

# Public Document Pack



**North East  
Derbyshire**  
District Council

Contact: Alan Maher  
Tel: 01246 217391  
Email: [alan.maher@ne-derbyshire.gov.uk](mailto:alan.maher@ne-derbyshire.gov.uk)  
Date: Friday, 19 January 2024

To: **All Members of the Council**

You are summoned to attend a meeting of the Council to be held on **Monday, 29 January 2024 at 2.00 pm in the District Council Offices, Mill Lane, Wingerworth, Chesterfield S42 6NG**

Group meetings will be arranged, where necessary, by the Group Leaders.

The meeting will also be live streamed from the Council's website on its You Tube Channel. Click on the following link if you want to view the meeting:

[North East Derbyshire District Council - YouTube](#)

Yours sincerely

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

**Assistant Director of Governance and Monitoring Officer**

# **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 items on the agenda and withdraw from the meeting at the appropriate time.

## **3 Minutes of the Last Meeting (Pages 7 - 20)**

To approve as a correct record and the Chair to sign the attached Minutes of the Council meeting held on Monday 27 November 2023

## **4 Chairman of the Council's Announcements**

## **5 Leader of the Council's Announcements**

## **6 Public Participation**

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 12pm (Noon) twelve clear working days before the meeting.

No questions have been submitted under Procedure Rule No 8 for this meeting.

## **7 Medium Term Financial Plan 2023-24 - 2027/28 (Pages 21 - 46)**

Report of Councillor P Kerry, Deputy Leader of the Council and Portfolio Holder for Strategic Leadership and Finance

## **8 Treasury Strategy Reports 2024/25 - 2027/28 (Pages 47 - 97)**

Report of Councillor P Kerry, Deputy Leader of the Council and Portfolio Holder for Strategic Leadership and Finance

## **9 Appointments to Committees (Pages 98 - 100)**

Report of the Assistant Director of Governance and Monitoring Officer

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

In accordance with Council Procedure Rule No 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 12pm (Noon) twelve clear working days before the meeting.

The following question(s) have been submitted:-

**Question 'A' – Councillor C Lacey to Councillor N Barker, Leader of the Council**

Like other communities in North East Derbyshire many residents of Killamarsh rely on the public transport network to see family and friends, go to work, go shopping and for their leisure activities. Yet bus services in our village are unreliable and continue to deteriorate leaving many people stranded. Whilst responsibility for local bus services does not rest with this council, residents look to us to champion their cause. Would the Leader of the Council agree to raise these concerns of Killamarsh residents with both Derbyshire County Council and the local bus companies?

**Question 'B' – Councillor A Dale to Councillor S Pickering, Portfolio Holder for Environment and Place**

Does the Cabinet Member believe that decisions made by the planning committee should be consistent with local and national planning policies?

**Question 'C' – Councillor C Cupit to Councillor N Barker, Leader of the Council**

Given its potential impact on communities in this District, could the Leader of the Council explain why NEDDC have offered no objections or concerns to the current planning application (AVA/2023/0764) for 185 new homes being considered by Amber Valley Borough Council?

**Question 'D' – Councillor F Adlington-Stringer to Councillor S Pickering, Portfolio Holder for Environment and Place**

Councillor Barker stated in his opening speech as Leader that this "Cleaner Council" would begin by reviewing the "road sweeping regime" across our District. Residents in Wingerworth regularly inform me of their suffering due to neglected drains blocked by unmanaged debris. What is your plan, does it require another road sweeper, and when will it be implemented?

**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 12pm (Noon) twelve clear working days before the meeting.

The following motion(s) have been submitted:-

**Motion 'A' – Proposed by Councillor H Wetherall**

The Council, recognising that the A632 is a well-known and renowned trouble-spot for traffic collisions, accidents and deaths, resolves to work closely together with all key stakeholders and partner agencies, locally and nationally to ensure that average speed cameras are installed on the A632 as quickly as possible in 2024 so that there is a consequent reduction in road traffic collisions, serious

accidents and deaths.

### **Motion 'B' – Proposed by Councillor A Dale**

Council notes:

- the planning committee's recent approval of application reference 22/01196/FL (New development comprising of 38 new homes on land between Unstone Junior School and Unstone Plant Centre, Main Road, Unstone.
- the decision was taken despite significant opposition from local residents, the local member and several members of the planning committee and there were serious concerns over the justification for this development and the decision taken being contrary to both local and national planning policies.
- in light of the complaints received following the decision and the risk of legal challenge, the Council has sought external legal advice on whether the application had met the high test set by NPPF (2023 update) para 154f and Local Plan policy LC3 in order to justify approval. Namely, there are concerns around whether 38 houses would constitute "limited" development according to the NPPF and whether the applicant has adequately demonstrated a "proven" local community need sufficiently to meet the test set by Local Plan policy LC3a, as well as the other four tests in this policy.
- the potentially dangerous precedent the approval of this application could set for the District as a whole, and particularly those areas within the green belt, whereby large-scale applications for social housing may come forward outside of agreed settlement development limits, based solely on the desirability of a place to live, rather than proven local community needs for housing.

Council resolves:

- that planning application 22/01196/FL be referred back to the Planning Committee to receive the external legal advice that the authority has sought and determine whether permission be revoked in respect of the concerns around compliance with NPPF (2023 update) para 154f and Local Plan policy LC3.
- to reassure our communities that the Council is committed to protecting our green belt and settlement development limits across the District, and that by referring the above application back to committee, Council recognises it is taking an important first step towards demonstrating this reassurance

### **Motion 'C' – Proposed by Councillor F Adlington-Stringer**

#### **Plant-Based Council**

North East Derbyshire District Council, in line with its Climate Emergency

declaration and in reflection of the local emissions reported in its own Climate Change Strategy, commits to:

1. Ensuring food and drink provided at all Council meetings and events is 100% plant-based.
2. Prioritising plant-based menu options wherever the Council has influence, for example in leisure centres.
3. Promoting and encouraging plant-based eating to residents through methods such as public awareness campaigns and the removal of meat and dairy advertising.

## **12 Chairman's Urgent Business (Public)**

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

## **13 Exclusion of Public**

The Chairman to move:-

That the public be excluded from the meeting during the discussion of the following item(s) of business to avoid the disclosure to them of exempt information as defined in Paragraphs 1, 2, 3, 4 & 5, Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006).

## **14 Derby and Derbyshire Strategic Leadership Board (Pages 101 - 133)**

Report of Councillor N Barker, Leader of the Council and Portfolio Holder for Strategic Leadership and Finance

(Paragraphs 3 and 5)

## **15 Senior Management Pay Levels (Pages 134 - 162)**

Report of the Managing Director and Head of the Paid Service

(Paragraphs 1, 2, 3, 4 & 5)

## **16 Chairman's Urgent Business (Private)**

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



**North East  
Derbyshire**  
District Council

### **Access for All statement**

You can request this document or information in another format such as **large print** or **language** or contact us by:

- **Phone** - [01246 231111](tel:01246231111)
- **Email** - [connectne@ne-derbyshire.gov.uk](mailto:connectne@ne-derbyshire.gov.uk)
- **Text** - [07800 00 24 25](tel:07800002425)
- **BSL Video Call** – a three way video call with us and a BSL interpreter. It is free to call North East Derbyshire District Council with [Sign Solutions](#) or call into the offices at Wingerworth.
- Call with [Relay UK](#) via textphone or app on [0800 500 888](tel:0800500888)– a free phone service
- **Visiting** our [offices](#) at Wingerworth – 2013 Mill lane, [S42 6NG](#)

## **COUNCIL**

### **MINUTES OF MEETING HELD ON MONDAY, 27 NOVEMBER 2023**

#### **Present:**

Councillor Martin E Thacker MBE JP (Chair) (in the Chair)  
Councillor Gerry Morley (Vice-Chair)

Councillor Frank Adlington-Stringer	Councillor Pat Antcliff
Councillor Neil Baker	Councillor Nigel Barker
Councillor Jayne Barry	Councillor Graham Baxter MBE
Councillor Richard Beech	Councillor Joseph Birkin
Councillor David Cheetham	Councillor Kathy Clegg
Councillor Stephen Clough	Councillor Andrew Cooper
Councillor Suzy Cornwell	Councillor Charlotte Cupit
Councillor Alex Dale	Councillor Lilian Deighton
Councillor Michael Durrant	Councillor Peter Elliott
Councillor Michelle Emmens	Councillor Stuart Fawcett
Councillor Clive Fletcher	Councillor Mark Foster
Councillor Christine Gare	Councillor Kevin Gillott
Councillor David Hancock	Councillor Daniel Higgon
Councillor Pam Jones	Councillor William Jones
Councillor Pat Kerry	Councillor Carol Lacey
Councillor Tony Lacey	Councillor Heather Liggett
Councillor Nicki Morley	Councillor Fran Petersen
Councillor Stephen Reed	Councillor Carolyn Renwick
Councillor Michael Roe	Councillor Kathy Rouse
Councillor Ross Shipman	Councillor Derrick Skinner
Councillor Caroline Smith	Councillor Christine Smith
Councillor Mick Smith	Councillor Richard Spooner
Councillor Richard Welton	Councillor Helen Wetherall
Councillor Pam Windley	

#### **Also Present:**

A Bond	Governance Officer
M Broughton	Director of Growth & Assets
M Derbyshire	Members ICT & Training Officer
J Dethick	Director of Finance and Resources & Section 151 Officer
L Hickin	Managing Director – Head of Paid Service
A Maher	Governance Manager
S Sternberg	Assistant Director of Governance and Monitoring Officer

#### **COU    Apologies for Absence**

**/46/2**

**3-24**    Apologies for absence were received from Councillors S Pickering, L Stone, K Tait and L Hartshorne.

#### **COU    Declarations of Interest**

**/47/2**

- 3-24** Councillor A Dale raised an interest in Item 16 – Northwood, as a former Director of Northwood Group. He indicated that he would remain in the meeting and participate in Council’s deliberations and determination on the item.

**COU** **Minutes of the Last Meeting**

**/48/2**

- 3-24** Council considered the minutes of the last meeting of Council on Monday 25 September 2023.

Further to Minute: COU/42/23-24 Councillors A Dale and M Foster sought clarification from the Leader of the Council on whether the Minutes of the Local Plan Review Working Group would be published.

The Leader of the Council, Councillor N Barker, explained that the arrangements for reporting on the work of the Group would be explained later on in the meeting.

**RESOLVED** – That the Minutes of the meeting held on Monday, 25 September 2023 were approved as a true and accurate record.

**COU** **Chairman of the Council's Announcements**

**/49/2**

- 3-24** The Chairman of the Council, Councillor M E Thacker MBE, reflected on the remembrance events that he had attended on behalf of the Council. These included the Fellowship of the Services Festival of Remembrance at the Winding Wheel, the Old Contemptables Annual Service of Remembrance organised by the Chesterfield & District Combined Ex-Services Association and a Memorial Service held at the Chesterfield Football Club to which deaf children were invited to attend, accompanied by a British Sign Language Interpreter.

Members heard that the Chairman had laid two wreaths on behalf of the Council, one at the Parish Rooms Memorial Wingerworth on Armistice Day (11 November) and a second at the war memorial in Holymoorside on Remembrance Sunday (12 November).

The Chairman of the Council then informed members of his other activities throughout the previous month. These included his attendance at the 41st Diwali Celebrations organised by the Asian Association of Chesterfield and North East Derbyshire, opening a new business in Dronfield and representing the District at the Lord Lieutenant’s tree planting ceremony as part of the late Queen’s Green Canopy project.

Councillor M E Thacker MBE paid tribute to those Members that had supported his fund-raising events on behalf of Ashfield Hospice. In particular, he gave special thanks to Councillor J Barry for organising a race night.

**RESOLVED** – That Council noted the announcements of the Chairman of the Council, Councillor M E Thacker MBE (by acclamation).

**COU** **Leader of the Council's Announcements**

**/50/2**

- 3-24** The Leader of the Council, Councillor N Barker, expressed his deep sadness at the loss of life which had occurred nationally, and the great hardship to residents



across the District caused by Storm Babet.

Members heard about the major progress which had been achieved on the Clay Cross Town Deal. In this context he explained that an important planning application had been approved, which would now allow work to begin on a range of specific development projects. The Leader of Council reiterated his commitment to ensure that the Town Deal benefited the residents and businesses of Clay Cross.

The Leader of the Council informed Members that he had visited all of the Leisure Centres across the District. He praised the work of the staff and in particular, he congratulated those at Eckington Leisure Centre who performed lifesaving cardiopulmonary resuscitation CPR on a customer.

Councillor N Barker explained that the Council continued to deliver on its commitment, as set out in the new Council Plan. These included more social and affordable houses in the District and taking enforcement action against those letting out properties which were not fit for occupation. He highlighted the work of the Council's Environment Service. This enforcement action taken by the Service would form part of a programme to be screened on the BBC.

Councillor N Barker informed Council that he and the Managing Director had met with the Chair and Chief Executive Officer of the Derby and Derbyshire Integrated Care Board to discuss how the NHS and the District Council could work together to improve the health and wellbeing of residence. He also explained the work to establish a Strategic Leadership Team for the New Derbyshire Combined Authority. A report on this, he explained, would be presented to the next meeting of Council.

RESOLVED – That Council noted the announcements of the Leader of the Council, Councillor N Barker (by acclamation).

**COU     Public Participation**

**/51/2**

**3-24**     There were no questions from the public.

**COU     Review of Polling Districts and Polling Places**

**/52/2**

**3-24**     The report of the Managing Director asked Council to approve the final polling scheme for Polling District and Polling Places for North East Derbyshire.

Members were informed that under section 18C of the Representation of the People Act 1983, the Council was required to carry out a review of the Polling District and Polling Places. The Notice of Review was published on 2 October 2023 and ran until 30 October 2023. A total of 15 submissions were received during the initial consultation period. Five of these were in support of the continued use of the polling place/station. The remaining ten submissions were opposed to using one polling place/station. In this context, Councillor K Gillott objected to the use of Parkhouse Primary School within his ward of Pilsey and Morton.

At the conclusion of the discussion. Councillors N Barker and J Barry

proposed and seconded a motion to approve the recommendations as contained within the report.

The motion was put to the vote and approved.

**RESOLVED –**

- That the Council approved the final proposals schedule setting out any changes to the designated Polling Districts and Polling Places
- The Managing Director and Head of Paid Service be requested to formally publish the Notice of Conclusion of the Review, its findings, the responses from consultees and all other relevant documentation and to write to any households where their polling station has changed in advance of any elections/referendums taking place including methods of alternative voting arrangements.
- That Council noted that the Electoral Registration Officer will incorporate any changes to the Polling Districts and Polling Places in the revised Register of Electors to be published on 1 December 2023.

**COU     Treasury Management Update**

**/53/2**

**3-24**

The report to Council provided an update on Treasury management for the period April to September 2023.

Members heard that in January 2023, the Council approved the 2023/2024 Treasury Management Strategy including adoption of the updated Chartered Institute of Public Finance and Accountancy's amended Treasury Management in the Public Services: Code of Practice (the CIPFA Code). The Code requires the Council to approve treasury management semi-annual and annual outturn reports, a practice that the Council has followed for many years.

Council was informed that the Code now required that monitoring of prudential indicators be included as part of the reporting process, these are included in Appendix Two to the report.

Councillors P Kerry and N Barker moved and seconded a motion to approve the recommendations as contained within the report.

The motion was put to the vote and approved.

**RESOLVED –** That Council noted the treasury management activities undertaken during the period April to September 2023 as outlined in Appendix One to the report.

**COU     Changes to the Constitution - Speaking at Planning Committee**

**/54/2**

**3-24**

The report to Council set out the proposed changes to the Council's Constitution relating to speaking at Planning Committee.

Council was informed that Standards Committee had assessed the arrangements for public participation at Planning Committee at its meeting on 27 July 2023. The

Committee was advised that reducing the number of those who could register to speak on Applications would not hinder Members of the Planning Committee in determining on Applications as they would still be able to receive and take into account written representations and comments from those who supported and objected to Applications.

Members heard that the Standards Committee had agreed to propose a revised text of Section 16.1 of the Members (Councillors) Planning Rules. Included in this revised text was to allow the following to speak at Planning Committee: Local Ward Members, the Member of Parliament, the Agent and Applicant, three additional speakers against an Application and three additional speakers in favour of an Application.

The Standards Committee had also proposed that the Chair of the Planning Committee would be able to consider additional requests to speak on a case-by-case basis.

Council considered the report and the proposed changes. Councillor D Hancock argued that the issue wasn't with the number of speakers but with the repetition of the same arguments. He suggested that Standards Committee should look into how the meetings were Chaired and ensure that speakers were able to present a united and cohesive approach.

Councillor C Cupit thanked Standards Committee for looking into the matter. She argued that it was important for local residents to be able to speak at Planning Committee and that this should remain as open and accessible as possible. She argued that registering speakers on a "first come first served" basis would be unfair and would deter residents from registering to speak.

Councillor M Foster contended that the number of speakers at Planning Committee does not have an adverse effect on the length of the meeting as a whole. He felt that any repetition of arguments or points should be addressed by the Chair.

Councillor A Dale raised concerns over allowing ward Members to speak on Applications within their ward as a single Member ward would not be allocated as many speakers as a three-Member ward. He also suggested that the approach placed pressure on the Chair to decide if an application was contentious enough to allow more speakers.

Councillor R Shipman agreed with the points that had been previously raised and suggested that it should be the role of the Chair of Planning and not the Constitution of the Council to manage speaking during the meetings.

Councillor K Gillott spoke in favour of the recommendations contained in the report. He argued that the proposals addressed many of the concerns that had previously been raised by Members and that as a quasi-judicial Committee, it was important for Planning Committee to have a set of rules to guide them and ensure fairness. He reiterated that many other local authorities have rules over the number of residents allowed to speak at their Planning Committees and that the purpose of speaking at Committee is not to bring up new points or information but to further illustrate arguments already raised by written representation.

