

Wards affected:

General

Strategy Group - 9th January 2020

2020/21 Capital and Revenue Budget and Medium Term Financial Plan

Resources Issues

1. Purpose of Report

- 1.1 To provide an overview of the corporate financial context and issues that will influence the 2020/21 capital and revenue budget and Medium Term Financial Plan.

2. Advice

That it be RECOMMENDED:	<ol style="list-style-type: none"> 1. That the new revenue growth bids are approved and the MTFP is updated accordingly; 2. That the delegation as per paragraph 4.4 is approved; 3. That the new capital bid is approved and the capital programme updated accordingly.
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3. Introduction

- 3.1 The Medium Term Financial Plan (MTFP) 2019-2025, as summarised in the table below, was updated and approved by Council on the 5th December 2019.

GENERAL FUND (GF) REVENUE RESERVES PROJECTIONS						
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	£m	£m	£m	£m	£m	£m
Non-earmarked general reserves:						
Balances b/fwd	15.795	16.658	18.631	17.872	16.197	10.631
Less:						
Budget deficit/(surplus) for year	(0.863)	(1.973)	0.759	1.675	5.566	5.848
Sub-total: Non-earmarked reserves c/fwd	16.658	18.631	17.872	16.197	10.631	4.783
Earmarked reserves c/fwd	12.946	11.142	10.029	8.333	9.192	10.488
Total Reserves	29.604	29.773	27.901	24.530	19.823	15.271

3.2 The budget setting process involves constant review and it is appropriate to further update the MTFP to reflect any changes to previous assumptions. These matters are summarised as follows:

- a) Growth Bids – Revenue plus revenue effects of capital schemes;
- b) Refresh and review of the Council tax base and surplus;
- c) Receipt of in year government and other funding.

4. Issues and Proposals

4.1 The following issues and proposals will be developed as part of the 2020/21 budget setting and MTFP process:-

A) Revenue Growth Bids

4.2 In line with the criteria agreed by members, growth items have been prepared by service managers and reviewed by the Chief Executive and Chief Finance Officer. Recommendations for approval are detailed below:

New Bids

- **Direct Current (DC) isolation of solar arrays (£0.093m in 2020/21 only)**

The Council operates a number of photo-voltaic solar energy generation arrays on public and commercial buildings. These solar arrays generate electricity which is used by the various buildings and save money on electricity costs. During 2017 the Council undertook an internal Fire Risk Assessment (FRA) of the Lodge Road premises.

Currently, the Building Regulations do not require the DC link to incorporate any form of isolation and in the event of a fire sections of wiring within the buildings would remain live during daylight hours even when the main electricity supply and the AC current from the inverters has been turned off. This clearly presents a risk to personnel who are required to enter a building in the event of an incident. The FRA recommended that measures are taken to address this risk. It is expected that buildings that have solar arrays will fail future FRA without the issue being attended to.

- **Lodge Road Offices Man Safe system (£0.020m in 2020/21 and £0.002m pa from 2022/23)**

High level access at the Civic Offices is generally required to maintain external air conditioning equipment, access high level flat roofs for maintenance purposes and access plant room areas etc. Occasional access is also required to the DDC flag pole to change/raise the flag as required. Man safe type systems are currently provided in the form of wall mounted eye bolts, scattered around the building and minimal roof barriers systems. The existing provisions have not been maintained for numerous years and are not deemed fit for the required purpose. Works include the provision of a new roof access protective barrier system fixed to the Council Chamber roof, edge protection barrier to the Reception Lobby flat roof and the full maintenance and testing of the existing eye bolt system. The proposed works will provide safe high level access to Contractors and DDC staff to maintain and operate the building.

