

Public Document Pack



**North East
Derbyshire**
District Council

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Date: Friday, 7 February 2020

To: **All Members of the Council**

You are summoned to attend a meeting of the Council to be held on **Monday, 17 February 2020 at 3.00 pm in the Council Chamber**. District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield, S42 6NG.

Please note that a number of parking spaces will be reserved for Member use on the day of the meeting.

Yours sincerely

A handwritten signature in cursive script that reads "Sarah Steuberg".

Joint Head of Corporate Governance and Monitoring Officer

PLEASE NOTE:

- 1 For Members' information the following room arrangements have been made for Group Meetings prior to this Council meeting:

Labour Group	-	Executive Meeting Room
Conservative Group	-	Council Chamber
Liberal Democrat	-	Meeting Room 102A
- 2 Members are requested to bring their laptops and iPads to the meeting where assistance will be provided to anyone who may require it in order to follow the meeting electronically.
- 3 Members in arrears of Council Tax, by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under Section 106 of the Local Government Finance Act 1992.
- 4 Any Members who are tenants of a Council property should declare an interest in respect of the Medium Term Financial Plan but have an automatic dispensation to remain in the room, speak and vote on the item.

5 The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 require a recorded vote to be taken on any proposals relating to the budget and Council Tax.

A G E N D A

1 Apologies for Absence

2 Declarations of Interest

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

3 Minutes of Last Meeting (Pages 5 - 16)

To approve as a correct record and the Chair to sign the attached Minutes of the Council meeting held on 13 January 2020.

4 Chair's Announcements (if any)

5 Appointment of Civic Cadet

The Chair of the Council will make the appointment of a Civic Cadet, and present them with a badge and a certificate.

6 Public Participation (Pages 17 - 18)

In accordance with Council Procedure rule No 8 to allow members of the public to ask questions about the Council's activities for a period up to fifteen minutes. The replies to any such questions will be given by the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

Question submitted to Councillor C Cupit, Portfolio Holder for Environment and Climate Change from Anne Thoday

7 Representation of the Council on Outside Bodies

To consider reports (if any) from Members nominated to represent the Council on outside bodies.

The Leader of the Council will report to Members on the Clay Cross Town Board.

8 Medium Term Financial Plan 2020/21 to 2023/24 (Pages 19 - 57)

Report of Councillor Paul Parkin, Portfolio Holder for Finance.

9 Treasury Management Strategy 2020/21 to 2023/24 (Pages 58 - 97)

Report of Councillor Paul Parkin, Portfolio Holder for Finance.

10 To answer any questions from Members asked under Procedure Rule No 9.2

In accordance with Council Procedure Rule 9.2 to allow Members to ask questions about Council activities. The replies to any such questions will be given by the Chair of the Council or relevant Committee or the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

No questions have been submitted under Procedure rule No 9.2 for this meeting.

11 To consider any motions from Members under Procedure Rule No 10

In accordance with Council Procedure Rule No 10 to consider motions on notice from Members. Motions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

(a) Motion proposed by Councillor Pam Windley and seconded by Councillor Ross Shipman

“North East Derbyshire District Council believes the law is failing as it does not prevent or sufficiently reduce the risk of fireworks causing distress, injury or anxiety to people, as well as death, injury or distress to animals.

The Council believes that further research is needed to properly understand the impact of noise on animals and vulnerable people, and a number of things can be done to improve the situation for animals and people by:-

- *Introducing a limit on the public use of fireworks on or close to specific dates and times;*
- *Tightening restrictions on the sale of fireworks in the run up to Bonfire Night;*
- *Reducing the maximum noise level of fireworks sold to the public, ensuring they are labelled accurately;*
- *Licensing all public firework displays – and ensuring displays are better advertised to the public.*

This Council resolves:-

- *To require all public firework displays within the local authority boundaries to be advertised in advance of the event, allowing residents to take precautions for their animals and vulnerable people;*
- *To actively promote a public awareness campaign about the impact of fireworks on animal welfare and vulnerable people – including the precautions that can be taken to mitigate risks;*
- *To encourage local suppliers of fireworks to stock “quieter” fireworks for public display”.*

12 Chair's Urgent Business

To consider any other matter which the Chair is of the opinion should be considered as a matter of urgency.



***We speak
your language***

Polish

Mówimy Twoim językiem

French

Nous parlons votre langue

Spanish
***Hablamos su
idioma***

Slovak

***Rozprávame Vaším
jazykom***

Chinese

我们会说你的语言

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MINUTES OF COUNCIL MEETING HELD ON 13 JANUARY 2020

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NORTH EAST DERBYSHIRE DISTRICT COUNCIL

MINUTES OF THE MEETING OF THE COUNCIL

HELD ON 13 JANUARY 2020

Present:

Councillor C D Huckerby Chair

Councillor P Antcliff..... Vice Chair

Councillor N Barker

“ J Barry
“ J Birkin
“ K Bone
“ P Bone
“ S Clough
“ A Cooper
“ S Cornwell
“ C Cupit
“ A Dale
“ L Deighton
“ P Elliott
“ M Emmens
“ A Foster
“ M Foster
“ J Funnell
“ O Gomez Reaney
“ D Hancock
“ L Hartshorne
“ E A Hill
“ A Hutchinson

Councillor J Kenyon

“ P R Kerry
“ B Lewis
“ H Liggett
“ J Lilley
“ G Morley
“ S Pickering
“ M Potts
“ A Powell
“ T Reader
“ C Renwick
“ J Ridgway
“ D Ruff
“ R Shipman
“ L Stone
“ K Tait
“ M E Thacker MBE
“ R Welton
“ N Whitehead
“ B Wright
“ P Wright

Also in attendance:-

D Swaine - Chief Executive
K Hanson - Strategic Director (Place)
L Hickin - Strategic Director (People)
S Sternberg - Head Corporate Governance & Monitoring Officer
J Dethick - Chief Accountant
N Calver - Governance Manager

446 Apologies for Absence

Apologies for absence had been received from Councillors W Armitage, R Hall, P A Holmes, C Hunt, M Jones, P Parkin, M Roe, K Rouse and P Windley.

447 Declarations of Interest

Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

Councillor J Funnell declared a non-significant other interest in Item 6 – Presentation Voluntary and Community Organisations – as a trustee on the Board of Trustees for Citizens Advice.

448 Minutes of the Council Meeting held on 11 November 2019

RESOLVED – That the Minutes of the meeting of the Council held on 11 November 2019 be approved as a correct record and signed by the Chair.

449 Chair's Announcements

The Chair welcomed all those present to the meeting and wished them a belated, but happy and prosperous new year.

Before making her announcements the Chair of the Council, Councillor C Huckerby, invited the Leader of the Council, Councillor M Thacker MBE JP, to offer thanks for the life of Geoff Butler, a former elected member of North East Derbyshire District Council and North Wingfield Parish Council who sadly passed away at the end of November.

In speaking about Geoff Butler the Leader highlighted the numerous ways in which he gave back to the community in addition to his dedicated support to the District and Parish Councils. Members echoed the Leader's kind words and tributes were made by Leaders of all political groups with the consensus that former Councillor Butler had made a difference to the people of the District and offered plaudits for his genuine care for those communities.

The Leader of the Council led all those present in a one minute silence to be at one with their thoughts and memories of Geoff Butler.

The Chair of the Council reported on her visits and events over the festive period where she once again visited PACT, the charity she had chosen for her charity appeal. She offered her thanks to her member colleagues and the public for their generosity so far to her appeal fund and she looked forward to presenting PACT with a sizable donation later in the year.

The Chair had also attended the Employee Celebration Awards, alongside the Leader of the Council, where the Authority offers recognition for the hard

work and dedication to its members of staff. She expressed her congratulations to all award winners, the runners-up and the nominees.

Further, the Chair announced that she would soon be visiting the Clay Cross Angling Club to present the awards at their annual fishing competition, and expressed her thanks to the club for their generous donation to her charity appeal.

450 Appointment of Civic Cadets

The Chair of the Council had made two appointments for Civic Cadets whose role would be to support the Chair and the Authority at future civic events. Cadet Lance Corporal John Martin was in attendance and the Chair presented him with a civic cadet badge, pledge and certificate.

Members offered Lance Corporal John Martin their congratulations and noted that Cadet Lance Corporal Noah Thackeray would be attending the forthcoming meeting of the Council for his official appointment.

451 North East Derbyshire Citizens Advice Bureau

The Chair of the Council welcomed Phil Morris from the North East Derbyshire Citizens Advice Bureau (CAB) to the meeting to talk about the work of the CAB within the District.

The North East Derbyshire CAB were based in various offices around the District, including GP surgeries, with a telephone service that covered the entire District. They covered areas such as:-

- Benefits and Tax Credits;
- Universal Credit;
- Debt;
- Legal;
- Consumer Goods and Services;
- Housing;
- Relationships and Family.

They were working alongside partners to deliver projects, such as 'food bank support' with Feeding Britain and 'Derbyshire Scan Watch' alongside Derbyshire Police and Crime Commissioner.

Mr Morris updated Members on a recent audit that had been undertaken showing a national comparison and scoring well in every outcome.

He also informed those present that he would be retiring shortly and introduced Gillian Slade, who would take on his role going forward. Members expressed their thanks for the hard work he had undertaken during his time at the CAB and the benefits that the Bureau had brought to the people of North East Derbyshire.

Councillor B Lewis noted from an earlier slide within Mr Morris' presentation that those residents living on the eastern side of the District were not as often engaging with the CAB. Many people across the District suffered with rural isolation and deprivation and it was questioned how this might be addressed going forward. Mr Morris confirmed that the majority of the District was covered through GP surgeries, however, the CAB were branching out to working within libraries and were always actively looking for different venues where there was an identified need.

452 North East Derbyshire District Council Website

The Chair welcomed David Vickers from the Communications Team to the meeting to present to Members the new NEDDC website.

Members were given an overview and practical demonstration of the new NEDDC website, which had been updated to ensure its mobile compatibility, simplicity, and accessibility. Additional search features had been added as well as "do it online" functions and implanting telephone numbers. The new website had been simplified, and was compatible with new Government guidelines.

It was noted that one in five people have an impairment, and these may present challenges to accessing public information through the website. This had been taken into consideration through its development to make it successful in every way possible.

Members considered disabilities and impairments and how access to Council information and services could be improved, and it was confirmed that a screen reader function was available on the new website and the Leader of the Council made a pledge to investigate the viability of sub-titling for recorded Council meetings.

Thanks was expressed to the Communications Team for developing an excellent website ahead of schedule.

453 Interpreters for Deaf Residents

With the permission of the Chair, the Leader of the Council welcomed James Townsend of Sign Video to the meeting, as well as his sign language interpreter.

Mr Townsend explained to the meeting the different services provided by Sign Video for facilitating deaf residents to engage with local services and businesses.

Sign Video was described as an "interpreter in your pocket" as the first and leading video relay service ever established within the UK. It was an on demand interpreter service for British Sign Language, accessible via mobile device apps, desktops and the internet. There were two options available:-

- (1) Video Remote Interpreting (VRI); and
- (2) Video Relay Service (VRS).

VRI, or Video Remote Interpreting, was a service that could be accessed by a deaf person in the presence of a hearing person using video technology to sign between the deaf person and the BSL interpreter, who would then relay to the hearing person the conversation.

VRS, or Video Relay Service, was applicable where a hearing person and deaf person were not together and the deaf person would sign by video link to a live BSL interpreter, who would in turn talk to a hearing person on the phone.

This was a service that could be easily embedded into any business or Government service to provide equality of access.

Members in the Chamber were fully supportive of the company and their application and thanked Mr Townsend for his attendance.

454 Public Participation

In accordance with Council Procedure Rule No 8 members of the public were allowed to ask questions about the Council's activities for a period of up to 15 minutes. The replies to any such questions will be given by the appropriate Cabinet Member. Questions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

No questions from the public had been submitted.

455 Questions from Members under Procedure Rule No 9.2

In accordance with Council Procedure Rule No 9.2 Members were permitted to ask the Chair of the Council or relevant Committee or the appropriate Cabinet Member questions about Council activities.

No questions had been submitted under Procedure Rule No 9.2 for this meeting.

456 Motions from Members under Procedure Rule No 10

In accordance with Council Procedure Rule No 10 to consider motions on notice from Members. Motions must be received in writing or by email to the Monitoring Officer by 12 noon seven clear working days before the meeting.

Three motions had been submitted under Procedure Rule No 10 for this meeting and were considered in the order submitted.

(a) Motion proposed by Councillor D Hancock and seconded by Councillor P Windley

"Council notes:-

- *The increased reports of rat problems around the District over the last 12 months.*

- *Concerns raised by residents to elected Members of both District and Parish Councils, to the Council's charging structure.*

Council believes that the removal of this fee would:-

- *Enable a more consistent approach to tackling pest control;*
- *Better protect the environment by ensuring that the most appropriate and safest methods are being used;*
- *Ensure that those in our poorer communities are not suffering disproportionately because of their inability to pay.*

Council resolves:-

- *To trial a 12 month waiver of fees in relation to pest control;*
- *To monitor whether there is an increased take-up of the pest control service;*
- *To monitor whether there is an increased effectiveness of pest control during this trial period;*
- *That, should the trial demonstrate an increased effectiveness in the number of residents taking up the service and a resulting decrease in the overall number of pests, then Council will effect a continuing waiver”*

In presenting his motion to Council, Councillor D Hancock expressed his view that there was a rat problem in the District and a 12 month trial to waive pest control fees was the most appropriate way to address this. Councillor R Shipman duly seconded the Motion and added his view that rat control was becoming a national issue.

Councillor N Barker felt that the rat problem in the District had been exaggerated by Councillor D Hancock and he believed that Councillor D Hancock's opinion had been coloured by hearsay and social media posts. He added that in response to one particular post on Facebook, independent surveys were carried out and the situation was addressed with assistance from the Portfolio Holder for Environment and Climate Change.

Members were informed by Councillor N Barker that the District had seen six rat cases in 2018 and eight in 2019, which he felt was not the severe situation suggested by Councillor D Hancock. He added the main weapon against rats was prevention by way of not littering or fly-tipping.

Councillor S Cornwell believed that a consistent approach was necessary for pest control. She felt that the extent of the District's rat problem had been stoked because of the story in the Derbyshire Times mistakenly using a rat photograph from Ireland instead of North East Derbyshire, which had then been shared on Facebook.

Councillor C Cupit, Portfolio Holder for Environment and Climate Change, thanked Councillor D Hancock for the submitted motion and efforts to tackle pest control issues but she believed it failed to address what it was aiming to. She added that Council data showed no significant increase in annual pest

control figures, although seasonal increases did occur when the temperature was colder. Councillor C Cupit advised that in terms of the motion's proposal to waive the pest control fee there was already a concessionary rate within the Council's pest control service, and she also felt the service was superior to most private services. She added that the vast majority of local authorities charge for the service as well. A removal of the fee could lead to a 50% to 80% increase in phone calls, which would be demand that the Council could not deal with.

Councillor C Cupit stated her belief that the motion missed the point in putting the responsibility with the Council because there were many factors that led to rats appearing. She believed the motion was not environmentally or financially responsible.

Councillor N Barker advised the pest control service charge was introduced when he was a member of the Cabinet and alternative options at the time were considered thoroughly and carefully.

Councillor D Hancock stated that his motion was not about causing panic but was simply an attempt to solve an issue. He added that he strongly disagreed with Councillor S Cornwell's assertion that the fears were based on mistaken photographs and Facebook sharing because he had heard the information from a Board meeting.

On being put to the vote the motion was defeated.

(b) Motion proposed by Councillor R Shipman and seconded by Councillor P Windley

"Council notes:-

- *Disabled facilities grants aid North East Derbyshire families for the care of their disabled relatives by funding necessary adaption to properties, such as room conversions and specialised equipment;*
- *That the Council place a legal clawback on properties if they are sold on within 10 years of the grant being issued;*
- *That, under certain qualifications (such as financial hardship), Council will waive this fee;*
- *That, under the current policy, bereavement of the claimant is not one of the criteria in which the legal charge would be waived.*

Council believes:-

- *That it is not unreasonable for families to move home following the death of a loved one.*

Council resolves:-

- *To add 'bereavement of the individual on whose behalf the application was made' as one of the criteria for waiving the legal charge".*

In presenting his motion to Council, Councillor R Shipman expressed his view that the Council's current disabled facilities grant policy did not take into account when someone died in these situations. He added that by amending the policy as proposed in the motion the Council could lead the way in supporting people who had lost their loved ones.

Councillor D Hancock duly seconded the motion and added that the relevant legislation stated that the local authority may demand the payment which gave the Council enough room for interpretation to amend its own policy. He believed that people who lost their loved ones had already suffered enough and the motion would allow them some comfort.

Councillor C Cupit thanked Councillor R Shipman for the motion and agreed it highlighted a heart rending subject. She advised that an ongoing Environmental Health Review of the Council had included the Council's Disability Facilities Grant Policy and how it would interpret the relevant legislation, so she felt the Council should allow this review to conclude rather than accept the motion because the motion could restrict how the Council's policy operated.

On being put to the vote the motion was defeated.

(c) Motion proposed by Councillor N Barker

Council notes:-

That given three meetings of the Local Plan Steering Group have been cancelled since the District Election, the Council needs to clarify what is happening with the Local Plan and when is it likely to be adopted.

With these questions in mind this Council resolves:-

'That at the earliest opportunity, it will make public the consequences of pausing the Local Plan and publish a revised timetable of when it will be adopted'.

In presenting his motion to Council, Councillor N Barker stated that progression of the Council's Local Plan had been going on a long time and he felt clarification on its direction was necessary.

Councillor T Reader seconded the motion and reserved her right to speak.

Councillor R Shipman believed that Councillor N Barker was playing politics with an important issue instead of trying to clarify its progress. He added that residents he had spoken to were not confident that the current Cabinet could deliver the Local Plan.