Councillors K Gillott and N Barker moved and seconded a motion to approve the recommendations as contained in the report.

Councillors J Barry and S Fawcett felt that a review should take place within 12 months to assess how well the new measures were working in practice.

Councillor R Shipman proposed an amendment to the motion to amend section 2.e. in the recommendations so that a much larger number of speakers should be able to register to speak either for or against an application on a first come first served basis. Councillor D Hancock seconded the amendment.

Councillor C Renwick argued that limits on speakers would constrain large applications as it would not always be possible for only three speakers to convey all of the relative arguments to an application. She also argued that placing a limit on the number of speakers did not necessarily mean that they would not repeat the same arguments.

Councillor C Cupit argued in support of the amendment. She raised concerns over the possibility of a future review finding that limiting the number of speakers had not been successful and what this would mean for any contentious applications that had been debated while the limit was in place.

Councillor F Adlington-Stringer argued that it was important to allow local residents to speak at Planning Committee and that it would be sensible to have a review on the policy within a year.

Councillor M Foster argued that placing a limit on the number of speakers was unnecessary and Housing Developers could fill the limited slots with their own representatives to limit the feedback of local residents.

Councillor D Hancock argued that three was too low a limitation to place on the number of speakers and that the key issue of preventing speakers from repeating the same points was down to how the meeting was managed.

Councillor R Shipman used his right of reply to argue that it was important not to restrict the number of speakers and that Developers would use the limits to their advantage to unfairly gain the system.

The amendment was put to the vote and was defeated.

Councillor C Renwick proposed an amendment to the motion to amend section 2.e. in the recommendations so that 20 other speakers should be able to register to speak either for or against an application on a first come first served basis. Councillor F Adlington-Stringer seconded the amendment.

Councillor N Baker spoke in favour of the amendment and argued that it would be a more reasonable number.

Councillor J Barry spoke against the amendment. She argued that residents were able to write in about applications and that they can appeal to their Parish or District Councillor to speak on their behalf.

Councillor C Renwick used her right of reply to argue that this was a pragmatic approach as it was very rare the Council had large scale applications on which lots of residents wished to speak. She urged any Members that value the input of local residents to support the amendment.

The amendment was put to the vote and was defeated.

Councillor K Gillott accepted a suggested amendment to the motion to alter section 2.e. so that it read that “three other speakers in support of the Application and three other speakers objecting to the Application.

Councillor K Gillott that the Planning Committee needed clear rules in order to work effectively. He informed Members that the Council’s Constitution was reviewed on a yearly basis and that the proposed speaking arrangements could be reviewed as a part of this review.

Councillors A Dale, C Cupit and S Clough requested that a recorded vote be taken on the motion.

The motion was put to the vote and approved.

For: 26

Councillors F Adlington-Stringer, N Barker, J Barry, G Baxter, R Beech, J Birkin, D Cheetham, K Clegg, A Cooper, S Cornwell, M Durrant, S Fawcett, C Fletcher, C Gare, K Gillott, D Higgon, C Lacey, G Morley, N Morley, F Petersen, K Rouse, D Skinner, Caroline Smith, Christine Smith, M Smith, and H Wetherall

Against: 22

Councillors P Antcliff, N Baker, S Clough, C Cupit, A Dale, L Deighton, P Elliott, M Emmens, M Foster, D Hancock, P Jones, W Jones, H Liggett, S Reed, C Renwick, M Roe, R Shipman, R Spooner, M E Thacker MBE, R Welton, P Windley

Abstentions: 0

The motion was approved.

RESOLVED – That:

- Council endorsed the recommendations of Standards Committee on the arrangements for speaking at Planning Committee meetings.
- Council confirmed a revised Section 16.1 of the Members (Councillors) Planning Rules, incorporating the following clarifications and amendments as set out in Section 3.6 of the report:
  - That Local Ward Members and the Elected Member who has referred an application to Planning Committee should be able to register to speak at Committee either for or against an application.
  - That a Parish or Town Council which has made a representation on an application should be able to register to speak at Committee either for or against an application.
  - That a Member of Parliament for the all or part of the North East

Derbyshire District should be able to register to speak either for or against an application.

- That the Applicant and the Agent for an application should be able to register to speak on their application.
- That three others speakers for and three other speakers against an application should be able to register to speak on a first come first served basis.

**COU     Appointment of Members to Represent the Council on Outside Bodies**

**/55/2**

**3-24**

The report outlined the proposed appointments of Members to serve as the Council's representatives on additional (Outside Bodies) for the 2023/24 Municipal Year.

Members heard that following a review, several organisations indicated that they would like the Council to appoint representatives to them. The Leader of the Council has proposed that the following should serve in this capacity:

- Age Concern – Councillor D Skinner
- Eckington Over Sixties Club – Councillor K Clegg
- Ford Angling Club – Councillor T Lacey
- Volunteer Centre – Councillor N Barker to serve in place of Councillor C Gare

Councillors N Barker and J Barry proposed and seconded a motion to approve the recommendations as contained within the report.

The motion was put to the vote and approved.

**RESOLVED** – That:

- That the proposed appointments to the named Outside Bodies as set out in Section 1.3 of the report be approved.
- That these appointments continue until Annual Council in May 2024

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

**/56/2**

**3-24**

The Chairman of the Council confirmed that four questions had been received.

**Question A – Councillor K Gillott to Councillor N Barker, Leader of the Council**

A question had been submitted by Councillor K Gillott to Councillor N Barker, Leader of the Council on what action the Authority has taken to help residents deal with the catastrophic flooding of their homes as a result of Storm Babet. The full text of the question from Councillor K Gillott, marked as Question 'A', was set out in the agenda for the meeting.

The Leader of the Council reiterated his sadness over the loss of life as well as the impact which the flooding had on people and property in the District. Councillor N Barker went on to explain that the District had received an unprecedented amount of rainfall with the Meteorological Office recording that the three day period was the wettest on record for the region. 185 homes and 10 businesses had been flooded in the District with Clay Cross, Shirland, Wingerworth, Eckington and Renishaw all being badly affected.

Council was informed that the depot at Eckington had been flooded leading to damage to the building and equipment. Councillor N Barker gave thanks to staff that worked over the weekend to clear the depot and ensure that the Street Scene were able to complete their rounds on Monday.

The Leader explained the partnership working which had taken place across Derbyshire to help people and communities affected by the floods. As part of this, he highlighted how the Council had supported residents by offering practical help by distributing sandbags and signposting to those other agencies that could offer assistance.

Council learned that after the weekend, senior officers visited the worst affected areas and the contact centre made over 100 welfare calls to residents. Staff and vehicles were also made available for the Derbyshire wide recovery effort and engineers carried out inspections on the worst affected areas in order to identify any immediate work required. The Council had also issued £44,000 in grants and offered council tax relief to over 100 households.

Councillor K Gillott gave thanks to the Managing Director and all staff that had worked on the recovery effort. He asked the Leader what measures would be put in place to ensure that this does not happen again and will he ensure that the Authority takes a leading role in the investigation that will take place following the incident.

Councillor N Barker responded that the Council would be reviewing all of the emergency planning incident responses, that they would be working alongside the flood authority as well as other partners across the County to launch a flood prevention scheme. In this context, the Leader explained that the Managing Director had written to County Council to ask that consideration be given to the creation of a north Derbyshire prevention group.

Question B – Councillor M Foster to Councillor N Barker, Leader of the Council

A question had been submitted by Councillor M Foster to Councillor N Barker, Leader of the Council on whether the minutes or notes of the Council's working group meeting on the Local Plan will be made available to all members and the public. The full text of the question from Councillor M Foster, marked as Question 'B', was set out in the agenda for the meeting.

Councillor N Barker explained that the Local Plan Working Group was not a Committee of the Council and was not legally required to produce and publish minutes. However, notes of the meetings would be produced, which would form part of quarterly reports to Cabinet and the relevant Scrutiny Committees on the work of the Group. These reports would be published ahead of the scheduled meetings and would be in the public domain.

Councillor M Foster asked as a supplementary question whether the political groups would be allowed to choose their own representatives on the working group.

Councillor N Barker felt that the representation on the Group agreed by Council was appropriate and should remain in place.

Question C – Councillor C Cupit to Councillor N Barker, Leader of the Council

A question had been submitted by Councillor C Cupit to Councillor N Barker, the Leader of the Council on his administration's views regarding untidy and unfinished plots of land in the District. The full text of the question from Councillor C Cupit, marked as Question 'C', was set out in the agenda for the meeting.

Councillor N Barker responded the Council would be reviewing all of their plots of land as part of the asset management and housing strategy. The review would ensure that a strategic approach was taken to selling plots. The Leader reminded Members that the Council was not responsible for maintaining privately owned land but that they could take enforcement action against plots which attracted fly tipping or rodents.

The Leader of the Council queried if Councillor C Cupit was referring to land at Priestley Avenue, Mickley. He explained what action had been taken on this.

Councillor C Cupit thanked those Officers for their work on this. She asked the Leader of the Council to commit to completing demolition work on the Green Homes grant fund demolition site in Mickley.

Councillor N Barker agreed to look into this issue and respond to Councillor C Cupit as soon as possible.

Question D – Councillor A Dale to Councillor N Barker, Leader of the Council

A question had been submitted by Councillor A Dale to Councillor N Barker, the Leader of the Council on the Administration's intentions with regards to the paused Parking Strategy. The full text of the question from Councillor A Dale, marked as Question 'D', was set out in the agenda for the meeting.

Councillor N Barker explained that the funding for Strategy remained, but that a review of the Strategy was required.

Councillor A Dale asked what the Leader would say to the residents of Wingerworth, Killamarsh, Eckington, Cutthorpe and various other areas who were expecting parking intervention and would now be left in uncertainty.

Councillor N Barker reiterated that the funds were still available in the budget and that a review needed to place to ensure that the right Strategy was put in place.

**COU  
/57/2  
3-24**

**To consider any Motions from Members under Procedure Rule No 10**

**MOTION 'A'**

A motion submitted by Councillor F Adlington-Stringer related to the current conflict in Gaza. The full text of Councillor F Adlington-Stringer's Motion, set out as Motion 'A' was included on the agenda for the meeting.

Councillor Adlington-Stringer spoke in support of the Motion. As the motion was not seconded Council did not debate or determine on it.

**MOTION 'B'**

Members considered a motion submitted by Councillor C Cupit, which called on



Council to establish a Planning Policy Steering Group to consider the development of Supplementary Planning Documents (SPDs). The full text of Councillor C Cupit's Motion, set out as Motion 'B' was included on the agenda for the meeting.

Councillor A Dale seconded the motion and reserved his right to speak.

Councillor N Barker spoke against the motion. He argued that there were likely to be changes made to the local plan making process over the next 12 months and as a result, any work done on the SPDs would be largely wasted. Instead, research and data collection around issues such as renewable energy, climate change, biodiversity, town centre planning and car parking strategy would continue. He reminded Members that the Local Plan Review Working Group would be responsible for the consideration of any future SPDs.

Councillor A Dale reminded Councillor N Barker that he and Councillor S Pickering had committed to conducting a review as soon as possible and that this was their opportunity to influence broader planning policy. To wait for government policy to change was the wrong approach.

Councillor C Cupit expressed her disappointment in Councillor N Barker's response. She explained that there could be Members with various expertise that would want to feed into this process but were not part of the Local Plan Review Working Group.

Councillors A Dale, C Cupit and S Clough called for a recorded vote.

The motion was put to the vote and was defeated.

For: 20

Cllrs P Antcliff, N Baker, S Clough, C Cupit, A Dale, P Elliott, M Emmens, M Foster, D Hancock, P Jones, W Jones, S Reed, C Renwick, M Roe, R Shipman, R Spooner, M E Thacker MBE, R Welton, H Wetherall, and P Windley

Against: 24

Cllrs N Barker, J Barry, R Beech, J Birkin, D Cheetham, K Clegg, A Cooper, S Cornwell, M Durrant, S Fawcett, C Fletcher, C Gare, K Gillott, D Higgon, P Kerry, C Lacey, T Lacey, N Morley, F Petersen, K Rouse, D Skinner, Caroline Smith, Christine Smith, and M Smith.

Abstentions: 2

Cllrs F Adlington-Stringer and H Liggett

MOTION 'C'

Members considered a motion submitted by Councillor A Dale which called on the Council to consider the introduction of a loan scheme to enable residents to install driveways, to commit to maintain the budget allocation of £280k and to bring a report to a future meeting of Full Council on a series of options for the next steps for the Parking Strategy. The full text of Councillor A Dale's motion, set out as Motion 'C' was included on the agenda for the meeting.

Councillor C Cupit seconded the motion but reserved her right to speak.

Councillor F Adlington-Stringer spoke against the Motion. He argued that the Council should be investing funding into public transport and supporting residents with active travel and not making them choose between having a greenspace or a driveway.

Councillor N Barker made clear that the parking strategy was still under review. He claimed that the motion in its current form was unfair as it would require future beneficiaries of the scheme to take on debt and would also indirectly benefit other residents but only be paid for through Housing Revenue Account (HRA) tenants.

Councillor N Barker proposed an amendment to the Motion which included a request that the County Council, as the Highways Authority, match fund the District Council's Allocation.

Councillor J Birkin seconded the amendment to the Motion and reserved his right to speak.

Councillor R Shipman shared his support with most of the sentiments proposed in the amendment but argued that the Council should not encourage residents to taken on debts to pay for improvements.

Councillor A Dale spoke against the amendment. He stated that many residents had informed him of their willingness to take out a loan for this improvement. He argued that the original Motion was not unfair as it would be an improvement to parking within a resident's own property. He suggested that the amendment was unfair as the Highways Authority would only be subsidising HRA tenants. It would also set a dangerous precedent for the Highways Authority to be expected to resolve parking issues across the entire County.

Councillors K Gillott and D Hancock spoke in favour of the amendment, they explained that it did not commit the Council to take any action other than a review. A final decision could then be taken by Members at a future meeting of Full Council.

Councillor J Birkin supported the amendment, which would enable progress to be made.

Councillor N Barker reiterated that the Parking Strategy was under review. He accepted that increased parking was required and that it would be a huge benefit if the County Council could match fund the District Council's own financial contribution.

The amendment to the motion was put to the vote and was approved.

Councillor C Cupit stated her support for public transport and informed Members that the Council had received £51.5 million in terms of specific bus funding but that many residents throughout the District required the use of a car. She considered that the amendment had confused the original Motion which was primarily focussed on council houses and tenants but would support the Motion as amended.

Councillor A Dale explained that residents expect the Council to be able to assist them with these issues. He went on to state that there were environmentally friendly drive solutions that could be utilised.

The Motion as amended was put to the vote and was approved.

**RESOLVED** – That Council:

- Commit to maintaining the budget allocation of £280k pa within the HRA to support improving parking provisions and dealing with acute parking problems where this meets the criteria for HRA spend.
- Invites Cabinet to consider introducing a loan scheme for tenants, funded via the £280k budget allocation, to enable them to install driveways to a design and specification set by the Council and to be repaid at an agreed rate per month to their rent.
- Asks the Leader of the Council and the proposer of this motion to jointly write to the Derbyshire County Council Cabinet Member for Highways, Assets and Transport, inviting them to support this measure to make life better for our tenants and residents by match funding the Council's budget allocation.
- For the Leader of the Council to report back to Council both the response of Derbyshire County Council and the outcome of the Cabinet's review of the car parking strategy.

**COU Chairman's Urgent Business (Public)**

**/58/2**

**3-24** There was no urgent business.

**COU Exclusion of Public**

**/59/2**

**3-24** **RESOLVED** – That the public be excluded from the meeting during the discussion of the following item(s) of business to avoid the disclosure to them of exempt information as defined in Paragraphs 1, 2, 3 & 5, Part 1 Schedule 12A to the Local Government Act 1972 (as amended by the Local Government) (Access to Information) (Variation) Order 2006).

**COU Stonebroom Regeneration Scheme Borrowing Approval**

**/60/2**

**3-24** Council received a report to seek their approval for borrowing to fund the proposed regeneration scheme of the Cleveland Road area at Stonebroom.

**RESOLVED** – That Council:

- Approved the specified borrowing to fund the regeneration scheme at Stonebroom
- Approved the inclusion of this scheme in the HRA Capital Programme.
- Approved the revised Capital Financing Requirement, Operational Boundary and Authorised as set out in the financial implications of the report.

**COU Northwood**

/61/2

**3-24** Council received a presentation from the Director of Growth & Assets which provided them with an update on the Northwood Group Ltd.

**COU     Senior Management Pay Levels**

/62/2

**3-24** Council received a report which made them aware of an identified threat to the organisation in relation to the recruitment and retention of the Council's Senior Management Team.

Councillors N Barker and P Kerry moved and seconded a motion to approve recommendation B as contained in the report.

Councillor A Dale proposed an amendment to the motion to call for a cross-party working group to research the issues raised in the report in further detail. Councillor C Cupit seconded the amendment.

Councillor A Dale accepted a suggestion that the working party report back to Full Council with a firm proposal by their next meeting on 29 January 2024.

At the conclusion of the debate, the amendment was put to the vote and was approved.

The motion as amended was then put to the vote and approved.

RESOLVED – That having been made aware and now with an understanding of the potential threat identified, that Council agreed to establish a cross party working group to investigate the matter in further detail and report back at the next meeting of Full Council on 29 January 2024.

**COU     Chairman's Urgent Business (Private)**

/63/2

**3-24** There was no urgent business.

## North East Derbyshire District Council

### Council

29 January 2024

#### **Medium Term Financial Plan 2023/24 to 2027/28**

#### **Report of the Deputy Leader (Portfolio Holder for Finance)**

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources  
(S151 Officer)

Contact Officer: as above

---

#### **PURPOSE/SUMMARY**

To seek approval of the Current Budget for 2023/24 and Original Budget for 2024/25 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2023/24 to 2027/28.

---

#### **RECOMMENDATIONS**

1. That the view of the Director of Finance & Resources; that the estimates included in the Medium-Term Financial Plan 2023/24 to 2027/28 are robust and that the level of financial reserves are adequate at this time; be accepted.
2. That officers report back to Cabinet and the Services Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets.