- **Rainsbrook Crematorium Redecoration and Cremator renewal (£0.010m pa from 2019/20 onwards)**

The Rainsbrook Crematorium is now in need of redecorating and getting close to parts of the cremators needing to be replaced. To date £0.010m a year has been set aside for this, but this will be used in the near future replacing parts of the cremators. Thus a budget is needed for ongoing yearly maintenance and decoration in addition to the existing contribution. Both Rugby BC and DDC will set aside the same £0.010m per annum, which will reduce our overall share of the annual profits by £0.010m.

- **Appraisal of Daventry South East Employment Area (£0.200m in 2020/21 only)**

The Daventry SE Employment Area is allocated in the submission version of the Council's Settlements and Countryside Local Plan (Part 2) under Policy EC9. It is referred to as Daventry SE Gateway. In the submission version of the plan the area of the site is stated as 20.5 Ha, but at the examination, the Inspector required a small area to the north of the A45 and to the west of Burnt Walls to be removed from the allocated area. The allocated site is comprised of land parcels in multiple ownerships including the former Landmark Hotel, AutoGreen/Intapart auto recycling centre, Dennetts Plant Nursery and Council land. The area is allocated for the development of employment units of less than 10,000 m² floor area, but the total amount of floor space that can be achieved can only be determined as an outcome of comprehensive master planning. In addition to providing new employment land for the socio-economic growth of the town, the allocation will contribute to the regeneration of this important gateway to the town.

At this stage, it is not known whether the site is commercially viable to develop and this will determine whether it is deliverable by the private sector or whether public sector intervention will be required to enable it to progress to delivery. In addition, the Council needs to establish the value of its land in the context of the site being developed. In order to establish viability there will need to be a significant degree of feasibility and valuation work undertaken. This will require the procurement of external consultancy services on planning, commercial, architectural, engineering and cost matters.

The consultancy work will also involve an examination of planning constraints and opportunities and scoping for environmental and transport assessments and site investigations. This information will then inform masterplan options for the area, which will help to determine the level of viability and the level of intervention that may be required by the Council, and possibly other agencies. It will include detailed analysis of potential development costs, including land acquisition, infrastructure works, consultancy fees, marketing and build costs. There will also need to be an appraisal of the immediate, additional and long-term benefits and risks and mitigation and a plan for implementation, monitoring and evaluation and a

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forward strategy to ensure sustainability. This would also demonstrate whether the project has the potential to be self-financing, attracting private inward investment, or require further funding to either kick start the project or to cover any deficit in development value.

- **N Sport Annual Contribution (£0.008m from 2019/20 onwards)**
NSport is the Active Place Partnership (previously known as County Sports Partnerships) for Northamptonshire. Previously SLM Ltd paid for the provision of sports development. SLM will no longer be paying for this service and it is beneficial for DDC to continue to support and engage in the work that NSport delivers.
- **Feasibility of installing lighting in Kelmarsh Tunnel (£0.050m in 2020/21 only)**
This is discussed elsewhere on tonight's agenda. The MTFP has been updated accordingly.

Revenue Implications of Capital Bids

- **Civic Offices Electrical Distribution Boards £0.005m pa from 2022/23 onwards**
This relates to revenue effect of the previously agreed capital bid SG.141119/12 page 184 paragraph 6.3, which was excluded in error.

Daventry Special Expenses

- **Transfer of services to Daventry Town Council (£0.020m in 2019/20 only)**
Work has been on-going on the transfer of services from DDC to Daventry Town Council and expenditure is now being incurred on legal and other related costs and a budget of upto £0.020m is required to cover this expenditure. This will be charged to Daventry Special Expenses.

B) Refresh and review of the council tax base and surplus

- 4.3 The 2020/21 council tax base has been set at 32,445.69 and the 2019/20 council tax surplus has been calculated at £0.896m, of which the council retains £0.124m (13.82%).