Councillor C Cupit stated that the previous Labour administration did not deliver the Local Plan in 10 years. She added that the current Administration was committed to delivering the Local Plan and the motion would not make this happen any faster because the Local Plan Steering Group had no formal

powers or obligations, instead the current Administration would establish new public forums to listen to residents and be united in protecting the District's landscape.

Councillor A Foster believed that Councillor R Shipman was sharing untruths on social media about the current Administration's plans to build on Green Belt land which would result in lost credibility for Councillor Shipman with the public and other Members.

Councillor D Hancock stated his support of the motion because it mentioned producing a Local Plan timetable which he felt would inform Members of the Plan for the Local Plan's progression.

Councillor T Reader felt that the public were weary of waiting on the political disagreements on this matter and she believed that a revised Local Plan timetable would clarify matters.

On being put to the vote the motion was defeated.

457 Outside Bodies

The Leader of the Council, Councillor M Thacker MBE JP, offered an update to Members on the work of the Local Enterprise Partnership (LEP) Board over the last two meetings that he had attended.

The key item of business at the LEP had been the Local Industrial Strategy (LIS), where work was in progress around the three principles of the Strategy, which were:-

- Enhanced skills and capability;
- Most ambitious carbon turnaround;
- Deliver connectively led growth across the region.

Within these principles it was proposed for work to be undertaken to:

- enhance skills, capability, and potential of local businesses and work forces;
- to build on regional innovation;
- utilisation of national assets including the Peak District;
- a clear and innovative construction and housing supply;
- improving social mobility; and
- supporting the growth of our local areas to improve wider prosperity.

It was important for the LIS to reflect the actions for the wider area, and be balanced to show challenges, aspirations and impact. It detailed apprenticeships with enhanced links to schools to ensure opportunities were maximised. The Leader advised that the LEP wanted to make the Strategy distinctive and to reflect the cultural history and visitor economy.

An indicative timeline for the LIS required formal dialogue with Government with an aim to have it ready by the end of January 2020.

458 Local Offer for Children in Care and Leavers Offer

Council considered a report of Councillor A Dale, Deputy Leader of the Council and Portfolio Holder for Council Services, which informed Members of the District Council's support and commitment to a countywide District and Borough 'Local Offer for Children in Care and Care Leavers' and the development of a countywide 'Care Leaver Covenant'.

In presenting his report Councillor A Dale reported that there were over 800 children in care across Derbyshire with 120 of these children within North East Derbyshire and Bolsover districts. Many of those children had a disadvantaged start to life, often facing unspeakable challenges and the prospect of a life of uncertainty, worry and fear.

Whilst most young people continue to rely on their families into early adulthood and beyond, young people leaving care often do so without the support of a loving family. For a care leaver there was a very high risk that without continued support and people who care about them that they would never reach their potential.

Recent legislation requires for all local authorities to work together as co-corporate parents and collaboration has taken place to create a singular Local Children in Care and Care Leaver Offer which has been submitted to each of the District and Borough Councils within Derbyshire for consideration and adoption.

The offer requested for agreement was for:-

- A Council Tax discount to be awarded on the main residence of a care leaver up until their 25th birthday;
- Offering free access to some Council leisure facilities;
- Actively sign-posting care leavers to apprenticeships;
- Work placements and experience opportunities within the Authority and partner organisations;
- Reviewing and refreshing joint working protocols;
- Actively supporting and promoting recruitment of foster carers and supported lodgings.

The report also requested a pledge to introduce a care leaver covenant to which all the Derbyshire organisations would commit to ensure that care leavers:-

- Are better prepared and supported to live independently;
- Have improved access to employment, education and training;
- Experience stability in their lives and feel safe and secure;
- Have improved access to health and emotional support; and
- Achieve financial stability.

Upon discussing the report Members were whole heartedly supportive of the content detailed therein.

RESOLVED – That:-

- (1) The Local Offer for Children in Care and Care Leavers be approved.
- (2) The development of a county wide Care Leaver Covenant be noted and supported.

(Strategic Director – People)

459 The Children and Adults at Risk Safeguarding System

Council considered a report of Councillor B Lewis, Portfolio Holder for Partnerships and Leisure, which informed Members of the local and countrywide system, structure and arrangements in place to safeguard children and adults at risk in both North East Derbyshire, and Derbyshire as a whole.

It was noted that the Derby and Derbyshire Safeguarding Childrens Partnership (DDSCP) and Derbyshire Safeguarding Adults Board (DSAB) were newly established statutory bodies with the role to co-ordinate and monitor the effectiveness of the safeguarding work of agencies and bodies represented on the Boards.

The Boards were under-pinned by sub-groups with each sub-group represented by a range of agencies supporting the key themes and priorities.

The report set out the organisation and reporting systems of the Boards, which were robust.

In seconding the report Councillor A Dale re-enforced that safeguarding was everyone's business and detailed the importance of the role of Districts in supporting this approach.

RESOLVED – That:-

- (1) The revised arrangements be noted.
- (2) The approach and training undertaken be endorsed.

(Strategic Director – People)

460 Chair's Urgent Business

There was no urgent business to be considered at this meeting of Council.

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

COUNCIL

17 FEBRUARY 2020

Question submitted to Councillor C Cupit, Portfolio Holder for Environment and Climate Change from Anne Thoday:-

Environmental breakdown linked to man-made climate change is now rapidly taking effect across the world, including the UK. We are experiencing an increase in flooding, droughts and un-seasonally high temperatures. Our survival as humans into the future is at stake and the need to act by rapidly cutting our carbon emissions is urgent. North East Derbyshire District Council are to be commended for making the formal declaration of a Climate Emergency in 2019 and for making the commitment to produce a carbon reduction plan.

Unfortunately, the Climate Action Plan published by your Council last month is not adequate for the job and lacks clarity, ambition, defined targets or detailed budgets. There are glaring omissions in the plan, not least in terms of the actions needed to achieve the necessary reductions in CO2 emissions.

The apparent lack of background knowledge and research in this document leads one to question whether the authors have undertaken vital carbon literacy training and whether they have consulted any expert advisors in developing this plan. I would like to suggest some of the obvious changes needed in this document:-

- (1) Under the heading 'Policy Drivers' the plan mentions the Kyoto protocol, but there is no mention of the targets agreed within the important 2015 UN Paris agreement or the role of the UK Committee on Climate Change in setting carbon budgets.
- (2) The plan fails to clearly set out whether carbon measurements are referring to the Council's own CO2 emissions or those of the District.
- (3) There is no detailed breakdown of the Council's own carbon emissions which are necessary in order to set targets and measure outcomes. There needs to be an accurate estimate of how much carbon is produced by each separate area of Council activity.
- (4) The plan fails to reference the Manchester Tyndall science based carbon budget for the District which sets a reduction of 13% of emissions year on year and omits measurements and detail of how this will be achieved.
- (5) Housing targets are unambitious and should surely require all new housing in the District to be built to the highest zero carbon standard and a planned programme to retro fit existing council housing stock.
- (6) The plan should contain a requirement and the Council switch to a green renewable tariff for its own gas and electricity supplies.
- (7) The Council should be undertaking an Energy Saving Trust review of grey and green fleet and considering the cost savings of introducing electric vehicles.

- (8) The plan should include a review of all Council owned land, including opportunities for increasing carbon capture by maintaining and developing wild areas and new tree planting.
- (9) Community engagement is a vital part of any climate action plan. If the local community, schools and businesses are to support this plan there needs to be consultation and engagement with the wider community. This council should be identifying a plan of how to achieve community involvement and engagement.
- (10) The plan has no detailed budget setting out the likely costs and financial benefits for achieving the carbon reductions needed.
- (11) The plan needs a dedicated climate officer who should be responsible for implementing and monitoring the actions, rather than relying on existing council officers to achieve this on an ad-hoc basis.
- (12) Finally, some of the case examples given are ludicrous in a document of this importance: 'a bicycle shelter installed at Mill Lane'. We are told the Avenue at Wingerworth has apparently achieved '*routes for cyclists and pedestrians linking the site to Chesterfield and nearby settlements providing safe, convenient and sustainable alternatives from car use*'. P22.

In fact the Avenue site has been provided with a meandering, scenic leisure route which will in no way encourage the take up of commuting by bicycle.

Since 2014 the Chesterfield Cycle Campaign have frequently written to this Council regarding the lack of provision for commuting cyclists. NEDDC has repeatedly shown no interest or engagement in this issue. According to the Chesterfield Cycle Campaign, rather than being an exemplary site, this case example presents a massive wasted opportunity and failure of leadership.

Would the Councillor explain she intends to develop a credible and serious carbon reduction plan using expert advice and community engagement, which will properly address what is probably the most serious and momentous responsibility this Council has ever faced?

North East Derbyshire District Council

Council

17 February 2020

Medium Term Financial Plan 2019/20 to 2023/24
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Report of Councillor P Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

- To seek approval of the proposed budget for 2020/21 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2020/21 to 2023/24.

1 Report Details

- 1.1 Attached at Appendix 1 is the report presented to Cabinet on 13 February 2020 providing details of the proposed Original Budget for 2020/21 and financial plans for 2021/22 – 2023/24.
- 1.2 Cabinet has considered this report and the recommendations agreed are now referred to this Council for members' consideration and approval.

2 Conclusions and Reasons for Recommendation

- 2.1 These are detailed in the attached report.

3 Consultation and Equality Impact

Consultation

- 3.1 These are detailed in the attached report.

Equalities

- 3.2 These are detailed in the attached report.

4 Alternative Options and Reasons for Rejection

- 4.1 These are detailed in the attached report.

5 Implications

5.1 Finance and Risk Implications

Financial

5.1.1 These are detailed in the attached report.

Risk

These are detailed in the attached report.

5.2 Legal Implications including Data Protection

5.2.1 These are detailed in the attached report.

5.3 Human Resources Implications

5.3.1 These are detailed in the attached report.

6 Recommendations

6.1 That the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2020/21 to 2023/24 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.

6.2 That officers report back to Cabinet and the Audit and Corporate Governance Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budgets over the life of the medium term financial plan.

GENERAL FUND

6.3 No Council Tax increase will be levied in respect of a notional Band D property.

6.4 The Medium Term Financial Plan in respect of the General Fund as set out in the report to Cabinet (**Appendix 1**) be approved as the Current Budget 2019/20, as the Original Budget 2020/21, and as the financial projections in respect of 2021/22 to 2023/24.

6.5 That any under spend in respect of 2019/20 be transferred to reserves to be available for reinvestment in transformation and increased financial resilience as required.

6.6 On the basis that income from planning fees is anticipated to exceed £0.480m in 2020/21, the Chief Executive in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

HOUSING REVENUE ACCOUNT

- 6.7 That Council sets its rent levels in line with the Social Housing Rent Standard increasing rents by 2.7% from 1st April 2019 and by CPI + 1% for years 2021/22 to 2023/24.
- 6.8 That the increases in respect of all other charges be implemented in line with the table shown at 1.33 above with effect from 1 April 2020.
- 6.9 The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in the report to Cabinet (**Appendix 1**) be approved as the Current Budget in respect of 2019/20, as the Original Budget in respect of 2020/21, and the financial projection in respect of 2021/22 to 2023/24.
- 6.10 That the Management Fee for undertaking housing services at £9.852m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2020/21 be approved.
- 6.11 That Members endorse the section in the current Financial Protocol which enables the Council to pay temporary cash advances to Rykneld Homes in excess of the Management Fee in order to help meet the cash flow requirements of the company should unforeseen circumstances arise in any particular month.
- 6.12 That Members note the potential requirement to provide Rykneld Homes with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Chief Financial Officer in consultation with the Portfolio Member for Finance to agree the contents of that letter.

CAPITAL PROGRAMME

- 6.13 That the Capital Programme as set out in the report to Cabinet (**Appendix 1**) be approved as the Current Budget in respect of 2019/20, and as the Approved Programme for 2020/21 to 2023/24.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	NO
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8 Document Information

Appendix No	Title
1	Medium Term Financial Plan and Appendices 1-4
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p> </p>	
Report Author	Contact Number
Jayne Dethick – Head of Finance and Resources	7078

North East Derbyshire District Council

Cabinet

13 February 2020

Medium Term Financial Plan 2020/21 to 2023/24

Report of Councillor P Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

- To seek approval of the proposed budget for 2020/21 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2020/21 to 2023/24.
- To provide Elected Members with an overview of the Council's financial position in order to inform the decision making process.

1 Report Details

Introduction

1.1 This report presents the following budgets for Members to consider:

- General Fund – **Appendix 1 and 2**
- Housing Revenue Account (HRA) – **Appendix 3**
- Capital Programme – **Appendix 4**

In particular financial projections are provided for:

- 2019/20 Current Budget – this is the current year budget, revised to take account of any changes during the financial year that will end on 31 March 2020.
- 2020/21 Original Budget – this is the proposed budget for the next financial year starting 1 April 2020. For the General Fund, this is the budget on which the Council Tax will be based. The HRA budget also includes proposals on increases to rents and charges.
- 2021/22 to 2023/24 Financial Plan - In accordance with good practice the Council agrees its annual budgets within the context of a Medium Term Financial Plan (MTFP). This includes financial projections in respect of the next three financial years for the General Fund, HRA and Capital Programme.

- 1.2 Once Cabinet has considered this report and the appendices, the recommendations agreed will be referred to the Council meeting of 17 February 2020 for members' consideration and approval.

General Fund

2019/20 Current Budget

- 1.3 In February 2019, Members agreed a budget for 2019/20 to determine Council Tax. At this time there was a requirement to achieve efficiencies of £0.770m to balance the budget. Throughout the year the budgets have been actively managed with savings removed from the budget once they have been agreed.
- 1.4 The Revised Budget was considered by Cabinet at its meeting on 5 December 2019. It was reported at this time that all efficiencies have been made and a surplus of £0.186m is forecast. There have been no changes to the budget position since this time.
- 1.5 The final in year surplus will be dependent on the actual financial performance being in line with the revised budgets. Whilst these estimates reflect the position at the time of setting there can be some volatility from the budget to the outturn position. Any surpluses generated in the financial year will be transferred to reserves to be utilised for transformation and increasing financial resilience as required.

2020/21 Original Budget and 2021/22 - 2023/24 Financial Plan

- 1.6 The proposed budget for 2020/21 currently shows a shortfall of £0.217m and the Council's first priority will be to balance next year's budget. However, given the scale of the challenge that faces the Council in future years it is important to ensure these savings are secured by underlying reductions in expenditure or increases in income. In particular the Council needs to maintain the momentum on the growth and transformation agenda to put itself in a better position to secure the projected financial savings needed, which will be critical due to the level of savings needed over this medium term financial plan. Further shortfalls are also budgeted for future years being £1.064m in 2021/22, £1.346m in 2022/23 and £1.904m in 2023/24 (**Appendix 1**).
- 1.7 Table 1 below shows the current position then identifies savings that are anticipated will be removed from the budget during the year along with aspirational savings that are not yet realisable but are being worked on through the Transformation Programme:

	2019/20 Estimated Outturn £000	2020/21 Original Budget £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000
Efficiency Target/Budget Shortfall - MFTP February	770	217	1,064	1,346	1,904
Efficiencies Identified to date *	(956)	(200)	(200)	(200)	(200)
Current Budget Shortfall (Surplus)	(186)	17	864	1,146	1,704
Efficiencies identified <u>not yet</u> realised	(213)	(99)	(331)	(543)	(659)
Forecast Budget Shortfall (Surplus)	(399)	(82)	533	603	1,045

Table 1

* Each year the budget is based on a full establishment so a vacancy savings target of £0.200m has been included as an efficiency. This will be monitored and savings removed from the budget throughout the year.

- 1.8 The main factors taken into account in developing the Council's financial plans are set out below.

Level of Government Funding

- 1.9 The current financial year (2019/20) is the final year of the four year settlement announced in December 2015. The Spending Review for 2019 was originally planned to cover the next three years but as has been widely publicised is going to be a one year rollover of the current four year settlement with a new medium term settlement now due for 2021 onwards. This means that the impact of national funding changes including the Fair Funding Review and Business Rates reset that were expected to affect the 2020/21 budget have been delayed until 2021/22.

- 1.10 This relieves some pressure on the 2020/21 budget but assumptions have continued to be made, where sufficient information is available to do so for future years in the medium term financial plan as follows:

New Homes Bonus

- 1.11 It was widely expected that New Homes Bonus would cease as part of the future settlement so originally no award was included in the 2020/21 estimates. The rollover of the current settlement however means that New Homes Bonus will be awarded in

2020/21 generating additional income of £0.422m. This is however for one year only, no legacy payments will be made.

- 1.12 New Homes Bonus is not confirmed beyond 2020/21 and it is highly likely that the scheme will end in the 2021 spending review period. So, estimates for 2021/22 onwards exclude any new allocations for new homes bonus. This loss of funding creates a significant budget pressure in the future years of the medium term financial plan.

Business Rates Retention

- 1.13 Members will be aware that the Council has been a member of the Derbyshire Business Rates Pool since its establishment in 2015/16. Being a member of the pool allows us to retain more of our Business Rates income locally. Income from the Pool has been included in the 2020/21 budget but not in future years due to uncertainty surrounding the proposed changes to business rates and the reset (1.18 below). Again this creates a budget pressure in the region of £0.200m per annum.

Fair Funding Review

- 1.14 Although a delay to implementation has been confirmed it is too early to say with any clarity what the impact of the Fair Funding Review will be. Initial modelling is showing that resources will be directed to councils based on “highest need” which will impact negatively on most shire districts
- 1.15 The risk of losses from the Fair Funding Review is also much greater for those councils who can raise income from council tax. This puts a greater burden on local decision making with regards to council tax setting each year.
- 1.16 Due to this uncertainty the likely impact of the Fair Funding Review has not been included in the medium term financial plan at this time. Members will be updated on the impact as soon as this becomes available.