#### **General Fund**

3. A Council Tax increase of £6.11 will be levied in respect of a notional Band D property (2.99%).
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 2023/24, as the Original Budget 2024/25, and as the financial projections in respect of 2025/26 to 2027/28.
5. That the shortfall in the General Fund budget for 2024/25 as set out in **Appendix 1** be met from the resilience reserve

6. That the General Fund Capital Programme be approved as the Current Budget in respect of 2023/24, and as the Approved Programme for 2024/25 to 2027/28.
7. That any under spend in respect of 2023/24 be transferred to the Resilience Reserve to provide increased financial resilience for future years of the plan.

### **Housing Revenue Account (HRA)**

8. That Council sets its rent levels for 2024/25 by increasing rents by 6% from 1st April 2024.
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 2023/24, as the Original Budget in respect of 2024/25, and the financial projection in respect of 2025/26 to 2027/28.
10. That the HRA Capital Programme be approved as the Current Budget in respect of 2023/24, and as the Approved Programme for 2024/25 to 2027/28.
11. That the Management Fee for undertaking housing services at £12.05m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2024/25 be approved.
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.
13. That Members note the requirement to provide Rykneld Homes with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Assistant Director – Finance & Resources in consultation with the Leader of the Council to agree the contents of that letter.

Approved by the Finance Portfolio Holder

### **IMPLICATIONS**

#### **Finance and Risk**

Yes ✓

No

These are detailed in the attached report.

On Behalf of the Section 151 Officer

#### **Legal including Data Protection**

Yes ✓

No

These are detailed in the attached report.

On Behalf of the Solicitor to the Council

**Staffing****Yes****No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

**DECISION INFORMATION**

<b>Is the decision a Key Decision?</b>  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>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>Has the relevant Portfolio Holder been informed</b>	Yes
<b>District Wards Affected</b>	All
<b>Links to Corporate Plan priorities or Policy Framework</b>	All

**REPORT DETAILS****1 Medium Term Financial Plan 2023/24 – 2027/28**

- 1.1 Attached at **Appendix 1** is the report presented to Cabinet on 25 January 2024 providing details of the current budget for 2023/24, original budget for 2024/25 and financial plans for 2025/26 to 2027/28.
- 1.2 Cabinet considered the report on 25 January 2024 following scrutiny at the Joint Scrutiny Committee on 18 January 2024. The recommendations are now referred to this Council for members' consideration and approval.

**2 Reasons for Recommendation**

- 2.1 These are detailed in the attached report.

**3 Alternative Options and Reasons for Rejection**

- 3.1 These are detailed in the attached report.

## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Medium Term Financial Plan 2023/24 to 2027/28 and Appendices 1-4
<b>Background Papers</b>	
<b>Report Author</b>	<b>Contact Number</b>
Jayne Dethick – Director of Finance and Resources (S151 Officer)	(01246) 217078



**North East Derbyshire District Council**

**Cabinet**

**25 January 2024**

**Medium Term Financial Plan 2023/24 to 2027/28**

**Report of the Deputy Leader (Portfolio Holder for Finance)**

**Classification:** This report is public

**Report By:** Jayne Dethick, Director of Finance and Resources (S151 Officer)

**Contact Officer:** Jayne Dethick

---

**PURPOSE/SUMMARY**

To seek approval of the Current Budget for 2023/24 and Original Budget for 2024/25 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2023/24 to 2027/28.

To provide Elected Members with an overview of the Council's medium term financial position.

---

**RECOMMENDATIONS**

1. That all recommendations below are referred to the Council meeting of 29 January 2024.

The following recommendations to Council are made:

2. That the view of the Director of Finance & Resources, that the estimates included in the Medium-Term Financial Plan 2023/24 to 2027/28 are robust and that the level of financial reserves are adequate at this time, be accepted.
3. That officers report back to Cabinet and the Services Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets.

**General Fund**

4. A Council Tax increase of £6.11 will be levied in respect of a notional Band D property (2.99%).

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 2023/24, as the Original Budget 2024/25, and as the financial projections in respect of 2025/26 to 2027/28.
6. That the shortfall in the General Fund budget for 2024/25 as set out in **Appendix 1** be met from the resilience reserve.
7. That the General Fund Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2023/24, and as the Approved Programme for 2024/25 to 2027/28.
8. That any under spend in respect of 2023/24 be transferred to the Resilience Reserve to provide increased financial resilience for future years of the plan.

#### **Housing Revenue Account (HRA)**

9. That Council sets its rent levels for 2024/25 in consideration of the Social Housing Rent Standard increasing rents by 6% from 1<sup>st</sup> April 2024.
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 2023/24, as the Original Budget in respect of 2024/25, and the financial projection in respect of 2025/26 to 2027/28.
11. That the HRA Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2023/24, and as the Approved Programme for 2024/25 to 2027/28.
12. That the Management Fee for undertaking housing services at £12.05m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2024/25 be approved.
13. That Members endorse the section in the financial framework within the Management Agreement which enables the Council to pay temporary cash advances to Rykneld Homes to help meet the cash flow requirements of the company should unforeseen circumstances arise in any particular month.
14. That Members note the requirement to provide Rykneld Homes with a 'letter of comfort' to the company's auditors and grant delegated authority to the Council's Director of Finance & Resources (S151 Officer) in consultation with the Leader of the Council to agree the contents of that letter.

Approved by the Portfolio Holder for Finance

---

## **IMPLICATIONS**

### **Finance and Risk**

**Yes ✓**

**No**

The issue of financial risk and resilience is covered throughout the report. In addition, it should be noted that not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register. While officers are of the view that these risks are being appropriately managed it needs to be recognised that the continued budget pressures on the Council's financial position need careful consideration when approving the Medium Term Financial Plan.

The capital programme identifies and recognises the need to maintain the Council's assets in a fit for purpose state and to retain and attract income streams for the Council. The financing of the capital programme is secured for 2024/25 thus minimising the risk of any additional unplanned borrowing.

Section 25 of the Local Government Act 2003 requires that the S151 Officer reports on the robustness of the estimates made and the adequacy of reserves. These requirements are addressed at 1.67 – 1.69 of this report.

All other financial implications are covered in the relevant sections throughout the report.

On Behalf of the Section 151 Officer

### **Legal including Data Protection**

**Yes ✓**

**No**

The Council is legally obliged to approve a budget prior to the commencement of the new financial year, 1 April 2024. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

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.

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

On Behalf of the Solicitor to the Council

### **Staffing**

**Yes**

**No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

---

## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b>	No
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:	
<b>NEDDC:</b>	

<b>Revenue - £100,000 <input checked="" type="checkbox"/> Capital - £250,000 <input checked="" type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/></b> <b>Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details: Services Scrutiny Committee 18 January 2024

<b>Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.</b>
All

## **REPORT DETAILS**

### **1 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**
- 1.2 In particular financial projections are provided for:
- 2023/24 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 2024.
  - 2024/25 Original Budget – this is the proposed budget for the next financial year starting 1 April 2024. 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.
  - 2025/26 to 2027/28 Financial Plan - In accordance with good practice the Council agrees its annual budget 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. Once Cabinet has considered this report and the appendices, the recommendations agreed will be referred to the Council meeting of 29 January 2024 for members' consideration and approval.

## **General Fund Revenue Account**

### **2023/24 Current Budget**

- 1.3 In January 2023, Members agreed a budget for 2023/24 to determine Council Tax. At this time there was a requirement to achieve efficiencies of £0.784m to balance the budget.
- 1.4 The Revised Budget was considered by Cabinet at its meeting on 23 November 2023 at which time the budget shortfall had reduced to £0.331m. There have been no material changes to the budget position since this time.
- 1.5 The final position will clearly be dependent on the actual financial performance out-turning in line with the revised budgets and there may be further budget changes required as the year progresses.

### **2024/25 Original Budget and 2025/26 - 2027/28 Financial Plan**

#### **Local Government Finance Settlement**

- 1.6 The draft Finance Settlement for 2024/25 was issued for consultation on 18 December 2023. It is effectively the second year of a two-year settlement following the *local government finance policy statement 2023-24 – 2024-25*, published on 12 December 2022. In this statement the Government confirmed that 2023/24 and 2024/25 would essentially be rollover settlements from the 2019 position. The policy statement encouraged local authorities to utilise reserves to maintain services, taking account of the need to maintain appropriate levels of reserves to support financial sustainability. This stance was reiterated in the 2024/25 draft Finance Settlement.
- 1.7 The impending general election during the next 12 months means the planned funding reforms or changes to funding distribution are delayed further and are now not expected to be implemented until 2026-27 at the very earliest. Forecasting for the latter years of the financial plan is challenging whilst little is known about the next Spending Review and funding reforms. This lack of certainty from 2026/27 makes financial planning with any accuracy for future years difficult, especially considering the medium-term fiscal forecasts and the need to continue to provide sustainable public services.
- 1.8 The main principles of the 2024/25 Settlement are:

#### **New Homes Bonus**

- 1.9 The Settlement confirms that New Homes Bonus (NHB) will continue in 2024/25 for one further year with no legacy payments and payments will be made on the same basis as last year. Adopting this assumption, the forecasts exclude New Homes Bonus payments from 2025/26.

### Increased “core” Band D Council Tax

- 1.10 The maximum increases in Band D have been confirmed in the Settlement. The core Band D element remains at 3% for district councils in 2024/25. The 2025/26 level is yet to be confirmed however there is widespread speculation that it will remain at 3% in the future.

### 3% Funding Guarantee

- 1.11 The 3% Funding Guarantee was an addition in the Settlement last year that is continuing into next year. The intention of this grant is to guarantee that every council has an increase of at least 3% in Core Spending Power, before Council Tax increases. The Council's allocated amount in 2024/25 is £0.389m. It is widely expected that the grant will continue into 2025/26 and in the absence of New Homes Bonus will increase to ensure the 3% funding guarantee commitment is met. The grant has been excluded from 2026 in anticipation of the wider funding reforms being implemented.

### Business Rates

- 1.12 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 and all Councils have elected to remain members in 2024/25. The only major change to business rates is the introduction of the Non-Domestic Rating Act 2023 which gives ministers the opportunity to set separate multipliers for small and standard businesses. This has no financial impact for billing authorities as changes are compensated through section 31 grants.

### Business Rates Reset

- 1.13 It has again been confirmed that the business rates baseline reset will not proceed until the next spending review. The reset will mean that any growth gained since 2013/14 (the last reset) will be built into a new baseline, effectively wiping it out. The lack of clarity around the national business rates review, and/or a reset beyond 2025/26 makes forecasting challenging but there is still a commitment to fundamentally review business rates in the next spending review so it is still reasonable to assume that reform will proceed at this time. Therefore, from April 2026 the impact of the reset has been factored into this plan.
- 1.14 Table 1 below summarises the Government Grants in the 2024/25 Settlement compared to 2023/24:

**Table 1**

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
New Homes Bonus	602	601
Services Grant	109	0
3% Funding Guarantee	259	389
<b>Total</b>	<b>970</b>	<b>990</b>

## Assumptions in the Plan

1.15 In developing the financial projections several assumptions have been made:

- Budgets are cash limited except where contractual commitments to increase costs exist.
- A pay award of 3% has been included in 2024/25 pay budgets. From 2025/26 pay inflation forecasts include a 2% uplift.
- Changes to national living wage have been accounted for.
- Energy costs and fuel have been forecast to reflect anticipated price changes.
- Fees and charges – annual service specific increases have been applied in 2024/25.
- Salary vacancy savings of 3% have been included each year.
- Inflation mirrors Bank of England monetary policy falling to the target of 2% by the end of 2025.
- Variable interest rates mirror Bank of England monetary policy with a gradual reduction to 3% by September 2026.

## Budget Detail

1.16 The proposed budget for 2024/25 currently shows a shortfall of £0.303m before any council tax increase (see 1.32 – 1.34 below). If the council tax increase recommended in the report is approved, then the shortfall reduces to £0.1m. This is a manageable position and based on past financial performance is reasonable to assume that the required savings will be identified during the year. Financial challenges do increase in the latter years of the plan, largely because of the uncertainty surrounding national funding. It therefore remains important to ensure that financial management remains prudent and ongoing savings continue to be identified and implemented. Table 2 below, summarises the forecast position.

1.17 We have been operating in a challenging financial climate for several years and have an excellent track record of both identifying and delivering service efficiencies as required. There is a strong commitment to being fiscally responsible and efficient and to demonstrating strong financial governance in the Council Plan that was approved by Council in July. Progress against these commitments is being monitored and scrutinised through the delivery management process alongside the budget monitoring process. Both are reported to the Cabinet and the Services Scrutiny Committee each quarter.

**Table 2**

	Original Budget 2024/25 £000	Planning Budget 2025/26 £000	Planning Budget 2026/27 £000	Planning Budget 2027/28 £000
General Fund Shortfall before council tax increase	302	972	1,852	1,971
Application of council tax increase assuming 2.99% (max) each year	(202)	(404)	(606)	(808)
General Fund Shortfall after applying indicative council tax increase	100	568	1,246	1,163

*NB - ( ) denote income/surplus*

*Note - Council Tax increases are indicative and not included in the MTFP at Appendix 1 as the final decision rests with Council each year.*

1.18 Table 2 includes indicative council tax increases. Council tax income is a significant funding stream for us, providing 40% of the annual income needed to fund the services in the general fund. Also, it is important to note, the increase each year not only services that year's budget but also increases the base for future years.

1.19 The Net Cost of Services detailed in **Appendix 1** is further analysed by type in Table 3 below. **Appendix 2** provides further analysis for each budget area.

**Table 3**

	Current Budget 2023/24	Original Budget 2024/25	Planning Budget 2025/26	Planning Budget 2026/27	Planning Budget 2027/28
	£000	£000	£000	£000	£000
Employee related costs	19,162	20,428	21,362	21,756	22,100
Premises related costs	2,469	2,030	2,394	2,459	2,532
Transport related costs	703	703	703	703	703
Supplies and Services	7,785	7,094	7,420	7,468	7,693
Rent rebates/allowances	330	330	330	330	330
Capital Financing costs	1,006	442	866	801	816
Income	(16,618)	(15,436)	(17,055)	(17,145)	(17,337)
<b>Net Cost of Services - NCS (App 1)</b>	<b>14,837</b>	<b>15,591</b>	<b>16,020</b>	<b>16,372</b>	<b>16,837</b>
NCS transfers to grants/reserves	1,271	0	0	0	0
NCS transfers from grants/reserves	(1,590)	(471)	(377)	(202)	(5)
<b>NCS after movements in grants/reserves</b>	<b>14,518</b>	<b>15,120</b>	<b>15,643</b>	<b>16,170</b>	<b>16,832</b>

*NB - ( ) denotes income*

1.20 Table 3 above shows that except for pay related costs, cash limiting maintained across all expenditure budgets means there are only minor variations throughout the plan. Some of the above costs are funded by grants and reserves and some of the income needs to be moved to grants and reserves to fund future expenditure commitments. Therefore, these movements are included in the table to show the "true" position.

1.21 Like many other public bodies, some of the significant and unforeseen external pressures experienced in 2023/24, continue into the medium term and have been built into these forecasts. The main ongoing budget pressure relates to pay costs; the annual NJC pay awards, increases to the National Living Wage, employer pension contribution increases, and National Insurance changes have all impacted in recent years. An additional £1m was needed in 2023/24 and a further £1.3m in 2024/25.

1.22 **Appendix 1** shows that from 2026/27 the budget pressures begin to increase. The higher costs experienced in recent years that continue into future years account for some of this but the main variance centres around the assumptions in the financial plan that national funding reforms will take place. The combined forecast impact of changes to the funding formula, the loss of grants and a business rates reset has a considerable detrimental impact.

1.23 There is still a lot of uncertainty around national funding reforms which makes future year forecasting challenging. The Government have committed to transitional protection to minimise the initial impact for those councils in a worse financial position for a minimum



of two years and this has been included in the estimates. Whilst it doesn't relieve the impact of the reforms entirely it does provide protection for a period to allow adjustment to the impact of them. The future of local government funding and proposed reforms will continue to be kept under close review and will be addressed through the annual plan refresh as further information becomes available.

### Reserves

- 1.24 In the 2024/25 draft Finance Settlement, the Government again encourage local authorities to utilise their reserves to meet budget pressures. This is an acceptable short-term measure whilst long term solutions are identified, however, use of reserves to fund revenue budgets is not a sustainable or prudent solution for the medium term for any organisation. Given the current level of reserves and balances held, we do have a reasonable period in which to recover unanticipated budget shortfalls should it be necessary. In a situation in which we were operating at a lower level of balances and budget pressures occurred which took balances to below a minimum level then immediate remedial action would need to be considered, but this is not currently the case.
- 1.25 A planned response to addressing budget pressures is more conducive to sound financial management and more importantly it limits the detrimental impact upon our ability to deliver the planned and agreed level of services to residents. As mentioned at 1.17 above, we have been operating in a challenging financial climate for several years and have an excellent track record of both identifying and delivering service efficiencies as required alongside a strong commitment to financial resilience and good financial governance. We recognise that we are in a better financial position than many local authorities, some of whom are struggling to meet the legal requirement to set a balanced budget for next year, but nonetheless also appreciate that given the current level of balances and reserves, against the savings requirement in the Medium-Term Financial Plan, the need to continue to tackle the underlying forecast budget deficit in a planned and managed manner remains.
- 1.26 The main uncommitted financial reserves are held in the General Fund Balance, the Invest to Save Reserve and the Resilience Reserve. The latter was specifically created to provide financial resilience in instances where unforeseen expenditure cannot be contained within existing approved budgets whilst longer term solutions are found.
- 1.27 The level of the General Fund Balance has been maintained at £2m in this budget. It represents a working balance of resources that could be used at very short notice in the event of a major financial issue and is maintained at a percentage of the net budget requirement.
- 1.28 The Invest to Save Reserve had an opening balance of £2.75m on 1 April 2023. Commitments already made against this reserve for future years amount to £0.83m leaving £1.92m uncommitted and available for future innovations and spend to save initiatives.
- 1.29 The Resilience Reserve had an opening balance of £2.93m on 1 April 2023, and commitments in 2023/24 are forecast to reduce this to £2.59m by the end of the current financial year. The planned contribution to the 2024/25 budget of £0.303m will reduce this to £2.3m should the full amounts need to be utilised. This reserve was created for this very purpose and will continue to be utilised to provide financial resilience to the general fund in future years as required by Medium Term Financial Plan. The final contribution from the Resilience Reserve each year will clearly be dependent on the

actual financial performance. Efforts will continue, as in previous years, to identify efficiencies to reduce the need to utilise the reserve.