C) In year receipt of Government and other Funding

- 4.4 It is not unusual for the Council to receive ad-hoc funding during the year from Government and other sources. Although the funding received often comes with a specific purpose, they are not ring-fenced. This means they can be used for anything. Also the timing of these receipts doesn't often coincide with the committee cycle. It is therefore proposed that for any funding received that is not already budgeted for, to delegate to the Chief Executive, in conjunction with the Chief Financial Officer to allocate these funds for the appropriate purpose. This ensures that the funds can be spent efficiently and effectively. The delegation is limited to £0.025m per

receipt, with a maximum of £0.050m if more than one award of funding is received.

5. Updated MTFP

- 5.1 Taking into account the issues identified at paragraph 3.2, the MTFP will be updated and a new MTFP presented to the next Strategy Group meeting on the 6th February 2020.

6. Capital Programme

- 6.1 The capital programme was approved by Council in December 2019 and will be updated with the new bid below and any other changes and a new capital programme will be presented to the next Strategy Group meeting on the 6th February 2020.

Proposed New Schemes

- 6.2 In line with the criteria agreed by Members, growth items have been prepared and reviewed by management. A late bid has been received and is recommended for approval are detailed below:

6.3 Provision of secure cycle storage at Lodge Road (Cost £0.006m capital)

Whilst the council provides a generous number of cycle racks for officers and visitors, the council does not provide secure storage. DDC is currently failing to meet its employee travel plan objective 4 and one of the main reasons for this is the failure to deliver action 5 *Encourage further provision of secure, convenient cycle storage and lockers at Lodge Road.*

The existing cycle storage outside the staff entrance at the rear of the offices will be removed and install a secure cycle storage facility in place of existing hoops.

7. Implications

- 7.1 **Financial** – This whole report is concerned with the finances of the Council and issues are addressed throughout.

- 7.2 **Personnel** – None

- 7.3 **Legal/Constitutional** – None

- 7.4 **Environmental** – None directly.

- 7.5 **Policy** – The proposals contained in this report are in line with the Council's Financial Strategy in helping to achieve a balanced MTFP and are designed to support achievement of the Council's policy objectives of:

Objective 1 - Improve our Business Economy, Learning and Skills
Priority B1- Develop Daventry Town

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B1.1 Increase in commercial floor space with planning permission excluding town centre retail and leisure.

B2.2 Rural Transport and Economic Strategy 2015 – 2020. Number of actions undertaken from action plan.

Priority B3 - Facilitate and develop opportunities for employment and learning

Priority B4 - The District is recognised as being open for business.

B4.1 Raise the profile of Daventry District.

Objective 2 – Protect and enhance our environment

Priority E1 - Reduce adverse environmental impact

Objective 3 – Promote Healthy Safe and Strong Communities and Individuals

Priority H2 - Encourage a safe and healthy lifestyle

H2.1 Sport and Physical activity facilitated by the Council.

Objective 4 – To be an Efficient and Effective Council

Priority C1 - Maximising Income Generation

Priority C2 - Effective Resource and Risk Management

C2.1 Rated as meeting value for money criteria as assessed by external auditors.

C2.2 Sustainable and prudent medium term financial plan and capital programme adopted by Council.

Priority C3 – Value and develop an effective workforce

C3.1 Develop and sustain workplace wellbeing through achievement and maintenance of the Workplace Wellbeing Charter

Priority C4 - Manage performance and customer perception

C4.2 Corporate Plan achieved.

7.6 **ICT** – None

7.7 **Crime and Disorder** – None

7.8 **Human Rights** – None

7.9 **Equalities** – None

7.10 **Health and Wellbeing** – None, other than those mentioned in paragraph 7.5 above.

8. **Conclusions**

8.1 The budget cycle includes a number of updates and this report reflects all known growth bids to date. The final report in February 2020 will include the updates on government funding and finalise the budget process.

A Statham
Chief Financial Officer

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Background papers:

Report to Council 21st February 2019
Report to Council 25th July 2019
Report to Council 10th October 2019
Report to Council 6th December 2019

Previous minutes:

(C.20/19)
(C.69/19)
(C.83/19)
(C.101/19)

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