Business Rates Reset

- 1.17 Debate around Business Rates Retention Reform has been the topic of national discussion over the last 12 months with the review focusing on resetting the business rates baseline. This means any growth gained since 2013/14 will be built into a new baseline, effectively wiping it out. Consideration is also being given to increasing the local share for business rates retention from 50% to 75%, however it is widely expected that the Upper Tier councils will be the ones to benefit from this.
- 1.18 The delay to the spending review means that the impact of the reset will not now affect the 2020/21 budget but has been included from 2021/22. It must be stressed these are just initial estimates and therefore subject to change.
- 1.19 The financial impact of the reset is significant for the Council (2021/22 £0.824m, 2022/23 £0.791m and 2023/24 £0.758m) so to help mitigate against these losses transfers from the NNDR Growth Protection Reserve into the General Fund have been made.

Expenditure, income levels and efficiencies

- 1.20 In developing the financial projections covering the period 2020/21 -2023/24, a number of assumptions have been made:
- A pay award of 2% has been included in pay budgets.
 - Employer superannuation contributions increase by 1% (£0.100m) in 2020/21 then remain fixed throughout the rest of the plan.
 - Inflation specific budgets such as energy costs and fuel have been amended to reflect anticipated price changes.
 - With respect to planning fees, a base level for income has been included for all future years of £0.480m. Where income levels and the associated workload increase above this level, then part of the additional income may be used to fund additional costs such as agency staff in order to maintain performance levels.
 - Fees and charges – service specific increases as agreed by Members.
- 1.21 The Council has performed a line by line budget review during the year which has identified savings that are now reflected in the medium term financial plan. This exercise has helped reduce the shortfall identified in Table 1 considerably when compared to the previous plan. Additionally, the Council's transformation programme seeks to continue contribute to the financial challenges faced through the progression of innovative and forward thinking ideas.

Appendix 2 provides a subjective breakdown detail for each budget area. Budget Books containing full line by line detail of the budget can also be made available to Members on request.

- 1.21 No provision has been made in the budget for costs that may be incurred as a result of Brexit. Should there be any significant impact on the Council's resources as a result this will be addressed at that time. A small grant received from the Government of £0.034m has been earmarked in reserves to cover any incidental expenses that may arise.

Council Tax Implications

Council Tax Base

- 1.22 In preparation for the budget, the Chief Finance Officer under delegated powers has determined the Tax Base at Band D for 2020/21 as 31263.33

Council Tax Options

- 1.23 The Council's part of the Council Tax bill in 2019/20 was set at £189.65 for a Band D property. This was an increase of 1.75%.
- 1.24 The Council has a range of options when setting the Council Tax. The Government indicate what upper limit they consider acceptable. For 2020/21, District Councils are permitted to increase their share of the Council Tax by 1.99% or £5, whichever is the greater, without triggering the need to hold a referendum. No council tax increase is proposed in 2020/21.

Financial Reserves – General Fund

- 1.25 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.0m and the uncommitted element of the Invest to Save Reserve of £2.9m. Due to the uncertainty surrounding local authority income, particularly in relation to the national financial settlement from 2021/22, and the Council continuing to review and reduce budgets to meet ongoing savings targets, it is important that the Council continues to review its position regards financial resilience and ensures that reserves are sufficient to meet these challenges wherever possible.

Housing Revenue Account (HRA)

2019/20 Current Budget

- 1.26 In February 2020, Members agreed a budget for 2019/20 including setting of rent levels in line with Government regulations with a reduction of 1% for the final year, effective from 1 April 2019. HRA fees and charges were also set, effective from the same date.
- 1.27 The Revised Budget was considered by Cabinet at its meeting on the 5 December 2019. There have been no changes to the budget position since this time.
- 1.28 The estimated surplus in the year will be dependent on the actual financial performance out-turning in line with the revised budgets. The surplus will be utilised to fund additional homes and/or improved services to Council tenants in future financial years so all surpluses be transferred to reserves.
- 1.29 The working balance brought forward from 2018/19 was £3.0m. This will be retained at £3.0m.

2020/21 Original Budget and 2021/22 to 2023/24 Financial Plan

- 1.30 The proposed budget for 2020/21 currently shows a balanced position. (**Appendix 3**). The HRA budget makes the same assumptions as the General Fund budget for staff costs and inflation. There are however, some additional assumptions that are specific to the HRA. The main factors taken into account in developing the Council's financial plans for the HRA are set out within the sections below.

Level of Council Dwelling Rents

- 1.31 In April 2020 the new Social Housing Rent Standard comes into force which will be externally regulated by the Housing Regulator and apply to all registered providers of social housing. For the first time, the Government has directed the Regulator to apply the rent standard to all registered providers and this includes local authorities. The Standard confirms that rent increases of up to CPI + 1% for the next five years will be permitted, commencing April 2020. Therefore for 2020/21 the income for dwelling rents has been included in the budget at 2.7%. The policy has also been applied over the remaining life of the medium term financial plan.

Fees and Charges

- 1.32 Although the main source of income for the HRA is property rents, the HRA is also dependent for its financial sustainability on a range of other charges. Heating charges are set on the principle that wherever possible they will reflect the cost of providing those services.
- 1.33 As part of the budget setting, a review of garage and plot rents has been undertaken to reflect demand. The schedule of proposed charges is set out below:

	Weekly Charge 2019/20 £	Proposed Weekly Charge 2020/21 £	Proposed Weekly Charge 2021/22 £	Proposed Weekly Charge 2022/23 £	Proposed Weekly Charge 2023/24 £
Heating:					
Marx Court	7.51	7.81	7.95	8.11	8.27
Church Avenue	5.30	5.51	5.68	5.79	5.91
Garages:					
Private	9.60	12.00	14.00	16.00	18.00
Tenants - new	8.00	9.00	10.00	11.00	12.00
Tenants - existing	6.50	9.00	10.00	11.00	12.00
Garage Plots:					
Plots - Annual	170.00	200.00	230.00	260.00	290.00
Plots – Per Week	2.50	3.50	4.00	4.50	5.00

Rykneld Homes Ltd Management Fee

- 1.34 The majority of the funding available to Rykneld Homes is provided by way of a management fee from the Council for delivery of services in line with the Management Agreement. Whilst it is intended that this payment will form a regular source of income for Rykneld Homes against which it can effectively budget to meet its expenditure commitments it is recognised that on occasions the Council as sole shareholder may be required to contribute funds in order to help it manage any adverse cash flow issues which might arise.
- 1.35 During the year an independent review of housing services has been conducted and the findings were presented to Cabinet on 14 November 2019. Following this, Cabinet resolved “*that the Chief Executive, in consultation with the Leader of the Council and*

relevant Cabinet Portfolio Holders, agree a plan and timetable, in consultation with Rykneld Homes Ltd, for taking forward the priority actions as specified at the meeting.” One of the priority actions is for the Section 151 Officer to undertake full review of financial arrangements including surpluses and management fee. This review will be performed throughout 2020 to inform the future basis for the management fee and any associated charges between both the Council and Rykneld Homes Ltd.

- 1.36 In respect of the recommended management fee for 2020/21 it will remain at £9.852m. This is contained within two budgets on the HRA – Repairs and Maintenance (£5.028m) and Supervision and Management (£4.824m).
- 1.37 A further issue needs to be brought to the attention of Cabinet which concerns the fact that Rykneld Homes is a company wholly owned by the Council. As such the company’s external auditors seek from the Council on an annual basis at the time of the audit of the Company’s accounts a Letter of Comfort from the Council as the parent company. That letter of comfort fundamentally seeks reassurance regarding the fact that the Council will continue to provide financial support to the company over the coming financial year (which in the case of the 2019/20 accounts will be the 2020/21 financial year). On the basis that this report is approved then it is reasonable to provide such a letter of comfort from the Council. In addition it may be the case that specific representations are required in order to support the Auditors view that the Company remains a going concern. The reasonableness of providing such assurances will need to be considered at that point in time when the Company’s auditors approach the Council, and it is therefore recommended that delegated powers be granted to the Chief Financial Officer in consultation with the Portfolio Member for Finance to provide a response on behalf of the Council.

Financial Reserves – HRA

- 1.38 The Council’s main uncommitted Financial Reserve for the Housing Revenue Account is the working balance of £3.00m. In addition to the Working Balance there are further reserves for the HRA specifically used to fund the Council’s HRA capital programme. These are the Major Repairs Reserve and the Development Reserve. There is also an Insurance Reserve held.

Capital Programme

- 1.39 There will be a separate report to Council on 17 February 2020 concerning the Council’s Treasury Strategies. The report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

2019/20 Current Budget

- 1.40 In February 2019, Members approved a Capital Programme in respect of 2019/20 to 2022/23. Scheme delays and technical problems can often cause expenditure to slip into future years and schemes can be added or extended as a result of securing additional external funding. All slippage from 2018/19 has been accounted for in the 2019/20 revised position.
- 1.41 The Revised Capital Programme was considered by Cabinet at its meeting on the 5 December 2019. There have been no changes to the budget position since this time.

General Fund Capital Programme 2020/21 to 2023/24

- 1.42 The proposed Capital Programme for the General Fund totals £3.668m for 2020/21; £3.188m for 2021/22, £1.228m for 2022/23 and £1.119m for 2023/24. The increase in the first two years reflects the profile of the vehicle replacement programme, the remainder of the programme is relatively static including the asset management programme of £0.500m per annum.

HRA Capital Programme 2020/21 to 2023/24

- 1.43 As part of the housing review mentioned in 1.35 above, Rykneld Homes Ltd have commissioned a stock condition survey of the Council's housing stock during the year. This has assessed the condition of both the traditional and non-traditional housing. The results have been included within the Capital Programme from 2020 onwards. The capital fee is £1.1m for 2020/21.
- 1.44 The proposed programme for HRA capital works on the traditional stock totals £10.164m for 2020/21; £10.567m for 2021/22; £10.509m for 2022/23 and £10.441m for 2023/24.
- 1.45 The proposed programme for HRA capital works on the non-traditional stock totals £1.725m for 2020/21; £2.530m for 2021/22; £2.530m for 2022/23 and £4.370m for 2023/24. The capital fee for delivering the programmes detailed at 1.44 and 1.45 is £1.1m.
- 1.46 Following a review of the Pine View scheme, which increases the number of units to be built, the Capital Programme has been increased by £0.500m in 2020/21 to reflect this.
- 1.47 New programmes have been established for parking solutions (£0.288m per annum) and garage demolitions (£0.023m per annum). A budget of £0.115m has also been included in 2020/21 to perform structural works needed to concrete balconies.
- 1.48 In addition, £2.015 has been included in the Capital Programme for 2020/21 to fund the affordable housing element of the North Wingfield scheme. This comprises 13 houses and 9 bungalows which are additions to the current housing stock.
- 1.49 An analysis of all the schemes and associated funding are attached at **Appendix 4** to this report.

Robustness of the Estimates

- 1.50 Under the provisions of the Local Government Act 2003, the Council's Section 151 Officer is required to comment on the robustness of the estimates made and on the adequacy of the financial reserves.

The Council's Section 151 Officer (The Head of Finance and Resources) is satisfied that the estimates are considered to be robust, employee costs are based on the approved establishment, investment income is based on the advice of the Council's Treasury Management Advisors and income targets are considered to be achievable.

Likewise, the Section 151 Officer is satisfied that the levels of reserves are considered to be adequate to fund planned expenditure and potential issues and risks that face the Council.

2 Conclusions and Reasons for Recommendations

- 2.1 This report presents a budget for consideration by Cabinet. It seeks to ensure approval to budgets in respect of the General Fund, the Housing Revenue Account and the Capital Programme.

3 Consultation and Equality Impact

- 3.1 The Council is required to consult with stakeholders on the proposed budget. This consultation is part of the Council's service planning framework and has effectively been taking place throughout the financial year. These mechanisms include active participation in the Local Strategic Partnership, a range of meetings with local groups and associations and a performance management framework. These meetings help to inform the Council's understanding of what is expected of it by our local communities.
- 3.2 There are no equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 Alternative options are considered throughout the report.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 Financial issues and implications are covered in the relevant sections throughout this report.
- 5.1.2 The Council has a risk management strategy and associated framework in place and the Strategic Risk Register is regularly reviewed through the Council's performance management framework. Strategic risks along with the mitigation in place to ensure such risks are manageable are reported to the Audit and Corporate Governance Scrutiny Committee at each meeting. The risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register and is therefore closely monitored through these practices and reporting processes.

5.2 Legal Implications including Data Protection

- 5.2.1 The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2020. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

5.2.2 The recommended budget for the General Fund, Housing Revenue Account and Capital Programme complies with the Council's legal obligation to agree a balanced budget.

5.2.3 There are no Data Protection issues arising directly from this report.

5.3 Human Resources Implications

5.3.1 These are covered in the main report and supporting appendices where appropriate.

6 Recommendations

6.1 That all recommendations below are referred to the Council meeting of 17 February 2020.

The following recommendations to Council are made:

6.2 That the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2020/21 to 2023/24 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.

6.3 That officers report back to Cabinet and the Audit and Corporate Governance Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budgets over the life of the medium term financial plan.

GENERAL FUND

6.4 No Council Tax increase will be levied in respect of a notional Band D property.

6.5 The Medium Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report be approved as the Current Budget 2019/20, as the Original Budget 2020/21, and as the financial projections in respect of 2021/22 to 2023/24.

6.6 That any under spend in respect of 2019/20 be transferred to reserves to be available for reinvestment in transformation and increased financial resilience as required.

6.7 On the basis that income from planning fees is anticipated to exceed £0.480m in 2020/21, the Chief Executive in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

HOUSING REVENUE ACCOUNT

6.8 That Council sets its rent levels in line with the Social Housing Rent Standard increasing rents by 2.7% from 1st April 2019 and by CPI + 1% for years 2021/22 to 2023/24.

- 6.9 That the increases in respect of all other charges be implemented in line with the table shown at 1.33 above with effect from 1 April 2020.
- 6.10 The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3** of this report be approved as the Current Budget in respect of 2019/20, as the Original Budget in respect of 2020/21, and the financial projection in respect of 2021/22 to 2023/24.
- 6.11 That the Management Fee for undertaking housing services at £9.852m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2020/21 be approved.
- 6.12 That Members endorse the section in the current Financial Protocol which enables the Council to pay temporary cash advances to Rykneld Homes in excess of the Management Fee in order to help meet the cash flow requirements of the company should unforeseen circumstances arise in any particular month.
- 6.13 That Members note the potential requirement to provide Rykneld Homes with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Chief Financial Officer in consultation with the Portfolio Member for Finance to agree the contents of that letter.

CAPITAL PROGRAMME

- 6.14 That the Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2019/20, and as the Approved Programme for 2020/21 to 2023/24.

7 Decision Information

<p>Is the decision a Key Decision?</p> <p>A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC: Revenue - £75,000</i> <input type="checkbox"/></p> <p style="padding-left: 40px;"><i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/></p> <p style="padding-left: 40px;"><i>Capital - £250,000</i> <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	Yes
<p>Is the decision subject to Call-In?(Only Key Decisions are subject to Call-In)</p>	Yes
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8 Document Information

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account
4	Capital Programme
Background Papers	
Budget working papers	
Report Author	Contact Number

GENERAL FUND SUMMARY 2020/21 - 2023/24

Appendix 1

	Current Budget 2019/20 £	Original Budget 2020/21 £	Planning Budget 2021/22 £	Planning Budget 2022/23 £	Planning Budget 2023/24 £
Place Directorate	933,703	1,334,025	1,370,847	1,415,965	1,458,914
People Directorate	7,709,973	9,041,840	9,431,866	9,672,291	9,962,712
Economic Growth Directorate	1,129,771	1,512,362	1,401,010	1,435,117	1,470,771
Bad Debt Provision	40,000	40,000	40,000	40,000	40,000
Recharges to Capital and HRA	(527,500)	(527,500)	(527,500)	(527,500)	(527,500)
Savings Target	0	(216,995)	(1,063,573)	(1,346,226)	(1,903,711)
Net Cost of Services	9,285,947	11,183,732	10,652,650	10,689,647	10,501,186
Investment Properties	(447,564)	(437,366)	(435,920)	(434,369)	(432,806)
Interest	(123,586)	(132,764)	(270,145)	(419,016)	(311,378)
Debt Repayment Minimum Revenue Provision	256,000	56,000	56,000	56,000	56,000
Parish Precepts	3,139,643	3,139,643	3,139,643	3,139,643	3,139,643
Parish Council Tax Support Grant	70,382	70,382	0	0	0
Transfer from NNDR Reserve	0	0	(823,900)	(790,700)	(758,000)
Transfer To Earmarked Reserves	2,534,158	20,000	20,000	20,000	20,000
Transfer From Earmarked Reserves	(967,145)	(258,372)	(94,353)	(26,250)	(26,250)
Total Spending Requirement	13,747,835	13,641,255	12,243,975	12,234,955	12,188,395
Business Rates	(3,650,000)	(3,650,000)	(2,826,100)	(2,859,300)	(2,892,000)
New Homes Bonus	(926,218)	(823,860)	(250,480)	(208,260)	(129,000)
Collection Fund (Surplus)/Deficit - Council Tax	(160,812)	(98,661)	(98,661)	(98,661)	(98,661)
Collection Fund (Surplus)/Deficit - NNDR	0	0	0	0	0
NEDDC Council Tax Requirement	(5,871,162)	(5,929,091)	(5,929,091)	(5,929,091)	(5,929,091)
Parish Council Council Tax Requirement	(3,139,643)	(3,139,643)	(3,139,643)	(3,139,643)	(3,139,643)
Council Tax Requirement	(13,747,835)	(13,641,255)	(12,243,975)	(12,234,955)	(12,188,395)
	0	0	0	0	0