- 1.30 The Business Rates Reserve is an earmarked reserve created from surplus growth to protect against the impact of lost growth, either through a change in the economic climate or through changes to the business rates retention system. It is the latter that is forecast to have a significant impact on business rates income from April 2026 because of the business rates reset. The reserve is being utilised in 2027/28 to provide such protection.

## **Council Tax Implications**

### Council Tax Base

- 1.31 In preparation for the budget, the Director of Finance & Resources under delegated powers has determined the Tax Base at Band D for 2024/25 as 33,049.86.

### Council Tax Options

- 1.32 The Council's part of the Council Tax bill in 2023/24 was set at £204.27 for a Band D property. This was an increase of 2.99%.
- 1.33 The Government indicate what upper limit they consider acceptable for council tax setting each year. For 2024/25, District Councils are permitted to increase their share of the Council Tax by 3% or £5 whichever is the greater, without triggering the need to hold a referendum. Table 4 below shows increase options and the extra annual revenue this would generate:

**Table 4**

Increase %	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
0%	204.27	0	0	0
1.00%	206.31	2.04	0.04	158,660
2.00%	208.36	4.09	0.08	226,171
2.99%	210.38	6.11	0.12	293,007

- 1.34 The proposed increase for 2024/25 is 2.99%, generating additional annual revenue of £293,007.

## **Housing Revenue Account (HRA)**

### **2023/24 Current Budget**

- 1.35 In January 2023, Members agreed a budget for 2023/24 including setting of rent levels in consideration of government regulations. HRA fees and charges were also set, effective from the same date.
- 1.36 The Revised Budget was considered by Cabinet at its meeting on the 23 November 2023. There have been no material changes to the budget position since this time.
- 1.37 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 tenants in future financial years so all surpluses will be transferred to reserves.
- 1.38 The HRA balance is being maintained at £3m in line with the level of financial risk facing the HRA. Maintenance of this balance is necessary as it will help ensure the financial and operational stability of the HRA which is essential to maintain the level of services and quality of housing provided to tenants. We continue to work closely with Rykneld Homes (RHL) to ensure the continued sustainability of the HRA over the life of the 30-year Business Plan.

### **2024/25 Original Budget and 2025/26 to 2027/28 Financial Plan**

- 1.39 The proposed budget for 2024/25 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 considered in developing the financial plans for the HRA are set out within the sections below.

### **Level of Council Dwelling Rents**

- 1.40 Government policy on social housing rents seeks to achieve the right balance between the following objectives:
- protecting tenants
  - protecting taxpayers (by limiting the welfare costs associated with social housing rents)
  - supporting the delivery of new social homes and the management and maintenance of existing properties
- 1.41 In April 2020 the Social Housing Rent Standard came into force which is externally regulated by the Housing Regulator applying to all registered providers of social housing.
- 1.42 The Government directed the Social Housing Regulator to apply the rent standard to all registered providers, including local authorities. The Standard confirms that rent increases of up to CPI + 1% for five years will be permitted, commencing April 2020.

### Rent Increase 2024/25

- 1.43 The Social Housing Rent Standard applies in 2024/25. CPI in September was 6.7% so the maximum permitted increase from April 2024 will be 7.7%. As in previous years, landlords continue to be free to apply a lower increase if they wish to do so. Providers should consider the local market context when deciding on the level of rent increase as well as the levels of Housing Benefit or Universal Credit available to claimant households who might occupy their properties.
- 1.44 The decision to increase rents in 2024/25 also needs to be taken in the context of the increasing cost pressures on the HRA. There is a statutory requirement that the HRA breaks even each year and rental income is the main source of revenue to meet the costs of management and maintenance of the homes. It also must be sufficient to cover the cost of servicing debt each year. Budget pressures have an impact on the ability to balance the HRA (see 1.49 – 1.52 below). Table 5 below shows increase options and the extra annual revenue this would generate:

Increase %	New Average Weekly Rent £	Weekly Increase £	Extra Revenue £
0%	86.10	0	0
5%	90.41	4.31	1.6m
6%	91.27	5.17	2.0m
7.7%	92.73	6.63	2.6m

- 1.45 Taking all the above into consideration a rent increase of 6% is being recommended in the budget for 2024/25.

### Other Fees and Charges

- 1.46 Although the main source of income for the HRA is property rents, there are other charges such as heating and rents for garages and plots. Heating charges are set on the principle that wherever possible they will reflect the cost of providing those services.

### Rykneld Homes Ltd Management Fee (revenue)

- 1.47 The majority of the funding available to Rykneld Homes (RHL) is provided by way of a management fee from the Council for delivery of services in line with the Management Agreement. The Management Agreement sets out the financial framework for the relationship between the Council and RHL and Schedule 3 of the agreement sets out the arrangements for the calculation of the annual fee for services undertaken by RHL.
- 1.48 The calculation of the management fee each year is informed by the annual business planning and budget setting process. External pressures driven by changes to regulation, increased demand for services and the ongoing impact of the economic climate are putting considerable pressure on the delivery of housing services.

- 1.49 In September 2022, the Regulator of Social Housing (RSH) published the Tenant Satisfaction Measures (TSM) Standard. The TSM's are a set of performance indicators against which all registered providers must measure themselves. Registered providers must begin submitting TSM performance data to the regulator from April 2024. RHL have been proactive in this regard and began collecting and publishing performance against the TSM's during 2023.
- 1.50 The Regulator has also issued four new Consumer Standards which will form the basis for regulatory inspections from April 2024. Stringent regulatory expectations in respect of damp and mould have already been issued and there are still further areas contained within the Social Housing (Regulation) Act 2023 that have yet to be finalised. Property standards, 'Decent Homes 2', and professionalisation of the sector are all still under review. The Building Safety Regulator is also beginning its enforcement of safety standards with further guidance due in 2024.
- 1.51 Our preparations for the new regulatory standards are already underway, A self-assessment has been undertaken internally against the current Consumer Standards to identify areas of strength and improvement and an action plan is being formed. Service improvements around repairs and damp and mould have already been put in place. Processes for dealing with disrepair claims, which is becoming a significant concern for housing providers across the country, are also being scrutinised.
- 1.52 The rigorous demands of regulation are already placing a significant pressure on resources. The HRA forecasts are based on what we know about the likely challenges currently. We await details on future challenges as the demands of regulation become clearer. This will undoubtedly lead to a further review of resources needed to deliver our housing services.
- 1.53 RHL have a strong track record of absorbing budget pressures through efficiencies, which has meant the management fee has not increased for several years. However, the level of unforeseen budget pressures being experienced now mean that despite identifying a significant level of efficiencies internally, an increase to the fee is required to continue to deliver high level housing services that meet the expectations of the regulator.
- 1.54 Considering the pressures outlined above, the proposed management fee for 2024/25 will be £12.05m. This is contained within two budgets – Repairs and Maintenance (£5.93m) and Supervision and Management (£6.12m).
- 1.55 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 2023/24 accounts will be the 2024/25 financial year). On the basis that this report is approved then it is reasonable to provide such a letter of comfort. 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 Director of Finance & Resources in consultation with the Leader of the Council to provide a response on behalf of the Council.

## **Financial Reserves – HRA**

- 1.56 The HRA has a working balance of £3m, which like the general fund is a risk-based reserve and is calculated on a per property basis. In addition to the Working Balance there are further reserves for the HRA specifically used to fund the HRA capital programme. These are the Major Repairs Reserve and the Development Reserve. There is also a Resilience Reserve to provide financial resilience in instances where unforeseen expenditure cannot be contained within existing approved budgets whilst longer term solutions are found. An Insurance Reserve is also held to cover claims excesses and self-insured claims.

### **Capital Investment Programme**

- 1.57 There will be a separate report to Council on 29 January 2024 concerning the Treasury Strategies. The report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

### **2023/24 Current Budget**

- 1.58 In January 2023, Members approved a Capital Programme in respect of 2023/24 to 2026/27. 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 2022/23 has been accounted for in the 2023/24 revised position.
- 1.59 The Revised Capital Programme was considered by Cabinet at its meeting on the 23 November 2023. There have been no material changes to the budget position since this time.

### **General Fund Capital Programme 2024/25 to 2027/28**

- 1.60 The proposed Capital Programme for the General Fund totals:

- £21.1m for 2024/25.
- £5.2m for 2025/26,
- £2.0m for 2026/27
- £1.7m for 2027/28.

The budget in 2024/25 includes the redevelopment of Sharley Park Leisure Centre and the Clay Cross Town Deal Programmes. It also includes the cyclical Vehicle Replacement Programme along with the annual Asset Management Programme.

### **HRA Capital Programme 2023/24 to 2026/27**

- 1.61 The proposed Capital Programme for the HRA totals:

- £28.5m for 2024/25;
- £24.5m for 2025/26,
- £22.9m for 2026/27
- £15.3m for 2027/28

- 1.62 The proposed programme for HRA capital works totals £45.9m over the four-year programme. This includes the annual fee paid to RHL for delivering the HRA capital works in the programme at £1.1m.

- 1.63 The proposed programme for HRA capital works on the non-traditional stock reflects the latest stock condition survey and includes the continuation of the part grant funded EWI scheme which is providing improvement works to a further 600 homes in the district. The programme totals £11.2m over the remaining duration.
- 1.64 Annual programmes remain for parking solutions and garage demolitions. A new build project at North Wingfield and regeneration project at Stonebroom are also included.
- 1.65 In addition, £10m has been included across the four-year programme to fund the ongoing commitment to purchasing affordable houses in the district to replace those lost through right to buy sales.
- 1.66 An analysis of all the schemes and associated funding are attached at **Appendix 4** to this report.

### **Robustness of the Estimates and Adequacy of Reserves**

- 1.67 Section 25 of the Local Government Act 2003 requires that when a local authority is considering its budget and setting its Council Tax for the forthcoming financial year, the Council's Section 151 Officer is required to report on the robustness of the estimates made and on the adequacy of the financial reserves in relation to budget setting.
- 1.68 The Council's Section 151 Officer (The Director of Finance and Resources) is satisfied that the estimates are robust and prudent, 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 achievable.
- 1.69 Likewise, the Section 151 Officer is satisfied that the levels of reserves are adequate to fund planned expenditure and potential issues and risks that face the Council at this time.

### **Financial Resilience**

- 1.70 Financial Resilience has become a significant issue for local authorities over recent years. CIPFA issued their Financial Management Code in 2019 designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. One of the key areas of focus in the Code is financial performance monitoring and demonstrating that financial resilience is being assessed on an ongoing basis. Three key areas are analysed to aid this:
- Revenue Health
  - Capital Health
  - Funding Sensitivities
- 1.71 Performance against these metrics is monitored and benchmarked on a regular basis and reported to the Services Scrutiny Committee. The latest analysis shows healthy results for both revenue and capital health but that the real risk to our financial resilience comes from uncertainty surrounding future national funding reforms. A further risk to financial resilience is the low taxbase position which limits the income that can be generated through council tax. This is a growing risk as the direction of travel for district councils is towards a heavier reliance on council tax to fund services.

## **2      Reasons for Recommendation**

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

## **3      Alternative Options and Reasons for Rejection**

- 3.1      The Council is required to set a budget each year. There are no alternative options being considered at this time.

---

### **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	General Fund MTFP - Summary 2023/24 to 2027/28
2	General Fund MTFP - Detail 2023/24 to 2027/28
3	HRA MTFP 2023/24 to 2027/28
4	Capital Programme MTFP 2023/24 to 2027/28
<b>Background Papers</b>	



## GENERAL FUND ACCOUNT - SUMMARY MTFP BUDGET 2023/24 - 2027/28

## APPENDIX 1

	Current Budget 2023/24 £	Original Budget 2024/25 £	Planning Budget 2025/26 £	Planning Budget 2026/27 £	Planning Budget 2027/28 £
Organisation and Place Directorate	7,926,480	8,270,273	8,668,953	8,906,075	9,278,285
Finance and Resources Directorate	4,281,525	4,917,782	4,960,985	4,870,876	4,854,572
Growth and Assets Directorate	3,247,273	3,021,457	3,008,573	3,213,486	3,322,093
Recharges to Capital and HRA	(618,350)	(618,350)	(618,350)	(618,350)	(618,350)
<b>Net Cost of Services</b>	<b>14,836,928</b>	<b>15,591,162</b>	<b>16,020,161</b>	<b>16,372,087</b>	<b>16,836,600</b>
Investment Properties	(473,095)	(468,465)	(467,590)	(466,730)	(465,905)
Bad Debt Provision	40,000	40,000	40,000	40,000	40,000
Interest	(801,564)	(616,538)	(492,868)	(275,535)	(204,381)
Debt Repayment Minimum Revenue Provision	56,000	56,000	56,000	56,000	56,000
Parish Precepts	3,556,306	3,556,306	3,556,306	3,556,306	3,556,306
Transfer To Earmarked Reserves	1,270,546	0	0	0	0
Transfer From Earmarked Reserves	(1,589,551)	(471,367)	(376,908)	(201,664)	(1,465,568)
Transfer Shortfall From Resilience/Risk Reserves	(331,241)	(302,708)	(972,394)	(1,851,657)	(1,971,345)
<b>Total Spending Requirement</b>	<b>16,564,329</b>	<b>17,384,390</b>	<b>17,362,707</b>	<b>17,228,807</b>	<b>16,381,707</b>
Business Rates	(5,297,035)	(5,948,100)	(6,149,000)	(4,669,100)	(4,799,000)
New Homes Bonus	(602,080)	(600,583)	0	0	0
Lower Tier Services Grant	(108,827)	0	0	0	0
3% Funding Guarantee	(259,008)	(389,000)	(767,000)	0	0
Fair Funding Transitional Protection Grant		0	0	(2,113,000)	(1,136,000)
Collection Fund (Surplus)/Deficit - Council Tax	(81,168)	(139,347)	(139,347)	(139,347)	(139,347)
Collection Fund (Surplus)/Deficit - NNDR	0	0	0	0	0
NEDDC Council Tax Requirement	(6,659,905)	(6,751,054)	(6,751,054)	(6,751,054)	(6,751,054)
Parish Council Council Tax Requirement	(3,556,306)	(3,556,306)	(3,556,306)	(3,556,306)	(3,556,306)
<b>Council Tax Requirement</b>	<b>(16,564,329)</b>	<b>(17,384,390)</b>	<b>(17,362,707)</b>	<b>(17,228,807)</b>	<b>(16,381,707)</b>

		Current Budget 2023/24 £	Original Budget 2024/25 £	Planning Budget 2025/26 £	Planning Budget 2026/27 £	Planning Budget 2027/28 £
<b><u>Organisation and Place Directorate</u></b>						
<b>Managing Director &amp; Head of Paid Service</b>						
4500	Managing Director	143,595	147,744	150,635	153,583	156,589
4500	Organisation & Place Vacancy Savings Target	0	(314,890)	(323,825)	(332,665)	(339,490)
5720	Supporting PA's	149,772	154,113	157,291	160,533	163,841
		<u>293,367</u>	<u>(13,033)</u>	<u>(15,899)</u>	<u>(18,549)</u>	<u>(19,060)</u>
<b>Assistant Director Environmental Health</b>						
3400	Environmental Protection	127,854	120,948	125,501	130,290	135,238
3401	Food, Health & Safety	137,544	132,240	137,118	142,255	146,289
3402	Environmental Enforcement	152,961	140,614	144,936	149,479	154,163
3403	Community Outreach	0	0	0	0	0
3404	Licensing	9,039	19,980	23,645	27,085	30,609
3405	Pollution	131,139	132,111	137,543	142,384	146,560
3407	Pest Control	45,555	23,359	24,682	26,055	27,481
3408	Home Improvement	15,428	24,581	25,015	25,458	25,909
3409	EH Technical Support & Management	259,403	273,544	275,241	280,759	285,668
3410	Private Sector Housing	88,152	87,040	90,662	93,889	96,673
3419	Destitute Funerals	1,500	1,500	1,500	1,500	1,500
3420	Fly Tipping	3,000	3,000	3,000	3,000	3,000
3426	Covid Enforcement Team	20,706	0	0	0	0
3429	Joint Assistant Director Environmental Health	45,490	46,821	47,755	48,708	49,679
3430	Clean Air New Burdens	(11,710)	0	0	0	0
		<u>1,026,061</u>	<u>1,005,738</u>	<u>1,036,598</u>	<u>1,070,862</u>	<u>1,102,769</u>
<b>Assistant Director Streetscene</b>						
3174	Street Scene	298,823	344,539	354,107	365,204	378,218
3227	Materials Recycling	555,220	626,673	757,342	777,535	796,252
3244	Parks Derbyshire County Council Agency	(360,000)	(360,000)	(360,000)	(360,000)	(360,000)
3282	Eckington Depot	149,272	151,943	154,400	156,897	159,452
3285	Dronfield Bulk Depot	3,670	3,745	3,820	3,895	3,970
3511	Hasland Cemetery	(47,820)	(47,759)	(47,700)	(47,630)	(47,570)
3513	Temple Normanton Cemetery	(5,865)	(4,360)	(4,350)	(4,340)	(4,335)
3514	Clay Cross Cemetery	(62,185)	(62,185)	(62,185)	(62,185)	(62,185)
3516	Killamarsh Cemetery	(19,200)	(17,215)	(17,200)	(17,190)	(17,180)
3918	Dog Fouling Bins	(65,180)	(65,180)	(65,180)	(65,180)	(65,180)
3921	Street Cleaning Service	632,904	698,380	715,806	732,387	748,755
3943	Transport	679,221	716,813	727,116	739,106	749,868
3944	Grounds Maintenance	510,833	631,179	687,867	705,651	720,600
3945	Domestic Waste Collection	1,800,330	2,001,816	2,048,711	2,095,731	2,141,402
3946	Commercial Waste Collection	(274,486)	(270,222)	(268,132)	(265,976)	(263,749)
3947	Assistant Director Streetscene	80,390	85,066	89,136	93,333	95,201
		<u>3,875,927</u>	<u>4,433,233</u>	<u>4,713,558</u>	<u>4,847,238</u>	<u>4,973,519</u>
<b>Assistant Director Planning</b>						
4111	Applications And Advice	(472,000)	(592,000)	(592,000)	(592,000)	(592,000)
4113	Planning Appeals	25,063	0	0	0	0
4116	Planning Policy	311,066	421,867	431,324	440,967	450,605
4311	Environmental Conservation	18,630	18,630	18,630	18,630	18,630
4511	Assistant Director - Planning	64,020	82,366	86,389	90,539	94,821
4513	Planning	861,990	925,289	950,597	974,486	994,808
4515	Building Control	39,000	54,000	54,000	54,000	54,000
5354	Land Charges	12,576	13,924	14,850	15,795	16,758
		<u>860,345</u>	<u>924,076</u>	<u>963,790</u>	<u>1,002,417</u>	<u>1,037,622</u>
<b>Assistant Director Governance</b>						
1121	Member's Services	503,815	552,820	563,360	568,810	574,315
1123	Chair's Expenses	7,400	6,600	6,600	6,600	6,600
1131	District Elections	190,000	0	0	0	190,000
1231	Corporate Training	46,280	41,980	41,980	41,980	41,980
1259	Corporate Groups	7,500	1,000	6,000	1,000	6,000
1311	Human Resources	303,626	307,354	315,490	324,446	283,237
3121	Health & Safety Advisor	96,760	96,665	96,730	96,795	96,860
5273	Brass Band Concert	0	0	0	0	0
5313	Register Of Electors	158,311	208,213	212,795	216,057	219,379
5321	Assistant Director Governance	96,648	99,553	101,495	103,440	105,422
5353	Legal Section	186,743	222,086	229,504	235,783	240,675
5392	Scrutiny	39,511	41,465	43,080	43,966	44,869
5711	Democratic Services	234,186	342,523	353,872	365,230	374,098
		<u>1,870,780</u>	<u>1,920,259</u>	<u>1,970,906</u>	<u>2,004,107</u>	<u>2,183,435</u>

