860)	(508,190)	(508,600)
Recharges	0	0	0	0
Net Expenditure	**10,469,210**	**10,843,760**	**11,256,540**	**11,614,910**
Council Tax	(5,018,470)	(5,149,460)	(5,282,730)	(5,418,100)
Council Tax - Compensation Grant	0	0	0	0
Revenue Support Grant	(696,250)	(351,780)	0	0
Business Rates Retention	(3,095,190)	(3,131,820)	(3,161,490)	(3,190,690)
Rural Service Delivery Grant	(48,510)	(37,320)	(48,510)	(33,510)
New Homes Bonus	(1,056,790)	(840,300)	(716,730)	(558,320)
Earmarked Reserves	(12,180)	(12,180)	(12,180)	(12,180)
Collection Fund	75,040	(53,840)	(55,060)	(55,060)
Total Financing	**(9,852,350)**	**(9,576,700)**	**(9,276,700)**	**(9,267,860)**
Cumulative Deficit / (Surplus)	**616,860**	**1,267,060**	**1,979,840**	**2,347,050**
In Year Deficit / (Surplus)	**616,860**	**650,200**	**712,780**	**367,210**

ANNEX E

Efficiency Plan Submission –
Staffordshire Moorlands District 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, Staffordshire Moorlands D.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.

Staffordshire Moorlands District 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 24th February 2016. The full MTFP can be found on the Council's website:-
http://www.staffsmoorlands.gov.uk/sm/your-council/meetings-agendas-and-minutes/council-21

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.staffsmoorlands.gov.uk/sm/your-council/our-priorities-and-performance/the-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:-

- Develop and implement a plan to identify new and innovative ways of generating income
- Implement the agreed Customer Services Strategy
- Agree and implement an approach to bring about effective channel shift
- Agree and implement a plan for further improvement of the Council’s website
- Review and revise processes to ensure that they are focused upon the customer and are effectively aligned across services
- Develop a plan to ensure better sharing of information between services and with partners

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 help create a strong economy by supporting further regeneration of towns and villages
- To protect and improve the environment

Strategic Alliance with High Peak Borough Council

In 2008 Staffordshire Moorlands District Council and High Peak Borough 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, High Peak Borough 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.staffsmoorlands.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 £2.2million:-

	2016/17 (£)	**2017/18 (£)**	**2018/19 (£)**	**2019/20 (£)**
Total Net Expenditure	10,628,410	10,909,770	11,306,800	11,614,820
Total Financing	(10,014,650)	(10,296,010)	(9,684,660)	(9,381,350)
Cumulative Deficit	**613,760**	**613,760**	**1,622,140**	**2,233,470**

Of the total cumulative deficit, £613,760 is to be achieved as part of the current 3-year efficiency programme, with the remaining £1,619,710 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 £2.2m 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.	267,440
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.	1,180,000
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.	535,000
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	**2,257,440**

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 in-house, with the Council's Alliance partner High Peak B.C. having an outsourced waste operation – the contract expires during 2017/18. 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 Staffordshire Moorlands D.C. and High Peak B.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 recue the impact on revenue – see link below: http://www.staffsmoorlands.gov.uk/sites/default/files/meetings/papers/papers-666910444/10.1_development_of_the_asset_management_plan_-_asset_condition_surveys_0.pdf

The Council has a joint contract with High Peak B.C. for the facilities management of the buildings – currently undertaken by Derbyshire County Council. The contract initially 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.