Revised Budget 2019/20 - People Directorate

Joint Strategic Director - People

Portfolio Holder for Council Services

Cost Centre	Description	Revised Budget 19/20	Original Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1142 Joint Chief Executive (People)	Employees	74,653	76,451	78,001	79,583	81,196
	Supplies & Services	5,275	5,150	5,150	5,150	5,150
	Total	79,928	81,601	83,151	84,733	86,346
4500 Joint Strategic Director - People	Employees	59,682	62,132	65,085	66,190	67,318
	Income	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
	Total	54,682	57,132	60,085	61,190	62,318
5720 Supporting PA's	Employees	81,858	84,241	85,998	87,789	89,616
	Transport	60	0	0	0	0
	Supplies & Services	570	570	570	570	570
	Total	82,488	84,811	86,568	88,359	90,186
Total for Joint Strategic Director People		217,098	223,544	229,804	234,282	238,850

Revised Budget 2019/20 - People Directorate

Joint Head of Service Corporate Governance
Portfolio Holder for Council Services & Communications

Cost Centre	Description	Revised Budget 19/20	Original Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1121 Members Services	Employees	10,000	10,000	10,000	10,000	10,000
	Premises	220	220	220	220	220
	Transport	4,360	4,200	4,200	4,200	4,200
	Supplies & Services	421,063	421,063	421,063	421,063	421,063
	Total	435,643	435,483	435,483	435,483	435,483
1123 Chair's Expenses	Transport	600	600	600	600	600
	Supplies & Services	6,100	6,100	6,100	6,100	6,100
	Depreciation and Impairment	4,420	4,420	4,420	2,950	0
	Total	11,120	11,120	11,120	9,650	6,700
1131 District Elections	Supplies & Services	160,000	0	0	0	0
	Total	160,000	0	0	0	0
1231 Corporate Training	Employees	44,000	43,000	43,000	40,000	43,000
	Supplies & Services	980	980	980	980	980
	Income	(6,870)	0	0	0	0
	Total	38,110	43,980	43,980	40,980	43,980
1255 Strategy and Performance	Employees	136,956	141,660	145,169	148,675	151,748
	Transport	450	450	450	450	450
	Supplies & Services	8,230	8,270	8,300	8,340	8,340
	Income	(41,722)	(43,712)	(44,620)	(45,549)	(46,494)
	Total	103,914	106,668	109,299	111,916	114,044
1256 Corporate Consultation	Employees	23,093	23,577	24,072	24,578	25,093
	Transport	60	50	50	50	50
	Supplies & Services	1,900	1,420	1,430	1,440	1,440
	Income	(11,597)	(11,839)	(12,087)	(12,339)	(12,597)
	Total	13,456	13,208	13,465	13,729	13,986
1259 Corporate Groups	Supplies & Services	2,000	7,000	2,000	7,000	2,000
	Total	2,000	7,000	2,000	7,000	2,000
1311 Human Resources	Employees	262,632	271,125	278,156	285,264	291,127
	Premises	100	30	30	30	30
	Transport	2,450	2,450	2,450	2,450	2,450
	Supplies & Services	40,715	41,015	41,170	41,325	41,325
	Income	(120,908)	(122,235)	(125,097)	(128,078)	(130,490)
	Total	184,989	192,385	196,709	200,991	204,442
1313 Work Well Team	Supplies & Services	2,200	0	0	0	0
	Total	2,200	0	0	0	0
3121 Health & Safety Advisor	Employees	67,750	42,987	44,681	61,671	48,355
	Supplies & Services	4,945	4,945	4,945	4,945	4,945
	Income	(50)	0	0	0	0
	Total	72,645	47,932	49,626	66,616	53,300
5273 Brass Band Concert	Supplies & Services	4,000	3,500	3,500	3,500	3,500
	Income	(3,450)	(1,300)	(1,300)	(1,300)	(1,300)
	Total	550	2,200	2,200	2,200	2,200
5313 Register Of Electors	Employees	91,213	88,972	91,339	93,775	95,684
	Premises	960	960	960	960	960
	Transport	400	400	400	400	400
	Supplies & Services	70,200	70,740	71,300	71,895	72,515
	Income	(8,085)	0	0	0	0
	Total	154,688	161,072	163,999	167,030	169,559
5321 HOS Governance and Monitoring	Employees	36,808	37,553	38,314	39,089	39,878
	Supplies & Services	2,750	2,800	2,860	2,920	2,980
	Total	39,558	40,353	41,174	42,009	42,858
5353 Legal Section	Employees	251,614	259,990	266,354	271,777	277,294
	Transport	200	200	200	200	200
	Supplies & Services	16,050	14,230	14,230	14,230	14,230
	Income	(111,505)	(112,884)	(113,898)	(114,933)	(115,988)
	Total	156,359	161,536	166,886	171,274	175,736
5354 Land Charges	Employees	32,604	36,865	37,822	38,620	39,435
	Transport	200	200	200	200	200
	Supplies & Services	22,120	17,820	17,820	17,820	17,820
	Income	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
	Total	(13,076)	(13,115)	(12,158)	(11,360)	(10,545)
5392 Scrutiny	Employees	49,532	50,951	51,993	53,058	54,142
	Transport	60	50	50	50	50
	Total	49,592	51,001	52,043	53,108	54,192
5711 Democratic Services	Employees	193,744	235,323	246,611	254,667	261,756

Transport	1,290	1,200	1,200	1,200	1,200
Supplies & Services	36,980	15,980	15,980	15,980	15,980
Income	(39,717)	(40,501)	(41,334)	(42,185)	(43,052)
Total	192,297	212,002	222,457	229,662	235,884
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Total for Joint HoS Corporate Governance	1,604,045	1,472,825	1,498,283	1,540,288	1,543,819

Revised Budget 2019/20 - People Directorate

Joint Head of Service Partnerships and Transformation

Portfolio Holders for Communications, Partnerships & Leisure and Council Services

Cost Centre	Description	Revised Budget 19/20	Original Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1315	Design & Print					
	Employees	80,395	82,073	83,786	85,534	87,316
	Transport	5	0	0	0	0
	Supplies & Services	47,370	54,370	54,370	54,370	54,370
	Income	(48,021)	(17,950)	(17,950)	(17,950)	(17,950)
	Total	79,749	118,493	120,206	121,954	123,736
1321	Communications & Marketing					
	Employees	143,424	91,719	94,938	98,458	101,798
	Transport	210	200	200	200	200
	Supplies & Services	750	150	150	150	150
	Income	(62,902)	0	0	0	0
	Total	81,482	92,069	95,288	98,808	102,148
1323	NEDDC News					
	Supplies & Services	28,000	28,000	28,000	28,000	28,000
	Total	28,000	28,000	28,000	28,000	28,000
1329	Corporate Web Site					
	Supplies & Services	1,020	1,670	1,070	1,740	1,740
	Total	1,020	1,670	1,070	1,740	1,740
1331	Strategic Partnerships					
	Employees	147,985	160,106	197,293	201,565	205,930
	Premises	100	0	0	0	0
	Transport	620	600	600	600	600
	Supplies & Services	2,000	2,000	2,000	2,000	2,000
	Income	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
	Total	148,705	160,706	197,893	202,165	206,530
1332	Strategic Partnership Projects					
	Supplies & Services	150	0	0	0	0
	Total	150	0	0	0	0
1333	Healthy North East Derbyshire					
	Employees	27,167	28,540	17,463	0	0
	Transport	610	600	600	0	0
	Supplies & Services	40,184	50	25	0	0
	Income	(196,626)	0	0	0	0
	Total	(128,665)	29,190	18,088	0	0
1334	NE Derbyshire Business Growth Ft					
	Supplies & Services	8,265	0	0	0	0
	Total	8,265	0	0	0	0
1335	Big Local					
	Employees	28,797	0	0	0	0
	Premises	300	0	0	0	0
	Transport	500	0	0	0	0
	Supplies & Services	5,560	0	0	0	0
	Income	(35,157)	0	0	0	0
	Total	0	0	0	0	0
4352	LEADER					
	Employees	45,801	57,713	0	0	0
	Premises	200	200	0	0	0
	Transport	250	250	0	0	0
	Supplies & Services	2,190	2,170	0	0	0
	Support Services	210	210	0	0	0
	Income	(48,651)	(60,074)	0	0	0
	Total	0	469	0	0	0
4443	Elderly Peoples Clubs					
	Supplies & Services	4,000	4,000	4,000	4,000	4,000
	Total	4,000	4,000	4,000	4,000	4,000
4561	Leisure Centre Management					
	Employees	90,911	94,372	96,307	98,281	100,295
	Premises	35,400	30,000	30,000	30,000	30,000
	Transport	2,500	2,500	2,500	2,500	2,500
	Supplies & Services	18,080	18,070	18,070	18,070	18,070
	Income	(1,028,055)	(13,368)	(13,636)	(13,908)	(14,186)
	Total	(881,164)	131,574	133,241	134,943	136,679
4600	Jnt Hos Partnerships & Transforma					
	Employees	33,915	35,612	37,363	39,170	39,959
	Total	33,915	35,612	37,363	39,170	39,959
4720	Sportivate					
	Supplies & Services	22,265	0	0	0	0
	Income	(22,265)	0	0	0	0
	Total	0	0	0	0	0
4722	Physical Inactivity Fund					
	Supplies & Services	30,670	0	0	0	0
	Income	(30,670)	0	0	0	0
	Total	0	0	0	0	0
4723	Generation Games					
	Employees	1,252	1,262	1,287	1,312	1,339
	Supplies & Services	6,488	5,888	5,863	5,838	5,811
	Income	(7,740)	(7,150)	(7,150)	(7,150)	(7,150)
	Total	0	0	0	0	0
4724	Walking into Communities					
	Employees	17,884	26,480	7,843	0	0
	Supplies & Services	18,321	9,725	0	0	0
	Income	(25,205)	(25,205)	(7,843)	0	0
	Total	11,000	11,000	0	0	0
4726	Walking for Health					
	Employees	2,229	1,892	1,929	1,968	2,007
	Supplies & Services	23,291	0	0	0	0
	Income	(25,520)	(1,892)	(1,929)	(1,968)	(2,007)
	Total	0	0	0	0	0

4727 Five 60	Employees	5,364	5,400	5,510	5,620	5,730
	Supplies & Services	20,846	0	0	0	0
	Income	(26,210)	(5,400)	(5,510)	(5,620)	(5,730)
	Total	0	0	0	0	0
4731 Promotion Of Recreation And Leisure	Employees	28,567	29,399	30,011	30,636	31,272
	Transport	510	500	500	500	500
	Total	29,077	29,899	30,511	31,136	31,772
4732 Schools Promotion	Employees	11,128	10,211	10,415	10,622	10,836
	Transport	3,000	3,000	3,000	3,000	3,000
	Income	(14,128)	(13,211)	(13,415)	(13,622)	(13,836)
	Total	0	0	0	0	0
4736 Derbyshire Sports Forum	Supplies & Services	14,450	14,450	14,450	14,450	14,450
	Total	14,450	14,450	14,450	14,450	14,450
4742 Arts Development	Supplies & Services	2,530	2,530	2,530	2,530	2,530
	Total	2,530	2,530	2,530	2,530	2,530
5215 Telephones	Supplies & Services	30,000	31,200	31,200	31,200	31,200
	Total	30,000	31,200	31,200	31,200	31,200
5216 Mobile Phones and Ipads	Supplies & Services	22,500	22,000	22,000	22,000	22,000
	Income	(2,850)	(2,850)	(2,850)	(2,850)	(2,850)
	Total	19,650	19,150	19,150	19,150	19,150
5221 Customer Services	Employees	300,603	312,128	320,493	328,371	335,918
	Transport	1,220	1,100	1,100	1,100	1,100
	Supplies & Services	70,720	59,500	60,700	65,035	68,010
	Income	(8,000)	0	0	0	0
	Total	364,543	372,728	382,293	394,506	405,028
5223 Franking Machine	Supplies & Services	68,050	60,000	60,000	60,000	60,000
	Income	(7,370)	(7,370)	(7,370)	(7,370)	(7,370)
	Total	60,680	52,630	52,630	52,630	52,630
5701 Joint ICT Service	Employees	1,088,784	995,834	1,023,408	1,049,355	1,075,366
	Transport	6,100	6,100	6,100	6,100	6,100
	Supplies & Services	87,100	249,417	254,926	260,836	265,809
	Depreciation and Impairment	1,730	720	1,930	1,930	1,930
	Income	(1,183,714)	(1,252,071)	(1,286,364)	(1,318,221)	(1,349,205)
	Total	0	0	0	0	0
5734 NEDDC ICT Service	Employees	120,891	0	0	0	0
	Transport	350	0	0	0	0
	Supplies & Services	730,760	727,175	743,095	757,883	772,267
	Income	(335,975)	(505,482)	(512,162)	(519,255)	(525,434)
	Total	516,026	221,693	230,933	238,628	246,833
5736 Projects & Development	Employees	0	279,679	287,508	295,785	303,171
	Transport	0	350	350	350	350
	Supplies & Services	0	48,000	48,000	48,000	48,000
	Income	0	(37,500)	(37,500)	(37,500)	(37,500)
	Total	0	290,529	298,358	306,635	314,021
5737 Corporate Printing Costs	Supplies & Services	12,835	15,790	15,830	15,870	15,870
	Total	12,835	15,790	15,830	15,870	15,870
5785 Contributions	Supplies & Services	136,085	136,085	136,085	136,085	136,085
	Total	136,085	136,085	136,085	136,085	136,085
5825 Concessionary Bus Passes	Income	(9,600)	(9,600)	(9,600)	(9,600)	(9,600)
	Total	(9,600)	(9,600)	(9,600)	(9,600)	(9,600)
8441 Eckington Swimming Pool	Employees	516,329	534,629	546,209	557,947	569,932
	Premises	161,310	167,540	174,050	150,880	188,010
	Transport	250	250	250	250	250
	Supplies & Services	94,970	83,495	83,615	83,745	83,745
	Income	(634,734)	(661,914)	(658,654)	(658,654)	(658,654)
	Total	138,125	124,000	145,470	134,168	183,283
8445 Eckington Pool Cafe	Employees	27,660	28,387	29,003	29,630	30,271
	Supplies & Services	27,000	27,000	27,000	27,000	27,000
	Income	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
	Total	(10,340)	(9,613)	(8,997)	(8,370)	(7,729)
8451 Dronfield Sports Centre	Employees	676,126	697,825	713,261	727,464	741,575
	Premises	240,910	249,470	258,430	267,790	277,560
	Transport	250	250	250	250	250
	Supplies & Services	126,400	101,010	101,010	101,010	101,010
	Income	(1,142,899)	(1,184,090)	(1,179,495)	(1,179,495)	(1,179,495)
	Total	(99,213)	(135,535)	(106,544)	(82,981)	(59,100)
8455 Dronfield Cafe	Employees	33,998	51,649	51,780	51,914	52,051
	Supplies & Services	39,750	79,500	79,500	79,500	79,500
	Income	(85,000)	(153,500)	(153,500)	(153,500)	(153,500)
	Total	(11,252)	(22,351)	(22,220)	(22,086)	(21,949)
8461 Sharley Park Sports Centre	Employees	631,743	650,278	664,256	678,222	715,788
	Premises	272,060	282,220	292,850	303,960	315,600
	Transport	180	180	180	180	180
	Supplies & Services	77,000	84,000	77,000	77,000	77,000
	Income	(692,389)	(710,288)	(706,263)	(706,263)	(706,263)
	Total	288,594	306,390	328,023	353,099	402,305
8465 Sharley Park Sports Centre Outdoor	Income	(3,462)	(3,635)	(3,635)	(3,635)	(3,635)

Total	<u>(3,462)</u>	<u>(3,635)</u>	<u>(3,635)</u>	<u>(3,635)</u>	<u>(3,635)</u>
Total for Joint HoS Partnerships & Transformation	<u>865,185</u>	<u>2,049,123</u>	<u>2,171,616</u>	<u>2,234,195</u>	<u>2,395,936</u>

Revised Budget 2019/20 - People Directorate

Joint Head of Service Finance & Resources
Portfolio Holder for Finance

Cost Centre	Description	Revised Budget 19/20	Original Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1312 Payroll	Employees	92,778	96,060	98,046	100,072	102,139
	Supplies & Services	7,465	7,615	7,770	7,925	7,925
	Income	(47,052)	(47,968)	(48,442)	(48,925)	(49,419)
	Total	53,191	55,707	57,374	59,072	60,645
3176 Pool Car	Transport	1,000	1,000	1,000	1,000	1,000
	Depreciation and Impairment	0	0	1,930	1,930	1,930
	Total	1,000	1,000	2,930	2,930	2,930
3512 CBC Crematorium	Income	(165,000)	(173,000)	(173,000)	(173,000)	(173,000)
	Total	(165,000)	(173,000)	(173,000)	(173,000)	(173,000)
5113 Unison Duties	Employees	15,400	15,825	16,166	16,512	16,867
	Transport	10	0	0	0	0
	Supplies & Services	220	220	220	220	220
	Total	15,630	16,045	16,386	16,732	17,087
5611 External Audit	Supplies & Services	44,260	43,510	43,510	43,510	43,510
	Total	44,260	43,510	43,510	43,510	43,510
5615 Bank Charges	Supplies & Services	86,000	86,000	86,000	86,000	86,000
	Income	(11,500)	(11,500)	(11,500)	(11,500)	(11,500)
	Total	74,500	74,500	74,500	74,500	74,500
5621 Contribution to/from HRA	Income	(185,600)	(185,600)	(185,600)	(185,600)	(185,600)
	Total	(185,600)	(185,600)	(185,600)	(185,600)	(185,600)
5705 Jnt HoS Finance & Resources	Employees	43,419	0	0	0	0
	Transport	0	0	0	0	0
	Supplies & Services	750	0	0	0	0
	Income	(22,085)	0	0	0	0
	Total	22,084	0	0	0	0
5713 Audit	Supplies & Services	109,000	141,540	141,540	141,540	141,540
	Income	(28,000)	(28,000)	(28,000)	(28,000)	(28,000)
	Total	81,000	113,540	113,540	113,540	113,540
5714 Financial Support Services	Supplies & Services	4,120	4,130	4,140	4,150	4,160
	Total	4,120	4,130	4,140	4,150	4,160
5715 Procurement	Employees	52,941	54,885	56,093	57,193	58,311
	Income	(8,641)	(8,641)	(8,641)	(8,641)	(8,641)
	Total	44,300	46,244	47,452	48,552	49,670
5721 Financial Services	Employees	270,155	291,293	298,716	305,100	311,390
	Transport	500	500	500	500	500
	Supplies & Services	55,700	48,540	49,280	50,050	50,850
	Income	(53,050)	(25,000)	(25,000)	(25,000)	(25,000)
	Total	273,305	315,333	323,496	330,650	337,740
5723 Housing Act Advances	Supplies & Services	2,410	0	0	0	0
	Total	2,410	0	0	0	0
5724 Insurance	Supplies & Services	301,000	311,000	321,000	331,000	331,000
	Income	(24,492)	(24,492)	(24,492)	(24,492)	(24,492)
	Total	276,508	286,508	296,508	306,508	306,508
5725 Apprenticeship Levy	Supplies & Services	45,000	45,000	45,000	45,000	45,000
	Total	45,000	45,000	45,000	45,000	45,000
5727 Cost Of Ex-Employees	Employees	936,000	936,000	936,000	936,000	936,000
	Total	936,000	936,000	936,000	936,000	936,000
5741 Housing Benefit Service	Employees	534,797	570,512	586,729	601,517	616,280
	Transport	3,850	3,850	3,850	3,850	3,850
	Supplies & Services	221,157	212,535	215,980	214,850	217,150
	Transfer Payments	18,452,551	18,452,551	18,452,551	18,452,551	18,452,551
	Income	(18,813,204)	(18,847,922)	(18,825,287)	(18,804,913)	(18,786,578)
	Total	399,151	391,526	433,823	467,855	503,253
5747 Debtors	Employees	48,494	49,901	50,948	52,014	53,101
	Transport	120	0	0	0	0
	Total	48,614	49,901	50,948	52,014	53,101
5751 `NDR Collection	Employees	59,060	55,211	56,561	57,748	58,941
	Transport	320	300	300	300	300
	Supplies & Services	40,750	41,280	41,820	42,370	42,940
	Income	(110,276)	(110,276)	(110,276)	(110,276)	(110,276)
	Total	(10,146)	(13,485)	(11,595)	(9,858)	(8,095)