		Current Budget 2023/24 £	Original Budget 2024/25 £	Planning Budget 2025/26 £	Planning Budget 2026/27 £	Planning Budget 2027/28 £
<b>Total for Organisation and Place Directorate</b>		<b>7,926,480</b>	<b>8,270,273</b>	<b>8,668,953</b>	<b>8,906,075</b>	<b>9,278,285</b>
<b><u>Finance and Resources Directorate</u></b>						
<b>Director of Finance &amp; Resources</b>						
1312	Payroll	90,712	69,977	72,834	75,736	77,371
1315	Design & Print	131,524	135,248	137,468	139,733	142,041
1321	Communications & Marketing	127,338	133,795	138,664	142,239	145,113
1323	NEDDC News	38,000	39,000	39,000	39,000	39,000
1329	Corporate Web Site	2,350	2,395	2,445	2,495	2,545
3512	CBC Crematorium	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
5113	Unison Duties	8,612	20,909	21,349	21,796	22,252
5611	External Audit	174,640	173,760	173,760	173,760	173,760
5615	Bank Charges	133,500	133,500	133,500	133,500	133,500
5621	Contribution to/from HRA	(185,450)	(185,450)	(185,450)	(185,450)	(185,450)
5713	Audit	115,020	118,045	118,845	119,650	120,450
5714	Financial Support Services	3,500	3,500	3,500	3,500	3,500
5715	Procurement	32,420	31,420	40,420	39,420	39,420
5716	Director of Finance & Resources	57,419	60,933	63,827	66,822	69,678
5716	Finance & Resources Vacancy Savings Target	0	(149,905)	(154,140)	(152,325)	(152,345)
5721	Financial Services	311,643	352,868	361,237	369,796	377,213
5724	Insurance	409,820	418,250	418,250	418,250	418,250
5725	Apprenticeship Levy	45,000	45,000	45,000	45,000	45,000
5727	Cost Of Ex-Employees	169,800	131,160	108,300	108,300	108,300
5728	Covid-19 Response	35,425	0	0	0	0
		<b>1,501,273</b>	<b>1,334,405</b>	<b>1,338,809</b>	<b>1,361,222</b>	<b>1,379,598</b>
<b>Assistant Director ICT</b>						
5215	Telephones	45,260	45,720	45,720	45,720	45,720
5216	Mobile Phones and Ipads	28,300	28,300	28,300	28,300	28,300
5701	Joint ICT Service	15,800	15,800	15,800	15,800	0
5734	NEDDC ICT Service	682,194	726,106	742,772	751,826	756,751
5736	Business Development	122,176	141,842	144,021	148,520	152,485
5737	Corporate Printing Costs	20,665	21,000	21,000	21,000	21,000
		<b>914,395</b>	<b>978,768</b>	<b>997,613</b>	<b>1,011,166</b>	<b>1,004,256</b>
<b>Assistant Director Corporate Resources</b>						
1218	Community Safety	42,005	110,529	114,930	98,487	74,386
1220	Assistant Director Communities	39,072	41,073	43,085	45,160	47,301
3165	Housing Options Team	360,267	352,320	312,315	296,554	277,326
3176	Pool Car	500	500	500	500	500
3740	Strategic Housing	122,019	168,175	171,481	174,852	178,292
3747	Homeless Temp Accomodation	36,990	38,036	38,787	39,555	40,336
3748	Homelessness Grant	(98,206)	62,000	62,000	62,000	62,000
3749	Empty Properties	1,500	1,500	1,500	1,500	1,500
3750	Housing Growth	35,734	36,844	37,605	28,788	0
3754	Rough Sleepers	6,000	51,657	45,742	0	0
3756	Supported Housing Improvement Programme	0	102,162	108,828	10,685	0
3759	Emergency Welfare Assistance Grant	20,000	20,000	20,000	20,000	20,000
5221	Customer Services	359,399	382,831	391,581	403,401	410,427
5223	Franking Machine	47,700	47,900	47,900	47,900	47,900
5741	Housing Benefit Service	652,162	776,708	797,323	818,793	840,704
5745	Covid New Burdens	(17,460)	0	0	0	0
5747	Debtors	65,525	67,781	69,200	70,647	72,124
5751	NNDR Collection	(5,368)	5,556	8,144	10,832	13,577
5759	Council Tax Administration	209,618	350,857	365,687	381,109	396,850
5825	Concessionary Bus Passes	(11,600)	(11,820)	(12,045)	(12,275)	(12,505)
		<b>1,865,857</b>	<b>2,604,609</b>	<b>2,624,563</b>	<b>2,498,488</b>	<b>2,470,718</b>
<b>Total for Finance and Resources Directorate</b>		<b>4,281,525</b>	<b>4,917,782</b>	<b>4,960,985</b>	<b>4,870,876</b>	<b>4,854,572</b>
<b><u>Growth and Assets Directorate</u></b>						
<b>Director of Growth &amp; Assets</b>						
1283	Emergency Planning	17,390	17,390	17,390	17,390	17,390
4600	Director of Growth & Assets	116,832	123,579	129,453	135,052	137,757
4600	Growth & Assets Vacancy Savings Target	0	(143,675)	(149,695)	(154,600)	(155,210)
		<b>134,222</b>	<b>(2,706)</b>	<b>(2,852)</b>	<b>(2,158)</b>	<b>(63)</b>
<b>Assistant Director Property, Estates &amp; Assets</b>						
3135	Drainage	16,120	13,861	12,905	11,928	10,929
3172	Engineers	107,353	143,675	147,296	150,884	153,970
3241	Car Parks	49,300	50,120	50,755	51,405	52,060

		Current Budget 2023/24 £	Original Budget 2024/25 £	Planning Budget 2025/26 £	Planning Budget 2026/27 £	Planning Budget 2027/28 £
3247	Street Names/Lights	3,500	6,500	6,500	6,500	6,500
3249	Footpath Orders	(400)	(400)	(400)	(400)	(400)
3265	Dams And Fishing Ponds	50	50	50	50	50
3281	Clay Cross Depot	670	685	0	0	0
4412	Midway Business Centre	(72,915)	(82,350)	(83,830)	(83,630)	(83,605)
4425	Coney Green Business Centre	(94,752)	(88,619)	(83,831)	(79,780)	(76,603)
4523	Estates Administration	334,823	428,983	442,426	454,838	465,478
4525	Miscellaneous Properties	31,148	37,810	37,810	37,810	37,810
5204	Assistant Director Property, Estates & Assets	80,463	85,136	89,206	93,403	95,271
5205	Mill Lane	913,074	153,340	159,120	165,042	170,442
5209	Facilities Management	83,750	42,295	42,310	54,825	54,840
5210	Pioneer House	66,934	88,437	87,973	89,720	91,742
		1,519,118	879,523	908,290	952,595	978,484
	<b>Assistant Director Regeneration &amp; Programmes</b>					
1255	Strategy and Performance	152,624	154,936	156,945	158,617	160,320
1331	Strategic Partnerships	195,458	228,710	235,752	283,145	289,681
1333	Healthy North East Derbyshire	(90,395)	0	0	0	0
1336	UKSPF	(395,321)	43,624	0	0	0
3284	Wingerworth OPE	15,592	0	0	0	0
4211	Tourism Promotions	33,390	55,165	61,792	63,503	65,241
4238	Working Communities Strategy	85,853	88,417	90,180	91,977	93,812
4351	Alliance	3,590	3,590	3,590	3,590	3,590
4443	Elderly Peoples Clubs	4,000	4,000	4,000	4,000	4,000
4512	Growth Agenda	16,000	16,000	16,000	16,000	16,000
4517	Economic Development	165,134	225,201	232,833	240,105	246,210
5748	Ukranian Guests	402	0	0	0	0
5750	Assistant Director Regeneration & Programmes	82,395	86,187	90,301	92,133	94,001
5785	Contributions	136,085	136,085	136,085	136,085	136,085
		404,807	1,041,915	1,027,478	1,089,155	1,108,940
	<b>Assistant Director Leisure</b>					
4561	Leisure Centre Management	51,577	187,491	192,546	195,335	198,180
4723	Generation Games	0	0	0	0	0
4724	Walking into Communities	10,000	0	0	0	0
4727	Five 60	0	0	0	0	0
4731	Promotion Of Recreation And Leisure	35,834	36,944	37,705	38,483	39,276
4732	Schools Promotion	0	0	0	0	0
4736	Derbyshire Sports Forum	14,450	14,450	14,450	14,450	14,450
4742	Arts Development	2,570	2,570	2,570	2,570	2,570
8441	Eckington Swimming Pool	127,296	118,255	199,722	220,424	241,606
8445	Eckington Pool Cafe	(10,580)	(14,064)	(9,093)	(8,577)	(8,064)
8451	Dronfield Sports Centre	16,399	5,420	82,091	104,454	126,847
8455	Dronfield Café	(927)	(459)	2,629	4,078	5,560
8461	Sharley Park Sports Centre	690,108	596,552	620,990	571,746	571,257
8465	Sharley Park Sports Centre Outdoor	(1,250)	(27,363)	(82,090)	(82,503)	(83,328)
8466	Sharley Park Café	0	(78,639)	(235,916)	(254,229)	(259,339)
8471	Killamarsh Leisure Centre	230,951	238,789	225,889	342,087	358,700
8475	Killamarsh Outdoors	(11,200)	(18,135)	(18,135)	(18,135)	(18,135)
8476	Killamarsh Café	33,898	40,914	42,299	43,711	45,152
		1,189,126	1,102,725	1,075,657	1,173,894	1,234,732
	<b>Total for Growth and Assets Directorate</b>	<b>3,247,273</b>	<b>3,021,457</b>	<b>3,008,573</b>	<b>3,213,486</b>	<b>3,322,093</b>
	<b>Corporate Charges</b>					
5790	Savings Target	0	0	0	0	0
0001	Recharges to Capital and HRA	(618,350)	(618,350)	(618,350)	(618,350)	(618,350)
	<b>Total for Corporate Charges</b>	<b>(618,350)</b>	<b>(618,350)</b>	<b>(618,350)</b>	<b>(618,350)</b>	<b>(618,350)</b>
	<b>Net Cost of Services</b>	<b>14,836,928</b>	<b>15,591,162</b>	<b>16,020,161</b>	<b>16,372,087</b>	<b>16,836,600</b>
	<b>Investment Properties</b>					
4411	Stonebroom Industrial Estate	(54,170)	(54,115)	(54,055)	(54,000)	(53,940)
4413	Clay Cross Industrial Estate	(85,680)	(85,670)	(85,655)	(85,645)	(85,630)
4415	Norwood Industrial Estate	(201,350)	(207,775)	(207,605)	(207,435)	(207,270)
4417	Eckington Business Park	1,400	(3,600)	(3,600)	(3,600)	(3,600)
4418	Rotherside Court Eckington Business Unit	(27,745)	(16,165)	(15,645)	(15,125)	(14,580)
4423	Pavillion Workshops Holmewood	(98,050)	(93,640)	(93,530)	(93,425)	(93,385)
4432	Miscellaneous Properties	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
	<b>Total for Investment Properties</b>	<b>(473,095)</b>	<b>(468,465)</b>	<b>(467,590)</b>	<b>(466,730)</b>	<b>(465,905)</b>

## Housing Revenue Account 2023/24 - 2027/28

	<b>Current Budget 2023/24</b>	<b>Original Budget 2024/25</b>	<b>Planning Budget 2025/26</b>	<b>Planning Budget 2026/27</b>	<b>Planning Budget 2027/28</b>
<b>INCOME</b>					
Dwelling Rents	(33,687,136)	(35,736,184)	(35,661,582)	(35,668,591)	(35,618,393)
Non-Dwelling Rents	(443,038)	(444,038)	(445,038)	(446,038)	(447,038)
Charges for Services and Facilities	(113,130)	(91,150)	(91,150)	(91,150)	(91,150)
Contributions Towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>INCOME TOTAL</b>	<b>(34,293,304)</b>	<b>(36,321,372)</b>	<b>(36,247,770)</b>	<b>(36,255,779)</b>	<b>(36,206,581)</b>
<b>EXPENDITURE</b>					
Repairs & Maintenance	5,927,645	5,941,719	5,948,937	5,955,750	5,962,659
Supervision & Management	7,962,526	8,409,883	8,433,514	8,462,680	8,490,693
Rents, Rates & Taxes	112,000	113,000	114,000	115,000	116,000
Depreciation	8,322,072	8,322,072	8,322,072	8,322,072	8,322,072
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
<b>EXPENDITURE TOTAL</b>	<b>22,585,742</b>	<b>23,048,173</b>	<b>23,080,023</b>	<b>23,117,001</b>	<b>23,152,923</b>
<b>NET COST OF SERVICES</b>	<b>(11,707,561)</b>	<b>(13,273,199)</b>	<b>(13,167,747)</b>	<b>(13,138,778)</b>	<b>(13,053,657)</b>
Corporate & Democratic Core	185,450	185,450	185,450	185,450	185,450
<b>NET COST OF HRA SERVICES</b>	<b>(11,522,111)</b>	<b>(13,087,749)</b>	<b>(12,982,297)</b>	<b>(12,953,328)</b>	<b>(12,868,207)</b>
<b>HRA Debt, and Reserve charges</b>					
Interest Payable	7,024,746	7,543,937	8,052,105	8,459,576	8,706,907
Interest Receivable	(2,784,808)	(2,622,080)	(2,787,457)	(3,127,413)	(3,266,672)
Contribution to Major Repairs Reserve	7,532,928	7,433,028	3,677,928	3,677,928	3,677,928
Contribution to Development Reserve	0	682,864	3,989,721	3,893,237	3,700,044
Contribution to Insurance/Litigation Reserve	50,000	50,000	50,000	50,000	50,000
Contribution to/(from) Resilience Reserve	(300,755)	0	0	0	0
<b>(Surplus)/Deficit on HRA Services</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>Opening HRA Balance</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>
<b>Transfers (to)/from Balances</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>
<b>Transfers (to)/from Balances</b>					
<b>Closing HRA Balance</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>	<b>(3,000,000)</b>



CAPITAL PROGRAMME 2022/23 - 2026/27

	Revised Budget 2023/24 £	Original Budget 2024/25 £	Original Budget 2025/26 £	Original Budget 2026/27 £	Original Budget 2027/28 £
<b>Capital Expenditure</b>					
<b>Housing Revenue Account</b>					
HRA Capital Works	11,594,100	11,385,100	11,500,000	11,500,000	11,500,000
HRA Capital Works - Non Traditional Properties	9,743,000	9,743,000	500,000	500,000	500,000
Green Homes EWI - Mickley	0	0	0	0	0
Pine View, Danesmoor	110,000	0	0	0	0
Stock Purchase Programme (1-4-1)	4,964,000	1,000,000	3,000,000	3,000,000	3,000,000
Acquisitions and Disposals (RHL)	0	0	0	0	0
North Wingfield New Build Project	7,402,000	5,555,000	0	0	0
Stonebroom Regeneration	0	502,000	9,203,000	7,544,000	0
Garage Demolitions	83,000	23,000	23,000	23,000	23,000
Concrete Balconies	0	0	0	0	0
Parking Solutions	703,000	288,000	288,000	288,000	288,000
LADS3 Project	437,000	0	0	0	0
<b>HRA - Capital Expenditure</b>	<b>35,036,100</b>	<b>28,496,100</b>	<b>24,514,000</b>	<b>22,855,000</b>	<b>15,311,000</b>
<b>General Fund</b>					
Private Sector Housing Grants (DFG's)	820,000	820,000	820,000	820,000	820,000
ICT Schemes	518,700	80,000	133,000	248,000	248,000
Clay Cross Football Pitch	9,000	0	0	0	0
Asset Refurbishment - General	566,000	500,000	500,000	500,000	500,000
Asset Refurbishment - Mill Lane	870,000	450,000	0	0	0
Roller Shutter Doors	1,000	0	0	0	0
Eckington Pool Carbon Efficiencies Programme	4,000	0	0	0	0
Dronfield Sports Centre Carbon Efficiencies Programme	98,000	0	0	0	0
Coney Green Telephony System	36,000	80,000	65,000	0	15,000
Replacement of Vehicles	3,786,450	2,684,500	456,000	460,000	161,000
Contaminated Land	42,000	0	0	0	0
Killamarsh Leisure Centre	36,000	0	0	0	0
Sharley Park 3G pitch	0	1,000,000	0	0	0
CX Town Market Street Regeneration	5,871,000	6,000,000	3,000,000	0	0
CX Town Sharley Park Active Community Hub	12,655,000	8,605,000	0	0	0
CX Town Low Carbon Housing Challenge Fund	1,300,000	650,000	0	0	0
CX Town Rail Station Feasibility	150,000	0	0	0	0
CX Town Programme Management	423,000	241,000	241,000	0	0
UK SPF Grants	1,534,000	0	0	0	0
<b>General Fund Capital Expenditure</b>	<b>28,720,150</b>	<b>21,110,500</b>	<b>5,215,000</b>	<b>2,028,000</b>	<b>1,744,000</b>
<b>Total Capital Expenditure</b>	<b>63,756,250</b>	<b>49,606,600</b>	<b>29,729,000</b>	<b>24,883,000</b>	<b>17,055,000</b>
<b>Capital Financing</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
<b>Housing Revenue Account</b>					
Major Repairs Reserve	(15,974,100)	(15,755,100)	(12,000,000)	(12,000,000)	(12,000,000)
Prudential Borrowing - HRA	(9,628,400)	(8,095,000)	(8,603,000)	(6,944,000)	(600,000)
Development Reserve	(886,000)	(311,000)	(2,911,000)	(2,911,000)	(2,311,000)
External Grant - SHDF	(5,195,000)	(3,005,000)	0	0	0
External Grant - LADS3	(437,000)	0	0	0	0
1-4-1 Receipts	(2,915,600)	(1,330,000)	(1,000,000)	(1,000,000)	(400,000)
<b>HRA Capital Financing</b>	<b>(35,036,100)</b>	<b>(28,496,100)</b>	<b>(24,514,000)</b>	<b>(22,855,000)</b>	<b>(15,311,000)</b>
<b>General Fund</b>					
Disabled Facilities Grant	(820,000)	(820,000)	(820,000)	(820,000)	(820,000)
External Grant - Lottery Funded Schemes	(9,000)	0	0	0	0
External Grant - Contaminated Land	(42,000)	0	0	0	0
External Grant - Clay Cross Towns Fund	(12,154,000)	(6,891,000)	(3,241,000)	0	0
External Grant - Sharley Park Rebuild (Sport E)	(1,500,000)	0	0	0	0
External Grant - Sharley Park 3G pitch	0	(750,000)	0	0	0
External Grant - UKSPF	(1,389,000)	0	0	0	0
Prudential Borrowing - Vehicle Replacement	(2,065,000)	(1,504,000)	0	0	0
Prudential Borrowing - Killamarsh Leisure Centre	(36,000)	0	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre	(6,745,000)	(8,605,000)	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre 3G pitch	0	(250,000)	0	0	0
RCCO - Killamarsh Skate Park	(14,150)	0	0	0	0
RCCO - Mill Lane Refurbishment	(657,000)	(450,000)	0	0	0
RCCO - Coney Green Telephony System	(36,000)	(80,000)	(65,000)	0	(15,000)
RCCO - Roller Shutter Doors	(1,000)	0	0	0	0
RCCO - UK SPF (Skate Park)	(95,000)	0	0	0	0
RCCO - Roller Shutter Doors	0	0	0	0	0
Useable Capital Receipts	(3,157,000)	(1,760,500)	(1,089,000)	(1,208,000)	(909,000)
<b>General Fund Capital Financing</b>	<b>(28,720,150)</b>	<b>(21,110,500)</b>	<b>(5,215,000)</b>	<b>(2,028,000)</b>	<b>(1,744,000)</b>
<b>HRA Development Reserve</b>					
Opening Balance	(892,067)	(6,067)	(44,154)	(789,098)	(1,437,558)
Amount due in year	0	(349,087)	(3,655,944)	(3,559,460)	(3,366,267)
Amount used in year	886,000	311,000	2,911,000	2,911,000	2,311,000
<b>Closing Balance</b>	<b>(6,067)</b>	<b>(44,154)</b>	<b>(789,098)</b>	<b>(1,437,558)</b>	<b>(2,492,825)</b>
<b>Major Repairs Reserve</b>					
Opening Balance	(970,498)	(851,498)	(851,498)	(851,498)	(851,498)
Amount due in year	(15,855,100)	(15,755,100)	(12,000,000)	(12,000,000)	(12,000,000)
Amount used in year	15,974,100	15,755,100	12,000,000	12,000,000	12,000,000
<b>Closing Balance</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>
<b>Capital Receipts Reserve</b>					
Opening Balance	(1,680,236)	(23,236)	(262,736)	(1,173,736)	(1,965,736)
Income expected in year	(1,500,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Allowable Debt/Pooling Expenses	0	1,000,000	1,000,000	1,000,000	1,000,000
Amount used in year	3,157,000	1,760,500	1,089,000	1,208,000	909,000
<b>Closing Balance</b>	<b>(23,236)</b>	<b>(262,736)</b>	<b>(1,173,736)</b>	<b>(1,965,736)</b>	<b>(3,056,736)</b>
<b>Capital Receipts Reserve 1-4-1 receipts</b>					
Opening Balance	(2,183,065)	(267,465)	(37,465)	(37,465)	(37,465)
Income expected in year	(1,000,000)	(1,100,000)	(1,000,000)	(1,000,000)	(1,000,000)
Amount used in year	2,915,600	1,330,000	1,000,000	1,000,000	400,000
<b>Closing Balance</b>	<b>(267,465)</b>	<b>(37,465)</b>	<b>(37,465)</b>	<b>(37,465)</b>	<b>(637,465)</b>
<b>Total Capital Financing</b>	<b>(63,756,250)</b>	<b>(49,606,600)</b>	<b>(29,729,000)</b>	<b>(24,883,000)</b>	<b>(17,055,000)</b>

**North East Derbyshire District Council**

**Council**

**29 January 2024**

**Treasury Strategy Reports 2024/25 - 2027/28**

**Report of the Deputy Leader (Portfolio Holder for Finance)**

Classification: This report is public

Report By: Jayne Dethick, Director of Finance and Resources (S151 Officer)

Contact Officer: as above

---

**PURPOSE/SUMMARY**

The purpose of this report is to provide Council with the necessary information to approve the Council's suite of Treasury Strategies for 2024/25 to 2027/28

---

**RECOMMENDATIONS**

1. 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
2. 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 2024/25
  - c) Approve the Prudential Indicators for 2024/25, in particular:

Authorised Borrowing Limit                      £238.4m

Operational Boundary                              £234.2m

3. That Council approve the Investment Strategy as set out in **Appendix 3**.
4. That Council approve the Flexible Use of Capital Receipts Strategy at **Appendix 4**

Approved by the Portfolio Holder for Finance

## **IMPLICATIONS**

### **Finance and Risk**

**Yes ✓**

**No**

These are considered throughout the report.

On Behalf of the Section 151 Officer

### **Legal including Data Protection**

**Yes ✓**

**No**

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.

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

On Behalf of the Solicitor to the Council

### **Staffing**

**Yes**

**No ✓**

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

## **DECISION INFORMATION**

<b>Is the decision a Key Decision?</b> 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:  <b>NEDDC:</b> <b>Revenue - £100,000 <input checked="" type="checkbox"/> Capital - £250,000 <input checked="" type="checkbox"/></b> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b>	Yes



<b>Leader / Deputy Leader</b> <input type="checkbox"/> <b>Cabinet</b> <input type="checkbox"/> <b>SMT</b> <input checked="" type="checkbox"/> <b>Relevant Service Manager</b> <input checked="" type="checkbox"/> <b>Members</b> <input checked="" type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Details: Audit and Corporate Governance Scrutiny Committee 18 January 2023
---	--

<b>Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.</b>
All

## **REPORT DETAILS**

- 1.1 Treasury risk management at the Council is conducted in compliance with the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 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 The CIPFA Code requires that a Capital Strategy be produced alongside the Treasury Management Strategy along with a Flexible Use of Capital Receipts Strategy. In addition, the 2018 Investment Guidance issued by the Department for Levelling Up, Housing and Communities also requires local authorities to produce an Investment Strategy.
- 1.3 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 2024/25 to 2027/28. The Strategy also 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 provides an overview of the associated risk, its management and the implications for future financial sustainability. The Capital Strategy also sets out the capital expenditure plans for the period and how they will be financed. It includes 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 income through commercial investments or by supporting local services by lending to or buying shares in other organisations (**Appendix 3**).
- 1.6 The Flexible Use of Capital Receipts Strategy focuses on the Council's plans to utilise capital receipts for service reform in strict adherence of S15 (1) of the Local Government Act 2003 (**Appendix 4**).

## **2 Reasons for Recommendation**

2.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2024/25 to 2027/28 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 Flexible Use of Capital Receipts Strategy which details plans to utilise capital receipts for service reform in strict adherence with S15 (1) of the Local Government Act 2003.

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

### **3 Alternative Options and Reasons for Rejection**

3.1 Alternative options are considered throughout the report.

---

#### **DOCUMENT INFORMATION**

Appendix No	Title
1	Treasury Management Strategy 2024/25 – 2027/28
2	Capital Strategy 2024/25 – 2027/28
3	Investment Strategy 2024/25 – 2027/28
4	Flexible Use of Capital Receipts Strategy 2024/25 – 2027/28
<b>Background Papers</b>	



**North East  
Derbyshire**  
District Council

## **North East Derbyshire District Council**

### **Treasury Management Strategy 2024/25 – 2027/28**

#### **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 2021 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 impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.
- 1.5 The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December, members of the BoE's Monetary Policy Committee voted for by a 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

- 1.6 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.
- 1.7 Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during second half 2025 and into 2026.
- 1.8 ONS figures showed the UK Economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.
- 1.9 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth remained strong but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.
- 1.10 Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023.
- 1.11 US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.
- 1.12 Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.
- 1.13 **Credit outlook:** Credit default swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events

of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

- 1.14 On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.
- 1.15 Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.
- 1.16 Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.
- 1.17 There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.
- 1.18 However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 1.19 **Interest rate forecast:** Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- 1.20 Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 1.21 Yields Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.

1.22 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix A**.

1.23 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of around 4.50%, and that new long-term loans will be borrowed at an average rate of 4.86%.

### **Local Context**

1.24 On 30<sup>th</sup> November 2023, the Council held £142.9m of borrowing and £28.0m 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**

	<b>31/3/23 Actual £m</b>	<b>31/3/24 Estimate £m</b>	<b>31/3/25 Forecast £m</b>	<b>31/3/26 Forecast £m</b>	<b>31/3/27 Forecast £m</b>	<b>31/3/28 Forecast £m</b>
General Fund CFR	20.9	30.2	40.1	36.1	32.0	27.7
HRA CFR	171.4	181.0	189.1	197.7	204.6	205.2
<b>Total CFR</b>	<b>192.3</b>	<b>211.2</b>	<b>229.2</b>	<b>233.8</b>	<b>236.6</b>	<b>232.9</b>
Less: Other debt liabilities *	(0)	(0.3)	(0.8)	(0.6)	(0.4)	(0.2)
<b>Loans CFR</b>	<b>192.3</b>	<b>210.9</b>	<b>228.4</b>	<b>233.2</b>	<b>236.2</b>	<b>232.7</b>
Less: External borrowing **	(147.0)	(150.8)	(157.0)	(156.0)	(155.9)	(155.8)
Internal borrowing	45.3	60.1	71.4	77.2	80.3	76.9
Less: Balance sheet reserves	(71.3)	(77.1)	(81.4)	(87.2)	(90.3)	(86.9)
<b>Investments</b>	<b>26.0</b>	<b>17.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

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

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

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

1.26 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

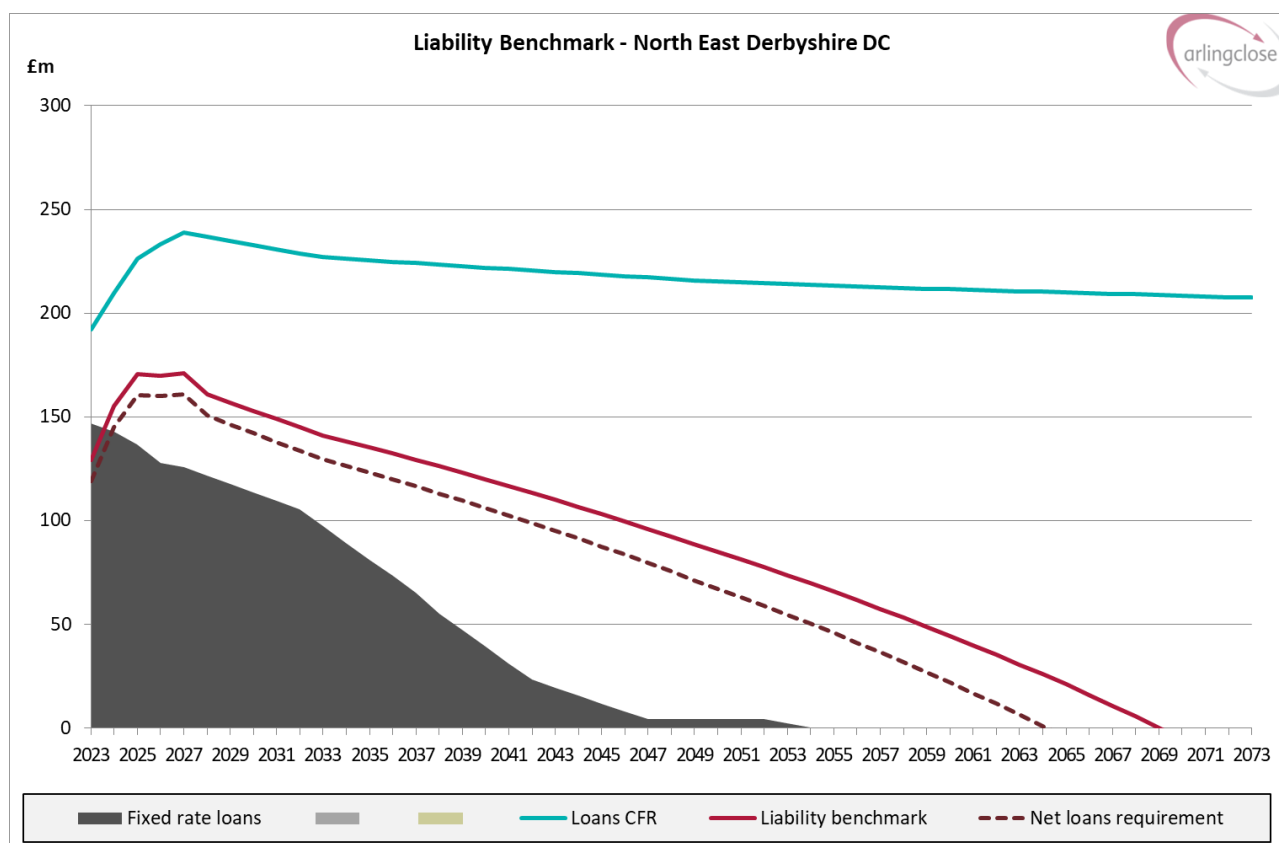
forecast level of reserves means that the majority of borrowing throughout this period is likely to be from internal resources.

- 1.27 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 2024/25.
- 1.28 **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.
- 1.29 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day to day cash flow.

**Table 2: Prudential Indicator: Liability benchmark**

	<b>31/3/23 Actual £m</b>	<b>31/3/24 Estimate £m</b>	<b>31/3/25 Forecast £m</b>	<b>31/3/26 Forecast £m</b>	<b>31/3/27 Forecast £m</b>	<b>31/3/28 Forecast £m</b>
<b>CFR</b>	<b>192.3</b>	<b>211.2</b>	<b>229.2</b>	<b>233.8</b>	<b>236.6</b>	<b>232.9</b>
Less: Balance sheet reserves	(71.3)	(77.1)	(81.4)	(87.2)	(90.3)	(86.9)
<b>Net loans requirement</b>	<b>121.0</b>	<b>134.1</b>	<b>147.8</b>	<b>146.6</b>	<b>146.3</b>	<b>146.0</b>
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.0
<b>Liability Benchmark</b>	<b>131.0</b>	<b>144.1</b>	<b>157.8</b>	<b>156.6</b>	<b>156.3</b>	<b>156.0</b>

- 1.30 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £53.075m over the term of the report, minimum revenue provision on new capital expenditure based on a 50 year asset life and income, expenditure and reserves all decreasing slightly over the period of the report. This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



- 1.31 The minimum requirement is to show forecasts for loans CFR, net loans requirement and liability benchmark against actual borrowing for ten years. CIPFA recommends a longer period covering the current debt maturity profile with borrowing split into fixed rate, variable rate and LOBO.
- 1.32 The liability benchmark is a projection of the amount of loan debt outstanding that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. The liability benchmark identifies the maturities needed for new borrowing in order to match future liabilities. It therefore avoids borrowing for too long or too short. The liability benchmark acts as a mechanism for preventing future over-borrowing. Once the benchmark has been established, new borrowing decisions that take the level of borrowing over the benchmark, or increase any existing over-benchmark positions, should be considered very carefully.
- 1.33 The graph provided above shows how the CFR remains constant at a level of approximately £210m but the fixed rate loans are reducing once they meet their maturity dates. The graph, however, doesn't take account of any potential reborrowing of the current fixed rate loans as they mature.