5759 Council Tax Administration	Employees	352,565	370,591	380,562	389,590	398,524
	Transport	2,040	2,000	2,000	2,000	2,000
	Supplies & Services	173,950	174,930	176,865	178,840	178,840
	Income	(317,881)	(311,000)	(311,000)	(311,000)	(311,000)
	Total	210,674	236,521	248,427	259,430	268,364
5781 Village Hall Grants	Supplies & Services	14,870	14,870	14,870	0	0
	Total	14,870	14,870	14,870	0	0
Total for Joint HoS Finance & Resources		2,185,871	2,258,250	2,338,709	2,391,985	2,449,313

Revised Budget 2019/20 - People Directorate

Joint Head of Service Street Scene
Portfolio Holder for Environment

Cost Centre	Description	Revised Budget 19/20	Original Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
3174	Street Scene					
	Employees	448,521	460,293	470,482	480,239	490,083
	Transport	17,100	17,100	17,100	17,100	17,100
	Supplies & Services	8,765	4,755	4,755	4,755	4,755
	Income	(174,392)	(166,921)	(169,320)	(171,768)	(174,263)
	Total	299,994	315,227	323,017	330,326	337,675
3227	Materials Recycling					
	Supplies & Services	766,000	766,000	766,000	766,000	766,000
	Income	(558,700)	(575,461)	(592,730)	(610,510)	(628,820)
	Total	207,300	190,539	173,270	155,490	137,180
3231	Recycling Promotional Work					
	Supplies & Services	2,800	0	0	0	0
	Total	2,800	0	0	0	0
3244	Parks Derbyshire County Council Agency					
	Income	(360,000)	(360,000)	(360,000)	(360,000)	(360,000)
	Total	(360,000)	(360,000)	(360,000)	(360,000)	(360,000)
3282	Eckington Depot					
	Employees	13,026	15,127	15,453	15,786	16,126
	Premises	71,710	73,920	76,208	78,606	81,091
	Supplies & Services	9,025	9,025	9,025	9,025	9,025
	Depreciation and Impairment	0	5,000	5,000	5,000	5,000
	Income	(370)	0	0	0	0
	Total	93,391	103,072	105,686	108,417	111,242
3285	Dronfield Bulk Depot					
	Premises	3,440	3,510	3,580	3,650	3,720
	Total	3,440	3,510	3,580	3,650	3,720
3511	Hasland Cemetery					
	Premises	5,700	3,970	4,095	4,220	4,360
	Supplies & Services	300	250	250	250	250
	Income	(50,600)	(60,340)	(61,130)	(61,980)	(62,890)
	Total	(44,600)	(56,120)	(56,785)	(57,510)	(58,280)
3513	Temple Normanton Cemetery					
	Premises	570	380	390	390	400
	Supplies & Services	100	100	100	100	100
	Income	(8,410)	(8,560)	(8,720)	(8,900)	(9,090)
	Total	(7,740)	(8,080)	(8,230)	(8,410)	(8,590)
3514	Clay Cross Cemetery					
	Premises	200	200	200	200	200
	Supplies & Services	5,115	5,115	5,115	5,115	5,115
	Income	(65,000)	(65,000)	(65,000)	(65,000)	(65,000)
	Total	(59,685)	(59,685)	(59,685)	(59,685)	(59,685)
3516	Killamarsh Cemetery					
	Premises	780	790	810	820	840
	Supplies & Services	200	200	200	200	200
	Income	(19,260)	(19,260)	(19,260)	(19,260)	(19,260)
	Total	(18,280)	(18,270)	(18,250)	(18,240)	(18,220)
3918	Dog Fouling Bins					
	Supplies & Services	5,000	5,000	5,000	5,000	5,000
	Income	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
	Total	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)
3921	Street Cleaning Service					
	Employees	459,149	471,627	481,025	490,611	500,389
	Premises	9,300	9,335	9,372	9,410	9,451
	Transport	44,160	44,000	44,000	44,000	44,000
	Supplies & Services	13,110	13,110	13,110	13,110	13,110
	Support Services	(25)	0	0	0	0
	Depreciation and Impairment	138,850	92,260	92,260	89,010	81,090
	Income	(20,840)	(20,650)	(20,650)	(20,650)	(20,650)
	Total	643,704	609,682	619,117	625,491	627,390
3943	Transport					
	Employees	362,601	385,255	394,208	402,169	410,314
	Transport	77,000	69,000	69,000	69,000	69,000
	Supplies & Services	289,820	289,820	289,820	289,820	289,820
	Depreciation and Impairment	179,540	216,880	282,560	288,870	293,280
	Income	(594,962)	(606,332)	(673,497)	(674,268)	(675,054)
	Total	313,999	354,623	362,091	375,591	387,360
3944	Grounds Maintenance					
	Employees	953,996	1,033,524	1,058,709	1,082,158	1,106,158
	Premises	59,600	59,865	60,146	60,434	60,739
	Transport	75,990	76,000	76,000	76,000	76,000
	Supplies & Services	123,760	114,160	114,160	114,160	114,160
	Depreciation and Impairment	106,770	125,570	187,000	172,330	182,980
	Income	(799,285)	(795,245)	(795,245)	(795,245)	(795,245)
	Total	520,831	613,874	700,770	709,837	744,792
3945	Domestic Waste Collection					
	Employees	1,051,616	1,086,237	1,156,947	1,182,827	1,208,180
	Premises	8,400	8,400	8,400	8,400	8,400
	Transport	173,450	173,450	174,450	174,450	174,450
	Supplies & Services	56,520	56,520	56,520	56,520	56,520
	Depreciation and Impairment	310,560	380,780	366,590	397,300	394,430
	Income	(100,250)	(100,250)	(100,250)	(100,250)	(100,250)
	Total	1,500,296	1,605,137	1,662,657	1,719,247	1,741,730

3946 Commercial Waste Collection

Employees	53,824	56,089	57,714	58,837	59,980
Supplies & Services	244,500	243,500	243,500	243,500	243,500
Income	(501,000)	(500,000)	(500,000)	(500,000)	(500,000)
Total	(202,676)	(200,411)	(198,784)	(197,663)	(196,520)

Total for Joint HoS Street Scene	2,837,774	3,038,098	3,193,454	3,271,541	3,334,794
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Total for Directorate	7,709,973	9,041,840	9,431,866	9,672,291	9,962,712
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Revised Budget 2019/20 - Place Directorate

Joint Strategic Director Place Portfolio Holder for Council Services

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1141	Joint Chief Executive (Place)					
	Employees	39,146	39,916	40,712	41,525	42,352
	Total	39,146	39,916	40,712	41,525	42,352
5700	Joint Strategic Director - Place					
	Employees	105,199	108,133	110,312	112,537	114,806
	Transport	1,550	1,550	1,550	1,550	1,550
	Supplies & Services	320	300	300	300	300
	Income	-53,535	-54,991	-56,081	-57,193	-58,328
	Total	53,534	54,992	56,081	57,194	58,328
5706	HS2					
	Income	-3,450	0	0	0	0
	Total	-3,450	0	0	0	0
Total for Joint Strategic Director Place		89,230	94,908	96,793	98,719	100,680

Revised Budget 2019/20 - Place Directorate

Joint Head of Service Housing & Community Safety
Portfolio Holder for Partnerships & Leisure and Environment

Cost Cei Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1218 Community Safety					
Employees	55,427	57,013	58,201	59,412	60,650
Transport	1,910	1,900	1,900	1,900	1,900
Supplies & Services	23,740	23,740	23,740	23,740	23,740
Income	-62,014	-62,570	-63,160	-63,760	-64,374
Total	19,063	20,083	20,681	21,292	21,916
1283 Emergency Planning					
Supplies & Services	21,000	21,000	16,000	16,000	16,000
Income	-34,968	0	0	0	0
Total	-13,968	21,000	16,000	16,000	16,000
3400 Environmental Protection					
Employees	166,558	163,776	167,896	174,276	179,022
Transport	7,100	7,100	7,100	7,100	7,100
Supplies & Services	5,920	5,920	5,920	5,920	5,920
Income	-102,189	-100,798	-102,858	-106,048	-108,421
Total	77,389	75,998	78,058	81,248	83,621
3401 Food, Health & Safety					
Employees	230,121	229,573	235,583	241,763	248,122
Transport	7,300	7,300	7,300	7,300	7,300
Supplies & Services	4,850	4,850	4,850	4,850	4,850
Income	-128,750	-128,014	-131,020	-134,109	-137,289
Total	113,521	113,709	116,713	119,804	122,983
3402 Environmental Enforcement					
Employees	155,357	160,915	164,865	168,917	173,077
Transport	10,000	10,000	10,000	10,000	10,000
Supplies & Services	69,250	24,850	24,850	24,850	24,850
Depreciation and Impairment	9,920	11,330	11,110	12,370	13,540
Income	-129,463	-110,747	-112,612	-115,268	-117,934
Total	115,064	96,348	98,213	100,869	103,533
3403 Community Outreach					
Employees	85,371	87,773	90,189	92,677	95,239
Transport	4,300	4,300	4,300	4,300	4,300
Income	-89,671	-92,073	-94,489	-96,977	-99,539
Total	0	0	0	0	0
3404 Licensing					
Employees	162,481	171,867	176,736	181,041	185,457
Transport	2,420	2,420	2,420	2,420	2,420
Supplies & Services	27,840	24,140	24,140	24,140	24,140
Income	-225,231	-214,294	-216,728	-218,880	-221,088
Total	-32,490	-15,867	-13,432	-11,279	-9,071
3405 Pollution					
Employees	159,976	170,337	175,182	180,231	185,438
Transport	7,650	7,650	7,650	7,650	7,650
Supplies & Services	2,600	2,600	2,600	2,600	2,600
Income	-85,113	-90,293	-92,716	-95,240	-97,844
Total	85,113	90,294	92,716	95,241	97,844
3407 Pest Control					
Employees	58,457	60,141	61,391	62,666	63,966
Transport	3,500	3,500	3,500	3,500	3,500
Supplies & Services	67,150	7,150	7,150	7,150	7,150
Depreciation and Impairment	9,440	6,820	10,500	10,500	10,500
Income	-87,074	-56,605	-59,070	-59,708	-60,358
Total	51,473	21,006	23,471	24,108	24,758
3408 Home Improvement					
Employees	59,306	33,302	33,992	34,696	35,413
Transport	4,200	4,200	4,200	4,200	4,200
Supplies & Services	4,200	4,200	4,200	4,200	4,200
Income	-33,853	-20,851	-21,196	-21,548	-21,906
Total	33,853	20,851	21,196	21,548	21,907
3409 EH Technical Support & Management					
Employees	313,765	321,484	329,267	337,244	344,854
Transport	5,300	3,000	3,000	3,000	3,000
Supplies & Services	52,821	48,821	48,821	48,821	48,821
Income	-186,081	-186,652	-190,544	-194,532	-198,337
Total	185,805	186,653	190,544	194,533	198,338
3410 Private Sector Housing					
Employees	106,486	113,458	116,721	120,087	123,559
Transport	5,100	5,100	5,100	5,100	5,100
Income	-55,793	-59,279	-60,910	-62,593	-64,329
Total	55,793	59,279	60,911	62,594	64,330
3419 Destitute Funerals					
Supplies & Services	5,000	5,000	5,000	5,000	5,000
Income	-3,500	-3,500	-3,500	-3,500	-3,500
Total	1,500	1,500	1,500	1,500	1,500
3420 Fly Tipping					
Supplies & Services	6,000	6,000	6,000	6,000	6,000
Income	-3,000	-3,000	-3,000	-3,000	-3,000
Total	3,000	3,000	3,000	3,000	3,000
3421 VARM (NE) Discretionary Fund					
Supplies & Services	9,000	0	0	0	0
Total	9,000	0	0	0	0
3422 Building Resilience Programme (Shirebrk)					
Employees	31,670	0	0	0	0
Transport	100	0	0	0	0
Supplies & Services	200	0	0	0	0
Income	-31,970	0	0	0	0
Total	0	0	0	0	0
3423 Air Quality Feasibility Study					
Employees	1,147	0	0	0	0
Supplies & Services	24,167	0	0	0	0
Income	-650,000	0	0	0	0
Total	-624,686	0	0	0	0

3726 Works In Default

Supplies & Services	10,000	10,000	10,000	10,000	10,000
Income	-10,000	-10,000	-10,000	-10,000	-10,000
Total	0	0	0	0	0
Total for Joint HoS Housing & Community Safety	79,430	693,854	709,571	730,458	750,659

Revised Budget 2019/20 - Place Directorate

Joint Head of Service Planning
Portfolio Holder for Environment

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
4111 Applications And Advice	Supplies & Services	47,600	47,600	47,600	47,600	47,600
	Income	-570,000	-500,000	-500,000	-500,000	-500,000
	Total	-522,400	-452,400	-452,400	-452,400	-452,400
4113 Planning Appeals	Supplies & Services	343,741	0	0	0	0
	Total	343,741	0	0	0	0
4116 Planning Policy	Employees	334,350	343,169	353,452	362,213	371,035
	Transport	900	900	900	900	900
	Supplies & Services	57,170	54,065	54,085	54,105	54,105
	Income	-123,096	-124,166	-128,071	-131,370	-134,764
	Total	269,324	273,968	280,366	285,848	291,276
4119 Neighbourhood Planning Grant	Supplies & Services	35,379	0	0	0	0
	Total	35,379	0	0	0	0
4311 Environmental Conservation	Supplies & Services	19,950	20,100	20,250	20,400	20,550
	Total	19,950	20,100	20,250	20,400	20,550
4511 Jnt Hos Planning	Employees	73,495	75,536	77,062	78,619	80,207
	Transport	1,300	1,300	1,300	1,300	1,300
	Income	-37,397	-38,418	-39,181	-39,960	-40,753
	Total	37,398	38,418	39,181	39,959	40,754
4513 Planning	Employees	483,274	566,832	573,564	587,509	599,867
	Transport	3,000	3,000	3,000	3,000	3,000
	Supplies & Services	47,460	48,635	50,815	53,100	55,505
	Income	-10,083	-11,290	-8,293	-8,628	-8,976
	Total	523,651	607,177	619,086	634,981	649,396
4515 Building Control	Supplies & Services	58,000	58,000	58,000	58,000	58,000
	Total	58,000	58,000	58,000	58,000	58,000
Total for Joint HoS Planning		765,043	545,263	564,483	586,788	607,576
Total for Directorate		933,703	1,334,025	1,370,847	1,415,965	1,458,915

Revised Budget 2019/20 - Economic Growth Directorate

Joint Strategic Director Economic Growth
 Portfolio Holder for Business Strategy, Commerce & Assets

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
1143	Director - Housing, Econ Dev & Comm Services					
	Employees	0	56,339	57,480	58,644	59,832
	Transport	0	660	660	660	660
	Total	0	56,999	58,140	59,304	60,492
Total for Joint Strategic Director Economic Growth		0	56,999	58,140	59,304	60,492

Revised Budget 2019/20 - Economic Growth Directorate

Joint Head of Service Property and Commercial Services
Portfolio Holder for Business Strategy, Commerce & Assets

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
3135	Drainage					
	Employees	55,298	56,207	57,380	58,574	59,794
	Transport	5,700	5,700	5,700	5,700	5,700
	Supplies & Services	33,100	33,100	33,100	33,100	33,100
	Depreciation and Impairment	6,440	6,440	6,440	6,440	6,280
	Income	-62,575	-62,200	-62,200	-62,200	-62,200
	Total	37,963	39,247	40,420	41,614	42,674
3172	Engineers					
	Employees	139,705	150,252	153,989	157,702	160,974
	Transport	4,500	4,500	4,500	4,500	4,500
	Supplies & Services	1,340	850	850	850	850
	Income	-59,400	-59,400	-59,400	-59,400	-59,400
	Total	86,145	96,202	99,939	103,652	106,924
3241	Car Parks					
	Premises	43,970	44,660	45,380	46,120	46,870
	Supplies & Services	1,750	1,750	1,750	1,750	1,750
	Income	-5,800	-3,000	-3,000	-3,000	-3,000
	Total	39,920	43,410	44,130	44,870	45,620
3247	Street Names/Lights					
	Premises	2,530	2,000	2,000	2,000	2,000
	Supplies & Services	4,000	4,000	4,000	4,000	4,000
	Income	-1,610	0	0	0	0
	Total	4,920	6,000	6,000	6,000	6,000
3249	Footpath Orders					
	Supplies & Services	3,000	1,600	1,600	1,600	1,600
	Income	-6,000	-2,000	-2,000	-2,000	-2,000
	Total	-3,000	-400	-400	-400	-400
3265	Dams And Fishing Ponds					
	Premises	20,000	0	0	0	0
	Supplies & Services	3,400	1,050	1,050	1,050	1,050
	Income	-1,500	-1,500	-1,500	-1,500	-1,500
	Total	21,900	-450	-450	-450	-450
3281	Clay Cross Depot					
	Premises	13,510	13,960	14,440	14,921	15,432
	Income	-15,180	-15,180	-15,180	-15,180	-15,180
	Total	-1,670	-1,220	-740	-259	252
3283	Northwood					
	Supplies & Services	55,800	0	0	0	0
	Total	55,800	0	0	0	0
3811	Closed Circuit Television					
	Premises	400	420	440	460	490
	Total	400	420	440	460	490
4412	Midway Business Centre					
	Premises	11,380	6,960	7,260	7,570	7,900
	Supplies & Services	6,950	5,950	5,950	5,950	5,950
	Income	-82,310	-79,100	-79,100	-79,100	-79,100
	Total	-63,980	-66,190	-65,890	-65,580	-65,250
4425	Coney Green Business Centre					
	Employees	63,147	64,038	64,786	65,548	66,327
	Premises	179,500	183,600	187,890	192,350	197,020
	Transport	20	0	0	0	0
	Supplies & Services	98,300	97,800	97,800	97,800	97,800
	Income	-392,170	-390,750	-390,750	-390,750	-390,750
	Total	-51,203	-45,312	-40,274	-35,052	-29,603
4523	Estates Administration					
	Employees	315,339	345,849	354,768	363,914	371,417
	Transport	8,400	8,400	8,400	8,400	8,400
	Supplies & Services	3,940	1,940	1,940	1,940	1,940
	Depreciation and Impairment	23,156	0	0	0	0
	Income	-75,126	-74,469	-75,952	-77,464	-79,007
	Total	275,709	281,720	289,156	296,790	302,750
5204	Jnt HoS Property & Commercial Services					
	Employees	28,323	38,465	39,235	40,020	40,820
	Total	28,323	38,465	39,235	40,020	40,820
5205	Mill Lane					
	Employees	62,507	65,380	66,964	68,596	70,027
	Premises	196,170	199,920	203,820	207,860	212,050
	Transport	2,010	2,000	2,000	2,000	2,000
	Supplies & Services	2,240	2,240	2,240	2,240	2,240
	Depreciation and Impairment	0	2,860	2,860	2,860	2,860
	Income	-42,655	-42,908	-43,166	-43,429	-43,698
	Total	220,272	229,492	234,718	240,127	245,479
5209	Facilities Management					
	Premises	140,860	112,060	112,060	112,060	112,060
	Supplies & Services	3,500	0	0	0	0
	Total	144,360	112,060	112,060	112,060	112,060
5210	Pioneer House					
	Premises	82,340	84,920	87,610	90,410	93,340
	Supplies & Services	50	50	50	50	50
	Depreciation and Impairment	60,387	65,917	66,709	63,732	61,047
	Income	-194,000	-194,000	-194,000	-194,000	-194,000
	Total	-51,223	-43,113	-39,631	-39,808	-39,563
Total for Joint HoS Property & Commercial Services		744,636	690,331	718,713	744,044	767,803

Revised Budget 2019/20 - Economic Growth Directorate

Joint Head of Service Economic Development

Portfolio Holders for Housing and Business Strategy, Commerce & Assets

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
3165 Housing Options Team	Employees	152,361	156,754	159,985	163,280	166,640
	Transport	1,000	1,000	1,000	1,000	1,000
	Supplies & Services	27,150	27,250	27,250	27,250	27,250
	Income	-5,500	-5,500	-5,500	-5,500	-5,500
	Total	175,011	179,504	182,735	186,030	189,390
3740 Strategic Housing	Employees	128,535	159,581	162,867	166,218	169,637
	Transport	750	950	950	950	950
	Supplies & Services	6,500	6,100	6,100	6,100	6,100
	Income	-54,367	-82,866	-84,509	-86,184	-87,894
	Total	81,418	83,765	85,408	87,084	88,793
3743 Manufacturing Zone Bid	Supplies & Services	24,060	0	0	0	0
	Total	24,060	0	0	0	0
3747 Homeless Temp Accommodation	Employees	34,442	36,558	37,312	38,081	38,867
	Premises	13,300	13,590	13,910	14,250	14,590
	Transport	2,000	2,000	2,000	2,000	2,000
	Income	-41,950	-41,300	-41,300	-41,300	-41,300
	Total	7,792	10,848	11,922	13,031	14,157
3748 Homelessness Grant	Supplies & Services	62,000	62,000	62,000	62,000	62,000
	Income	-63,555	0	0	0	0
	Total	-1,555	62,000	62,000	62,000	62,000
3749 Empty Properties	Supplies & Services	2,000	2,000	2,000	2,000	2,000
	Total	2,000	2,000	2,000	2,000	2,000
3750 Housing Growth	Employees	26,735	28,464	5,770	0	0
	Transport	200	200	200	0	0
	Supplies & Services	100	0	0	0	0
	Income	-28,360	-14,232	-2,885	0	0
	Total	-1,325	14,432	3,085	0	0
3754 Rough Sleepers	Supplies & Services	14,837	0	0	0	0
	Total	14,837	0	0	0	0
3755 PRS Access Fund	Supplies & Services	128,788	0	0	0	0
	Income	-115,056	0	0	0	0
	Total	13,732	0	0	0	0
4211 Tourism Promotions	Supplies & Services	18,500	18,500	18,500	18,500	18,500
	Total	18,500	18,500	18,500	18,500	18,500
4238 Working Communities Strategy	Employees	68,302	68,875	70,295	71,746	73,225
	Transport	800	800	800	800	800
	Supplies & Services	2,000	2,000	2,000	2,000	2,000
	Total	71,102	71,675	73,095	74,546	76,025
4240 Project X	Employees	20,656	0	0	0	0
	Supplies & Services	5,200	0	0	0	0
	Income	-25,856	0	0	0	0
	Total	0	0	0	0	0
4512 Growth Agenda	Employees	4,128	6,560	6,888	7,224	7,368
	Premises	70	0	0	0	0
	Supplies & Services	21,000	16,000	16,000	16,000	16,000
	Total	25,198	22,560	22,888	23,224	23,368
4517 Economic Development	Employees	136,686	135,298	138,074	140,904	143,793
	Premises	100	100	100	100	100
	Transport	1,300	1,300	1,300	1,300	1,300
	Supplies & Services	19,050	19,050	19,050	19,050	19,050
	Total	157,136	155,748	158,524	161,354	164,243
4519 The Avenue, Wingerworth	Supplies & Services	4,750	0	0	0	0
	Total	4,750	0	0	0	0
4520 Eckington Killamarsh OPE	Income	-80,000	0	0	0	0
	Total	-80,000	0	0	0	0
4524 New Towns Fund - Clay Cross	Supplies & Services	0	140,000	0	0	0
	Income	-140,000	0	0	0	0
	Total	-140,000	140,000	0	0	0
4526 Sheffield City Region	Supplies & Services	4,000	4,000	4,000	4,000	4,000
	Total	4,000	4,000	4,000	4,000	4,000
5750 Jnt HoS Economic Development	Employees	40,816	0	0	0	0
	Transport	730	0	0	0	0
	Supplies & Services	1,100	0	0	0	0
	Income	-34,167	0	0	0	0

Total	<u>8,479</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total for Joint HoS Economic Development	<u>385,135</u>	<u>765,032</u>	<u>624,157</u>	<u>631,769</u>	<u>642,476</u>
Total for Directorate	<u>1,129,771</u>	<u>1,512,362</u>	<u>1,401,010</u>	<u>1,435,117</u>	<u>1,470,771</u>

Revised Budget 2019/20 - Investment Properties Directorate

Joint Head of Service Property and Commercial Services Portfolio Holder for Business Strategy, Commerce & Assets

Cost Centre	Description	Revised Budget 19/20	Planning Budget 20/21	Planning Budget 21/22	Planning Budget 22/23	Planning Budget 23/24
4411	Stonebroom Industrial Estate					
	Premises	550	4,045	4,140	4,241	4,344
	Income	-47,700	-47,700	-47,700	-47,700	-47,700
	Total	-47,150	-43,655	-43,560	-43,459	-43,356
4413	Clay Cross Industrial Estate					
	Premises	300	1,870	1,910	1,960	2,010
	Income	-80,500	-85,000	-85,000	-85,000	-85,000
	Total	-80,200	-83,130	-83,090	-83,040	-82,990
4415	Norwood Industrial Estate					
	Premises	-1,500	5,000	5,100	5,220	5,330
	Income	-213,500	-223,000	-223,000	-223,000	-223,000
	Total	-215,000	-218,000	-217,900	-217,780	-217,670
4417	Eckington Business Park					
	Income	-21,000	-13,000	-13,000	-13,000	-13,000
	Total	-21,000	-13,000	-13,000	-13,000	-13,000
4418	Rotherside Court Eckington Business Unit					
	Premises	14,490	21,840	22,320	22,820	23,340
	Income	-42,300	-42,300	-42,300	-42,300	-42,300
	Total	-27,810	-20,460	-19,980	-19,480	-18,960
4423	Pavilion Workshops Holmewood					
	Premises	540	3,880	3,960	4,070	4,170
	Supplies & Services	0	50	50	50	50
	Income	-90,160	-90,000	-90,000	-90,000	-90,000
	Total	-89,620	-86,070	-85,990	-85,880	-85,780
4432	Miscellaneous Properties					
	Premises	45,110	45,750	46,400	47,070	47,750
	Supplies & Services	19,856	12,200	12,200	12,200	12,200
	Income	-31,750	-31,000	-31,000	-31,000	-31,000
	Total	33,216	26,950	27,600	28,270	28,950
Total for Joint HoS Property & Commercial Services		-447,564	-437,365	-435,920	-434,369	-432,806
Total for Directorate		-447,564	-437,365	-435,920	-434,369	-432,806

Housing Revenue Account 2019/20 - 2023/24

	Estimated Outturn 2019/20	Original Budget 2020/21	Original Budget 2021/22	Original Budget 2022/23	Original Budget 2023/24
INCOME					
Dwelling Rents	(31,269,326)	(31,342,473)	(32,003,484)	(32,644,590)	(33,296,769)
Non-Dwelling Rents	(416,590)	(420,817)	(424,823)	(428,696)	(430,558)
Charges for Services and Facilities	(152,400)	(152,400)	(152,400)	(152,400)	(152,400)
Contributions Towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
INCOME TOTAL	(31,888,316)	(31,965,690)	(32,630,707)	(33,275,686)	(33,929,727)
EXPENDITURE					
Repairs & Maintenance	5,182,059	5,182,329	5,182,329	5,182,329	5,182,329
Supervision & Management	6,862,089	6,160,510	6,161,722	6,162,956	6,164,217
Rents, Rates & Taxes	110,000	110,000	110,000	110,000	110,000
Depreciation	8,101,505	8,101,505	8,101,505	8,101,505	8,101,505
Provision for Doubtful Debts	250,000	250,000	250,000	250,000	250,000
Debt Management Expenses	11,500	11,500	11,500	11,500	11,500
EXPENDITURE TOTAL	20,517,153	19,815,844	19,817,056	19,818,290	19,819,551
NET COST OF SERVICES	-11,371,163	-12,149,846	-12,813,651	-13,457,396	-14,110,176
Corporate & Democratic Core	185,450	185,450	185,450	185,450	185,450
NET COST OF HRA SERVICES	(11,185,713)	(11,964,396)	(12,628,201)	(13,271,946)	(13,924,726)
HRA Debt, and Reserve charges					
Interest Payable	5,379,861	5,211,719	5,079,401	5,106,907	5,153,479
Interest Receivable	(84,877)	(85,197)	(86,469)	(88,237)	(90,072)
Contribution to Major Repairs Reserve	898,495	3,787,495	4,995,495	4,937,495	6,709,495
Contribution to Development Reserve	642,234	855,807	1,619,458	3,054,781	2,151,824
Contribution to Insurance Reserve	50,000	783,572	817,316	0	0
Contribution to Debt Repayment Reserve	4,300,000	1,411,000	203,000	261,000	0
(Surplus)/Deficit on HRA Services	0	0	0	0	0
Opening HRA Balance	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Transfers (to)/from Balances	0	0	0	0	0
Transfers (to)/from Balances	0	0	0	0	0
Closing HRA Balance	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)

CAPITAL PROGRAMME 2019/20 to 2023/24

Capital Expenditure	Revised Budget 2019/20 £	Original Budget 2020/21 £	Original Budget 2021/22 £	Original Budget 2022/23 £	Original Budget 2023/24 £
Housing Revenue Account					
HRA Capital Works	9,395,000	10,164,000	10,567,000	10,509,000	10,441,000
HRA Capital Works - Non Traditional Properties	0	1,725,000	2,530,000	2,530,000	4,370,000
EWI Scheme - Heath & Pilsley	1,350,000	0	0	0	0
Pine View, Danesmoor	877,000	1,100,000	0	0	0
North Wingfield New Build Scheme	197,000	0	0	0	0
Stock Purchase Programme (1-4-1)	555,000	0	0	0	0
Acquisitions and Disposals (RHL)	500,000	500,000	500,000	500,000	500,000
Car Park Resurfacing - Holmesfield	40,000	0	0	0	0
Car Park Resurfacing - Pilsley	40,000	0	0	0	0
North Wingfield New Build Project	0	2,015,000	0	0	0
Garage Demolitions		23,000	23,000	23,000	23,000
Concrete Balconies		115,000	0	0	0
Parking Solutions		288,000	288,000	288,000	288,000
HRA - Capital Expenditure	12,954,000	15,930,000	13,908,000	13,850,000	15,622,000
General Fund					
Private Sector Housing Grants (DFG's)	708,000	393,000	393,000	393,000	393,000
ICT Schemes	169,000	158,000	35,000	160,000	63,000
Clay Cross Football Pitch	11,000	0	0	0	0
Asset Refurbishment - General	577,000	500,000	500,000	500,000	500,000
Roller Shutter Doors	64,000	0	0	0	0
Eckington Pool Roof Replacement	270,000	0	0	0	0
Replacement of Vehicles	1,206,000	2,327,000	2,260,000	175,000	163,000
Contaminated Land	42,000	0	0	0	0
Northwood Grant	660,000	289,500	0	0	0
General Fund Capital Expenditure	3,707,000	3,667,500	3,188,000	1,228,000	1,119,000
Total Capital Expenditure	16,661,000	19,597,500	17,096,000	15,078,000	16,741,000
Capital Financing					
Housing Revenue Account					
Major Repairs Reserve	(9,000,000)	(11,889,000)	(13,097,000)	(13,039,000)	(14,811,000)
Prudential Borrowing - HRA	(1,469,000)	(1,410,000)	0	0	0
Development Reserve	(1,742,000)	(1,466,000)	(311,000)	(311,000)	(311,000)
Capital Receipts Reserve	(426,500)	(350,000)	(350,000)	(350,000)	(350,000)
1-4-1 Receipts	(316,500)	(815,000)	(150,000)	(150,000)	(150,000)
HRA Capital Financing	(12,954,000)	(15,930,000)	(13,908,000)	(13,850,000)	(15,622,000)
General Fund					
Disabled Facilities Grant	(688,000)	(373,000)	(373,000)	(373,000)	(373,000)
External Grant - Lottery Funded Schemes	(11,000)	0	0	0	0
External Grant - Contaminated Land	(42,000)	0	0	0	0
Prudential Borrowing - Vehicles	(1,206,000)	(2,327,000)	(2,260,000)	(175,000)	(163,000)
Prudential Borrowing - Eckington Pool Roof	(270,000)	0	0	0	0
RCCO - Roller Shutter Doors	(64,000)	0	0	0	0
RCCO - Vehicles	(35,739)	0	0	0	0
Useable Capital Receipts	(730,261)	(678,000)	(555,000)	(680,000)	(583,000)
1-4-1 Receipts	(660,000)	(289,500)	0	0	0
General Fund Capital Financing	(3,707,000)	(3,667,500)	(3,188,000)	(1,228,000)	(1,119,000)
HRA Development Reserve					
Opening Balance	(1,775,719)	(675,953)	(65,760)	(1,374,218)	(4,117,999)
Amount due in year	(642,234)	(855,807)	(1,619,458)	(3,054,781)	(2,151,824)
Amount used in year	1,742,000	1,466,000	311,000	311,000	311,000
Closing Balance	(675,953)	(65,760)	(1,374,218)	(4,117,999)	(5,958,823)
Major Repairs Reserve					
Opening Balance	(176,108)	(176,108)	(176,108)	(176,108)	(176,108)
Amount due in year	(9,000,000)	(11,889,000)	(13,097,000)	(13,039,000)	(14,811,000)
Amount used in year	9,000,000	11,889,000	13,097,000	13,039,000	14,811,000
Closing Balance	(176,108)	(176,108)	(176,108)	(176,108)	(176,108)
Capital Receipts Reserve					
Opening Balance	(2,786,312)	(807,811)	(579,811)	(474,811)	(244,811)
Income expected in year	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Allowable Debt/Pooling Expenses	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Amount used in year	2,778,500	1,028,000	905,000	1,030,000	933,000
Closing Balance	(807,811)	(579,811)	(474,811)	(244,811)	(111,811)
Capital Receipts Reserve 1-4-1 receipts					
Opening Balance	(2,772,278)	(1,795,778)	(691,278)	(541,278)	(391,278)
Income expected in year	0	0	0	0	0
Amount used in year	976,500	1,104,500	150,000	150,000	150,000
Closing Balance	(1,795,778)	(691,278)	(541,278)	(391,278)	(241,278)
Total Capital Financing	(16,661,000)	(19,597,500)	(17,096,000)	(15,078,000)	(16,741,000)

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North East Derbyshire District Council

Council

17 February 2020

Treasury Strategy Reports 2020/21 - 2023/24

Report of Councillor P Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

- The purpose of this report is to provide Council with the necessary information to approve the Council's suite of Treasury Strategies for 2020/21 to 2023/24.

1 Report Details

- 1.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2 From 2019/20, the CIPFA Code requires that a Capital Strategy be produced alongside the Treasury Management Strategy. In addition, the 2018 Investment Guidance issued by the Ministry of Housing, Communities and Local Government requires local authorities to produce an investment Strategy. So there is now a requirement to produce three separate treasury strategies.
- 1.3 As in previous years, the Council's Treasury Management Strategy provides the framework for managing the Council's cash flows, borrowing and investments, and the associated risks for the years 2020/21 to 2023/24. The Treasury Management Strategy sets out the parameters for all borrowing and lending as well as listing all approved borrowing and investment sources. Prudential indicators aimed at monitoring risk are also included. (**Appendix 1**).
- 1.4 The Capital Strategy is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services. The report also provides an overview of the associated risk, its management and the implications for future financial sustainability. The Capital Strategy sets out the capital expenditure plans for the period and how they will be financed. It also provides information of the minimum revenue provision, capital financing requirement and prudential indicators aimed at monitoring risk (**Appendix 2**).

- 1.5 The Investment Strategy focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management. Investments covered by this strategy include earning investment income through commercial investments or by supporting local services by lending to or buying shares in other organisations (**Appendix 3**).

2 Conclusions and Reasons for Recommendation

2.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2020/21 to 2023/24 for consideration and approval by Council. It contains:

- The Treasury Management Strategy which provides the framework for managing the Council's cash flows, borrowing and investments for the period.
- The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.
- The Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

The above strategies provide an approved framework within which the officers undertake the day to day capital and treasury activities.

3 Consultation and Equality Impact

3.1 There are no equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

4.1 Alternative options are considered throughout the

5 Implications

5.1 Finance and Risk Implications

5.1.1 These are considered throughout the report

5.2 Legal Implications including Data Protection

5.2.1 As part of the requirements of the CIPFA Treasury Management Code of Practice the Council is required to produce every year a Treasury Management Strategy and Capital Strategy which requires approval by full Council prior to the commencement of each financial year. This report is prepared in order to comply with these obligations.

5.2.2 There are no Data Protection issues arising directly from this report.

5.3 Human Resources Implications

5.3.1 There are no human resource implications arising directly out of this report.

6 Recommendations

6.1 It is recommended that Council approve the Treasury Management Strategy at Appendix 1 and in particular:

- a) Approve the Borrowing Strategy
- b) Approve the Investment Strategy
- c) Approve the use of the external treasury management advisors Counterparty Weekly List – or similar - to determine the latest assessment of the counterparties that meet the Council's Criteria before any investment is undertaken.
- d) Approve the Prudential Indicators

6.2 It is recommended that Council approve the Capital Strategy as set out in Appendix 2 and in particular:

- a) Approve the Capital Financing Requirement
- b) Approve the Minimum Revenue Provision Statement for 2020/21
- c) Approve the Prudential Indicators for 2020/21 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£199,485,000
Operational Boundary	£194,485,000
Capital Financing Requirement	£189,485,000

6.3 It is recommended that Council approve the Investment Strategy as set out in Appendix 3.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><i>BDC: Revenue - £75,000</i> <input type="checkbox"/></p> <p><i>Capital - £150,000</i> <input type="checkbox"/></p> <p><i>NEDDC: Revenue - £100,000</i> <input type="checkbox"/></p> <p><i>Capital - £250,000</i> <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	All

8 Document Information

Appendix No	Title	
1	Treasury Management Strategy	
2	Capital Strategy	
3	Investment Strategy	
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>		
Report Author		Contact Number
Jayne Dethick Head of Finance and Resources		01246 217078



North East Derbyshire District Council

Treasury Management Strategy 2020/21 – 2023/24

Introduction

- 1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 1.2 Treasury risk management at the Council is conducted within the framework of the *Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different report, the investment Strategy.

External Context

- 1.4 **Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Council's treasury management strategy for 2020/21.
- 1.5 UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate ticked back up to 3.9% while the employment rate was 75.9%, just below recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continued to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.

- 1.6 GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate of 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.
- 1.7 The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.
- 1.8 Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.
- 1.9 In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back of the ongoing trade war with China. At its last meeting the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.
- 1.10 **Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ring-fenced banks embedded in the market.
- 1.11 Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.
- 1.12 Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

- 1.13 **Interest rate forecast:** The Council's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.
- 1.14 Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.
- 1.15 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.
- 1.16 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 0.51%, and that new long-term loans will be borrowed at an average rate of 0.00%.

Local Context

- 1.17 On 31st December 2019, the Council held £150m of borrowing and £34.5m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

Table 1: Balance sheet summary and forecast

	31/3/19 Actual £m	31/3/20 Estimate £m	31/3/21 Forecast £m	31/3/22 Forecast £m	31/3/23 Forecast £m	31/3/24 Forecast £m
General Fund CFR	11.6	13.1	17.7	20.9	17.9	14.6
HRA CFR	172.4	172.1	171.8	170.0	168.1	166.4
Total CFR	184.0	185.2	189.5	190.9	186.0	181.0
Less: Other debt liabilities *	0	0	0	0	0	0
Less: External borrowing **	(150.8)	(149.5)	(149.2)	(147.0)	(146.9)	(144.8)
Internal borrowing	33.4	35.7	40.3	43.9	39.1	36.2
Less: Usable reserves	(53.5)	(51.3)	(50.9)	(52.9)	(48.6)	(45.2)
Less: Working capital (balance)	0.1	(1.9)	(1.1)	(1.0)	(0.5)	(1.0)
Investments	20.0	17.5	11.7	10.0	10.0	10.0

* leases that form part of the Council's total debt.

** shows only loans to which the Council is committed and excludes optional refinancing

1.18 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

1.19 The Council has an increasing CFR due to commitments within the capital programme and also loans for Northwood Group Ltd and Rykneld Homes Ltd. The forecast level of reserves means that the majority of borrowing throughout this period is likely to be from internal resources.

1.20 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2019/20.

1.21 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk

level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31/3/19 Actual £m	31/3/20 Estimate £m	31/3/21 Forecast £m	31/3/22 Forecast £m	31/3/23 Forecast £m	31/3/24 Forecast £m
CFR	184.0	185.2	189.5	190.9	186.0	181.0
Less: Usable reserves	(53.5)	(51.3)	(50.9)	(52.9)	(48.6)	(45.2)
Plus: Working capital	0.1	(1.9)	(1.1)	(1.0)	(0.5)	(1.0)
Plus: Minimum investments	10.0	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	140.6	142.0	147.5	147.0	146.9	144.8

Borrowing Strategy

1.22 The Council currently holds £150m of loans, a decrease of £1m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in **Table 1** shows that the Council does not expect to need to borrow in 2020/21. The Council may however, borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £199.485m.

1.23 **Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

1.24 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

1.25 By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.26 The Council has previously raised all of its long-term borrowing from the PWLB but the Government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Council will now look to borrow any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA code.

1.27 Alternatively, the Council may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

1.28 In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

1.29 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Derbyshire County Council Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

1.30 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

1.31 The Council has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

1.32 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing

authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

- 1.33 **LOBOs:** The Council doesn't hold or intend to hold any LOBO (Lender's Option Borrower's Option) loans.
- 1.34 **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).
- 1.35 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

- 1.36 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period 1 April 2019 and 31 December 2019, the Council's investment balance has ranged between £17.0m and £34.5m, and similar levels are expected to be maintained in the forthcoming year.
- 1.37 **Objectives:** The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 1.38 Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 1.39 **Negative interest rates:** If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

1.40 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2020/21. The majority of the Council’s surplus cash is currently invested in short-term unsecured bank deposits, local authorities and money market funds. This diversification will represent a continuation of the strategy currently adopted.

1.41 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Council’s “business model” for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

1.42 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in **Table 3** below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£5m 50 years	n/a	n/a
AAA	£5m 5 years	£5m 20 years	£5m 50 years	£5m 20 years	£5m 20 years
AA+	£5m 5 years	£5m 10 years	£5m 25 years	£5m 10 years	£5m 10 years
AA	£5m 4 years	£5m 5 years	£5m 15 years	£5m 5 years	£5m 10 years
AA-	£5m 3 years	£5m 4 years	£5m 10 years	£5m 4 years	£5m 10 years
A+	£2.5m 2 years	£5m 3 years	£5m 5 years	£2.5m 3 years	£5m 5 years
A	£2.5m 13 months	£5m 2 years	£5m 5 years	£2.5m 2 years	£5m 5 years
A-	£2.5m 6 months	£5m 13 months	£5m 5 years	£2.5m 13 months	£5m 5 years
None	n/a	n/a	£5m 25 years	n/a	£5m 5 years
Pooled funds and real estate investment trusts	£5m per fund				

- 1.43 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 1.44 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 1.45 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 1.46 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities, Parish Councils and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.
- 1.47 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment as part of a diversified pool in order to spread the risk widely.
- 1.48 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.
- 1.49 **Pooled funds:** Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money

Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

1.50 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

1.51 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

1.52 **Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept at £5m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

1.53 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

1.54 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

- 1.55 **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 1.56 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 1.57 **Investment limits:** In order to minimise investments that will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	£5m in total
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country
Registered providers and registered social landlords	£5m per provider
Unsecured investments with building societies	£5m in total
Loans to unrated corporates	£5m in total
Money market funds	£5m in total
Real estate investment trusts	£5m in total
Lloyds Bank (as providers of operational banking services)	£5m overnight

1.58 **Liquidity management:** The Council uses its own cash flow forecasting techniques to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

Treasury Management Indicators

1.59 The Council measures and manages its exposures to treasury management risks using the following indicators:

1.60 **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit each year
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.5m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£1.5m)

- 1.61 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.
- 1.62 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. This indicator used to be for fixed rate borrowing only but now includes all borrowing. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	20%	0%
12 months and within 24 months	20%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and above	90%	0%

- 1.63 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Related Matters

- 1.64 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 1.65 **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).
- 1.66 The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.
- 1.67 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

- 1.68 In line with the CIPFA code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 1.69 **Housing Revenue Account (HRA):** Following the budget on 30 October 2018, the legislation that capped the amount of HRA debt a local housing authority could hold was revoked with immediate effect. The capital financing requirements relating to the HRA will remain the same so there is still no requirement for an MRP and levels of debt will be managed through prudential borrowing limits controlled by this strategy to ensure that all additional borrowing is prudent and affordable within the context of the HRA. This should include:
- affordability over the life of the 30 year business plan;
 - a clear case for demand/need in the district;
 - generation of additional income.
- 1.70 A business case should be presented for consideration in each instance. As currently, all borrowing will continue to need Council approval.
- 1.71 Removing the debt cap and not having a statutory requirement to make a provision to repay debt presents a significant risk to the HRA. Very careful treasury management is needed to ensure that the Council's HRA borrowing remains affordable, prudent and reasonable and that the HRA remains sustainable over the long term. As a result, it is also prudent to consider having a voluntary debt cap and this is currently under review.
- 1.72 **Markets in Financial Instruments Directive:** The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.
- 1.73 **Financial Implications:** The General Fund budget for investment income in 2020/21 is £0.055m with the HRA budget for investment income in 2020/21 being £0.085m, based on an average investment portfolio of £16.7m at an interest rate of 0.83%. The General Fund budget for debt interest paid in 2020/21 is £0.063m with the HRA budget for debt interest paid in 2020/21 being £5.212m, based on an average debt portfolio of £149.5m at an average interest rate of 3.52%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Appendix A

Economic & Interest Rate Forecast (Arlingclose November 2019)

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on the General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B

Existing Investment & Debt Portfolio Position

	31/12/19 Actual Portfolio £m	31/12/19 Average Rate %
External borrowing:		
Public Works Loan Board	150	3.52
Total external borrowing	150	3.52
Total other long-term liabilities:	0	0
Total gross external debt	150	3.52
Treasury investments:		
Banks & building societies (unsecured)	15	0.37
Government (incl. local authorities)	4.5	0.65
Money Market Funds	15	1.39
Total treasury investments	34.5	0.84
Net debt	115.5	



North East Derbyshire District Council

Capital Strategy 2020/21 – 2023/24

Introduction

- 1.1 This capital strategy report for 2020/21, gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2 Decisions made this year on capital and treasury management will have financial consequences for the Council for many years into the future. They are therefore subject to both a national regulatory framework and to a local policy framework, summarised in this report.

Capital Expenditure and Financing

- 1.3 Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2020/21, the Council is planning capital expenditure of £15.8m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
General Fund services	1.7	3.7	3.7	3.2	1.2	1.1
Council housing (HRA)	13.0	13.0	15.9	13.9	13.9	15.6
Capital investments	0	0	0	0	0	0
TOTAL	14.7	16.7	19.6	17.1	15.1	16.7

Currently, there is no change in capital expenditure for 2020/21 for the change in accounting practice for leases but this will remain under review.

- 1.4 The main General Fund capital projects include replacement vehicles, asset refurbishment, ICT replacement and disabled facilities grants.
- 1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.
- 1.6 **Governance:** Projects are included in the capital programme as part of the annual budget review or through ad hoc approval during the year. The capital programme is refreshed each year and the new requirements are presented to Cabinet and Council each February. Full details of the Council's Capital Programme can be seen at **Appendix A** to this report.
- 1.7 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

Table 2: Financing of Capital Programme

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
External sources	1.9	0.8	0.4	0.4	0.4	0.4
Own resources	11.6	13.0	15.5	14.4	14.5	16.1
Debt	1.2	2.9	3.7	2.3	0.2	0.2
TOTAL	14.7	16.7	19.6	17.1	15.1	16.7

- 1.8 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: MRP and Use of Capital Receipts to Repay Existing Debt

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
Own resources	2.9	4.4	2.7	2.9	2.9	2.9

The Council's full minimum revenue provision statement is **Appendix B** to this report.

- 1.9 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £4.28m during 2020/21. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	31/3/2019 Actual £m	31/3/2020 Forecast £m	31/3/2021 Budget £m	31/3/2022 Budget £m	31/3/2023 Budget £m	31/3/2024 Budget £m
General Fund services	11.6	13.1	17.7	20.9	17.9	14.6
Council housing (HRA)	172.4	172.1	171.8	170.0	168.1	166.4
Capital investments	0	0	0	0	0	0
TOTAL CFR	184.0	185.2	189.5	190.9	186.0	181.0

- 1.10 **Asset management:** The Council's assets require regular maintenance to ensure they remain safe and fit for purpose. It is also important for income generation that assets remain in a good condition and so remain lettable. A planned approach yields savings in running costs and energy efficiency benefits over time as works are completed and asset conditions improve.
- 1.11 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.0m of capital receipts in the coming financial year as follows:

Table 5: Capital receipts

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
Asset sales	5.0	5.0	4.0	4.0	4.0	4.0
Loans repaid	0	0	0	0	0	0
TOTAL	5.0	5.0	4.0	4.0	4.0	4.0

Treasury Management

- 1.12 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 1.13 Due to decisions taken in the past, the Council currently has £149.7m borrowing at an average interest rate of 3.52% and £34.5m treasury investments at an average rate of 0.84%.
- 1.14 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.00%-3.00%).
- 1.15 Projected levels of the Council's total outstanding debt which comprises borrowing and leases are shown below, compared with the capital financing requirement:

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31/3/2019 Actual £m	31/3/2020 Forecast £m	31/3/2021 Budget £m	31/3/2022 Budget £m	31/3/2023 Budget £m	31/3/2024 Budget £m
Debt	150.8	149.5	149.2	147.0	146.9	144.8
Capital Financing Requirement	184.0	185.2	189.5	190.9	186.0	181.0

- 1.16 Statutory guidance states that debt should remain below the capital financing requirement, except in the short-term. As can be seen from **Table 6**, the Council expects to comply with this in the medium term.
- 1.17 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing:

Table 7: Borrowing and the Liability Benchmark

	31/3/2019 Actual £m	31/3/2020 Forecast £m	31/3/2021 Budget £m	31/3/2022 Budget £m	31/3/2023 Budget £m	31/3/2024 Budget £m
Outstanding borrowing	150.8	149.5	149.2	147.0	146.9	144.8
Liability benchmark	140.6	142.0	147.5	147.0	146.9	144.8

1.18 The table above shows that the Council expects to remain borrowed above or at its liability benchmark. This is because cash outflows to date have been below the assumptions made when the loans were borrowed.

1.19 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m
Authorised limit – borrowing	195.2	199.5	200.9	196.0	191.0
Authorised limit – leases	0	0	0	0	0
Authorised limit – total external debt	195.2	199.5	200.9	196.0	191.0
Operational boundary – borrowing	190.2	194.5	195.9	191.0	186.0
Operational boundary – leases	0	0	0	0	0
Operational boundary – total external debt	190.2	194.5	195.9	191.0	186.0

The authorised limit and operational boundary for 2020/21 and subsequent years include a £0.0m increase due to a change in the accounting for leases.

1.20 **Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

1.21 The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including

in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 9: Treasury management investments

	31/3/2019 Actual £m	31/3/2020 Forecast £m	31/3/2021 Budget £m	31/3/2022 Budget £m	31/3/2023 Budget £m	31/3/2024 Budget £m
Near-term investments	20.0	17.5	11.7	10.0	10.0	10.0
Longer-term investments	0	0	0	0	0	0
TOTAL	20.0	17.5	11.7	10.0	10.0	10.0

1.22 **Risk management:** The effective management and control of risk are prime objectives of the Council’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

1.23 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Finance Officer and staff, who must act in line with the treasury management strategy approved by Council. Quarterly reports on treasury management activity are presented to Cabinet. The Audit and Corporate Governance Scrutiny Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

1.24 The Council can make investments to assist local public services, including making loans to local service providers and businesses to promote economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to at least break even after all costs. This includes loans to the Council’s ALMO, Rykneld Homes Ltd to allow development of social housing. Rykneld Homes Ltd is a wholly owned subsidiary of the Council, limited by guarantee.

1.25 **Governance:** Decisions on service investments are made by the relevant service manager and submitted to Cabinet then Council in consultation with the Chief Finance Officer and must meet the criteria and limits laid down in the Investment Strategy.

Commercial Activities

- 1.26 With central government financial support for local public services declining, the Council has invested in developing residential property through Northwood Group Ltd mainly for financial gain. Currently (at 31/12/19), an investment of £0.992m has been made into Northwood Group Ltd and further future investment of £7.821m is approved to provide a total investment of £8.813m.
- 1.27 With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include build cost estimates, sales values estimates and demand. These risks are mitigated by working with experienced builders and professionals who have knowledge of the local market. In order that commercial investments remain proportionate to the size of the Council, these are subject to an overall maximum investment limit of £8.813m and contingency plans are in place should expected yields not materialise.
- 1.28 **Governance:** Decisions on commercial investments are made by Council in line with the criteria and limits approved in the Investment Strategy. Property and most other commercial investments are also capital expenditure and purchases will therefore also be approved as part of the capital programme.
- 1.29 The Council also has investment properties generating £0.472m in net income a year after all costs.

Liabilities

- 1.30 In addition to debt of £150.8m detailed above, the Council is committed to making future payments to cover its net pension fund deficit (valued at £54.0m). It has also set aside £1.8m to cover risks of business rates appeals.
- 1.31 **Governance:** Decisions on incurring new discretionary liabilities are taken to Council for approval. The risk of liabilities occurring and requiring payment are monitored as part of the year-end process.

Revenue Budget Implications

- 1.32 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m	2023/24 Budget £m
Financing costs	1.0	0.9	0.8	0.7	0.7	0.8
Proportion of net revenue stream	6.70%	7.75%	5.58%	5.15%	5.33%	6.20%

There is no increase to financing costs in 2020/21 and subsequent years resulting from the change in the accounting for leases.

- 1.33 **Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Chief Finance Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

- 1.34 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Suitably qualified and experienced officers are employed throughout the Council to perform such functions.
- 1.35 Where Council officers do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 1.36 Members receive individual training and development through the Member Development Programme and are periodically required to attend seminars held by the external treasury management advisors.

Treasury Management Operations

- 1.37 As mentioned above the Council uses external treasury management advisors. The company provides a range of services which include:
- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing;
 - Debt rescheduling advice surrounding the existing portfolio;
 - Generic investment advice on interest rates, timing and investment instruments;

- A number of places at training events offered on a regular basis.
- Credit ratings/market information service comprising the three main credit rating agencies;

1.38 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council. This service is subject to regular review. It should be noted that the Council has Arlingclose Ltd as external treasury management advisors, for a period of up to 3 years commencing October 2019.

Banking Contract

1.39 The contract with the Councils banking provider Lloyds Bank commenced on the 10th February 2015 for a period of 7 years.

Business Continuity Arrangements

1.40 As part of the Councils business continuity arrangements officers have sought to set up and provide alternative banking arrangements for the Council should they be required at short notice. These arrangements effectively mean a separate bank account is in place with the required security controls and appropriate officer access to undertake transactions. This account is with Barclays Bank and will only be utilised should a business continuity need or similar issue arise. Officers will continue to review this arrangement.

Appendix A

Capital Programme 2019-2024

Capital Expenditure	Revised Budget 2019/20 £	Original Budget 2020/21 £	Original Budget 2021/22 £	Original Budget 2022/23 £	Original Budget 2023/24 £
Housing Revenue Account					
HRA Capital Works	9,395,000	10,164,000	10,567,000	10,509,000	10,441,000
HRA Capital Works - Non Traditional Properties	0	1,725,000	2,530,000	2,530,000	4,370,000
EWI Scheme - Heath & Pilsley	1,350,000	0	0	0	0
Pine View, Danesmoor	877,000	1,100,000	0	0	0
North Wingfield New Build Scheme	197,000	0	0	0	0
Stock Purchase Programme (1-4-1)	555,000	0	0	0	0
Acquisitions and Disposals (RHL)	500,000	500,000	500,000	500,000	500,000
Car Park Resurfacing - Holmesfield	40,000	0	0	0	0
Car Park Resurfacing - Pilsley	40,000	0	0	0	0
North Wingfield New Build Project	0	2,015,000	0	0	0
Garage Demolitions		23,000	23,000	23,000	23,000
Concrete Balconies		115,000	0	0	0
Parking Solutions		288,000	288,000	288,000	288,000
HRA - Capital Expenditure	12,954,000	15,930,000	13,908,000	13,850,000	15,622,000
General Fund					
Private Sector Housing Grants (DFG's)	708,000	393,000	393,000	393,000	393,000
ICT Schemes	169,000	158,000	35,000	160,000	63,000
Clay Cross Football Pitch	11,000	0	0	0	0
Asset Refurbishment - General	577,000	500,000	500,000	500,000	500,000
Roller Shutter Doors	64,000	0	0	0	0
Eckington Pool Roof Replacement	270,000	0	0	0	0
Replacement of Vehicles	1,206,000	2,327,000	2,260,000	175,000	163,000
Contaminated Land	42,000	0	0	0	0
Northwood Grant	660,000	289,500	0	0	0
General Fund Capital Expenditure	3,707,000	3,667,500	3,188,000	1,228,000	1,119,000
Total Capital Expenditure	16,661,000	19,597,500	17,096,000	15,078,000	16,741,000
Capital Financing					
	2019/20	2020/21	2021/22	2022/23	2023/24
Housing Revenue Account					
Major Repairs Reserve	(9,000,000)	(11,889,000)	(13,097,000)	(13,039,000)	(14,811,000)
Prudential Borrowing - HRA	(1,469,000)	(1,410,000)	0	0	0
Development Reserve	(1,742,000)	(1,466,000)	(311,000)	(311,000)	(311,000)
Capital Receipts Reserve	(426,500)	(350,000)	(350,000)	(350,000)	(350,000)
1-4-1 Receipts	(316,500)	(815,000)	(150,000)	(150,000)	(150,000)
HRA Capital Financing	(12,954,000)	(15,930,000)	(13,908,000)	(13,850,000)	(15,622,000)
General Fund					
Disabled Facilities Grant	(688,000)	(373,000)	(373,000)	(373,000)	(373,000)
External Grant - Lottery Funded Schemes	(11,000)	0	0	0	0
External Grant - Contaminated Land	(42,000)	0	0	0	0
Prudential Borrowing - Vehicles	(1,206,000)	(2,327,000)	(2,260,000)	(175,000)	(163,000)
Prudential Borrowing - Eckington Pool Roof	(270,000)	0	0	0	0
RCCO - Roller Shutter Doors	(64,000)	0	0	0	0
RCCO - Vehicles	(35,739)	0	0	0	0
Useable Capital Receipts	(730,261)	(678,000)	(555,000)	(680,000)	(583,000)
1-4-1 Receipts	(660,000)	(289,500)	0	0	0
General Fund Capital Financing	(3,707,000)	(3,667,500)	(3,188,000)	(1,228,000)	(1,119,000)
HRA Development Reserve					
Opening Balance	(1,775,719)	(675,953)	(65,760)	(1,374,218)	(4,117,999)
Amount due in year	(642,234)	(855,807)	(1,619,458)	(3,054,781)	(2,151,824)
Amount used in year	1,742,000	1,466,000	311,000	311,000	311,000
Closing Balance	(675,953)	(65,760)	(1,374,218)	(4,117,999)	(5,958,823)
Major Repairs Reserve					
Opening Balance	(176,108)	(176,108)	(176,108)	(176,108)	(176,108)
Amount due in year	(9,000,000)	(11,889,000)	(13,097,000)	(13,039,000)	(14,811,000)
Amount used in year	9,000,000	11,889,000	13,097,000	13,039,000	14,811,000
Closing Balance	(176,108)	(176,108)	(176,108)	(176,108)	(176,108)
Capital Receipts Reserve					
Opening Balance	(2,786,312)	(807,811)	(579,811)	(474,811)	(244,811)
Income expected in year	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Allowable Debt/Pooling Expenses	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
Amount used in year	2,778,500	1,028,000	905,000	1,030,000	933,000
Closing Balance	(807,811)	(579,811)	(474,811)	(244,811)	(111,811)
Capital Receipts Reserve 1-4-1 receipts					
Opening Balance	(2,772,278)	(1,795,778)	(691,278)	(541,278)	(391,278)
Income expected in year	0	0	0	0	0
Amount used in year	976,500	1,104,500	150,000	150,000	150,000
Closing Balance	(1,795,778)	(691,278)	(541,278)	(391,278)	(241,278)
Total Capital Financing	(16,661,000)	(19,597,500)	(17,096,000)	(15,078,000)	(16,741,000)

Appendix B

Annual Minimum Revenue Provision Statement 2020/21

Where the Council finances General Fund capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry for Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government, Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The MHCLG Guidance requires the Council, to approve an Annual MRP Statement each year, and includes recommendations for calculating a prudent amount of MRP. In line with this guidance the Council has adopted the following:

- For capital expenditure incurred before 1st April 2008 MRP will be determined in accordance with the former regulations. During 2019/20 the Council fully repaid this debt so it is no longer applicable.
- For capital expenditure incurred before 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22 and so on.

Based on the Council's latest estimate of its Capital Financing Requirement on 31st March 2020, the budget for MRP has been set as follows:

	31/03/20 Estimated CFR £m	2020/21 Estimated MRP £m
Supported capital expenditure after 31.03.2008	0	0
Unsupported capital expenditure after 31.03.2008	13.1	1.0
Total General Fund	13.1	1.0
Assets in the Housing Revenue Account	45.0	0
HRA subsidy reform payment	127.1	0
Total Housing Revenue Account	172.1	0
Total	185.2	1.0

Revenue Account (HRA)

Following the budget on 30 October 2018, the legislation that capped the amount of HRA debt a local housing authority could hold was revoked with immediate effect. The capital financing requirements relating to the HRA will remain the same so there will still be no requirement for an MRP and levels of debt will be managed through prudential borrowing limits controlled by the Treasury Management Strategy.

Removing the debt cap and not having a statutory requirement to make a provision to repay debt presents a significant risk to the HRA. Very careful treasury management is needed to ensure that the Council's HRA borrowing remains affordable, prudent and reasonable and that the HRA remains sustainable over the long term.



North East Derbyshire District Council

Investment Strategy 2020/21 – 2023/24

Introduction

- 1.1 The Council invests its money for three broad purposes:
- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (**treasury management investments**),
 - to support local public services by lending to or buying shares in other organisations (**service investments**), and
 - to earn investment income (**commercial investments**).
- 1.2 This investment strategy meets the requirements of the statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

- 1.3 The Council typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £17.0m and £34.5m during the 2020/21 financial year.
- 1.4 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.
- 1.5 **Further details:** Full details of the Council's policies and its plan for 2020/21 for treasury management investments are covered in the Treasury Management Strategy.

Service Investments: Loans

- 1.6 **Contribution:** The Council lends money to assist local public services, including making loans to local service providers and businesses to stimulate local economic growth. This includes loans to the Council's ALMO, Rykneld Homes Ltd to allow development of social housing. Rykneld Homes Ltd is a wholly owned subsidiary of the Council, limited by guarantee. It also includes a loan to Northwood Group Ltd for a mixed tenure housing development scheme in the district.
- 1.7 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31/3/2019 actual			2020/21
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved Limit £m
Rykneld Homes Ltd	4.5	0	4.5	13.5
Northwood Group Ltd	0	0	0	7.7
TOTAL	4.5	0	4.5	21.2

- 1.8 Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 1.9 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding service loans by requiring a fully costed business case in all instances that includes any investment/loan requirements and financial/risk implications. A significant amount of due diligence work is undertaken in each case to ensure the business case is robust. Regards loans to Rykneld Homes Ltd, the strength of the partnership between the company and the Council helps to mitigate any risk associated with non-payment of the loan.

Service Investments: Shares

- 1.10 **Contribution:** The Council has invested £0.244m to date (up to 31st December 2019) in the shares of Northwood Group Ltd to support local public services and stimulate

local economic growth by delivering housing developments whilst generating income for the Council.

- 1.11 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes

Category of company	31/3/2019 actual			2020/21
	Amounts invested £m	Gains or (losses) £m	Value in accounts £m	Approved Limit £m
Northwood Group Ltd	0.150	(0.003)	0.147	1.113
TOTAL	0.150	(0.003)	0.147	1.113

- 1.12 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding shares by working with experienced professionals who have extensive knowledge of the projects and the local markets. In order that commercial investments remain proportionate to the size of the Council, these are subject to overall maximum investment limits and contingency plans are in place should expected yields not materialise.
- 1.13 **Liquidity:** the viability models for each project the Council considers take account of the maximum periods for which funds may prudently be committed and states what those maximum periods are within approved contracts. This will assist the Council to stay within its stated investment limits.
- 1.14 **Non-specified Investments:** Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

- 1.15 MHCLG defines property to be an investment if it is held primarily or partially to generate a profit.
- 1.16 **Contribution:** The Council invests in local, commercial and residential property with the intention of making a profit that will be spent on local public services. This includes the industrial units across the district as well as residential property development through Northwood Group Ltd.

Table 3: Property held for investment purposes

Property	Actual	31/3/2019 actual		31/3/2020 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Industrial Units	4.4	0.8	5.2	0	5.2
Land	2.2	5.9	8.1	0	8.1
Commercial Properties	1.1	(0.1)	1.0	0	1.0
Shared Ownership Properties	1.1	0.5	1.6	0	1.6
Northwood Group Ltd	0	0	0	0	0
TOTAL	8.8	7.1	15.9	0	15.9

- 1.17 **Security:** In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.
- 1.18 A fair value assessment of the Council's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.
- 1.19 On revaluation the commercial properties decreased by £0.1m as a result of a general fall in market valuations of properties of this nature. This has no material impact on the security of the investment and the revenue implication was £0.1m, accounted for in 2017/18.
- 1.20 **Risk assessment:** The Council assesses the risk of loss before entering into and whilst holding property investments by working with experienced professionals who have extensive knowledge of the projects, properties and local markets. In order that commercial investments remain proportionate to the size of the Council, these are subject to overall maximum investment limits and contingency plans are in place should expected yields not materialise.
- 1.21 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. The Council's Treasury Management Strategy provides assurances through limits on long-term investments to ensure that the invested funds or suitable alternatives can be accessed when they are needed, for example to repay capital borrowed.

Loan Commitments and Financial Guarantees

- 1.22 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.
- 1.22 The Council has contractually committed to make up to £7.7m of loans to Northwood Group Ltd should it request it. The Council has also guaranteed loans of £13.430m to Rykneld Homes Ltd.

Borrowing in Advance of Need

- 1.23 Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

Capacity, Skills and Culture

- 1.24 **Elected members and statutory officers:** The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Suitably qualified and experienced officers are employed throughout the Council to perform such functions.
- 1.25 Where Council officers do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.
- 1.26 Members receive individual training and development through the Member Development Programme and are periodically required to attend seminars held by the external treasury management advisors.
- 1.27 **Commercial deals:** All Officers involved in negotiating such arrangements are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate and considerable due diligence is undertaken in all instances.
- 1.28 **Corporate governance:** All decisions regards new loans or investments of this nature are considered by the Council's Cabinet before being recommended for approval at Council. Any presentation to members will have been through a fully costed business case that includes any investment/loan requirements and financial/risk implications. A significant amount of due diligence work is undertaken in each case to ensure the business case is robust before reporting to Cabinet.

Investment Indicators

- 1.29 The Council has set the following quantitative indicators to assess the total risk exposure as a result of its investment decisions.
- 1.30 **Total risk exposure:** The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third party loans.

Table 5: Total investment exposure

Total investment exposure	31/03/2019 Actual £m	31/03/2020 Forecast £m	31/03/2021 Forecast £m
Treasury management investments	20.00	17.50	11.70
Service investments: Loans – Rykneld Homes Ltd	4.66	7.17	13.43
Service investments: Loans – Northwood Group Ltd	0	1.00	7.70
Service investments: Shares – Northwood Group Ltd	0.15	0.24	1.11
Commercial investments: Property	15.90	15.90	15.90
TOTAL INVESTMENTS	40.71	41.81	48.84
Commitments to lend	0	13.83	0
TOTAL EXPOSURE	40.71	55.64	48.84

- 1.31 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. To date these investments have been funded by usable reserves and income received in advance of expenditure. It is planned that this approach will continue in the medium term as internal resources allow.
- 1.32 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investment rate of return (net of all costs)

Investments net rate of return	2018/19 Actual £m	2019/20 Forecast £m	2020/21 Forecast £m
Treasury management investments	0.70%	0.46%	0.29%
Service investments: Loans – Rykneld Homes Ltd	3.96%	3.51%	2.78%
Service investments: Loans – Northwood Group Ltd	0.00%	5.09%	5.09%
Service investments: Shares – Northwood Group Ltd	0.00%	0.00%	0.00%
Commercial investments: Property	2.96%	2.81%	2.68%

- 1.33 The indicators used to report on the risks and opportunities associated with investment decisions will be kept under review as the Council’s Investment Strategy and activities evolve over time.