### **Borrowing Strategy**

- 1.34 The Council currently holds £142.9m of loans, a decrease of £4.1m 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 expects to borrow in



2024/25. The Council may however, borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £239.1m.

- 1.35 **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.
- 1.36 **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. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.
- 1.37 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 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 1.38 The Council has previously raised all its long-term borrowing from the PWLB but will consider 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. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.
- 1.39 Alternatively, the Council may arrange forward starting loans, 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.
- 1.40 In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.
- 1.41 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
  - UK Infrastructure Bank Ltd

- 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
- Retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

1.42 **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
- similar asset based finance

1.43 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is 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.

1.44 **LOBOs:** The Council doesn't hold or intend to hold any LOBO (Lender's Option Borrower's Option) loans.

1.45 **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).

1.46 **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. Other lenders may also be prepared to negotiate premature redemption terms. 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

## **Treasury Investment Strategy**

- 1.47 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £20.5m and £38.0m, however these levels are predicted to decrease following completion of works at Clay Cross Active.
- 1.48 **Objectives:** The CIPFA Code requires the Council to invest its treasury 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. 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. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.
- 1.49 **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.
- 1.50 The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.
- 1.51 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's strategy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.
- 1.52 **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.

- 1.53 **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

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments *	25 years	£5m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£20m
Registered providers (unsecured) *	5 years	£5m	£20m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£20m
Real estate investment trusts	n/a	£5m	£20m
Other investments *	5 years	£5m	£20m

- 1.54 \* **Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. 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.
- 1.55 For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £5m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.
- 1.56 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities 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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

- 1.57 **Secured Investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 1.58 **Banks and building societies (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.
- 1.59 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 1.60 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 1.61 **Strategic pooled funds:** Bond, equity and property funds that 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.
- 1.62 **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.

- 1.63 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 1.64 **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.
- 1.65 **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. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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.
- 1.66 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") 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.
- 1.67 **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.
- 1.68 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may

leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

- 1.69 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, 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 may cause investment returns to fall but will protect the principal sum invested.
- 1.70 **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £26.9 million on 31st March 2024 and £26.5 million on 31<sup>st</sup> March 2025. In order that no more than 18.6% of available reserves 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 £5 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.
- 1.71 Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £5 million in operational bank accounts count against the relevant investment limits.
- 1.72 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries 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: Additional Investment limits**

	<b>Cash limit</b>
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

- 1.73 **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.

- 1.74 The Council will spread its liquid cash over a number of providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

### **Treasury Management Prudential Indicators**

- 1.75 The Council measures and manages its exposures to treasury management risks using the following indicators:
- 1.76 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

<b>Credit risk indicator</b>	
Portfolio average credit rating	<b>Target</b> <3.0
Current portfolio average credit rating on investments	<b>Actual</b> 1.36

- 1.77 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

<b>Liquidity risk indicator</b>	<b>Amount available</b>
Total cash available within 3 months	£21.7m

- 1.78 **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:

<b>Interest rate risk indicator</b>	<b>Limit each year</b>
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)

- 1.79 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.
- 1.80 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. 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%

1.81 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.

1.82 **Long-term treasury management investments:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023/24	2024/25	2025/26	No fixed date
Limit on principal invested beyond year end	£20m	£20m	£20m	£20m

### **Related Matters**

1.83 The CIPFA Code requires the Council to include the following in its treasury management strategy.

1.84 **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).

1.85 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.

- 1.86 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.
- 1.87 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.
- 1.88 **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.
- 1.89 **Financial Implications:** The General Fund budget for investment income in 2024/25 is £0.176m with the HRA budget for investment income in 2024/25 being £0.324m, based on an average investment portfolio of £12.3m at an average interest rate of 4.08%. The General Fund budget for debt interest paid in 2024/25 is £0.395m with the HRA budget for debt interest paid in 2024/25 being £5.246m, based on an average debt portfolio of £153.9m at an average interest rate of 4.03%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### **Other Options Considered**

- 1.90 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Portfolio Holder for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but

		any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## **Appendix A**

### **Arlingclose Economic & Interest Rate Forecast (November 2023)**

#### **Underlying assumptions:**

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium-term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

**Forecast:**

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>10yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>20yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>50yr gilt yield</b>													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

## **Appendix B**

### **Existing Investment & Debt Portfolio Position**

	<b>30/11/23 Actual Portfolio £m</b>	<b>30/11/23 Average Rate %</b>
<b>External borrowing:</b>		
Public Works Loan Board	142.9	3.53
<b>Total external borrowing</b>	<b>142.9</b>	<b>3.53</b>
<b>Total other long-term liabilities:</b>	<b>0</b>	<b>0</b>
<b>Total gross external debt</b>	<b>142.9</b>	<b>3.53</b>
<b>Treasury investments:</b>		
The UK Government	0.0	0.00
Local authorities	10.0	5.78
Banks (unsecured)	0.0	0.00
Money Market Funds	18.0	5.34
<b>Total treasury investments</b>	<b>28.0</b>	<b>5.56</b>
<b>Net debt</b>	<b>114.9</b>	



## **North East Derbyshire District Council**

### **Capital Strategy 2024/25 – 2027/28**

#### **Introduction**

- 1.1 This capital strategy report 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 2024/25, the Council is planning capital expenditure of £49.6m as summarised below:

**Table 1: Prudential Indicator: Estimates of Capital Expenditure**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
General Fund Services	9.0	28.7	21.1	5.2	2.0	1.7
Council Housing (HRA)	20.3	35.0	28.5	24.5	22.9	15.3
<b>TOTAL</b>	<b>29.3</b>	<b>63.7</b>	<b>49.6</b>	<b>29.7</b>	<b>24.9</b>	<b>17.0</b>

- 1.4 The main General Fund capital projects include replacement vehicles, asset refurbishment, ICT replacement, disabled facilities grant funded adaptations, Clay Cross Towns Fund programme and development of Clay Cross Active. Following a change in the Prudential Code, the Council no longer incurs capital expenditure on investments.
- 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. The main HRA capital projects involve refurbishment of council dwellings, a new build project at North Wingfield, a regeneration project at Stonebroom, a stock purchase programme and improvement works to the energy efficiency of the Council's non-traditional housing stock.
- 1.7 **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 annually. Full details of the Council's Capital Programme can be seen at **Appendix A** to this report.
- 1.8 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 (Appendix A)**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
External Sources	6.4	21.5	11.5	4.1	0.8	0.8
Capital Receipts	2.7	6.0	3.0	2.0	2.2	1.3
Own Resources	18.4	17.7	16.6	15.0	14.9	14.3
Debt	1.8	18.5	18.5	8.6	7.0	0.6
<b>TOTAL</b>	<b>29.3</b>	<b>63.7</b>	<b>49.6</b>	<b>29.7</b>	<b>24.9</b>	<b>17.0</b>

- 1.9 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 repay and/or replace debt finance. Planned MRP and use of capital receipts are as follows:



**Table 3: Replacement of debt finance**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
Capital Resources	0	0	0	0	0	0
Minimum Revenue Provision (MRP)	0.1	0.2	0.5	1.0	1.0	1.0
Total	0.1	0.2	0.5	1.0	1.0	1.0

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

- 1.10 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 £18.0m during 2024/25. 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**

	<b>31/3/2023 Actual £m</b>	<b>31/3/2024* Forecast £m</b>	<b>31/3/2025 Budget £m</b>	<b>31/3/2026 Budget £m</b>	<b>31/3/2027 Budget £m</b>	<b>31/3/2028 Budget £m</b>
General Fund Services	20.9	30.2	40.1	36.1	32.0	27.7
Council Housing (HRA)	171.4	181.0	189.1	197.7	204.6	205.2
<b>TOTAL CFR</b>	<b>192.3</b>	<b>211.2</b>	<b>229.2</b>	<b>233.8</b>	<b>236.6</b>	<b>232.9</b>

\*£0.285m of the CFR increase in 2023/24 arises from a change in the accounting for leases.

- 1.11 **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.

- 1.12 **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. The Council is currently also permitted to spend capital receipts “flexibly” on approved service reform projects until 2024/25 under the flexible use of capital receipts strategy. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £4.1m of capital receipts in the coming financial year as follows:

**Table 5: Capital receipts receivable**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
Asset Sales	3.59	2.50	4.10	4.00	4.00	4.00
Loans Repaid	0	0	0	0	0	0
<b>TOTAL</b>	<b>3.59</b>	<b>2.50</b>	<b>4.10</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

### **Treasury Management**

- 1.13 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.
- 1.14 Due to decisions taken in the past, the Council currently has £142.9m borrowing at an average interest rate of 3.53% and £28.0m treasury investments at an average rate of 5.17%.
- 1.15 **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 and long-term fixed rate loans where the future cost is known but higher.
- 1.16 The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 1.17 Projected levels of the Council’s total outstanding debt (which comprises borrowing and leases) are shown below, compared with the capital financing requirement (see above):

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

	<b>31/3/2023 Actual £m</b>	<b>31/3/2024 Forecast £m</b>	<b>31/3/2025 Budget £m</b>	<b>31/3/2026 Budget £m</b>	<b>31/3/2027 Budget £m</b>	<b>31/3/2028 Budget £m</b>
Debt (incl. leases)	147.0	150.8	157.0	156.0	155.9	155.8
Capital Financing Requirement	192.3	211.2	229.2	233.8	236.6	232.9

1.18 Statutory guidance is 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.

1.19 **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**

	<b>31/3/2023 Actual £m</b>	<b>31/3/2024 Forecast £m</b>	<b>31/3/2025 Budget £m</b>	<b>31/3/2026 Budget £m</b>	<b>31/3/2027 Budget £m</b>	<b>31/3/2028 Budget £m</b>
Forecast Borrowing	147.0	150.8	157.0	156.0	155.9	155.8
Liability Benchmark	131.0	144.1	157.8	156.6	156.3	156.0

1.20 The table above shows that the Council expects to remain borrowed above its liability benchmark in the short term but slightly below in the longer term. This is because of the capital investment decisions made to borrow additional sums for the development of Clay Cross Active, the North Wingfield New Build Project and the Stonebroom Regeneration project.

1.21 **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

	<b>2023/24 limit £m</b>	<b>2024/25 limit £m</b>	<b>2025/26 limit £m</b>	<b>2026/27 limit £m</b>	<b>2027/28 limit £m</b>
Authorised Limit – Borrowing	220.9	238.4	243.2	246.2	242.6
Authorised Limit – Leases	0.3	0.8	0.6	0.4	0.3
<b>Authorised Limit – Total External Debt</b>	<b>221.2</b>	<b>239.2</b>	<b>243.8</b>	<b>246.6</b>	<b>242.9</b>
Operational Boundary – Borrowing	215.9	233.4	238.2	241.2	237.6
Operational Boundary – Leases	0.3	0.8	0.6	0.4	0.3
<b>Operational Boundary – Total External Debt</b>	<b>216.2</b>	<b>234.2</b>	<b>238.8</b>	<b>241.6</b>	<b>237.9</b>

- 1.22 **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.
- 1.23 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

	<b>31/3/2023 Actual £m</b>	<b>31/3/2024 Forecast £m</b>	<b>31/3/2025 Budget £m</b>	<b>31/3/2026 Budget £m</b>	<b>31/3/2027 Budget £m</b>	<b>31/3/2028 Budget £m</b>
Near-Term Investments	26.0	17.0	10.0	10.0	10.0	10.0
Longer-Term Investments	0	0	0	0	0	0
<b>TOTAL</b>	<b>26.0</b>	<b>17.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

- 1.24 **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.

- 1.25 **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 the Audit and Corporate Governance Scrutiny Committee who are responsible for scrutinising treasury management decisions. Six monthly updates are provided for Council.

### **Investments for Service Purposes**

- 1.26 The Council can make investments to assist local public services, including making loans to local service providers and businesses to promote economic growth.
- 1.27 **Risk Management:** 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. The risk of incurring unexpected losses is managed by the use of estimated credit losses. Provisions for expected credit losses are made to ensure that the Council can finance any sums due to the Council which are deemed to be irrecoverable after all recovery measures have been exhausted. A limit of £13.5m is placed on total investments for service purposes to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services. This includes loans to Rykneld Homes Ltd to allow development of social housing. Rykneld Homes Ltd is a wholly owned subsidiary of the Council, limited by guarantee.
- 1.28 **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. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme. The relevant service director is responsible for ensuring that adequate due diligence is carried out before investment is made.

### **Commercial Activities**

- 1.29 With central government financial support for local public services declining, the Council has invested in developing residential property through Northwood Group Ltd. Currently, an investment of £8.039m has been made into Northwood Group Ltd and further future investment of £0.624m is approved to a total investment of £8.663m.
- 1.30 The Council has investment properties generating between £0.466m and £0.513m in net income a year after all costs, before exposing it to normal commercial risks. These

risks are managed by maintaining the properties in good order and advertising vacant properties as soon as possible over a wide area to generate interest in letting the vacant properties.

- 1.31 **Risk Management:** 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, and to ensure that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services. Contingency plans are in place should expected yields not materialise.
- 1.32 **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. The Chief Financial Officer is responsible for ensuring that adequate due diligence is carried out before investment is made.

**Table 10 – Prudential Indicator: Net income from commercials & service investments to net revenue scheme.**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
Net income from commercial investments	0.513	0.473	0.468	0.468	0.467	0.466
Net income from service investments	0.629	0.648	0.654	0.557	0.344	0.262
<b>Total net income from service and commercial investments</b>	1.142	1.121	1.122	1.025	0.811	0.728
Proportion of net revenue stream	7.61%	6.53%	6.20%	5.50%	4.22%	3.68%
Proportion of usable revenue reserves	<b>4.22%</b>	<b>4.16%</b>	<b>4.23%</b>	<b>3.91%</b>	<b>3.11%</b>	<b>2.95%</b>

**Other Liabilities**

- 1.33 In addition to debt of £142.9m detailed above, the Council is committed to making future payments to cover its net pension fund deficit (valued at £6.4m). It has also set aside £0.8m to cover risks of business rates appeals and £1.1m to cover risks of water claims.
- 1.34 **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**

- 1.35 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 11:** Prudential Indicator: Proportion of financing costs to net revenue stream

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
Financing Costs	(0.355)	(0.520)	(0.030)	0.575	0.813	0.914
Proportion of Net Revenue Stream	(2.37%)	(3.03%)	(0.16%)	3.08%	4.23%	4.63%

- 1.36 **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 because all borrowing is repaid via the Revenue Account over the standard lives of the assets purchased.

### **Knowledge and Skills**

- 1.37 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.
- 1.38 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.
- 1.39 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**

- 1.40 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;
- 

- 1.41 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 2022.

#### Banking Contract

- 1.42 The contract with the Councils banking provider Lloyds Bank was extended on the 10<sup>th</sup> February 2022 for a period of up to 7 years.

#### Business Continuity Arrangements

- 1.43 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 2023-2028

Capital Expenditure	Revised Budget 2023/24 £	Original Budget 2024/25 £	Original Budget 2025/26 £	Original Budget 2026/27 £	Original Budget 2027/28 £
<b>Housing Revenue Account</b>					
HRA Capital Works	11,594,100	11,385,100	11,500,000	11,500,000	11,500,000
HRA Capital Works - Non Traditional Properties	9,743,000	9,743,000	500,000	500,000	500,000
Green Homes EWI - Mickley	0	0	0	0	0
Pine View, Danesmoor	110,000	0	0	0	0
Stock Purchase Programme (1-4-1)	4,964,000	1,000,000	3,000,000	3,000,000	3,000,000
Acquisitions and Disposals (RHL)	0	0	0	0	0
North Wingfield New Build Project	7,402,000	5,555,000	0	0	0
Stonebroom Regeneration	0	502,000	9,203,000	7,544,000	0
Garage Demolitions	83,000	23,000	23,000	23,000	23,000
Concrete Balconies	0	0	0	0	0
Parking Solutions	703,000	288,000	288,000	288,000	288,000
LADS3 Project	437,000	0	0	0	0
<b>HRA - Capital Expenditure</b>	<b>35,036,100</b>	<b>28,496,100</b>	<b>24,514,000</b>	<b>22,855,000</b>	<b>15,311,000</b>
<b>General Fund</b>					
Private Sector Housing Grants (DFG's)	820,000	820,000	820,000	820,000	820,000
ICT Schemes	518,700	80,000	133,000	248,000	248,000
Clay Cross Football Pitch	9,000	0	0	0	0
Asset Refurbishment - General	566,000	500,000	500,000	500,000	500,000
Asset Refurbishment - Mill Lane	870,000	450,000	0	0	0
Roller Shutter Doors	1,000	0	0	0	0
Eckington Pool Carbon Efficiencies Programme	4,000	0	0	0	0
Dronfield Sports Centre Carbon Efficiencies Programme	98,000	0	0	0	0
Coney Green Telephony System	36,000	80,000	65,000	0	15,000
Replacement of Vehicles	3,786,450	2,684,500	456,000	460,000	161,000
Contaminated Land	42,000	0	0	0	0
Killamarsh Leisure Centre	36,000	0	0	0	0
Sharley Park 3G pitch	0	1,000,000	0	0	0
CX Town Market Street Regeneration	5,871,000	6,000,000	3,000,000	0	0
CX Town Sharley Park Active Community Hub	12,655,000	8,605,000	0	0	0
CX Town Low Carbon Housing Challenge Fund	1,300,000	650,000	0	0	0
CX Town Rail Station Feasibility	150,000	0	0	0	0
CX Town Programme Management	423,000	241,000	241,000	0	0
UK SPF Grants	1,534,000	0	0	0	0
<b>General Fund Capital Expenditure</b>	<b>28,720,150</b>	<b>21,110,500</b>	<b>5,215,000</b>	<b>2,028,000</b>	<b>1,744,000</b>
<b>Total Capital Expenditure</b>	<b>63,756,250</b>	<b>49,606,600</b>	<b>29,729,000</b>	<b>24,883,000</b>	<b>17,055,000</b>

Capital Financing	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Housing Revenue Account</b>					
Major Repairs Reserve	(15,974,100)	(15,755,100)	(12,000,000)	(12,000,000)	(12,000,000)
Prudential Borrowing - HRA	(9,628,400)	(8,095,000)	(8,603,000)	(6,944,000)	(600,000)
Development Reserve	(886,000)	(311,000)	(2,911,000)	(2,911,000)	(2,311,000)
External Grant - SHDF	(5,195,000)	(3,005,000)	0	0	0
External Grant - LADS3	(437,000)	0	0	0	0
1-4-1 Receipts	(2,915,600)	(1,330,000)	(1,000,000)	(1,000,000)	(400,000)
<b>HRA Capital Financing</b>	<b>(35,036,100)</b>	<b>(28,496,100)</b>	<b>(24,514,000)</b>	<b>(22,855,000)</b>	<b>(15,311,000)</b>
<b>General Fund</b>					
Disabled Facilities Grant	(820,000)	(820,000)	(820,000)	(820,000)	(820,000)
External Grant - Lottery Funded Schemes	(9,000)	0	0	0	0
External Grant - Contaminated Land	(42,000)	0	0	0	0
External Grant - Clay Cross Towns Fund	(12,154,000)	(6,891,000)	(3,241,000)	0	0
External Grant - Sharley Park Rebuild (Sport E)	(1,500,000)	0	0	0	0
External Grant - Sharley Park 3G pitch	0	(750,000)	0	0	0
External Grant - UKSPF	(1,389,000)	0	0	0	0
Prudential Borrowing - Vehicle Replacement	(2,065,000)	(1,504,000)	0	0	0
Prudential Borrowing - Killamarsh Leisure Centre	(36,000)	0	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre	(6,745,000)	(8,605,000)	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre 3G pitch	0	(250,000)	0	0	0
RCCO - Killamarsh Skate Park	(14,150)	0	0	0	0
RCCO - Mill Lane Refurbishment	(657,000)	(450,000)	0	0	0
RCCO - Coney Green Telephony System	(36,000)	(80,000)	(65,000)	0	(15,000)
RCCO - Roller Shutter Doors	(1,000)	0	0	0	0
RCCO - UK SPF (Skate Park)	(95,000)	0	0	0	0
RCCO - Roller Shutter Doors	0	0	0	0	0
Useable Capital Receipts	(3,157,000)	(1,760,500)	(1,089,000)	(1,208,000)	(909,000)
<b>General Fund Capital Financing</b>	<b>(28,720,150)</b>	<b>(21,110,500)</b>	<b>(5,215,000)</b>	<b>(2,028,000)</b>	<b>(1,744,000)</b>
<b>HRA Development Reserve</b>					
Opening Balance	(892,067)	(6,067)	(44,154)	(789,098)	(1,437,558)
Amount due in year	0	(349,087)	(3,655,944)	(3,559,460)	(3,366,267)
Amount used in year	886,000	311,000	2,911,000	2,911,000	2,311,000
<b>Closing Balance</b>	<b>(6,067)</b>	<b>(44,154)</b>	<b>(789,098)</b>	<b>(1,437,558)</b>	<b>(2,492,825)</b>
<b>Major Repairs Reserve</b>					
Opening Balance	(970,498)	(851,498)	(851,498)	(851,498)	(851,498)
Amount due in year	(15,855,100)	(15,755,100)	(12,000,000)	(12,000,000)	(12,000,000)
Amount used in year	15,974,100	15,755,100	12,000,000	12,000,000	12,000,000
<b>Closing Balance</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>	<b>(851,498)</b>
<b>Capital Receipts Reserve</b>					
Opening Balance	(1,680,236)	(23,236)	(262,736)	(1,173,736)	(1,965,736)
Income expected in year	(1,500,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Allowable Debt/Pooling Expenses	0	1,000,000	1,000,000	1,000,000	1,000,000
Amount used in year	3,157,000	1,760,500	1,089,000	1,208,000	909,000
<b>Closing Balance</b>	<b>(23,236)</b>	<b>(262,736)</b>	<b>(1,173,736)</b>	<b>(1,965,736)</b>	<b>(3,056,736)</b>
<b>Capital Receipts Reserve 1-4-1 receipts</b>					
Opening Balance	(2,183,065)	(267,465)	(37,465)	(37,465)	(37,465)
Income expected in year	(1,000,000)	(1,100,000)	(1,000,000)	(1,000,000)	(1,000,000)
Amount used in year	2,915,600	1,330,000	1,000,000	1,000,000	400,000
<b>Closing Balance</b>	<b>(267,465)</b>	<b>(37,465)</b>	<b>(37,465)</b>	<b>(37,465)</b>	<b>(637,465)</b>
<b>Total Capital Financing</b>	<b>(63,756,250)</b>	<b>(49,606,600)</b>	<b>(29,729,000)</b>	<b>(24,883,000)</b>	<b>(17,055,000)</b>

## **Appendix B**

### **Annual Minimum Revenue Provision Statement 2024/25**

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 former Ministry of 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 approach:

- For capital expenditure incurred after 31<sup>st</sup> 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. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
- For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- Where former operating leases have been brought onto the balance sheet due to the adoption of the *IFRS 16 Leases* accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.
- For capital expenditure loans to third parties, the Council will make nil MRP unless (a) the loan is an investment from commercial purposes and no repayment was received in year or (b) an expected credit loss was recognised or increase in-year, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment on loans that are investments for commercial purposes, MRP will be

charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. Sufficient MRP will be charged to ensure that the outstanding capital financing requirement (CFR) on the loan is no higher than the principal amount outstanding less the expected credit loss. This option was proposed by the Government in its recent MRP consultation and in the Council's view is consistent with the current regulations.

- No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged in line with regulations.

Capital expenditure incurred during 2024/25 will not be subject to a MRP charge until 2025/26 or later.

Based on the Council's latest estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2024, the budget for MRP has been set as follows:

	<b>31/03/24 Estimated CFR £m</b>	<b>2024/25 Estimated MRP £m</b>
Supported Capital Expenditure after 31.03.2008	0	0
Unsupported Capital Expenditure after 31.03.2008	29.927	0.418
Leases	0.285	0.072
<b>Total General Fund</b>	<b>30.212</b>	<b>0.490</b>
Assets in the Housing Revenue Account	53.885	0
HRA Subsidy Reform Payment	127.090	0
<b>Total Housing Revenue Account</b>	<b>180.975</b>	<b>0</b>
<b>Total</b>	<b>211.187</b>	<b>0.490</b>

#### 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

## **North East Derbyshire District Council**

### **Non-Treasury Investment Strategy 2024/25 – 2027/28**

#### **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 (known as **treasury management investments**),
  - to support local public services by lending to or buying shares in other organisations (**service investments**), and
  - to earn investment income (known as **commercial investments** where this is the main purpose).
- 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.
- 1.3 The statutory guidance defines investments as “all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios.” The Council interprets this to exclude (a) trade receivables which meet the accounting definition of financial assets but are not investments in the everyday sense of the word and (b) property held partially to generate a profit but primarily for the provision of local public services. This aligns the Council’s definition of an investment with that in the 2021 edition of the CIPFA Prudential Code, a more recent piece of statutory guidance.

#### **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 £10.0m and £19.0m during the 2024/25 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 2024/25 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 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	31/3/2023 actual			2024/25
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved limit £m
Rykneld Homes Ltd	6.765	0	6.765	13.500
Northwood Group Ltd	8.039	0	8.039	8.663
<b>Total</b>	<b>14.803</b>	<b>0</b>	<b>14.803</b>	<b>22.163</b>

- 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. The strength of the partnership between Rykneld Homes company and the Council and Northwood group Ltd and the Council helps to mitigate any risk associated with non-payment.

### **Service Investments: Shares**

- 1.10 **Contribution:** The Council had invested £0.150m 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. During 2023/24 the Council's interest in Northwood ceased following the sale of the company.
- 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	31/3/2023 actual			2024/25
	Amounts invested £m	Gains or (losses) £m	Value in accounts £m	Approved Limit £m
Northwood Group Ltd	0.150	(0.022)	0.128	0.000
<b>TOTAL</b>	<b>0.150</b>	<b>(0.022)</b>	<b>0.128</b>	<b>0.000</b>

- 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. These are mainly industrial units owned across the district.

**Table 3: Property held for investment purposes**

Property	Actual	31/3/2023 actual		31/3/2024 expected	
	Purchase cost £m	Gains or (losses) £m	Value in accounts £m	Gains or (losses) £m	Value in accounts £m
Industrial Units	4.7	5.5	10.2	0	10.2
Land	1.6	7.4	9.0	0	9.0
Commercial Properties	1.1	0.1	1.2	0	1.2
Shared Ownership Properties	1.0	0.4	1.4	0	1.4
<b>TOTAL</b>	<b>8.4</b>	<b>13.4</b>	<b>21.8</b>	<b>0</b>	<b>21.8</b>

- 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. Should the 2023/24 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.
- 1.19 Where value in the accounts is below purchase cost, the fair value of the Council's investment property portfolio would no longer be sufficient to provide security against loss, and the Council would therefore need to take mitigating actions to protect the capital invested. These actions could include maintaining the investment properties to a required standard and once vacant, advertising any empty investment properties quickly and with professional advertising agencies.
- 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.

### **Proportionality**

- 1.23 The Council is to some extent dependent on income generating investment activity to achieve a balanced revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives is dependent on achieving the expected net profit from investments over the lifecycle of the Medium-Term Financial Plan. Should it fail to achieve the expected net profit, the Council's contingency plans for continuing to provide these services are to meet the shortfalls from other efficiencies generated within the general fund revenue budget or utilise reserves set aside for this purpose.

**Table 4: Proportionality of investments**

	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Budget £m</b>	<b>2025/26 Budget £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>
Net Service Expenditure	12.377	14.837	15.591	16.020	16.372	16.837
Net Investment Income	0.513	0.473	0.468	0.468	0.467	0.466
<b>Proportion</b>	<b>4.1%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.9%</b>	<b>2.9%</b>	<b>2.8%</b>

### **Borrowing in Advance of Need**

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

### **Capacity, Skills and Culture**

- 1.25 **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.
- 1.26 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.
- 1.27 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.
- 1.28 **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.
- 1.29 **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**

- 1.30 The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.
- 1.31 **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**

<b>Total investment exposure</b>	<b>31/03/2023 Actual £m</b>	<b>31/03/2024 Forecast £m</b>	<b>31/03/2025 Forecast £m</b>
Treasury management investments	26.00	17.00	10.00
Service investments: Loans – Rykneld Homes Ltd	6.77	6.50	6.24
Service investments: Loans – Northwood Group Ltd	8.04	8.22	7.52
Service investments: Shares – Northwood Group Ltd	0.15	0.00	0.00
Commercial investments: Property	21.80	21.80	21.80
<b>TOTAL INVESTMENTS</b>	<b>62.76</b>	<b>53.52</b>	<b>45.56</b>
Commitments to lend	7.36	7.44	8.40
<b>TOTAL EXPOSURE</b>	<b>70.12</b>	<b>60.96</b>	<b>53.96</b>

- 1.32 **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.

**Table 6: Investments funded by borrowing**

<b>Investments funded by borrowing</b>	<b>31/03/2023 Actual £m</b>	<b>31/03/2024 Forecast £m</b>	<b>31/03/2025 Forecast £m</b>
Treasury management investments	0	0	0
Service investments: Loans – Rykneld Homes Ltd	6.77	6.50	6.24
Service investments: Loans – Northwood Group Ltd	8.04	8.22	7.52
Service investments: Shares – Northwood Group Ltd	0	0	0
Commercial investments: Property	0	0	0
<b>TOTAL FUNDED BY BORROWING</b>	<b>14.81</b>	<b>14.72</b>	<b>13.76</b>

- 1.33 **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 7:** Investment rate of return (net of all costs)

<b>Investments net rate of return</b>	<b>2022/23 Actual £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Forecast £m</b>
Treasury management investments	1.89%	3.89%	4.08%
Service investments: Loans – Rykneld Homes Ltd	3.53%	3.52%	3.51%
Service investments: Loans – Northwood Group Ltd	5.09%	5.09%	5.09%
Service investments: Shares – Northwood Group Ltd	0.00%	0.00%	0.00%
Commercial investments: Property	2.35%	2.17%	2.15%

- 1.34 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.



## **North East Derbyshire District Council**

### **Flexible Use of Capital Receipts Strategy 2024/25**

#### **Introduction**

- 1.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for the period of the Spending Review for local authorities to use capital receipts from the sale of assets to fund the revenue costs of service reform and transformation.

#### **The Guidance**

- 1.2 The guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 specified that:
- Local authorities will only be able to use capital receipts from the sale of property, plant and equipment received in the years in which this flexibility is offered. They may not use their existing stock of capital receipts to finance the revenue costs of reform.
  - Local authorities cannot borrow to finance the revenue costs of the service reforms.
  - The expenditure for which the flexibility can be applied should be the up-front (set up or implementation) costs that will generate future ongoing savings and/or transform service delivery to reduce costs or to improve the quality of service delivery in future years. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.
  - The key determining criteria to use when deciding whether expenditure can be funded by the new capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure.
  - In using the flexibility, the Council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

- 1.3 The Council is also required to prepare a “Flexible use of capital receipts strategy” before the start of the year to be approved by Council which can be part of the budget report to Council. This Strategy therefore applies to the financial year 2024/25.

**Examples of qualifying expenditure**

- 1.4 There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:
- Sharing back-office and administrative services with one or more other council or public sector bodies;
  - Investment in service reform feasibility work, e.g. setting up pilot schemes;
  - Collaboration between local authorities and central government departments to free up land for economic use;
  - Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
  - Sharing Chief Executives, management teams or staffing structures;
  - Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
  - Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
  - Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
  - Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (e.g. through selling services to others);
  - Integrating public facing services across two or more public sector bodies (e.g. children’s social care, trading standards) to generate savings or to transform service delivery.



### **The Council's Proposals**

- 1.5 Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: "Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility."
- 1.6 The Government's use of flexible capital receipts directive has been extended until 31<sup>st</sup> March 2025.
- 1.7 The Council currently has no plans to utilise the use of flexible capital receipts during the period of the Medium Term Financial Plan 2024/25.

### **Impact on Prudential Indicators**

- 1.8 The guidance requires that the impact on the Council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. The Council's current capital programme does not utilise the capital receipts that will be generated to fund the above proposal. Therefore, there will be no change to the Council's Prudential Indicators that are contained in the Treasury Management Strategy Statement.
- 1.9 This strategy has been produced to fulfil the requirements of the DELTA return for the flexible use of capital receipts. As the Council is not utilising the flexible use of capital receipts within its current medium term financial plan this strategy was not needed and not taken through the usual Council committee, it will, in future be added to the normal Treasury Management Strategy Statement approval process

## North East Derbyshire District Council

### Council

29 January 2024

### Appointments to Committees

#### Report of the Assistant Director of Governance and Monitoring Officer

Classification: This report is public

Report By: The Assistant Director of Governance and Monitoring Officer

Contact Officer: Governance Manager: [alan.maher@ne.derbyshire.gov.uk](mailto:alan.maher@ne.derbyshire.gov.uk)

---

#### **PURPOSE / SUMMARY**

- To make an amendment to the composition of the Planning Committee for the remainder of the 2023-24 Municipal Year.
- 

#### **RECOMMENDATIONS**

1. That in line with the request of the Leader of the Labour Group, Councillor C Gare be appointed to serve on the Planning Committee for the remainder of the 2023-24 Municipal Year.
2. That Councillor S Fawcett ceases to serve on the Planning Committee for the remainder of the 2023-24 Municipal Year.

Approved by the Leader of the Council

---

#### **IMPLICATIONS**

Finance and Risk: Yes ☐ No ☒

Details:

On Behalf of the Section 151 Officer

---

Legal (including Data Protection): Yes ☐ No ☒

Details:

In line with the provisions of the Constitution, the Council is required to comply with the Section 15 of the Local Government and Housing Act 1989 and the Local Government (Committees and Political Groups) Regulations 1990.

On Behalf of the Solicitor to the Council

---

**Staffing:**      Yes ☐              No ☒  
**Details:**

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Decision Information</b>	
<b>Is the decision a Key Decision?</b> 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:  <b>NEDDC:</b> <b>Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></b> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
<b>Is the decision subject to Call-In?</b> (Only Key Decisions are subject to Call-In)	No
<b>District Wards Significantly Affected</b>	None
<b>Consultation:</b> <b>Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input type="checkbox"/></b> <b>SMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/></b> <b>Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></b>	Yes  Details:

<b>Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.</b>
N/A

## REPORT DETAILS

### **1 Details of Proposal or Information**

- 1.1 Appointments to the Council's Committees and Advisory Groups were made at Annual Council on 22 May 2023.
- 1.2 The Leader of the Labour Group, Councillor N Barker, has requested that Councillor C Gare be appointed to serve on the Planning Committee for the remainder of the Municipal Year, in place of Councillor S Fawcett.

- 1.3 The proposed changes to the Membership of the Planning Committee would have no impact on the political proportionality of the Council as a whole, or that of its Committees.

## 2 **Reasons for Recommendation**

- 3.1 To enable the requested alteration to the composition of the Planning and Committee.

## 4 **Alternative Options and Reasons for Rejection**

- 4.1 None

### **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
N/A	
<b>Background Papers</b> (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 you must provide copies of the background papers)	

# Agenda Item 14

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

# Agenda Item 15

By virtue of paragraph(s) 1, 2, 3, 4, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 1, 3, 4, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted