

# Public Document Pack



**North East  
Derbyshire  
District Council**

Contact: Amy Bryan - Governance Manager  
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Date: Friday, 16 January 2026

To: **Members of the Council**

Please attend a meeting of the Council to be held on Monday, 26 January 2026, at 2.00 pm in Council Chamber, District Council Offices, Mill Lane, Wingerworth, Chesterfield S42 6NG.

The meeting will be live streamed from [The Council's YouTube Channel](#).

Yours sincerely

A handwritten signature in black ink that reads "Sarah Shruberry".

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 Last Meeting (Pages 5 - 12)**

To approve as a correct record and the Chair to sign the attached Minutes of the Council meeting held on 1 December 2025.

**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 12 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 2025/26 - 2029/30 (Pages 13 - 40)**

Report of Councillor P Kerry, Deputy Leader of the Council with responsibility for Finance.

**8 Treasury Management Report 2026/27 to 2029/30 (Pages 41 - 91)**

Report of Councillor P Kerry, Deputy Leader of the Council with responsibility for Finance.

**9 Implementation of a Council Tax Premium for Empty Homes (Pages 92 - 114)**

Report of Councillor J Birkin, Portfolio Holder for Council Services.

**10 Progress Report on Development of a New Local Plan (Pages 115 - 131)**

Report of Councillor S Pickering, Portfolio Holder for Environment and Place.

**11 The Avenue Update (Verbal Report)**

**12 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 12 noon twelve clear working days before the meeting.

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

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

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

The following motion has been submitted.

**Motion A – Submitted by Councillor R Shipman**

This Council notes that:

Derbyshire County Council and North East Derbyshire District Council have consulted on proposals to introduce traffic lights at the junction of the A61 and Mill Lane in Wingerworth.

The published consultation results show a clear majority of respondents opposed to the scheme, with approximately 65% stating they do not support the proposals, compared with fewer than 30% in support.

Local residents have raised significant concerns about increased congestion, road safety, and traffic being displaced onto surrounding residential streets.

This Council believes that:

Local communities must have a meaningful voice in decisions that directly affect their daily lives.

Proceeding with a scheme that lacks public support risks undermining trust in the consultation process.

There is a need to properly consider alternative solutions that reflect local knowledge and community priorities.

This Council resolves to:

Formally oppose the proposed traffic light scheme at the end of Mill Lane, Wingerworth.

Write to Derbyshire County Council, as the Highway Authority, urging them not to proceed with the traffic light scheme.

Request that Derbyshire County Council works with local residents and ward councillors to explore alternative, community-supported options to address traffic and safety concerns at this junction.

**14 Chair's Urgent Business**

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

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**Access for All statement**

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- **Phone** -01246 231111
- **Email** - [connectne@ne-derbyshire.gov.uk](mailto:connectne@ne-derbyshire.gov.uk)
- **Text** - 07800 00 24 25
- **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 a free phone service
- **Visiting** our offices at 2013 Mill Lane, Wingerworth, S42 6NG

# Agenda Item 3

## COUNCIL

### MINUTES OF MEETING HELD ON MONDAY, 1 DECEMBER 2025

#### Present:

Councillor Lee Hartshorne (Chair) (in the Chair)  
Councillor Graham Baxter MBE (Vice-Chair)

Councillor Frank Adlington-Stringer  
Councillor Nigel Barker  
Councillor Richard Beech  
Councillor David Cheetham  
Councillor Stephen Clough  
Councillor Suzy Cornwell  
Councillor Alex Dale  
Councillor Michael Durrant  
Councillor Kevin Gillott  
Councillor Daniel Higgon  
Councillor William Jones  
Councillor Carol Lacey  
Councillor Heather Liggett  
Councillor Stephen Pickering  
Councillor Michael Roe  
Councillor Ross Shipman  
Councillor Caroline Smith  
Councillor Mick Smith  
Councillor Richard Welton  
Councillor Pam Windley

Councillor Neil Baker  
Councillor Jayne Barry  
Councillor Joseph Birkin  
Councillor Kathy Clegg  
Councillor Andrew Cooper  
Councillor Charlotte Cupit  
Councillor Lilian Deighton  
Councillor Michelle Emmens  
Councillor David Hancock  
Councillor Pam Jones  
Councillor Pat Kerry  
Councillor Tony Lacey  
Councillor Fran Petersen  
Councillor Carolyn Renwick  
Councillor Kathy Rouse  
Councillor Derrick Skinner  
Councillor Christine Smith  
Councillor Martin E Thacker MBE JP  
Councillor Helen Wetherall

#### Also Present:

L Hickin  
M Broughton  
J Dethick  
S Sternberg  
A Smith  
C Terry  
A Bryan  
M E Derbyshire  
Managing Director - Head of Paid Service  
Director of Growth and Assets  
Director of Finance and Resources (Section 151 Officer)  
Assistant Director of Governance (Monitoring Officer)  
Legal Services Manager and Deputy Monitoring Officer  
Environmental Health Team Manager (Licensing)  
Governance Manager  
Governance Training & Technical Officer

#### **COU Apologies for Absence**

**/58/2**

**5-26** Apologies for absence had been received from Councillors P Antcliff, P Elliott, S Fawcett, M Foster, C Gare, N Morley, R Spooner, L Stone and K Tait.

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

**/59/2**

**5-26** Councillors K Clegg, K Gillott, Christine Smith, and M Thacker MBE all declared a disclosable pecuniary interest in Earl Park, Holmewood – New Homes Investment item, as Board Members of Rykneld Homes Limited. They would withdraw from the meeting for that item and take no part in the discussion or vote.

**COU** Minutes of Last Meeting

**/60/2**

**5-26** RESOLVED – that the Minutes of the Council meeting held on 22 September 2025, and the Extraordinary Council meetings held on 2 November 2025 and 11 November 2025 be approved as true and correct records.

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

**/61/2**

**5-26** The Chair delivered his announcements, noting that it had been some time since his last update.

He reported that National Fitness Day, held on 24 September 2025, had been marked by his participation in the district-wide *Climb Everest Challenge* across the Council's four sports centres. The event had successfully raised funds for his chosen charity, Macmillan Cancer Support. The Chair had completed 100 floors during the challenge and later attended a circuit training session at Clay Cross Active with his wife, Janice. He extended his thanks to the staff involved in organising the day and to all who kindly donated.

On 26 September 2025, the Chair had attended the Macmillan Coffee Morning at Mill Lane and expressed gratitude to everyone who baked and contributed.

The Chair then reported on his visit to the Ilkeston Charter Fair on 16 October 2025, which was a longstanding and vibrant event filled with fairground rides and family activities.

Turning to events of Remembrance, the Chair stated that early November had been focused on commemorations. He had attended the Festival of Remembrance at the Winding Wheel on 6 November 2025. On Remembrance Sunday, he had participated in the service at Grassmoor, and then joined the Chesterfield parade, and had laid a wreath at the War Memorial on behalf of the Council. He also thanked Wingerworth Parish Council for inviting him to its service on 11 November 2025, where he had laid a further wreath on the Council's behalf.

The Chair had also attended the Clay Cross Parish Council Presentation Evening, during which donations were awarded to local charities and groups. The Chair expressed appreciation for the Parish Council's donation in support of his chosen charity.

The Chair also reported being shown around the Macmillan Ward at Chesterfield Royal Hospital on 17 November 2025, accompanied by his wife. He noted the high standard of compassionate care delivered to patients and families. He recorded his thanks to the staff for making time to provide the tour. He advised that further fundraising events would take place throughout his term as Chair and welcomed Members' support.

The Chair also reported that he had attended the Mayor of High Peak's Masquerade Ball in Buxton, held in aid of several local charities.

Finally, the Chair reminded Members that donations were still being taken for the

local Food Bank.

**COU** **Leader of the Council's Announcements**  
**/62/2**

**5-26** The Leader provided an update on progress with Local Government Reorganisation (LGR). He reported that the districts, boroughs and the city council had submitted a proposal to Government, on the north-south unitary model, with several variations included. A decision was not expected until summer. In the meantime, preparatory, non-abortive work would continue to ensure readiness for any future reorganisation, emphasising the importance of cross-council cooperation, including with the County Council. The Leader noted that Derbyshire County Council had submitted an alternative proposal for a single county-wide unitary including Derby City, creating an authority of over one million residents.

The Leader raised a further matter involving Derbyshire County Council, highlighting the recent cabinet paper indicating a consultation on support for the new Clay Cross Library. He stressed that the library formed an integral part of the wider Clay Cross regeneration programme, and expressed concern that such a move might signal future withdrawal of support for the Adult Education Centre in the clock tower. He emphasised the importance of protecting the substantial investment made in these facilities, urging local Members to remain mindful of their responsibilities when decisions were taken.

Turning to the ongoing matters with Wingerworth Lido, the Leader noted that the matter continued to require considerable officer time. He thanked all those who had participated in the survey. He observed that the Scrutiny Committee had substantial evidence to consider and looked forward to receiving its report.

The Leader updated Members on broader regional engagement. He had met with Councillor Tom Hunt, Leader of Sheffield City Council, accompanied by the Leader of Chesterfield Borough Council to discuss potential tram-train extension opportunities into Derbyshire. He reported a positive discussion, highlighting the benefits for improved transport links into both Chesterfield and Sheffield. He also continued to attend EMCCA meetings and would be representing districts and boroughs at the upcoming EMCCA Transport Committee. He further reported chairing a recent meeting of the SLB, where changes were agreed to improve working arrangements with EMCCA, restoring direction and alignment.

The Leader had also met with the Law Centre, noting the reassuring and productive discussion, and the essential support the organisation provided to residents across North East Derbyshire.

He concluded on a positive note by announcing that both the Leisure Services and Street Scene teams had been nominated for APSE Awards in the categories of *Best Performer* and *Most Improved Performer*. He offered congratulations and wished them well at the awards ceremony.

The Leader informed Members that he would be attending the opening of the new full-size 3G pitch at Clay Cross Active, the final component of the site's development, which would provide a significant outdoor asset for local communities.

Finally, as this was the last scheduled full Council meeting of the year, the Leader extended his best wishes for a Merry Christmas and a Happy New Year to all Members.

**COU Public Participation**

**/63/2**

**5-26** No questions from the public had been received.

**COU Treasury Management Strategy Update - April to September 2025 (Q1 & Q2)**

**/64/2**

**5-26** The report to the Council, presented by Councillor P Kerry, updated on the Treasury Management activities for the period April to September 2025.

Councillor M Thacker MBE referred back to comments he had previously made at the Audit Committee, regarding the Council's loan portfolio and investment strategy and to consider a shift towards a medium-risk investment model. He emphasised that without doing so, the Council risked failing to maximise the return on its resources. The Director of Finance and Resources (Section 151 Officer) provided clarification on the Council's current borrowing position and emphasised that the Council's approved strategy already permitted a more risk-seeking approach than was currently taken in practice. She suggested the issue was not strategic in nature but operational, relating to where and how funds were placed. It was also reported that benchmarking provided by Arlingclose showed the Council currently sat in the middle quartile—neither high nor low risk.

RESOLVED – that the report concerning the Council's Treasury Management report for Quarter 2 be noted.

**COU Adoption of the Council's Statement of Principles under the Gambling Act 2005**

**5-26**

The report set out the draft Gambling Act 2005 Statement of Licensing Principles, to be adopted, together with the draft Gambling Act 2005 Local Area Profile.

The report explained that the Gambling Act 2005 imposed a statutory duty upon the Council, as the Licensing Authority, to prepare a Statement of Principles. The Policy served as the Council's tool for regulating gambling within the district and set out the controls the Council considered necessary for the effective management of gambling activities. It also provided guidance for Members, applicants, responsible authorities, and the public, with the aim of promoting fair, consistent and proportionate decision making.

RESOLVED – that:

- (1) the final draft Gambling Act 2005: Statement of Principles and accompanying Local Area Profile, as recommended by the Licensing and Gambling Acts Committee, for adoption no later than 16 March 2026, be approved.
- (2) the Council authorised the Environmental Health Service Manager to take all necessary steps to publish and formally adopt the Gambling Act

2005: Statement of Principles and Local Area Profile in accordance with the statutory requirements set out in legislation.

**COU Proportionality of the Council and Committee Appointments**

**/66/2**

**5-26** The Assistant Director of Governance and Monitoring Officer presented a report which set out changes to the proportionality of the Council.

The political balance for the Council as a whole and the specific bodies covered by the political balance requirements were set out in the report.

Councillor R Shipman expressed concerns regarding the proposed allocation of committee seats under the proportionality rules. He noted that the administration, despite holding a majority of only one Councillor, appeared to have secured 6% more committee seats than the proportional representation. Councillor Shipman proposed an amendment to add 'that a review of committee sizes be undertaken as soon as possible by Standards Committee or other appropriate body and a revised proportionality proposal be brought back to Council.'

Councillor D Hancock seconded the amendment and stated that he did not agree with the proposal, as it inflated the administration's representation and diminished that of the opposition groups. Councillor Hancock concluded that he wished his objection to the proposal to be recorded.

The Assistant Director of Governance and Monitoring Officer responded that the legislation was hierarchical and that it was an absolute requirement that the majority party had a majority on each committee.

Councillor K Gillott spoke in support of the Monitoring Officers advice and stated that he had served on several councils under different Monitoring Officers and that every one of them had consistently provided the same advice as that given to Council at this meeting: namely, that the majority party—regardless of political affiliation—must receive a majority on the relevant committees.

Councillor M Durrant spoke against the amendment and stated that he would listen to the advice of officers.

Councillor A Dale stated that the Conservative Group were content with the report as presented, and recognised that proportionality was inherently challenging but did agree that the North East Derbyshire Independent Group had raised a fair point with regard to its number of places on certain committees. He suggested that groups could meet informally to discuss options and try to find a solution collaboratively.

Councillor J Barry stated that the proposal as set out in the report should be accepted and then it could be reconsidered in time for the Annual Meeting in May 2026.

The amendment was put to the vote and lost.

A vote was taken on the original proposal and was passed.

RESOLVED – that the changes to the political make-up of the Council be noted and the proportional allocation of committee places be agreed.

**COU Questions from Members asked under Procedure Rule No 9.2**

**/67/2**

**5-26** The Chair confirmed that two questions had been received.

**Question A – Councillor R Welton to Councillor J Barry, Portfolio Holder for Growth and Assets**

We welcome the commitment made at the recent EGM 11 November 2025 to a review of the Council's Asset Management Board. Will the Cabinet Member involve cross party elected members in this review through a working group?

Councillor J Barry responded that she had committed to undertaking a review of the Disposals and Acquisitions Strategy, which the current administration had inherited from the previous administration. She noted that the strategy had not been reviewed since 2017, and therefore a review was clearly due. However, this work had been timed to follow completion of the Strategic Asset Management Plan, to ensure the two documents were aligned. She confirmed that the Asset Management Board's Terms of Reference had also been reviewed recently and remained fit for purpose. Turning to the question of establishing a cross-party group, she explained that property management was an Executive function, not a Council function. As such, it was for Cabinet to determine the future strategy. She therefore advised that the answer to this part of the question was no, although Cabinet would listen to the views expressed by Members as the review progressed.

Councillor R Welton asked a supplementary question seeking confirmation on whether Councillor K Gillott would be required to recuse himself from any involvement in the forthcoming review of the Strategy, on the grounds of a conflict of interest as a Cabinet member, with Cabinet being solely responsible for asset management, and as Chair of the Standards Committee, which had oversight of corporate governance.

Councillor J Barry confirmed that the right protocols would be followed for the review.

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

Can the Portfolio Holder please provide an update on the extension of green bin collections over the winter, as suggested in the recent Simpler Recycling report and the plans for black and burgundy bin collections over the forthcoming Christmas period, with measures to avoid a repeat of the complaints in previous years?

Councillor S Pickering reminded Members that briefing sessions on Simpler Recycling would be held and encouraged all Councillors to attend to ask questions and increase their understanding of Simpler Recycling requirements and future service changes. Regarding green bin collections, Councillor Pickering confirmed that the Council intended to extend green bin collections from next

winter. In respect of black and burgundy bin collections over the Christmas period, he explained that the Council had already published updated bin calendars. Additional burgundy and black bin collections were being provided on either side of Christmas to help residents manage increased festive waste. He took the opportunity to thank all collection crews and staff involved in delivering waste services across the district.

Councillor A Dale echoed the praise for the refuse collection teams and that they deserved time off over the Christmas period. In respect of the green bin extension, he asked how long the winter extension would last. He also stated that he had received concerns from residents about some burgundy bins going three weeks without being emptied and noted that the primary issue appeared to be public awareness and therefore asked what further steps the Council could take to ensure that more residents were aware of their bin collection dates, particularly during the Christmas period.

Councillor Pickering confirmed that from next winter, the Council intended to provide an extended service, with only December left without a green bin collection. Further detail would be provided at forthcoming Member briefing sessions on Simpler Recycling. He added that, following a review of the bin calendar, no household should go more than a fortnight without a burgundy bin collection. If recyclable material was presented as side waste, crews would accept it, but non-recyclable side waste would be left, providing a clear explanation to residents where necessary. He invited the Member to share any specific cases where a longer gap had occurred so that officers could investigate but reiterated his understanding that the scheduling had been planned to minimise disruption as far as possible.

**COU Motions from Members under Procedure Rule No 10**

**/68/2**

**5-26** No Motions had been submitted under Procedure Rule 10 for the meeting.

**COU Chair's Urgent Business**

**/69/2**

**5-26** There was no urgent business.

**COU Exclusion of Public**

**/70/2**

**5-26** RESOLVED - that the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Part 1 of Schedule 12A to the Local Government Act 1972 (as amended by the Local Government (Access to Information) (Variation) Order 2006).

Having each declared a disclosable pecuniary interest in the next item, Councillors K Clegg, K Gillott, Christine Smith, and M Thacker MBE all left the meeting and took no part in the discussion or vote.

**COU Earl Park, Holmewood - New Homes Investment**

**/71/2**

**5-26** Council considered a report which sought approval for borrowing to fund a request for investment, in the form of a loan, from Rykneld Homes Ltd (RHL) for

the acquisition of homes for affordable rent at Earls Park, Holmewood.

An amendment to defer the item was moved and seconded by Councillor D Hancock and Councillor R Welton. This was put to the vote and defeated.

**RESOLVED** – that:

- (1) Council approved the borrowing, as set out in the report, to fund the loan to RHL for the acquisition of homes at Earls Park.
- (2) Council approved the revised Capital Financing Requirement, Operational Boundary and Authorised Limit as set out in the financial implications section of the report.

# Agenda Item 7

## North East Derbyshire District Council Council

26 January 2026

### Medium Term Financial Plan 2025/26 to 2029/30

#### Report of the Deputy Leader of the Council with responsibility for Finance

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

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#### **PURPOSE / SUMMARY**

To seek approval of the Current Budget for 2025/26 and Original Budget for 2026/27 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2025/26 to 2029/30.

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#### **DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL**

The decision requested is part of the Budget and Policy Framework and thus must be made by Council.

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#### **RECOMMENDATIONS**

1. That the view of the Director of Finance & Resources; that the estimates included in the Medium-Term Financial Plan 2025/26 to 2029/30 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 £6.48 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 2025/26, as the Original Budget 2026/27, and as the financial projections in respect of 2027/28 to 2029/30.
5. That the General Fund Capital Programme be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.
6. That budget under spends be transferred to the Resilience Reserve to provide increased financial resilience for future years of the plan.

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

7. That Council sets its rent levels for 2026/27 by increasing rents by 4.8% from 1st April 2026.
8. 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 2025/26, as the Original Budget in respect of 2026/27, and the financial projection in respect of 2027/28 to 2029/30.
9. That the HRA Capital Programme be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.
10. That the Management Fee for undertaking housing services at £13.962m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2026/27 be approved.
11. 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 Cllr P Kerry, Deputy Leader with responsibility for Finance

## IMPLICATIONS

## Finance and Risk:

Yes

No

## Details:

These are detailed in the attached report.

On Behalf of the Section 151 Officer

## Legal (including Data Protection):

Yes

No

## Details:

These are detailed in the attached report.

**Staffing:**

Yes

No

**Details:**

There are no staffing issues arising directly from this report.

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:	No
<b>NEDDC:</b> Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	
<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>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	No not applicable.
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	No, not applicable
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input checked="" type="checkbox"/> <b>Cabinet</b> <input checked="" type="checkbox"/> <b>SMT</b> <input checked="" type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input checked="" type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	<p>Yes</p> <p>Details:</p>

**Links to Council Plan priorities;**

- **A great place that cares for the environment**
- **A great place to live well**
- **A great place to work**
- **A great place to access good public services**

The budget underpins all Council Plan priorities.

**REPORT DETAILS****1 Background (reasons for bringing the report)****Medium Term Financial Plan 2025/26 – 2029/30**

1.1 Attached at **Appendix 1** is the report presented to Cabinet on 15 January 2026 providing details of the current budget for 2025/26, original budget 2026/27 and financial plans for 2027/28 to 2029/30.

**2. Details of Proposal or Information**

2.1 Cabinet considered the report on 15 January 2026 following scrutiny at the Joint Scrutiny Committee on 14 January 2026. The recommendations are now referred to this Council for members' consideration and approval.

**3 Reasons for Recommendation**

3.1 These are detailed in the attached report.

**4 Alternative Options and Reasons for Rejection**

4.1 These are detailed in the attached report.

**DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Medium Term Financial Plan 2025/26 to 2029/30 and Appendices 1 – 4
None	<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)

# North East Derbyshire District Council

## Cabinet

15 January 2026

### Medium Term Financial Plan 2025/26 to 2029/30

#### Report of the Deputy Leader of the Council with responsibility 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 2025/26 and Original Budget for 2026/27 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2025/26 to 2029/30.

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

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#### RECOMMENDATIONS

1. That all recommendations below are referred to the Council meeting of 26 January 2026.

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 2025/26 to 2029/30 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 £6.48 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 2025/26, as the

Original Budget 2026/27, and as the financial projections in respect of 2027/28 to 2029/30.

6. That the General Fund Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.
7. That budget under spends 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 2026/27 in consideration of the Social Housing Rent Standard increasing rents by 4.8% from 1st April 2026.
9. 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 2025/26, as the Original Budget in respect of 2026/27, and the financial projection in respect of 2027/28 to 2029/30.
10. That the HRA Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2025/26, and as the Approved Programme for 2026/27 to 2029/30.
11. That the Management Fee for undertaking housing services at £13.962m and the Management Fee for undertaking capital works at £1.1m to Rykneld Homes in respect of 2026/27 be approved.
12. 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 Deputy Leader of the Council to agree the contents of that letter.

Approved by Cllr P Kerry, Deputy Leader with responsibility for Finance

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## IMPLICATIONS

## Finance and Risk:

Yes

No

## Details:

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 the plan 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 in this financial plan. These requirements are addressed at 2.66 – 2.70 of this report.

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

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes  No

**Details:**

The Council is legally obliged to approve a budget prior to the commencement of the new financial year, 1 April 2026. 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

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**Staffing:** Yes  No

**Details:**

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

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## **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:	No
<b>NEDDC:</b> <b>Revenue - £125,000</b> <input type="checkbox"/> <b>Capital - £310,000</b> <input type="checkbox"/> <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>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	No, not applicable
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	No, not applicable
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input checked="" type="checkbox"/> <b>Cabinet</b> <input checked="" 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"/>	Yes  Details:

<b>Links to Council Plan priorities;</b> <ul style="list-style-type: none"> <li><b>A great place that cares for the environment</b></li> <li><b>A great place to live well</b></li> <li><b>A great place to work</b></li> <li><b>A great place to access good public services</b></li> </ul>
The budget underpins all Council Plan priorities.

## REPORT DETAILS

### 1 Background (reasons for bringing the report)

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:

- 2025/26 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 2026.
- 2026/27 Original Budget – this is the proposed budget for the next financial year starting 1 April 2026. For the General Fund, this is the budget on which the Council Tax will be based. The HRA budget includes proposals on increases to rents and charges.
- 2027/28 to 2029/30 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 26 January 2026 for members' consideration and approval.

## 2. Details of Proposal or Information

### General Fund Revenue Budget

#### **2025/26 Current Budget**

2.1 In January 2025, Members agreed a budget for 2025/26 to determine Council Tax. At this time there was a requirement to achieve efficiencies of £0.505m to balance the budget, reduced to £0.294m after the approval of the Council Tax increase.

2.2 The Revised Budget was considered by Cabinet at its meeting on 27 November 2025 at which time the budget shortfall had reduced to nil and forecast a contribution back to the Resilience Reserve of £0.432m. There have been no material changes to the budget position since this time.

2.3 The final position will clearly be dependent on the actual financial performance out-turning in line with the current budgets and there may be further changes required as the year progresses.

#### **2026/27 Original Budget and 2027/28 – 2029/30 Financial Plan**

### Local Government Finance Settlement

2.4 The draft Finance Settlement for 2026/27 was issued for consultation on 18 December 2025. The settlement is for three years from 2026/27 and represents the most significant redistribution of funding in Local Government in 25 years. Since the last major update in 2013/14, there have only been minor updates and several one-year settlements. The funding system is complex and even straightforward updates to datasets can create substantial changes and redistributions.

2.5 This funding review began in 2016, and the current package builds on the work undertaken. It addresses the fundamental way in which funds are distributed. This includes:

- major changes to the main funding formula with a stronger link to levels of deprivation and population.
- many new burdens funding streams have been rolled into the main funding formula instead of being provided as separate grants. This includes ongoing revenue funding for food waste new burdens (see 2.6 below).
- the baseline for retained business rates has been reset in full in 2026/27 (see 2.10 below).
- the New Homes Bonus grant has been abolished.
- several grant pots have been consolidated, including for homelessness prevention, rough sleeping and temporary accommodation.
- transitional funding has been provided, including a minimum funding floor, to protect councils from the full impact of the funding changes (see 2.12 – 2.13 below).
- The Recovery Grant allocations have been preserved at 2025/26 levels for the spending review period (see 2.14 below).

#### *Funding the Legislative Changes for Food Waste*

2.6 2.28 of this report highlights the increase to ongoing revenue costs to embed the change in legislation in relation to food waste collections. Traditionally such a change to service delivery enacted through legislation would be funded through a specific grant known as New Burdens. This would provide transitional funding for a fixed period to give time to adapt to the required change in delivery. The decision in the Finance Settlement to roll many new burdens grants into the main funding formula may be administratively simpler but lacks transparency especially in a settlement that includes wide sweeping changes to all aspects of the funding formula. It is therefore impossible to establish whether the annual increase to deliver this service of £0.965m is included within our Revenue Support Grant allocation (see 2.12 below). The District Councils Network continues to lobby MHCLG for full transparency on funding for the cost of food waste new burdens.

2.7 Extended Producer Responsibility (EPR) payments (see 2.8 below) are continuing so have been utilised to meet this additional cost to provide the service with some certainty and sustainability through this period of change.

#### *Extended Producer Responsibility (EPR)*

2.8 EPR aims to create a more sustainable and circular economy by ensuring that producers take responsibility for the environmental impacts of their products throughout their lifecycle, effectively shifting responsibility for waste management from consumers and local governments to the producers. Regulations requiring reporting of packaging data have been in place for producers since 2023 and from January 2025 producers have been paying fees to the Department of Environment, Food and Rural Affairs (DEFRA) based on this data.

2.9 DEFRA are redistributing these fees to waste collection and disposal authorities to cover the costs associated with the disposal of packaging waste. It is also intended to help local authorities improve recycling services and reduce waste management costs under the Government's Simpler Recycling waste reforms. The Council's allocation in 2026/27 is £1.253m.

*Business Rates*

2.10 A full business rates reset has taken place for the first time since 2013/14. The baselines in the funding formulas have been amended to reflect this. This revision effectively removes all growth from the baseline, within the system. This has a significant impact on our ability to generate growth through business rates through this MTFP. The reset and change to the baseline have been anticipated for several years now and growth from business rates has been ringfenced in the Business Rates Reserve to protect against this impact. The reserve is being utilised in the plan to provide such protection.

2.11 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 has allowed us to retain more of our Business Rates income locally. The reduction in growth from the reset also removes any pool benefit in 2026/27 so all Derbyshire councils have elected to revoke the pool for 2026/27. This will be reviewed again ahead of the 2027 budget.

*Revenue Support Grant/Transitional Protection*

2.12 Since 2013 the national settlement assumption of our "needs" built into the formula for grant support has meant that limited Revenue Support Grant (RSG) has been paid to us during this time. The Fair Funding Review 2.0 and particularly the business rates reset significantly changes this assumption and based on the revised assessment of "needs" the Council will receive significantly increased RSG payments throughout this settlement period.

2.13 The Fair Funding Review 2.0 also includes transitional protection in the form of a funding floor. This ensures that no authority has a cash-terms reduction in their overall funding. We will receive transitional protection support throughout this settlement period.

*Recovery Grant*

2.14 This grant was introduced in 2025/26 and is being retained throughout this settlement period at 2025/26 levels. It is a highly targeted grant focussing on Councils with high levels of deprivation, high levels of need and low tax bases. Our allocation is £0.203m per annum for the period 2026/27 – 2028/29.

2.15 Appendix one provides a summary of the impact of the Fair Funding Review 2.0 on our funding, showing RSG and transitional support and the loss of growth from business rates.

## Local Government Reorganisation (LGR)

2.16 The main uncertainty in this plan is the impact that LGR will have on our financial health and viability, and particularly our reserves. The Case for Change submitted to MCHLG in November identified that implementation costs are estimated at £66m to be funded from shared reserves across Derbyshire. The impact on our reserves is still to be determined so is not included at this time; this analysis is being undertaken jointly by the S151 Officers across Derbyshire over the coming months and will be reported in due course.

2.17 LGR also creates uncertainty as to whether this Council will exist in its current form over the life of this financial plan. It is however important to continue to operate on a going concern basis and remain focussed on funding the delivery of services during this period, ensuring we continue to exercise prudence and good financial governance throughout.

2.18 The financial impact of LGR will be kept under close review and will be reported as further information becomes available.

## Council Tax Implications

2.19 Council tax is a local decision taken by Council each year. Council tax income is a significant funding stream for us, providing over a third of the annual income needed to fund the services in the General Fund. It is important to note, the increase each year not only services that year's budget but also increases the base for future years. The national settlement assumes the maximum increase in all their funding calculations. Table 1 below shows the benefit of the indicative increase over the life of the plan:

**Table 1**

	Original Budget 2026/27 £000	Planning Budget 2027/28 £000	Planning Budget 2028/29 £000	Planning Budget 2029/30 £000
General Fund Shortfall (MTFP)	46	1,248	2,127	3,534
Application of Council Tax increase each year assuming 2.99% (max)	(312)	(624)	(936)	(1,248)
General Fund Shortfall after applying indicative council tax increase	(266)	624	1,191	2,286

## Council Tax Base

2.20 In preparation for the budget, the Director of Finance & Resources under delegated powers has determined the Tax Base at Band D for 2026/27 as 33,8713.43.

## Council Tax Options

2.21 The Council's part of the Council Tax bill in 2025/26 was set at £216.67 for a Band D property. This was an increase of 2.99%.

2.22 The Government indicate what upper limit they consider acceptable for council tax setting each year. For 2026/27, 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 2 below shows increase options and the extra annual revenue this would generate:

**Table 2**

Increase %	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
0%	216.67	0	0	0
1.00%	218.83	2.17	0.04	165,459
2.00%	221.00	4.33	0.08	238,852
2.99%	223.15	6.48	0.12	311,511

2.23 The proposed increase for 2026/27 is 2.99%, generating additional annual revenue of £311,511 (inclusive of tax base growth).

## Budget Detail

2.24 In developing the financial projections for the detailed plan several assumptions have been made:

- Budgets are cash limited except where contractual commitments to increase costs exist.
- A pay award of 4% has been included in 2026/27 pay budgets. From 2027/28 pay inflation forecasts include a 3% uplift.
- Energy costs and fuel have been forecast to reflect anticipated price changes.
- Fees and charges – annual service specific increases have been applied in the plan.
- Inflation where required is included in the plan at 2%, in line with Bank of England monetary policy, which forecasts inflation stabilising at 2% in the medium term.
- Interest rates for new treasury management investments will be made at an average rate of around 3.25%, and new long-term loans will be borrowed at an average interest rate of 5.50%.

2.25 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 2025/26 £000	Original Budget 2026/27 £000	Planning Budget 2027/28 £000	Planning Budget 2028/29 £000	Planning Budget 2029/30 £000
Employee related costs	22,736	24,471	25,205	25,973	26,789
Premises related costs	2,150	2,286	2,307	2,335	2,371
Transport related costs	691	835	846	857	869
Supplies and Services	9,883	7,954	8,130	7,882	7,942
Rent rebates/allowances	230	230	230	230	230
Capital Financing costs	887	1,044	1,141	1,173	1,069
Income	(20,232)	(19,022)	(19,262)	(19,481)	(19,699)
<b>Net Cost of Services - NCS (App 1)</b>	<b>16,345</b>	<b>17,798</b>	<b>18,597</b>	<b>18,969</b>	<b>19,571</b>
NCS transfers to grants/reserves	(894)	(190)	(1,374)	(2,162)	(1,989)
NCS transfers from grants/reserves	0	(46)	0	0	(1,581)
<b>NCS after movements in grants/reserves</b>	<b>15,451</b>	<b>17,562</b>	<b>17,223</b>	<b>16,807</b>	<b>16,001</b>

2.26 Table 2 above shows that except for pay related costs, cash limiting maintained across all expenditure budgets means there are only minor variations throughout the life of 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.

2.27 Like many other public bodies the main ongoing budget pressure relates to pay costs; namely the annual NJC pay award. An additional £0.89m was needed in 2025/26 with a further £0.991m forecast in 2026/27. Additional costs of £0.965m are required to fund the new Food Waste collection service, under the Government’s plans for Simpler Recycling. Extended Producer Responsibility (EPR) payments of £1.253m whilst not specifically intended to fund these changes (see 2.6 above) provide the means to do so.

2.28 A combination of ongoing prudent budget management alongside the certainty of funding arising from the multiyear settlement and planning for the loss of business rates growth in anticipation of the reset means the unplanned call on reserves in the plan are limited. Budget pressures continue to increase throughout the plan largely because of pay inflation, overall the net cost of services increases by 10% to 2029/30.

2.29 It remains important to ensure that financial management remains prudent and ongoing savings continue to be identified and implemented to maintain this

position. Shortfalls do increase throughout the plan and in 2029/30 the uncertainty surrounding funding, following the end of this settlement, re-occur.

### Reserves

- 2.30 It is widely accepted that use of reserves to meet funding shortfalls remains 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 budget shortfalls or meet short term uncertainty should it be necessary.
- 2.31 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. 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.
- 2.32 The main un-ringfenced financial reserves are held in the General Fund Balance 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.
- 2.33 The level of the General Fund Balance has been maintained at £2m in the plan. This is a risk-based reserve and represents a working balance of resources that could be used at short notice or to meet a major financial issue.
- 2.34 The Resilience Reserve had an opening balance of £3.60m on 1 April 2025 and estimates for 2025/26 are forecast to increase this to £4.03m by the end of the current financial year. The planned contribution from the reserve in 2026/27 of £0.046m will reduce this to £3.984m. This reserve is not forecast to be utilised again until the final year of the plan (2029/30) largely because this is when uncertainty surrounding national funding re-occurs with the end of the current multiyear settlement. 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.
- 2.35 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 from 2027/28 to provide such protection.

2.36 The Invest to Save Reserve is utilised to fund innovation and development that will yield efficiencies in the medium to long term. The reserve had an opening balance of £2.43m on 1 April 2025. Commitments already made against this reserve for future years amount to £0.17m leaving £2.26m uncommitted. There is likely to be a call on this reserve to fund the implementation costs of LGR (see 2.16 above).

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

#### **2025/26 Current Budget**

2.37 In January 2025, Members agreed a budget for 2025/26 including setting of rent levels in consideration of government regulations. HRA fees and charges were also set, effective from the same date.

2.38 The Revised Budget was considered by Cabinet at its meeting on the 27 November 2025. There have been no material changes to the budget position since this time.

2.39 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.

2.40 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.

#### **2026/27 Original Budget and 2027/28 to 2029/30 Financial Plan**

2.41 The proposed budget for 2026/27 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**

2.42 Social housing rents in England will follow a new 10-year settlement from April 2026 allowing annual increases of CPI + 1% with a mechanism for properties below formula rent to catch up via an extra convergence uplift. This replaces the current CPI+1% cap and brings a long-term strategy for rent setting, focusing on fairness and convergence towards formula rent levels over the decade, with specific caps for different property sizes. Landlords retain the option to apply lower increases, freeze rents, or even reduce them if needed, considering local market conditions and tenant affordability.

## Rent Increase 2026/27

2.43 The updated Social Housing Rent Standard applies in 2026/27. CPI in September was 3.8% so the maximum permitted increase from April 2026 will be 4.8%. As in previous years, landlords continue to be free to apply a lower increase if they wish to do so. The standard directs providers to 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.

2.44 The impact of the affordability of increased rents for tenants is an important consideration. In addition, consideration must be given to 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. It also must be sufficient to cover the cost of servicing debt each year, both historic and for funding new build schemes and major works.

2.45 We pride ourselves on providing our tenants with homes that are well managed and maintained, safe, and of a good quality and have recently been recognised for this by the Regulator of Social Housing awarding the highest grade of C1 rating for our housing services, delivered in partnership with Rykneld Homes. However, regulation and compliance are having a significant impact on the cost of delivery. To meet the cost of ongoing compliance requirements the HRA needs to fund an additional £1.543m per annum from 2026/27.

2.46 Table 4 below shows increase options and the extra annual revenue this would generate:

**Table 4**

Increase %	New Average Weekly Rent £	Weekly Increase £	Extra Revenue £
0%	93.74	0	0
3.8%	96.74	3.00	1.1m
4.2%	97.68	3.94	1.5m
4.8%	98.24	4.50	1.7m

2.47 Taking all the above into consideration, a rent increase of 4.8% is being recommended in the budget for 2026/27.

## Other Fees and Charges

2.48 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)

2.49 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

2.50 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.

2.51 The impact of regulation and compliance as detailed in 2.45 above is having a significant impact on the cost of delivery. These are a combination of both capital and revenue pressures and have been built into the capital programme and repairs management fee respectively.

2.52 The proposed management fee for 2026/27 is £13.962m. This is contained within two budgets – Repairs and Maintenance (£6.565m) and Supervision and Management (£7.396m).

2.53 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 2025/26 accounts will be the 2026/27 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**

2.54 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. An Insurance Reserve is also held to cover claims excesses and self-insured claims.

## **Capital Investment Programme**

2.55 There will be a separate report to Council on 26 January 2026 concerning the Treasury Management suite of Strategies. That report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

## **2025/26 Current Budget**

2.56 In January 2025, Members approved a Capital Programme in respect of 2025/26 to 2028/29. 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 2024/25 has been accounted for in the 2025/26 revised position.

2.57 The Revised Capital Programme was considered by Cabinet at its meeting on the 27 November 2025. There have been no material changes to the budget position since this time, some reprofiling between years has taken place.

## **General Fund Capital Programme 2026/27 to 2029/30**

2.58 The proposed Capital Programme for the General Fund totals:

- £4.97m for 2026/27;
- £4.15m for 2027/28;
- £2.31m for 2028/29;
- £3.22m for 2029/30.

The budget in 2026/27 includes the Warm Homes Local Grant project, as well as the cyclical Vehicle Replacement Programme along with the annual Asset Management Programme.

## **HRA Capital Programme 2026/27 to 2029/30**

2.59 The proposed Capital Programme for the HRA totals:

- £28.9m for 2026/27;
- £26.5m for 2027/28;
- £16.7m for 2028/29;
- £15.7m for 2029/30.

2.60 The proposed programme for HRA capital works totals £87.8m over the four-year programme. The budget includes the HRA's Warm Homes Social Housing

Fund and includes the annual fee paid to RHL for delivering all HRA capital works (£1.1m).

- 2.61 The programme includes a regeneration budget of £2.5m proposed for smaller regeneration schemes.
- 2.62 The regeneration project at Stonebroom continues into 2026/27 with an estimated completion during 2027/28.
- 2.63 In addition, £4m 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.
- 2.64 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**

- 2.65 This section of the report is prepared in accordance with Section 25 of the Local Government Act 2003, which requires the S151 Officer to report on the robustness of the estimates made for the purposes of budget setting and the adequacy of the financial reserves.
- 2.66 In forming an opinion on the robustness of the estimates, the S151 Officer has considered the following factors:
  - The robustness of the budget setting process and the assumptions underpinning the budget such as inflation. This includes consultation with all budget managers and senior management.
  - Employee costs are based on the approved establishment.
  - Investment income is in line with the Treasury Management Strategy.
  - Income budgets are achievable.
  - The financial management and control frameworks in place.
  - The risks associated with the budget and the measures in place to mitigate those risks.
  - The alignment of the budget with the council's strategic priorities and objectives.
  - The impact of external influences on the estimates such as changes in government policy or legislation.
- 2.67 In consideration of the above, the Section 151 Officer is satisfied that the estimates are robust and prudent. Estimates in respect of national policy change are based on best available data at the time of setting the budget and funding has not been included where there is insufficient certainty to do so.
- 2.68 The council's reserves are held to manage financial risks and to ensure financial stability. The key reserves are detailed at 2.30 – 2.36 above.
- 2.69 In consideration of the above, 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. Based on current assumptions there are

sufficient reserves to meet the requirements in the medium-term financial plan should they be required.

### **Financial Resilience**

2.70 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

2.71 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. The low taxbase position presents a risk to financial resilience as it limits the income that can be generated through council tax. Exposure to interest rate risk is also rising due to an increasing reliance on borrowing externally which results in increased exposure to rises in interest rates.

### **3 Reasons for Recommendation**

3.1 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.

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

4.1 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>
Appendix 1	General Fund MTFP – Summary 2025/26 to 2029/30
Appendix 2	General Fund MTFP – Detail 2025/26 to 2029/30
Appendix 3	HRA MTFP 2025/26 to 2029/30
Appendix 4	Capital Programme MTFP 2025/26 to 2029/30
<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)	
<b>None</b>	

	Current Budget 2025/26	Original Budget 2026/27	Planning Budget 2027/28	Planning Budget 2028/29	Planning Budget 2029/30
	£	£	£	£	£
Organisation and Place Directorate	8,619,612	9,497,341	10,164,681	10,242,164	10,549,150
Finance and Resources Directorate	5,128,994	5,631,569	5,663,296	5,750,842	5,902,155
Growth and Assets Directorate	3,215,026	3,287,462	3,387,657	3,594,720	3,737,668
Recharges to Capital and HRA	(618,350)	(618,350)	(618,350)	(618,350)	(618,350)
<b>Net Cost of Services</b>	<b>16,345,282</b>	<b>17,798,022</b>	<b>18,597,284</b>	<b>18,969,376</b>	<b>19,570,623</b>
Investment Properties	(461,545)	(442,395)	(441,020)	(439,640)	(438,220)
Bad Debt Provision	40,000	40,000	40,000	40,000	40,000
Interest	(1,261,404)	(1,059,857)	(872,493)	(666,472)	(625,973)
Debt Repayment Minimum Revenue Provision	56,000	56,000	56,000	56,000	56,000
Parish Precepts	4,083,784	4,083,784	4,083,784	4,083,784	4,083,784
Transfer To Earmarked Reserves	735,554	50,000	0	0	0
Transfer From Earmarked Reserves	(893,690)	(189,576)	(1,373,938)	(2,162,304)	(1,989,301)
Transfer Shortfall From Reserves	0	(46,213)	0	0	(1,580,841)
<b>Total Spending Requirement</b>	<b>18,643,981</b>	<b>20,289,765</b>	<b>20,089,617</b>	<b>19,880,744</b>	<b>19,116,072</b>
Business Rates	(6,079,668)	(3,494,078)	(3,661,414)	(3,833,937)	(4,011,760)
New Homes Bonus	(743,488)	0	0	0	0
Recovery Grant	(203,179)	(203,179)	(203,179)	(203,179)	0
100% Income Protection Floor	0	(208,656)	(510,122)	(836,536)	0
Employer National Insurance Contributions	(145,150)	0	0	0	0
Revenue Support Grant/ Fair Funding Transitional Protection	0	(4,819,290)	(4,150,340)	(3,442,530)	(3,539,750)
Collection Fund (Surplus)/Deficit - Council Tax	(141,491)	(141,491)	(141,491)	(141,491)	(141,491)
Collection Fund (Surplus)/Deficit - NNDR	0	0	0	0	0
NEDDC Council Tax Requirement	(7,247,221)	(7,339,287)	(7,339,287)	(7,339,287)	(7,339,287)
Parish Council Council Tax Requirement	(4,083,784)	(4,083,784)	(4,083,784)	(4,083,784)	(4,083,784)
<b>Council Tax Requirement</b>	<b>(18,643,981)</b>	<b>(20,289,765)</b>	<b>(20,089,617)</b>	<b>(19,880,744)</b>	<b>(19,116,072)</b>

		Current Budget 2025/26	Original Budget 2026/27	Planning Budget 2027/28	Planning Budget 2028/29	Planning Budget 2029/30
		£	£	£	£	£
<b><u>Organisation and Place Directorate</u></b>						
<b>Managing Director &amp; Head of Paid Service</b>						
4500	Managing Director	185,814	192,350	198,012	203,844	209,852
4500 - VS	Organisation & Place Vacancy Savings Target	0	(380,940)	(394,820)	(408,230)	(422,200)
5720	Supporting PA's	135,692	127,769	131,670	135,687	139,826
		321,506	(60,821)	(65,138)	(68,699)	(72,522)
<b>Assistant Director Environmental Health</b>						
3400	Environmental Protection	159,521	143,449	148,818	156,019	165,292
3401	Food, Health & Safety	155,968	162,363	171,034	178,801	185,611
3402	Environmental Enforcement	127,191	150,311	156,157	162,258	168,181
3404	Licensing	11,249	23,693	29,232	34,973	40,565
3405	Pollution	128,302	148,716	155,075	161,723	168,355
3407	Pest Control	29,191	34,331	36,318	38,397	40,574
3408	Home Improvement	26,473	27,299	28,009	28,741	29,382
3409	EH Technical Support & Management	302,087	305,639	314,946	324,390	333,936
3410	Private Sector Housing	85,021	98,258	102,498	106,931	111,351
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	2,221	0	0	0	0
3427	Private Water Supply Contract	(170)	0	0	0	0
3429	Joint Assistant Director Environmental Health	53,235	55,116	56,766	58,465	60,215
		1,084,789	1,153,675	1,203,353	1,255,198	1,307,962
<b>Assistant Director Streetscene</b>						
3174	Street Scene	353,036	386,731	403,641	419,940	436,929
3227	Materials Recycling	917,212	884,982	917,031	947,302	977,716
3230	Food Waste Collection	(515,836)	(280,667)	(240,368)	(201,403)	(167,602)
3244	Parks Derbyshire County Council Agency	(272,000)	(272,000)	(272,000)	(272,000)	(272,000)
3282	Eckington Depot	151,189	151,558	153,714	156,440	159,781
3285	Dronfield Bulk Depot	3,840	3,980	4,055	4,140	4,220
3511	Hasland Cemetery	(50,590)	(52,295)	(53,075)	(53,875)	(54,685)
3513	Temple Normanton Cemetery	(9,625)	(6,885)	(6,970)	(7,055)	(7,105)
3514	Clay Cross Cemetery	(68,380)	(62,745)	(63,125)	(63,510)	(63,510)
3516	Killamarsh Cemetery	(20,225)	(21,215)	(21,645)	(22,080)	(22,070)
3918	Dog Fouling Bins	(61,795)	(60,795)	(60,795)	(60,795)	(60,795)
3921	Street Cleaning Service	689,591	731,779	755,421	779,176	802,953
3922	Gully Emptying Service	(21,768)	(17,852)	(14,333)	(10,672)	(7,650)
3943	Transport	777,418	863,098	869,379	871,729	871,170
3944	Grounds Maintenance	699,311	813,772	839,245	859,788	896,029
3945	Domestic Waste Collection	1,997,030	2,205,583	2,372,320	2,444,559	2,436,869
3946	Commercial Waste Collection	(307,611)	(306,750)	(303,564)	(301,014)	(298,392)
3947	Assistant Director Streetscene	106,793	110,582	113,882	117,281	120,781
		4,367,590	5,070,861	5,392,813	5,607,951	5,752,639
<b>Assistant Director Planning</b>						
4111	Applications And Advice	(747,115)	(642,000)	(642,000)	(642,000)	(642,000)
4113	Planning Appeals	50,155	0	0	0	0
4116	Planning Policy	552,751	658,520	654,530	555,870	576,935
4119	Neighbourhood Planning Grant	(20,000)	0	0	0	0
4311	Environmental Conservation	20,250	20,980	21,395	21,830	22,260
4511	Assistant Director - Planning	106,164	109,902	113,202	116,601	120,101
4513	Planning	867,855	954,703	984,725	1,015,734	1,046,853
4515	Building Control	39,000	39,000	39,000	39,000	39,000
5354	Land Charges	34,803	17,294	19,376	21,520	23,729
		903,863	1,158,399	1,190,228	1,128,555	1,186,878
<b>Assistant Director Governance</b>						
1121	Member's Services	549,175	564,570	575,575	586,810	598,260
1123	Chair's Expenses	7,100	9,080	11,045	11,065	11,090

1131	District Elections	0	0	190,000	0	0
1231	Corporate Training	57,000	56,000	56,000	56,000	56,000
1259	Corporate Groups	11,475	11,825	12,010	12,200	12,395
1311	Human Resources	390,690	381,336	394,539	408,026	419,655
3121	Health & Safety Advisor	113,626	111,165	121,210	120,595	117,285
5313	Register Of Electors	201,527	225,897	232,515	239,398	245,686
5321	Assistant Director Governance	116,154	119,520	123,029	126,635	130,351
5353	Legal Section	243,899	259,534	273,380	286,421	296,294
5392	Scrutiny	0	43,560	45,649	47,839	50,136
5711	Democratic Services	251,218	392,741	408,473	424,170	437,041
		1,941,864	2,175,228	2,443,425	2,319,159	2,374,193

<b>Total for Organisation and Place Directorate</b>	<b>8,619,612</b>	<b>9,497,341</b>	<b>10,164,681</b>	<b>10,242,164</b>	<b>10,549,150</b>
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#### Finance and Resources Directorate

##### **Director of Finance & Resources**

1312	Payroll	113,104	148,675	153,162	157,135	161,233
1315	Design & Print	144,854	120,393	123,363	126,421	129,572
1321	Communications & Marketing	175,556	196,507	204,431	212,650	220,853
1323	NEDDC News	22,300	23,000	23,000	23,000	23,000
3512	CBC Crematorium	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
4428	Manor Farm redevelopment design work	47,457	0	0	0	0
5113	Unison Duties	105	23,464	24,187	24,932	25,699
5611	External Audit	157,913	180,869	180,869	180,869	180,869
5615	Bank Charges	144,000	144,000	144,000	144,000	144,000
5621	Contribution to/from HRA	(185,450)	(185,450)	(185,450)	(185,450)	(185,450)
5707	Local Government Reorganisation/Other Hired Services	3,190	0	0	0	0
5713	Audit	123,035	127,462	130,014	132,615	135,264
5714	Financial Support Services	2,500	3,000	3,000	3,000	3,000
5715	Procurement	85,246	88,038	91,127	94,310	97,588
5716	Director of Finance & Resources	74,100	76,669	78,943	81,285	83,697
5716 - VS	Finance & Resources Vacancy Savings Target	0	(170,390)	(171,625)	(175,240)	(180,860)
5721	Financial Services	432,409	422,757	437,080	451,349	465,754
5724	Insurance	525,510	525,510	525,510	525,510	525,510
5725	Apprenticeship Levy	70,000	70,000	70,000	70,000	70,000
5727	Cost Of Ex-Employees	108,600	108,600	108,600	108,600	108,600
		1,844,429	1,703,104	1,740,211	1,774,986	1,808,329

##### **Assistant Director ICT**

5215	Telephones	15,450	15,450	15,450	15,450	15,450
5216	Mobile Phones and Ipads	26,490	26,490	26,490	26,490	26,490
5701	Joint ICT Service	81,304	119,060	88,549	15,801	15,801
5734	NEDDC ICT Service	707,303	886,334	903,465	921,738	937,340
5736	Business Development	150,989	156,709	165,178	178,062	185,083
5737	Corporate Printing Costs	20,700	20,700	20,700	20,700	20,700
		1,002,236	1,224,743	1,219,832	1,178,241	1,200,864

##### **Assistant Director Communities**

1218	Community Safety	86,174	129,790	89,269	93,187	97,263
1220	Assistant Director Communities	52,847	54,917	56,566	58,265	60,015
3165	Housing Options Team	348,115	356,693	317,483	327,573	336,824
3176	Pool Car	150	150	150	150	150
3740	Strategic Housing	174,753	131,209	135,039	138,984	143,046
3745	Household Support Fund	0	0	0	0	0
3747	Homeless Temp Accomodation	20,891	51,842	53,374	54,953	56,579
3748	Homelessness Grant	36,000	36,000	36,000	36,000	36,000
3749	Empty Properties	1,500	1,500	1,500	1,500	1,500
3750	Housing Growth	0	0	0	0	0
3754	Rough Sleepers	4,835	0	0	0	0
3756	Supported Housing Improvement Programme	(28,157)	125	0	0	0
3759	Emergency Welfare Assistance Grant	20,000	20,000	20,000	20,000	20,000
3760	Asylum Dispersal	(90,100)	0	0	0	0
5221	Customer Services	414,009	429,737	442,986	457,025	473,509
5223	Franking Machine	29,900	29,900	29,900	29,900	29,900
5224	Hybrid Mail	35,000	35,000	35,000	35,000	35,000
5741	Housing Benefit Service	647,198	772,335	803,174	833,940	864,097

5742	Test and Trace	(79,419)	0	0	0	0
5745	Covid New Burdens	0	0	0	0	0
5747	Debtors	73,228	76,108	78,449	80,856	83,332
5748	Ukrainian Guests	2,100	0	0	0	0
5751	NNDR Collection	14,030	24,794	28,530	32,263	35,943
5759	Council Tax Administration	533,065	567,872	590,348	612,804	634,864
5825	Concessionary Bus Passes	(13,790)	(14,250)	(14,515)	(14,785)	(15,060)
		2,282,329	2,703,722	2,703,253	2,797,615	2,892,962

<b>Total for Finance and Resources Directorate</b>	<b>5,128,994</b>	<b>5,631,569</b>	<b>5,663,296</b>	<b>5,750,842</b>	<b>5,902,155</b>
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#### Growth and Assets Directorate

##### **Director of Growth & Assets**

1283	Emergency Planning	20,440	21,175	21,595	22,030	22,470
4600	Director of Growth & Assets	146,475	151,714	156,261	160,946	165,771
4600 - VS	Growth & Assets Vacancy Savings Target	0	(193,275)	(200,515)	(207,235)	(212,890)
		166,915	(20,386)	(22,659)	(24,259)	(24,649)

##### **Assistant Director Property, Estates & Assets**

3135	Drainage	13,271	10,000	10,000	10,000	10,000
3172	Engineers	99,981	184,501	200,341	210,223	219,927
3241	Car Parks	51,490	54,650	55,315	55,995	56,690
3247	Street Names/Lights	12,500	9,000	9,000	9,000	9,000
3249	Footpath Orders	(1,000)	(400)	(400)	(400)	(400)
3265	Dams And Fishing Ponds	2,500	2,500	2,500	2,500	2,500
4412	Midway Business Centre	(47,540)	(52,025)	(54,670)	(54,315)	(50,700)
4425	Coney Green Business Centre	(11,795)	(965)	16,929	11,839	17,867
4523	Estates Administration	226,825	260,243	270,896	282,272	294,465
4525	Miscellaneous Properties	20,970	23,540	23,870	24,205	24,550
5204	Assistant Director Property, Estates & Assets	106,461	110,247	113,547	116,946	120,446
5205	Mill Lane	150,127	160,394	162,819	168,966	175,264
5206	Mill Lane Land	1,688	0	0	0	0
5209	Facilities Management	231,772	289,365	286,590	294,966	303,672
5210	Pioneer House	114,540	119,510	116,880	120,982	124,791
		971,790	1,170,560	1,213,617	1,253,179	1,308,072

##### **Assistant Director Regeneration & Programmes**

1255	Strategy and Performance	251,115	260,707	269,057	277,077	285,336
1331	Strategic Partnerships	190,950	303,367	314,959	326,516	338,523
1333	Healthy North East Derbyshire	(940)	0	0	0	0
1336	UKSPF	(627,761)	0	0	0	0
1337	Pride in the Public Realm Eckington Northgate	50,000	0	0	0	0
1338	Feeling Safer	49,505	0	0	0	0
1339	Explore the District	88,700	881	0	0	0
1340	Inclusive Communities	222,195	0	0	0	0
1341	Derbyshire Accelerator	86,250	0	0	0	0
1342	Sector Development	3,750	0	0	0	0
1343	Digital Skills	50,000	0	0	0	0
1344	Vocational Skills	20,000	0	0	0	0
1345	Management and Admin	57,361	0	0	0	0
3284	Wingerworth OPE	0	0	0	0	0
4211	Tourism Promotions	39,230	40,412	41,480	42,592	43,743
4238	Working Communities Strategy	44,866	65,287	67,787	70,363	72,442
4351	Alliance	3,910	4,050	4,130	4,215	4,300
4443	Elderly Peoples Clubs	4,200	4,200	4,200	4,200	4,200
4512	Growth Agenda	21,815	22,185	22,310	22,435	22,565
4517	Economic Development	194,268	283,063	293,903	305,096	313,818
5750	Assistant Director Regeneration & Programmes	106,396	110,182	113,482	116,881	120,381
5785	Contributions	135,885	149,085	149,085	149,085	149,085
		991,695	1,243,419	1,280,393	1,318,460	1,354,393

##### **Assistant Director Leisure**

4561	Leisure Centre Management	226,014	234,311	239,301	244,463	249,589
4731	Promotion Of Recreation And Leisure	39,304	40,825	42,068	43,349	44,667
4736	Derbyshire Sports Forum	14,450	14,450	14,450	14,450	14,450
4740	Parkinsons UK Physical Activity Programme	480	0	0	0	0

4742	Arts Development	5,090	5,090	5,090	5,090	5,090
8441	Eckington Active	26,468	36,134	50,331	63,266	73,569
8445	Eckington Active Café	6,833	8,724	10,222	11,737	13,389
8451	Dronfield Active	(166,952)	(153,667)	(138,510)	(124,529)	(112,786)
8455	Dronfield Active Café	(2,777)	160	2,686	5,286	7,965
8461	Clay Cross Active	766,373	598,620	638,388	708,003	701,578
8465	Clay Cross Active (Outdoor)	(28,375)	(116,535)	(120,710)	(125,045)	(129,500)
8466	Clay Cross Active Café	(974)	(100,694)	(97,928)	(95,086)	(92,164)
8471	Killamarsh Active	189,769	315,091	258,072	281,985	308,070
8475	Killamarsh Active (Outdoors)	(23,500)	(24,000)	(25,040)	(26,115)	(27,230)
8476	Killamarsh Active Café	32,423	35,360	37,886	40,486	43,165
		1,084,626	893,869	916,306	1,047,340	1,099,852

<b>Total for Growth and Assets Directorate</b>	<b>3,215,026</b>	<b>3,287,462</b>	<b>3,387,657</b>	<b>3,594,720</b>	<b>3,737,668</b>
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**Corporate Charges**

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>16,345,282</b>	<b>17,798,022</b>	<b>18,597,284</b>	<b>18,969,376</b>	<b>19,570,623</b>

**Investment Properties**

4411	Stonebroom Industrial Estate	(57,640)	(54,085)	(54,025)	(53,965)	(53,905)
4413	Clay Cross Industrial Estate	(87,620)	(85,595)	(85,580)	(85,570)	(85,555)
4415	Norwood Industrial Estate	(205,490)	(203,040)	(202,780)	(202,515)	(202,250)
4417	Eckington Business Park	(3,600)	(700)	(640)	(585)	(525)
4418	Rotherside Court Eckington Business Unit	(15,350)	(14,750)	(14,330)	(13,905)	(13,470)
4423	Pavillion Workshops Holmewood	(98,780)	(96,280)	(96,225)	(96,175)	(96,115)
4432	Miscellaneous Properties	6,935	12,055	12,560	13,075	13,600
	<b>Total for Investment Properties</b>	<b>(461,545)</b>	<b>(442,395)</b>	<b>(441,020)</b>	<b>(439,640)</b>	<b>(438,220)</b>

	Current Budget 2025/26	Original Budget 2026/27	Planning Budget 2027/28	Planning Budget 2028/29	Planning Budget 2029/30
<b>INCOME</b>					
Dwelling Rents	(37,200,232)	(39,211,683)	(39,223,653)	(39,235,625)	(39,247,597)
Non-Dwelling Rents	(526,957)	(537,541)	(538,541)	(539,541)	(540,541)
Charges for Services and Facilities	(59,250)	(59,250)	(64,250)	(64,250)	(64,250)
Contributions Towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
<b>INCOME TOTAL</b>	<b>(37,836,439)</b>	<b>(39,858,474)</b>	<b>(39,876,444)</b>	<b>(39,889,416)</b>	<b>(39,902,388)</b>
<b>EXPENDITURE</b>					
Repairs & Maintenance	6,046,242	6,969,582	6,972,113	6,974,692	6,977,325
Supervision & Management	9,334,021	9,521,488	9,804,409	9,581,697	9,612,553
Rents, Rates & Taxes	120,000	120,000	120,000	120,000	120,000
Depreciation	8,799,932	8,799,932	8,799,932	8,799,932	8,799,932
Provision for Doubtful Debts	250,000	250,000	250,000	250,000	250,000
Debt Management Expenses	23,000	23,000	23,000	23,000	23,000
<b>EXPENDITURE TOTAL</b>	<b>24,573,195</b>	<b>25,684,002</b>	<b>25,969,454</b>	<b>25,749,321</b>	<b>25,782,810</b>
<b>NET COST OF SERVICES</b>	<b>(13,263,244)</b>	<b>(14,174,472)</b>	<b>(13,906,990)</b>	<b>(14,140,095)</b>	<b>(14,119,578)</b>
Corporate & Democratic Core	185,450	185,450	185,450	185,450	185,450
<b>NET COST OF HRA SERVICES</b>	<b>(13,077,794)</b>	<b>(13,989,022)</b>	<b>(13,721,540)</b>	<b>(13,954,645)</b>	<b>(13,934,128)</b>
<b>HRA Debt, and Reserve charges</b>					
Interest Payable	6,303,487	6,814,702	7,159,495	7,584,923	7,688,791
Interest Receivable	(237,881)	(153,923)	(144,621)	(133,748)	(137,505)
Contribution to Major Repairs Reserve	6,700,068	6,200,068	6,700,068	5,900,068	5,900,068
Contribution to Development Reserve	971,709	1,196,350	847,160	1,023,000	23,000
Contribution to Insurance/Litigation Reserve	50,000	0	50,000	50,000	50,000
Contribution to/(from) Resilience Reserve	(559,214)	82,200	(785,187)	(469,598)	409,774
Water Litigation	(150,375)	(150,375)	(105,375)	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>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 2025/26 - 2029/30

Capital Expenditure	Revised Budget 2025/26	Original Budget 2026/27	Planning Budget 2027/28	Planning Budget 2028/29	Planning Budget 2029/30
	£	£	£	£	£
<b>Housing Revenue Account</b>					
HRA Capital Works	14,045,000	14,587,000	14,200,000	14,200,000	14,200,000
HRA Capital Works - Non Traditional Properties	0	0	0	500,000	500,000
Stock Purchase Programme (1-4-1)	3,022,000	1,000,000	1,000,000	1,000,000	1,000,000
North Wingfield New Build Project	1,559,000	0	0	0	0
Stonebroom Regeneration	1,753,000	9,800,000	7,753,360	0	0
Garage Demolitions	30,000	23,000	23,000	23,000	23,000
Warm Homes Social Housing Fund (RHL)	3,339,920	2,975,960	2,502,730	0	0
Small scale regeneration schemes	0	500,000	1,000,000	1,000,000	0
<b>HRA - Capital Expenditure</b>	<b>23,748,920</b>	<b>28,885,960</b>	<b>26,479,090</b>	<b>16,723,000</b>	<b>15,723,000</b>
<b>General Fund</b>					
Private Sector Housing Grants (DFG's)	1,017,106	1,017,106	1,017,106	1,017,106	1,017,106
ICT Schemes	359,000	410,000	348,000	40,000	40,000
Clay Cross Football Pitch	9,000	0	0	0	0
Asset Refurbishment - General	639,000	500,000	500,000	500,000	500,000
Asset Refurbishment - Mill Lane	316,000	0	0	0	0
Dronfield Sports Centre Carbon Efficiencies Programme	60,000	0	0	0	0
Fuel Island Project	420,000	0	0	0	0
Southern Vehicle Hub	310,000	0	0	0	0
Coney Green Telephony System	162,000	0	15,000	0	0
Replacement of Vehicles	3,108,120	1,011,000	247,000	730,000	1,632,000
Contaminated Land	42,000	0	0	0	0
Sharley Park 3G pitch	968,000	0	0	0	0
Sharley Park 3G pitch Replacement Fund	27,000	27,000	27,000	27,000	27,000
CX Town Market Street Regeneration	10,533,000	0	0	0	0
CX Town Sharley Park Active Community Hub	2,828,000	0	0	0	0
CX Town Low Carbon Housing Challenge Fund	655,000	0	0	0	0
CX Town Rail Station Feasibility	44,000	0	0	0	0
CX Town Programme Management	373,000	0	0	0	0
Pride in the Public Realm Eckington Southgate - UK SPF Grants	30,000	0	0	0	0
Pride in the Public Realm Killamarsh - UK SPF Grants	10,000	0	0	0	0
Pride in the Public Realm Other - UK SPF Grants	37,803	0	0	0	0
Quality Parks and Play Areas - UK SPF Grants	160,060	0	0	0	0
Shop Fronts - UK SPF Grants	210,000	0	0	0	0
Management & Admin - UK SPF Grants	12,197	0	0	0	0
Warm Homes Local Grant Project	1,000,000	2,000,000	2,000,000	0	0
<b>General Fund Capital Expenditure</b>	<b>23,330,286</b>	<b>4,965,106</b>	<b>4,154,106</b>	<b>2,314,106</b>	<b>3,216,106</b>
<b>Total Capital Expenditure</b>	<b>47,079,206</b>	<b>33,851,066</b>	<b>30,633,196</b>	<b>19,037,106</b>	<b>18,939,106</b>
<b>Capital Financing</b>					
	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Housing Revenue Account</b>					
Major Repairs Reserve	(15,545,000)	(15,500,000)	(15,500,000)	(14,700,000)	(14,700,000)
Prudential Borrowing - HRA	(4,334,000)	(3,680,140)	(6,776,360)	0	0
Development Reserve	(1,084,404)	(1,196,350)	(847,160)	(1,023,000)	(23,000)
External Grant - Homes England	0	(6,119,860)	0	0	0
External Grant - Warm Homes Social Housing Fund Grant (RHL)	(1,115,760)	(1,389,610)	(1,355,570)	0	0
Capital Receipts	0	0	(1,000,000)	0	0
1-4-1 Receipts	(1,669,756)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>HRA Capital Financing</b>	<b>(23,748,920)</b>	<b>(28,885,960)</b>	<b>(26,479,090)</b>	<b>(16,723,000)</b>	<b>(15,723,000)</b>
<b>General Fund</b>					
Disabled Facilities Grant	(1,017,106)	(1,017,106)	(1,017,106)	(1,017,106)	(1,017,106)
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	(12,372,000)	0	0	0	0
External Grant - Sharley Park 3G pitch	(750,000)	0	0	0	0
External Grant - UKSPF	(460,060)	0	0	0	0
External Grant - Food Waste Vehicles	(697,530)	0	0	0	0
External Grant - Sport England for CCA	0	0	0	0	0
External Grant - Warm Homes Local Grant	(1,000,000)	(2,000,000)	(2,000,000)	0	0
Prudential Borrowing - Vehicle Replacement	(1,927,340)	(505,500)	0	0	(816,000)
Prudential Borrowing - Sharley Park Leisure Centre	(1,673,000)	0	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre 3G pitch	(218,000)	0	0	0	0
RCCO - Mill Lane Refurbishment	(316,000)	0	0	0	0
RCCO - Coney Green Telephony System	(162,000)	0	(15,000)	0	0
RCCO - CCA (use of Reserves)	(388,000)	0	0	0	0
Useable Capital Receipts	(2,298,250)	(1,442,500)	(1,122,000)	(1,297,000)	(1,383,000)
<b>General Fund Capital Financing</b>	<b>(23,330,286)</b>	<b>(4,965,106)</b>	<b>(4,154,106)</b>	<b>(2,314,106)</b>	<b>(3,216,106)</b>
<b>HRA Development Reserve</b>					
Opening Balance	(112,695)	0	0	0	0
Amount due in year	(971,709)	(1,196,350)	(847,160)	(1,023,000)	(23,000)
Amount used in year	1,084,404	1,196,350	847,160	1,023,000	23,000
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Major Repairs Reserve</b>					
Opening Balance	(589,461)	(544,461)	(44,461)	(44,461)	(44,461)
Amount due in year	(15,500,000)	(15,000,000)	(15,500,000)	(14,700,000)	(14,700,000)
Amount used in year	15,545,000	15,500,000	15,500,000	14,700,000	14,700,000
<b>Closing Balance</b>	<b>(544,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>
<b>Capital Receipts Reserve</b>					
Opening Balance	(2,504,188)	(1,705,938)	(1,763,438)	(2,141,438)	(2,344,438)
Income expected in year	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Allowable Debt/Pooling Expenses	0	0	0	0	0
Amount used in year	2,298,250	1,442,500	1,122,000	1,297,000	1,383,000
<b>Closing Balance</b>	<b>(1,705,938)</b>	<b>(1,763,438)</b>	<b>(2,141,438)</b>	<b>(2,344,438)</b>	<b>(2,461,438)</b>
<b>Capital Receipts Reserve 1-4-1 receipts</b>					
Opening Balance	(314,370)	(314,370)	(314,370)	(314,370)	(314,370)
Income expected in year	(1,669,756)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Amount used in year	1,669,756	1,000,000	1,000,000	1,000,000	1,000,000
<b>Closing Balance</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>
<b>Total Capital Financing</b>	<b>(47,079,206)</b>	<b>(33,851,066)</b>	<b>(30,633,196)</b>	<b>(19,037,106)</b>	<b>(18,939,106)</b>

**North East Derbyshire District Council  
Council**

**26 January 2026**

**Treasury Strategy Reports 2026/27 – 2029/30**

**Report of the Deputy Leader of the Council with responsibility for Finance**

Classification: This report is public

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

Contact Officer: **Jayne Dethick**

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**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 2026/27 to 2029/30.

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**DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL**

The decision requested is part of the Budget and Policy Framework and thus must be made by Council.

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**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 2026/27

c) Approve the Prudential Indicators for 2026/27, in particular:

Authorised Borrowing Limit	£224.18m
Operational Boundary	£219.18m
Capital Financing Requirement	£211.07m

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 – Cllr P Kerry, Deputy Leader with responsibility for Finance

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## **IMPLICATIONS**

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**Finance and Risk:** Yes  No

**Details:**

These are considered throughout the report.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes  No

**Details:**

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.

On Behalf of the Solicitor to the Council

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**Staffing:** Yes  No

**Details:**

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

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## **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:	No
<b>NEDDC:</b> <b>Revenue - £125,000</b> <input type="checkbox"/> <b>Capital - £310,000</b> <input type="checkbox"/> <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>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	No, not applicable
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	No, not applicable
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input checked="" 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"/>	Yes

<b>Links to Council Plan priorities;</b> <ul style="list-style-type: none"> <li><b>A great place that cares for the environment</b></li> <li><b>A great place to live well</b></li> <li><b>A great place to work</b></li> <li><b>A great place to access good public services</b></li> </ul>
All

## REPORT DETAILS

### 1 Background (reasons for bringing the report)

- 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.

## **2. Details of Proposal or Information**

2.1 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 2026/27 to 2029/30. 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**).

2.2 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**).

2.3 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**).

2.4 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**).

## **3 Reasons for Recommendation**

3.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2026/27 to 2029/30 for consideration and approval by Council. It contains:

- The Treasury Management Strategy which provides the framework for managing the Council's cash flows, borrowing and investments for the period.
- The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services.

- The Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

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

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

4.1 Alternative options are considered throughout the report.

#### **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Treasury Management Strategy 2026/27 – 2029/30
2	Capital Strategy 2026/27 – 2029/30
3	Investment Strategy 2026/27 – 2029/30
4	Flexible Use of Capital Receipts Strategy 2026/27 – 2029/30
<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)	
<b>None</b>	



## North East Derbyshire District Council

### Treasury Management Strategy 2026/27 – 2029/30

#### 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 the government's Autumn Budget will influence the Council's treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.
- 1.5 The Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at 4.00% in November 2025, following a 0.25% cut in August. At the November meeting, five members, including the Governor's deciding vote, supported holding rates steady, while four favoured a further reduction to 3.75%.
- 1.6 The accompanying Monetary Policy Report projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is

forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

- 1.7 CPI inflation was 3.8% in September 2025, unchanged from the previous two months and below the 4.0% expected. Core CPI eased to 3.5% from 3.6%, contrary to forecasts of a rise to 3.7%. The Bank of England's November Monetary Policy Report projects inflation to fall from this level - expected to mark the peak - to 3.2% by March 2026, before steadily returning to the 2% target by late 2026 or early 2027.
- 1.8 The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to September 2025, the unemployment rate increased to 5.0%, while the employment rate slipped to 75.0% and the inactivity rate held at 21.0%. Pay growth for the same period eased modestly, with total earnings (including bonuses) rising by 4.8% and regular pay up 4.6%. Going forward, the Bank predicts the unemployment rate will increase modestly to around 5.0% by around the end of 2025 before trending downwards at a gradual pace over the rest of the time horizon.
- 1.9 The US Federal Reserve also continued to cut rates, most recently reducing the target range for the Federal Funds Rate by 0.25% at its October 2025 meeting, to 3.75%-4.00%, in line with expectations. Financial markets anticipate a further 0.25% cut in December, although Chair Jerome Powell has cautioned that this is not guaranteed, signalling the Fed may pause before any additional easing. A factor influencing a potential pause is the ongoing government shutdown, which has delayed the publication of several important data releases used to inform monetary policy decisions.
- 1.10 The European Central Bank (ECB) kept its key interest rates unchanged in October for a third consecutive month, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB reiterated that future policy decisions will remain data-dependent, noting that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 1.11 **Credit outlook:** Credit default swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly in October, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
- 1.12 While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing

costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the Council's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

1.13 **Interest rate forecast:** Arlingclose, the Council's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate through 2025 and 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and their market implications.

1.14 Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

1.15 A more detailed economic and interest rate forecast provided by Arlingclose is in **Appendix A**.

1.16 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of around 3.25%, and that new long-term loans will be borrowed at an average rate of 5.50%.

### Local Context

1.17 On 31<sup>st</sup> December 2025, the Council held £176.7m of borrowing and £39m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in **Table 1** below.

**Table 1:** Balance sheet summary and forecast

	31/3/25 Actual £m	31/3/26 Estimate £m	31/3/27 Forecast £m	31/3/28 Forecast £m	31/3/29 Forecast £m	31/3/30 Forecast £m
General Fund CFR	35.17	35.80	35.23	33.34	33.09	32.21
HRA CFR	164.19	175.27	178.95	185.73	185.73	185.73
<b>Total CFR</b>	<b>199.36</b>	<b>211.07</b>	<b>214.18</b>	<b>219.07</b>	<b>218.82</b>	<b>217.94</b>
Less: Other debt liabilities *	(0.00)	(0.29)	(0.82)	(0.63)	(0.44)	(0.25)
<b>Loans CFR</b>	<b>199.36</b>	<b>210.78</b>	<b>213.36</b>	<b>218.44</b>	<b>218.38</b>	<b>217.69</b>

Less: External borrowing **	(161.30)	(172.00)	(177.70)	(186.11)	(187.62)	(189.12)
Internal borrowing	38.06	38.78	35.66	32.33	30.76	28.57
Less: Balance sheet reserves	(50.06)	(48.78)	(45.66)	(42.33)	(40.76)	(38.57)
<b>Investments</b>	<b>12.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

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

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

1.18 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.

1.19 The Council has an increasing CFR due to commitments within the capital programme and also loans for MyPad (Northwood) and Rykneld Homes Ltd. The forecast level of reserves means that most of the borrowing throughout this period is likely to be from external sources.

1.20 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2026/27.

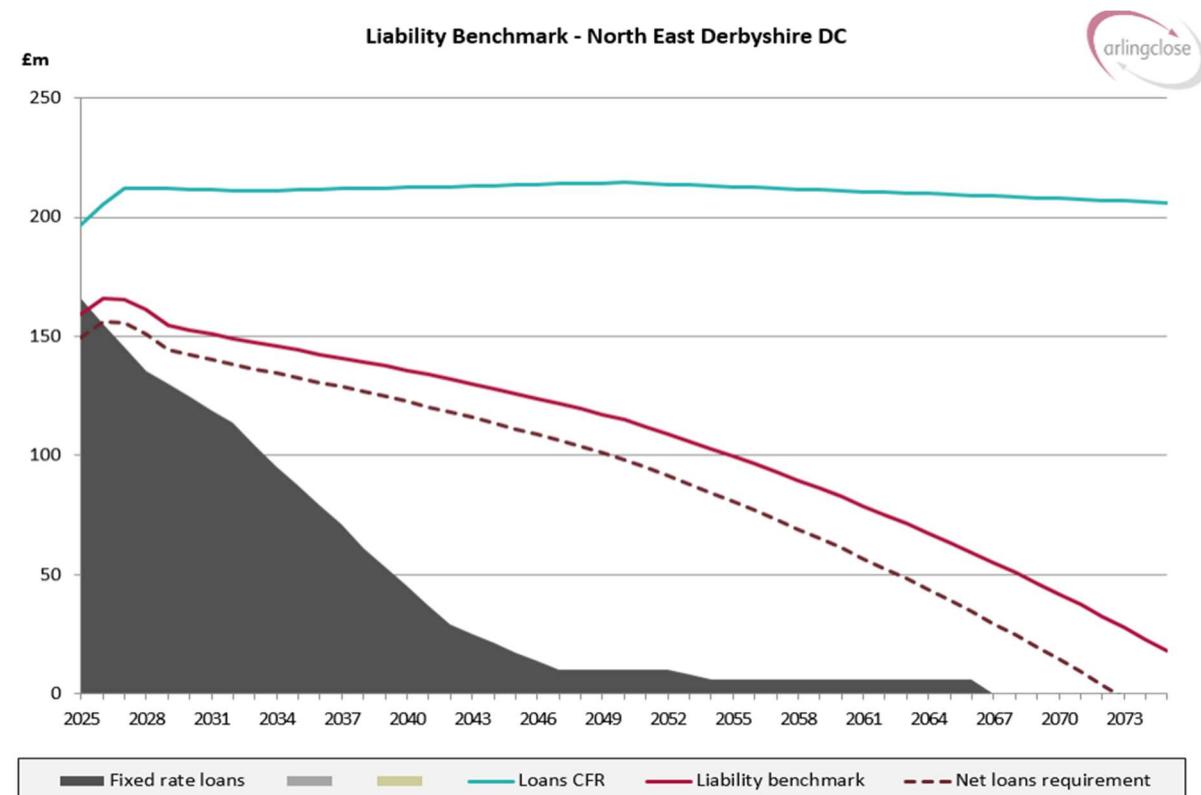
1.21 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as **Table 1** above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

1.22 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

	31/3/25 Actual £m	31/3/26 Estimate £m	31/3/27 Forecast £m	31/3/28 Forecast £m	31/3/29 Forecast £m	31/3/30 Forecast £m
<b>CFR</b>	<b>199.36</b>	<b>211.07</b>	<b>214.18</b>	<b>219.07</b>	<b>218.82</b>	<b>217.94</b>
Less: Balance sheet reserves	(50.06)	(48.78)	(45.66)	(42.33)	(40.76)	(38.57)
<b>Net loans requirement</b>	149.30	162.29	168.52	176.74	178.06	179.37
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00	10.00
<b>Liability Benchmark</b>	<b>159.30</b>	<b>172.29</b>	<b>178.52</b>	<b>186.74</b>	<b>188.06</b>	<b>189.37</b>

1.23 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £19.71m 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 Council's existing borrowing:



1.24 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.

1.25 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 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.

1.26 The graph provided above shows how the CFR remains fairly constant 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**

1.27 The Council currently holds £176.7m of loans, an increase of £26.2m on the previous year, as part of its strategy for funding the capital programmes. The balance sheet forecast in **Table 1** shows that the Council expects to borrow up to £18.60m in 2026/27. The Council may, however, borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £224.18m.

1.28 **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.

1.29 **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 have fallen over the past year, and are expected to fall a little further, 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. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

1.30 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 2026/27 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.31 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, 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 to retain its access to PWLB loans.

1.32 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.

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

1.34 **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)
- National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
- any institution approved for investments (see below)
- any other bank, building society or insurance company 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
- Special purpose companies created to enable local authority bond issues

1.35 **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

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

1.37 **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).

1.38 **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**

1.39 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 £9.50m and £38.050m, however these levels are predicted to remain at around £10.00m following completion of works of the housing development/regeneration schemes at North Wingfield and Stonebroom.

1.40 **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, 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.

1.41 **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.

1.42 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.

1.43 **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. The NZAM is currently suspended but has announced a resumption from January 2026.

1.44 **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.

1.45 **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

<b>Sector</b>	<b>Time limit †</b>	<b>Counterparty limit</b>	<b>Sector limit</b>
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments – government collateral *	25 years	£5m	Unlimited
Secured investments – other collateral *	10 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

1.46 \* **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.

1.47 † **Time limits:** These start on the earlier of date that the Council is committed to make the investment and the date that cash is transferred to the counterparty.

1.48 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.

1.49 **UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

1.50 **Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other 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.

1.51 The counterparty limit for loans to local authorities will be increased to an unlimited amount where (a) the government has announced that this authority will merge with the borrowing authority and (b) the loan is scheduled to be repaid after the expected date of the merger.

1.52 **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, secured deposits 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. A higher limit applies for investments fully secured on UK or other government collateral.

1.53 **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.

- 1.54 **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.
- 1.55 **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.
- 1.56 **Strategic pooled funds:** Bond, equity and property funds, including exchange traded 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 can be either withdrawn after a notice period or sold on an exchange, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 1.57 **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.
- 1.58 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and unsecured loans to companies and universities. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.
- 1.59 **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.

1.60 **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.

1.61 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.

1.62 **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.

1.63 **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 considered when making investment decisions.

1.64 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.

1.65 **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £31.27 million on 31 March 2026 and £30.77 million on 31 March 2027. In order that no more than 16.30% of available reserves will be put at risk in the case of a single default, the maximum that will be lent unsecured 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.

1.66 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.

1.67 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

1.68 **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.

1.69 The Council will spread its liquid cash over several providers (e.g. bank accounts and money market funds), of which at least one will be UK domiciled, to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

#### **Treasury Management Prudential Indicators**

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

1.71 **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.

Credit risk indicator	
Portfolio average credit rating	<b>Target &lt;5.00</b>

1.72 **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.

Liquidity risk indicator	Amount available
Total cash available within 3 months	£10.00m

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

Interest rate risk indicator	Limit each year
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£1.72m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£1.72m)

1.74 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.

1.75 **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%

1.76 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.

1.77 **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	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£20m	£20m	£20m	£20m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts as these are considered short-term.

### **Related Matters**

- 1.78 The CIPFA Code requires the Council to include the following in its treasury management strategy.
- 1.79 **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).
- 1.80 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.
- 1.81 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.
- 1.82 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.

1.83 **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.

1.84 **Financial Implications:** The General Fund budget for investment income in 2026/27 is £0.4m with the HRA budget for investment income in 2026/27 being £0.15m, based on an average investment portfolio of £15m at an average interest rate of 3.75%. The HRA budget for debt interest paid in 2026/27 is £6.81m, based on an average debt portfolio of £178.61m at an average interest rate of 4.05%. 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

1.85 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.

Alternative	Impact on income and expenditure	Impact on risk management
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 (December 2025)**

#### **Underlying assumptions:**

- The Budget signalled further fiscal (tax/spend) tightening across this parliament. Most tax changes take effect from 2028, while welfare and spending start from April 2026. Taken together, the timing of these announcements means the fiscal stance is likely to be slightly looser than expected for the next two years (with increased government spending), before tightening sharply from 2028 (with large tax rises).
- Despite the near-term looser fiscal stance, the new policies add little support for activity in 2026. Even before the Budget, economic data was pointing to a slower growth outlook. Meanwhile, disinflation has been evident and planned government actions on train fares and energy bills will also dampen inflation next year.
- The close vote in November to keep Bank Rate at 4% reflected pre-Budget uncertainty. With no major growth or inflation boosts in the Budget, a cut to 3.75% in December continues to look highly likely.
- Inflation fell to 3.6% in October. Business surveys point to weaker pricing power and household inflation expectations are easing, although they remain high. Wage growth is moderating amid rising unemployment and overall activity is flat. Confidence has been hit by the run-up to the Budget and a strong rebound seems improbable in the near term.
- Weak growth and softer inflation strengthen the case for dovish MPC members to push for further Bank Rate cuts, while undermining arguments of more hawkish members. There will still be questions over whether Government can deliver the fiscal tightening it set out, given a history of U-turns, and timing ahead of the next General Election. The December meeting will offer a clearer view of how divided the MPC really is.
- Risks to the growth and inflation outlook lie to the downside, which if crystallised may ultimately deliver lower Bank Rate than our central case.
- Lower inflation expectations and a tighter fiscal stance have helped bring down gilt yields, especially at the long end. Even so, sustained heavy borrowing across advanced economies, the DMO's move towards issuing more short-dated gilts and lingering doubts about the government's fiscal plans will keep short to medium yields above the levels implied by interest rate expectations alone.

**Forecast:**

- Following the 2025 Budget, we continue to forecast a 0.25% Bank Rate cut in December to 3.75%.
- Continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will be eased to stimulate activity ahead of incoming fiscal tightening post-2028.
- Arlingclose now expects Bank Rate to be cut to 3.25% by Q2 2026, with risks weighted to the downside.
- Medium and long-term gilt yields continue to incorporate premia for UK government credibility and global uncertainty. These issues may not be resolved quickly and we expect yields to remain higher than would normally be consistent with Bank Rate expectations.
- However, the lower path for Bank Rate maintains the downside risks to Arlingclose's gilt yield forecasts.

	Current	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central Case</b>	<b>4.00</b>	<b>3.75</b>	<b>3.50</b>	<b>3.25</b>									
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central Case</b>	<b>3.90</b>	<b>3.65</b>	<b>3.50</b>	<b>3.40</b>	<b>3.35</b>								
Downside risk	0.00	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
<b>5yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>3.92</b>	<b>3.90</b>	<b>3.85</b>	<b>3.80</b>	<b>3.75</b>	<b>3.80</b>	<b>3.80</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>10yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>4.48</b>	<b>4.40</b>	<b>4.35</b>	<b>4.30</b>	<b>4.25</b>	<b>4.30</b>	<b>4.30</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>20yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>5.13</b>	<b>4.90</b>	<b>4.85</b>	<b>4.80</b>	<b>4.75</b>	<b>4.80</b>	<b>4.80</b>						
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85
<b>50yr gilt yield</b>													
Upside risk	0.00	0.40	0.45	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70
<b>Central Case</b>	<b>4.73</b>	<b>4.50</b>	<b>4.50</b>	<b>4.45</b>	<b>4.50</b>	<b>4.50</b>							
Downside risk	0.00	-0.50	-0.60	-0.70	-0.80	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

## Appendix B

### Existing Investment & Debt Portfolio Position

	31/12/25 Actual Portfolio £m	31/12/25 Average Rate %
<b>External borrowing:</b>		
Public Works Loan Board	176.70	3.94
<b>Total external borrowing</b>	<b>176.70</b>	<b>3.94</b>
<b>Total other long-term liabilities:</b>	<b>0.00</b>	<b>0.00</b>
<b>Total gross external debt</b>	<b>176.70</b>	<b>3.94</b>
<b>Treasury investments:</b>		
The UK Government	0.00	0.00
Local authorities	0.00	0.00
Banks (unsecured)	0.00	0.00
Money Market Funds	40.00	3.87
<b>Total treasury investments</b>	<b>40.00</b>	<b>3.87</b>
<b>Net debt</b>	<b>136.70</b>	



## **North East Derbyshire District Council**

### **Capital Strategy 2026/27 – 2029/30**

#### **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. It has been written in an accessible style to enhance members' understanding of these sometime technical areas.
- 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 2026/27, the Council is planning capital expenditure of £33.85m as summarised below:

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

	<b>2024/25 Actual £m</b>	<b>2025/26 Forecast £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>	<b>2028/29 Budget £m</b>	<b>2029/30 Budget £m</b>
General Fund Services	20.69	23.33	4.96	4.15	2.32	3.22
Council Housing (HRA)	33.04	23.75	28.89	26.48	16.72	15.72

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
<b>TOTAL</b>	<b>53.73</b>	<b>47.08</b>	<b>33.85</b>	<b>30.63</b>	<b>19.04</b>	<b>18.94</b>

1.4 The main General Fund capital projects include replacement vehicles, general asset refurbishment, ICT replacement, disabled facilities grant funded adaptations, Clay Cross Towns Fund programme and UKSPF Projects. 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 regeneration project at Stonebroom, a stock purchase programme and improvement work to the energy efficiency of the Council's non-traditional housing stock.

1.6 **Governance:** Projects are included in the capital programme as part of the annual budget review or through ad hoc approval during the year. The capital programme is refreshed each year, and the new requirements are presented to Council for approval annually. Full details of the Council's Capital Programme can be seen at **Appendix A** to this report.

1.7 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

**Table 2: Financing of Capital Programme (Appendix A)**

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
External Sources	11.63	17.46	10.52	4.37	1.02	1.02
Capital Receipts	4.56	3.97	2.44	3.12	2.30	2.38
Own Resources	15.20	17.50	16.70	16.36	15.72	14.72
Debt	22.34	8.15	4.19	6.78	0.00	0.82
<b>TOTAL</b>	<b>53.73</b>	<b>47.08</b>	<b>33.85</b>	<b>30.63</b>	<b>19.04</b>	<b>18.94</b>

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

**Table 3:** Replacement of debt finance

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Capital Resources	0.00	0.00	0.00	0.00	0.00	0.00
Minimum Revenue Provision (MRP)	0.25	0.57	1.18	1.38	1.38	1.30
<b>Total</b>	<b>0.25</b>	<b>0.57</b>	<b>1.18</b>	<b>1.38</b>	<b>1.38</b>	<b>1.30</b>

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

1.9 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £3.11m during 2026/27. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

**Table 4:** Prudential Indicator: Estimates of Capital Financing Requirement

	31/3/2025 Actual £m	31/3/2026 Forecast £m	31/3/2027 Budget £m	31/3/2028 Budget £m	31/3/2029 Budget £m	31/3/2030 Budget £m
General Fund Services	35.17	35.80	35.23	33.34	33.09	32.21
Council Housing (HRA)	164.19	175.27	178.95	185.73	185.73	185.73
<b>TOTAL CFR</b>	<b>199.36</b>	<b>211.07</b>	<b>214.18</b>	<b>219.07</b>	<b>218.82</b>	<b>217.94</b>

1.10 **Asset management:** The Council's assets require regular maintenance to ensure they remain safe and fit for purpose. It is also important for income generation that assets remain in a good condition and so remain lettable. A planned approach yields savings in running costs and energy efficiency benefits over time as works are completed and asset conditions improve.

1.11 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts "flexibly" on service transformation projects up until and including 2029/30. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £5.81m of capital receipts in the coming financial year as follows:

**Table 5:** Capital receipts receivable

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Asset Sales	3.74	3.17	2.50	2.50	2.50	2.50
Loans Repaid	3.01	3.26	3.31	2.19	0.39	0.39
<b>TOTAL</b>	<b>6.75</b>	<b>6.43</b>	<b>5.81</b>	<b>4.69</b>	<b>2.89</b>	<b>2.89</b>

**Treasury Management**

1.12 Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

1.13 Due to decisions taken in the past, the Council currently has £172.70m borrowing at an average interest rate of 3.93% and £23.50m treasury investments at an average rate of 3.60%.

1.14 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher.

1.15 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.

1.16 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

	31/3/2025 Actual £m	31/3/2026 Forecast £m	31/3/2027 Budget £m	31/3/2028 Budget £m	31/3/2029 Budget £m	31/3/2030 Budget £m
Debt (incl. leases)	161.30	172.00	177.70	186.11	187.62	189.12
Capital Financing Requirement	199.36	211.07	214.18	219.07	218.82	217.94

1.17 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.

1.18 **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 that cash and investment balances are kept to a minimum level of £10m at each year end. This benchmark is currently £10m and is forecast to remain the same over the next three years:

**Table 7:** Borrowing and the Liability Benchmark

	31/3/2025 Actual £m	31/3/2026 Forecast £m	31/3/2027 Budget £m	31/3/2028 Budget £m	31/3/2029 Budget £m	31/3/2030 Budget £m
Existing Borrowing	161.30	172.00	177.70	186.11	187.62	189.12
Liability Benchmark	159.30	172.29	178.52	186.74	188.06	189.37

1.19 The table above shows that the Council expects to remain borrowed at around or just above its liability benchmark in the short term and then in line with it 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.

1.20 **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

	2025/26 limit £m	2026/27 limit £m	2027/28 limit £m	2028/29 limit £m	2029/30 limit £m
Authorised Limit – Borrowing	220.79	223.37	228.44	228.38	227.69
Authorised Limit – Leases	0.28	0.81	0.63	0.44	0.25
<b>Authorised Limit – Total External Debt</b>	<b>221.07</b>	<b>224.18</b>	<b>229.07</b>	<b>228.82</b>	<b>227.94</b>
Operational Boundary – Borrowing	215.79	218.37	223.44	223.38	222.69
Operational Boundary – Leases	0.28	0.81	0.63	0.44	0.25
<b>Operational Boundary – Total External Debt</b>	<b>216.07</b>	<b>219.18</b>	<b>224.07</b>	<b>223.82</b>	<b>222.94</b>

1.21 **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.

1.22 The Council's policy on treasury investments is to prioritise security and liquidity over yield, which is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy, and the Council may request its money back at short notice.

**Table 9:** Treasury Management investments

	31/3/2025 Actual £m	31/3/2026 Forecast £m	31/3/2027 Budget £m	31/3/2028 Budget £m	31/3/2029 Budget £m	31/3/2030 Budget £m
Near-Term Investments	12.00	11.00	15.00	10.00	10.00	10.00
Longer-Term Investments	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>12.00</b>	<b>11.00</b>	<b>15.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>

1.23 **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.

1.24 **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**

1.25 The Council can make investments to assist local public services, including making loans to local service providers and businesses to promote economic growth. Total investments for service purposes are currently valued at £20m with the largest being Rykneld Homes Limited providing a net return after all costs of 4.35%.

1.26 **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 £20.00m 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.

1.27 **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**

1.28 With central government financial support for local public services declining, the Council has invested in developing residential property through Mypad. Currently, an investment of £8.66m has been made into Mypad and no further future investment is approved.

1.29 **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.

1.30 **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.**

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Net income from commercial investments	0.46	0.46	0.44	0.44	0.44	0.44
Net income from service investments	0.65	0.57	0.61	0.51	0.39	0.39
<b>Total net income from service and commercial investments</b>	1.11	1.03	1.05	0.95	0.83	0.83
Proportion of net revenue stream	6.59%	5.49%	5.14%	4.44%	3.77%	3.67%
Proportion of usable revenue reserves	<b>3.54%</b>	<b>3.29%</b>	<b>3.41%</b>	<b>3.23%</b>	<b>3.04%</b>	<b>3.49%</b>

## Other Liabilities

1.31 In addition to debt of £172.7m detailed above, the Council is committed to making future payments to cover its net pension fund deficit (valued at £10.55m). It has also set aside £0.3m to cover risks of business rates appeals and £0.45m to cover risks of water claims.

1.32 **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

1.33 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

	2024/25 Actual £m	2025/26 Forecast £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
Financing Costs	(1.25)	(0.69)	0.12	0.51	0.76	0.77
Proportion of Net Revenue Stream	(7.43%)	(3.66%)	0.60%	2.37%	3.46%	3.38%

1.34 **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

1.35 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.

1.36 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.

1.37 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**

1.38 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;
- 

1.39 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 1<sup>st</sup> September 2025.

### **Banking Contract**

1.40 The contract with the Council's 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**

1.41 As part of the Council's 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 2025-2030

Capital Expenditure	Revised Budget 2025/26	Original Budget 2026/27	Original Budget 2027/28	Original Budget 2028/29	Original Budget 2029/30
	£	£	£	£	£
<b>Housing Revenue Account</b>					
HRA Capital Works	14,045,000	14,587,000	14,200,000	14,200,000	14,200,000
HRA Capital Works - Non Traditional Properties	0	0	0	500,000	500,000
Stock Purchase Programme (1-4-1)	3,022,000	1,000,000	1,000,000	1,000,000	1,000,000
North Wingfield New Build Project	1,559,000	0	0	0	0
Stonebroom Regeneration	1,753,000	9,800,000	7,753,360	0	0
Garage Demolitions	30,000	23,000	23,000	23,000	23,000
Warm Homes Social Housing Fund (RHL)	3,339,920	2,975,960	2,502,730	0	0
Small scale regeneration schemes	0	500,000	1,000,000	1,000,000	0
<b>HRA - Capital Expenditure</b>	<b>23,748,920</b>	<b>28,885,960</b>	<b>26,479,090</b>	<b>16,723,000</b>	<b>15,723,000</b>
<b>General Fund</b>					
Private Sector Housing Grants (DFG's)	1,017,106	1,017,106	1,017,106	1,017,106	1,017,106
ICT Schemes	359,000	410,000	348,000	40,000	40,000
Clay Cross Football Pitch	9,000	0	0	0	0
Asset Refurbishment - General	639,000	500,000	500,000	500,000	500,000
Asset Refurbishment - Mill Lane	316,000	0	0	0	0
Dronfield Sports Centre Carbon Efficiencies Programme	60,000	0	0	0	0
Fuel Island Project	420,000	0	0	0	0
Southern Vehicle Hub	310,000	0	0	0	0
Coney Green Telephony System	162,000	0	15,000	0	0
Replacement of Vehicles	3,108,120	1,011,000	247,000	730,000	1,632,000
Contaminated Land	42,000	0	0	0	0
Sharley Park 3G pitch	968,000	0	0	0	0
Sharley Park 3G pitch Replacement Fund	27,000	27,000	27,000	27,000	27,000
CX Town Market Street Regeneration	10,533,000	0	0	0	0
CX Town Sharley Park Active Community Hub	2,828,000	0	0	0	0
CX Town Low Carbon Housing Challenge Fund	655,000	0	0	0	0
CX Town Rail Station Feasibility	44,000	0	0	0	0
CX Town Programme Management	373,000	0	0	0	0
Pride in the Public Realm Eckington Southgate - UK SPF Grants	30,000	0	0	0	0
Pride in the Public Realm Killamarsh - UK SPF Grants	10,000	0	0	0	0
Pride in the Public Realm Other - UK SPF Grants	37,803	0	0	0	0
Quality Parks and Play Areas - UK SPF Grants	160,060	0	0	0	0
Shop Fronts - UK SPF Grants	210,000	0	0	0	0
Management & Admin - UK SPF Grants	12,197	0	0	0	0
Warm Homes Local Grant Project	1,000,000	2,000,000	2,000,000	0	0
<b>General Fund Capital Expenditure</b>	<b>23,330,286</b>	<b>4,965,106</b>	<b>4,154,106</b>	<b>2,314,106</b>	<b>3,216,106</b>
<b>Total Capital Expenditure</b>	<b>47,079,206</b>	<b>33,851,066</b>	<b>30,633,196</b>	<b>19,037,106</b>	<b>18,939,106</b>

Capital Financing	2025/26	2026/27	2027/28	2028/29	2029/30
<b>Housing Revenue Account</b>					
Major Repairs Reserve	(15,545,000)	(15,500,000)	(15,500,000)	(14,700,000)	(14,700,000)
Prudential Borrowing - HRA	(4,334,000)	(3,680,140)	(6,776,360)	0	0
Development Reserve	(1,084,404)	(1,196,350)	(847,160)	(1,023,000)	(23,000)
External Grant - Homes England	0	(6,119,860)	0	0	0
External Grant - Warm Homes Social Housing Fund Grant (RHL)	(1,115,760)	(1,389,610)	(1,355,570)	0	0
Capital Receipts	0	0	(1,000,000)	0	0
1-4-1 Receipts	(1,669,756)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
<b>HRA Capital Financing</b>	<b>(23,748,920)</b>	<b>(28,885,960)</b>	<b>(26,479,090)</b>	<b>(16,723,000)</b>	<b>(15,723,000)</b>
<b>General Fund</b>					
Disabled Facilities Grant	(1,017,106)	(1,017,106)	(1,017,106)	(1,017,106)	(1,017,106)
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	(12,372,000)	0	0	0	0
External Grant - Sharley Park 3G pitch	(750,000)	0	0	0	0
External Grant - UKSPF	(460,060)	0	0	0	0
External Grant - Food Waste Vehicles	(697,530)	0	0	0	0
External Grant - Sport England for CCA	0	0	0	0	0
External Grant - Warm Homes Local Grant	(1,000,000)	(2,000,000)	(2,000,000)	0	0
Prudential Borrowing - Vehicle Replacement	(1,927,340)	(505,500)	0	0	(816,000)
Prudential Borrowing - Sharley Park Leisure Centre	(1,673,000)	0	0	0	0
Prudential Borrowing - Sharley Park Leisure Centre 3G pitch	(218,000)	0	0	0	0
RCCO - Mill Lane Refurbishment	(316,000)	0	0	0	0
RCCO - Coney Green Telephony System	(162,000)	0	(15,000)	0	0
RCCO - CCA (use of Reserves)	(388,000)	0	0	0	0
Useable Capital Receipts	(2,298,250)	(1,442,500)	(1,122,000)	(1,297,000)	(1,383,000)
<b>General Fund Capital Financing</b>	<b>(23,330,286)</b>	<b>(4,965,106)</b>	<b>(4,154,106)</b>	<b>(2,314,106)</b>	<b>(3,216,106)</b>
<b>HRA Development Reserve</b>					
Opening Balance	(112,695)	0	0	0	0
Amount due in year	(971,709)	(1,196,350)	(847,160)	(1,023,000)	(23,000)
Amount used in year	1,084,404	1,196,350	847,160	1,023,000	23,000
<b>Closing Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Major Repairs Reserve</b>					
Opening Balance	(589,461)	(544,461)	(44,461)	(44,461)	(44,461)
Amount due in year	(15,500,000)	(15,000,000)	(15,500,000)	(14,700,000)	(14,700,000)
Amount used in year	15,545,000	15,500,000	15,500,000	14,700,000	14,700,000
<b>Closing Balance</b>	<b>(544,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>	<b>(44,461)</b>
<b>Capital Receipts Reserve</b>					
Opening Balance	(2,504,188)	(1,705,938)	(1,763,438)	(2,141,438)	(2,344,438)
Income expected in year	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Allowable Debt/Pooling Expenses	0	0	0	0	0
Amount used in year	2,298,250	1,442,500	1,122,000	1,297,000	1,383,000
<b>Closing Balance</b>	<b>(1,705,938)</b>	<b>(1,763,438)</b>	<b>(2,141,438)</b>	<b>(2,344,438)</b>	<b>(2,461,438)</b>
<b>Capital Receipts Reserve 1-4-1 receipts</b>					
Opening Balance	(314,370)	(314,370)	(314,370)	(314,370)	(314,370)
Income expected in year	(1,669,756)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Amount used in year	1,669,756	1,000,000	1,000,000	1,000,000	1,000,000
<b>Closing Balance</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>	<b>(314,370)</b>
<b>Total Capital Financing</b>	<b>(47,079,206)</b>	<b>(33,851,066)</b>	<b>(30,633,196)</b>	<b>(19,037,106)</b>	<b>(18,939,106)</b>

## **Appendix B**

### **Annual Minimum Revenue Provision Statement 2026/27**

Where the Council finances General Fund capital expenditure with 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 Council to have regard to the Ministry of Housing, Communities and Local Government's *Guidance on Minimum Revenue Provision* (the MHCLG Guidance) most recently issued in April 2024.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits.

The MHCLG Guidance requires the Council, to approve an Annual MRP Statement each year, and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Council's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

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 overall charge for MRP over the life of the

lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

### **Capital Loans**

- For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.
- For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
- For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.
- For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

### **Housing Revenue Account**

- 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 2026/27 will not be subject to a MRP charge until 2027/28 or later.

Based on the Council's latest estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2026, the budget for MRP has been set as follows:

	31/03/26 Estimated CFR £m	2026/27 Estimated MRP £m
Supported Capital Expenditure after 31.03.2008	0.00	0.00
Unsupported Capital Expenditure after 31.03.2008	35.51	1.11
Leases	0.29	0.07
<b>Total General Fund</b>	<b>35.80</b>	<b>1.18</b>
Assets in the Housing Revenue Account	48.18	0.00
HRA Subsidy Reform Payment	127.09	0.00
<b>Total Housing Revenue Account</b>	<b>175.27</b>	<b>0.00</b>
<b>Total</b>	<b>211.07</b>	<b>1.18</b>

### Capital Receipts

Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Council decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

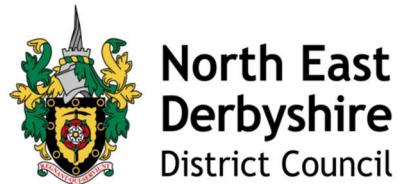
- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Council's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.

Any other capital receipts applied to repay debt will be used to reduce MRP in varying numbers of equal instalments starting in the year after receipt is applied. The varying number will depend on the asset type the debt is based on.

### 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

### Non-Treasury Investment Strategy 2026/27 – 2029/30

#### 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

1.4 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 £11.00m and £15.00m during the 2026/27 financial year.

1.5 **Contribution:** The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

1.6 **Further details:** Full details of the Council's policies and its plan for 2026/27 for treasury management investments are covered in the Treasury Management Strategy.

### Service Investments: Loans

1.7 **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 Mypad for a mixed tenure housing development scheme in the district.

1.8 **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	31/3/2025 actual			2026/27
	Balance owing £m	Loss allowance £m	Net figure in accounts £m	Approved limit £m
Rykneld Homes Ltd	6.24	0.00	6.24	20.00
Mypad	7.03	0.00	7.03	8.66
<b>Total</b>	<b>13.27</b>	<b>0.00</b>	<b>13.27</b>	<b>28.66</b>

1.9 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.

1.10 **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 Mypad and the Council helps to mitigate any risk associated with non-payment.

### **Commercial Investments: Property**

1.11 **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**

<b>Property</b>	<b>Actual</b>	<b>31/3/2025 actual</b>		<b>31/3/2026 expected</b>	
	<b>Purchase cost £m</b>	<b>Gains or (losses) £m</b>	<b>Value in accounts £m</b>	<b>Gains or (losses) £m</b>	<b>Value in accounts £m</b>
Industrial Units	4.70	5.40	10.10	0.00	10.10
Land	1.66	9.15	10.81	0.00	10.81
Commercial Properties	0.84	0.03	0.87	0.00	0.87
Shared Ownership Properties	0.96	0.51	1.47	0.00	1.47
<b>TOTAL</b>	<b>8.16</b>	<b>15.09</b>	<b>23.25</b>	<b>0.00</b>	<b>23.25</b>

1.12 **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.

1.13 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 2025/26 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.

1.14 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.

1.15 **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.

1.16 **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**

1.17 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

1.18 The Council has contractually committed to make up to £20.00m of loans to Rykneld Homes Limited should it request it.

### **Proportionality**

1.19 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>2024/25 Actual £m</b>	<b>2025/26 Forecast £m</b>	<b>2026/27 Budget £m</b>	<b>2027/28 Budget £m</b>	<b>2028/29 Budget £m</b>	<b>2029/30 Budget £m</b>
Net Service Expenditure	14.99	16.35	17.80	18.60	18.97	19.57
Net Investment Income	0.46	0.46	0.44	0.44	0.44	0.44
<b>Proportion</b>	<b>3.07%</b>	<b>2.81%</b>	<b>2.47%</b>	<b>2.37%</b>	<b>2.32%</b>	<b>2.25%</b>

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

1.20 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**

1.21 **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.

1.22 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.

1.23 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.

1.24 **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.

1.25 **Corporate governance:** All decisions regarding 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**

1.26 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.

1.27 **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>31/03/2025 Actual £m</b>	<b>31/03/2026 Forecast £m</b>	<b>31/03/2027 Forecast £m</b>
Treasury management investments	12.00	11.00	15.00
Service investments: Loans – Rykneld Homes Ltd	6.24	6.97	8.18
Service investments: Loans – Mypad	7.03	4.38	1.68
Commercial investments: Property	23.25	23.25	23.25
<b>TOTAL INVESTMENTS</b>	<b>48.52</b>	<b>45.60</b>	<b>48.11</b>
Commitments to lend	15.39	17.31	18.80
<b>TOTAL EXPOSURE</b>	<b>63.91</b>	<b>62.91</b>	<b>66.91</b>

1.28 **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>31/03/2025 Actual £m</b>	<b>31/03/2026 Forecast £m</b>	<b>31/03/2027 Forecast £m</b>
Treasury management investments	0.00	0.00	0.00
Service investments: Loans – Rykneld Homes Ltd	6.24	6.97	8.18
Service investments: Loans – Mypad	7.03	4.38	1.68
Commercial investments: Property	0.00	0.00	0.00
<b>TOTAL FUNDED BY BORROWING</b>	<b>13.27</b>	<b>11.35</b>	<b>9.86</b>

1.29 **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>2024/25 Actual £m</b>	<b>2025/26 Forecast £m</b>	<b>2026/27 Forecast £m</b>
Treasury management investments	5.85%	3.60%	3.67%
Service investments: Loans – Rykneld Homes Ltd	3.51%	3.51%	4.35%
Service investments: Loans – Mypad	5.09%	5.09%	5.09%
Commercial investments: Property	1.99%	1.99%	1.90%

1.30 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 2026/27 to 2029/30**

#### **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 2026/27 to 2029/30.

### **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 2030.
- 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 2026/27 to 2029/30.

### **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 The Council is not utilising the flexible use of capital receipts within its current medium term financial plan, but it is good practice to include one as part of the Treasury Management suite of Strategies.

**North East Derbyshire District Council  
Council**

**26 January 2026**

**Implementation of a Council Tax Premium for Empty Homes**

**Report of Councillor J Birkin, Portfolio Holder for Council Services**

Classification: This report is public

Report By: **Lee Pepper – Assistant Director – Communities**

Contact Officer: **Lee Pepper**

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## **PURPOSE / SUMMARY**

For Council to approve a revised policy, proposing an increase to the Council Tax premium charge for empty homes.

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## **DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL**

The decision is a Council decision and only the Council can determine the matter.

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## **RECOMMENDATIONS**

1. That Council approves the revised Council Tax Empty Homes Premium Policy encompassing the implementation of an increased empty homes premium to commence from 1 April 2026.

Approved by the Portfolio Holder – Cllr J Birkin, Portfolio Holder for Council Services

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## **IMPLICATIONS**

**Finance and Risk:** Yes  No

**Details:**

The Council currently charges an additional Council Tax premium of 100% for long term empty properties. If the new charge is supported, the proposal is for a total 200% charge to become payable after a property has been empty for 2 to 5 years, 300% from 5 to 10 years, and 400% for 10 years or more.

There are currently 196 properties within the district that meet this proposed threshold. Depending on the uncertainty of collection rates, it is estimated that the increase will generate an estimated increased amount of £267,655 which means an additional £26,765 for NEDDC, assuming that it is all collected.

There is risk associated with this estimate as collection of the additional premium may prove challenging.

The new premium will have financial implications for the Council's empty HRA stock. However, we currently have a very low number of empty Council owned homes. In addition, there is a strong focus on estate regeneration and asset disposal which will mitigate any cost impact.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes  No

**Details:**

N/A

On Behalf of the Solicitor to the Council

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**Staffing:** Yes  No

**Details:** This will be included within existing officer workloads.

On behalf of the Head of Paid Service

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## 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 - £125,000</b> <input type="checkbox"/> <b>Capital - £310,000</b> <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>District Wards Significantly Affected</b>	All

<b>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	Yes, superseded by stage 2
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	Yes, appended.
<b>Consultation:</b> <b>Leader / Deputy Leader</b> <input checked="" type="checkbox"/> <b>Cabinet</b> <input type="checkbox"/> <b>SMT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Yes Details:

<b>Links to Council Plan priorities, including Climate Change, Economic and Health implications.</b>
Develop and improve the quality of housing providing a nice home and area for all residents to meet all needs

## REPORT DETAILS

### 1 Background (reasons for bringing the report)

- 1.1 Most Councils in Derbyshire charge an empty homes Council Tax premium to tackle the shortage of housing supply in their areas. This also provides additional Council Tax income for the major preceptors in North East Derbyshire.
- 1.2 North East Derbyshire introduced a premium in 2024. Following a review, it was highlighted that progress had slowed; therefore, the new charge will help further reduce the number of long-term empty homes. Most Councils across Derbyshire set premiums at the same, or similar rates set out in this report.
- 1.3 Councils have been given powers to charge empty homes premiums, and there is an expectation from Government to charge the maximum allowed under the regulations. It is therefore proposed, as set out in the revised Policy (**Appendix 1**) to set the following charges from April 2026.
  - Homes empty from 2 – 5 years 100% premium (200%)
  - Homes empty from 5 – 10 years 200% premium (300%)
  - Homes empty from 10 years and over 300% premium (400%)
- 1.4 The increased charges will still commence from two years empty rather than one. This is because of the difficulties regarding collection, and in general

principles of fairness in allowing homeowners a reasonable amount of time to bring homes into use.

The policy will provide guidance for council officers in providing advice, assessments and decision making in relation to implementation and general administration of the council tax empty homes premium.

Section 111B of the Local Government Finance Act 1992 gives council tax billing authorities the powers to apply a discretionary council tax premium to empty properties.

The Council Tax Empty Homes premium forms part of a plan to target the issue of empty homes. From 1 April 2013, billing authorities could charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. At that time, the law stated that the premium may be up to 50% of the council tax on the property.

In accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, from 1 April 2019 the premium was amended and may be up to 100% of the council tax on properties unoccupied and unfurnished for between two and five years, 200% on properties unoccupied and unfurnished for between five and ten years, and 300% on properties unoccupied and unfurnished for more than ten years.

## 2. Exceptions to the council tax empty homes premium

- 2.1 Under the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, the government has prescribed two classes of dwellings which are exempt from the premium. These are:
  - a dwelling which would otherwise be the sole or main residence of a member of
  - the armed services, who is absent from the property as a result of such service.
  - a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling.
- 2.2 The Council will also consider waiving the Council Tax Premium for owners who meet the qualifying criteria as specified in the policy. (**Appendix 1**)
- 2.3 The council tax premium is not intended to penalise owners of a property that is genuinely on the housing market for sale or rent.
- 2.4 The reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent are taken into consideration. Therefore, the policy sets out a range of criteria and scenarios to help officers in making their decisions.

3. Empty Homes in North East Derbyshire

3.1 The total number of empty homes as set out in the categories above are shown below.

- 101 Homes empty from 2 – 5 years
- 59 Homes empty from 5 – 10 years
- 36 Homes empty from 10 years and over

**3 Reasons for Recommendation**

3.1 The increased empty homes premium will help in our efforts to reduce the number of homes left empty and serve as a deterrent.

**4 Alternative Options and Reasons for Rejection**

4.1 Not to proceed with an increase to the Council Tax premium for empty homes.

4.2 The number of empty homes continues to be a problem. The longer homes are left the more difficult it is to resolve issues. To not increase the Council Tax premium will remove an effective intervention in the reduction of empty homes across the district.

**DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Council Tax Empty Homes Premium Policy
2	EIA stage 2

**Background Papers** (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)



**North East  
Derbyshire  
District Council**

# **Council Tax Empty Homes Premium Policy**

**(April 2026)**

## **Equalities Statement**

North East Derbyshire District Council is committed to equalities as an employer and when delivering the services, it provides to all sections of the community.

The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality, and fostering good relations between all groups in society.

### **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, you just need Wi-Fi or mobile data to make the video call or call into the offices at Wingerworth.
- Call with **Relay UK** – it is a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real time conversation with us by text.
- **Visiting our offices** at Wingerworth – 2013 Mill lane, [S42 6NG](https://maps.app.goo.gl/2uXpL)

## CONTROL SHEET FOR [policy title here]

<b>Policy Details</b>	<b>Comments / Confirmation (To be updated as the document progresses)</b>
Policy title	Council Tax Empty Homes Premium Policy
Current status – i.e., first draft, version 2 or final version	First Draft
Policy author (post title only)	Housing Policy and Assurance Officer
Location of policy (whilst in development)	S drive
Relevant Cabinet Member (if applicable)	Strategic Leadership & Finance
Equality Impact Assessment approval date	January 2026
Partnership involvement (if applicable)	
Final policy approval route i.e., Cabinet/Council	Cabinet
Date policy approved	
Date policy due for review (maximum three years)	January 2029 - (original policy implemented April 2024, reviewed January 2026)
Date policy forwarded to Performance & Communications teams (to include on Intranet, and website if applicable to the public)	

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## 1. Introduction

This document sets out North East Derbyshire District Council's policy on the implementation of the Council Tax Empty Homes Premium. It also considers factors and circumstances that the Council will take into account when deciding if an exception to the premium is appropriate.

Empty properties add to the shortage of homes across the district and can be a waste of housing resources. During the housing crisis having high levels of empty homes only adds to the pressures the Council currently face.

The Council Tax Empty Homes Premium helps to reduce the number of current empty homes in the district. In addition, it acts as a deterrent for homeowners to not leave properties empty.

If a property is left empty, there is a risk that it will have a serious impact on the community and the local environment. It can often attract anti-social behaviour (ASB) and can become a drain on local authorities and other public services. The longer a property lies empty, the more it will deteriorate. The Council Tax Empty Homes Premium also helps to mitigate these risks.

Empty homes work also forms part of the Private Rented Sector Strategy. One of the strategy actions is to explore ways of working with and incentivising homeowners to rent out properties to families in housing need. It is envisioned that this Policy will help to bring empty properties back into use, including for rental purposes.

The Council Tax Empty Homes Premium forms only one part of the Council's plan to target the issue of empty homes. The Council has a dedicated empty homes officer who works on building a case load of empty homes across the district.

## 2. Scope

The Policy will provide guidance for Council Officers advising, assessing, and making decisions on the implementation of the Council Tax Empty Homes Premium.

Residents in the district of North East Derbyshire liable for the Council Tax premium will adhere to the policy.

An advocate/appointee or a recognised third party acting on a resident's behalf will also adhere to this policy.

The Policy will have due regard to the following national legislation and local policy:

- The Local Government Finance Act 1992
- GDPR
- Equalities Act 2010
- The Levelling-up and Regeneration Act 2023
- The Council Tax (Administration and Enforcement) Regulations 1992
- The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003

This Policy has been implemented as part of the Council's strategic approach to reduce empty homes and commitment to help alleviate the ongoing housing crises and is highlighted in the Council's:

- Private Rented Sector Strategy
- Empty Properties Strategy
- Housing Strategy 2024
- Housing Needs Assessment 2024

### **3. Principles**

The policy links to the Council's corporate vision as follows;

A great place to live well - A place to live that people value;

- Develop and continually improve the quality and range of housing, providing comfortable homes for residents that meet their needs.
- Directly, and with partners, improve where people live to ensure they are safe, clean, functional, and attractive.

### **4. Statement**

#### **4.1 Background**

Section 11B of Local Government Finance Act 1992 gives Council Tax billing authorities the powers to apply a discretionary Council Tax premium to empty properties.

The Council Tax Empty Homes Premium forms part of a plan to target the issue of empty homes. From 1 April 2013, billing authorities could charge a premium on a class of property that has been unoccupied and unfurnished for two years or more. At that time the law stated that the premium may be up to 50% of the council tax on the property.

In accordance with the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, from 1 April 2019 the premium was amended and may be up to 100% of the council tax on properties unoccupied and unfurnished for between two and five years, 200% on properties unoccupied and unfurnished for between five and ten years, and 300% on properties unoccupied and unfurnished for more than ten years.

The new Levelling-up and Regeneration Act 2023 received Royal Assent on 26 October 2023 which reduced the long-term empty property qualifying period from 2 years to 1, this is effective from 1 April 2024.

#### **4.2 Council Tax Empty Homes Premium From 1 April 2026**

A long term empty home is defined as a home which is both unoccupied and substantially unfurnished for a continuous period of at least 6 months. The property

must be occupied, or substantially furnished, for a continuous period of at least 6 weeks to reset the length of time it has been empty for, and its liability for a premium.

A property that is classed as an uninhabited property that is in need of, or undergoing, major repairs or structural alterations can receive a 100% Council Tax discount for a maximum of 12 months. Where major repairs are completed in less than 12 months, the exception will still apply to the dwelling for up to 6 months or until the end of the 12 months whichever is sooner. After this timeframe 100% Council Tax is applicable. This does not include short term works such as the removal and replacement of a kitchen and/or bathroom.

Unoccupied and unfurnished homes receive a 100% discount for 3 months from the date the property became empty. After the 3 months have expired a full 100% Council Tax charge will be applicable.

To help tackle the shortage of housing supply in the district, from **1 April 2024** a Council Tax Empty Homes Premium was implemented at 100% to properties that have been empty for 2 years and more. This was in addition to the standard Council Tax charge of 100% for properties that have been unoccupied and unfurnished for more than three months, making a total charge of 200%

The Council can exercise its right to increase the amount of the premium in accordance with the applicable statutory premiums set out in the Local Government Finance Act 1992.

Following the introduction of the Council Tax Long Term Empty Premium from April 2024 the number of Long Term Empty properties that have been subject to the premium has reduced from over 300 to 196. It is felt that the increases in the level of the premium for properties that have been empty for more than 5 years will lead to a reduction in the number of properties that are empty for a long period of time.

In 2024 the Council conducted a household survey in which 73.3% of households agreed or strongly agreed that the Council needs to bring more empty homes into use.

Therefore, from **1 April 2026** the Council Tax Empty Homes Premium will increase to:

- Empty Homes between 2 – 5 years 100% premium (200%)
- Empty Homes between 5 – 10 years 200% premium (300%)
- Empty Homes over 10 years 300% premium (400%)

Although legislation states this can be implemented from as soon as 1 year, implementing a Council Tax Empty Homes Premium of 200% for empty homes of 2 years and more is considered to be a fair place to start in terms of giving homeowners adequate time to bring empty properties into use. In addition, this course of action will help officers to manage the increased resource demand associated with administering the charge.

The table gives an overview, in simplistic terms, of the Council Tax amendments due to the increase of the Council Tax Empty Homes Premium.

## Applicable Council Tax and Empty Homes Premium - Unfurnished & Unoccupied Properties

Applicable Timeframes	Applicable Council Tax Before 1 April 2024	Applicable Council Tax From 1 April 2024	Applicable Council Tax From 1 April 2026
3 months from the date property became empty	0	0	0
After the 3-month period	100%	100%	100%
2 – 5 years	100%	200%	200%
5 – 10 years	100%	200%	300%
Over 10 years	100%	200%	400%
<b>Uninhabitable Properties</b>	<b>Current</b>	<b>From 1 April 2024</b>	<b>From 1 April 2026</b>
Discount up to 12 months (maximum)	0	0	0
After the discount ends (from 12 months or from an earlier period)	100%	100%	100%
2 – 5 years	100%	200%	200%
5 – 10 years	100%	200%	300%
Over 10 years	100%	200%	400%

### 4.3 Exceptions to the Council Tax Empty Homes Premium

Under the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003, the government has prescribed classes of dwellings which are **excepted** from the premium. These are:

- a dwelling which would otherwise be the sole or main residence of a member of the armed services, who is absent from the property as a result of such service.
- a dwelling, which forms part of a single property that is being treated by a resident of that property as part of the main dwelling.
- dwellings being actively marketed for sale (12 months limit)
- dwellings being actively marketed for let (12 months limit)
- unoccupied dwelling which fell within exempt Class F and where probate has recently been granted (12 months from grant of probate/letters of administration)
- empty dwellings requiring or undergoing major repairs or structural alterations (12 months limit)

Job related dwellings as set out in the Schedule to the Council Tax (Prescribed Classes of Dwelling) (England) Regulations 2003 and caravan pitches/boat moorings (Class J and Class K) will not be subject to the Council Tax Premium. Certain households may fall outside of the definitions and as such the Council will apply its discretion to exclude or apply the Council Tax Premium.

The Council may also use its discretion to consider waiving the Council Tax Premium for owners who meet the qualifying criteria as specified in this policy.

The Council Tax Premium is not intended to penalise owners of a property that is genuinely on the housing market for sale or rent.

The reasons why properties are unoccupied and unfurnished, including whether they are available for sale or rent, will be taken into consideration.

If a property is for sale or rent the following statutory conditions will apply:

- the same owner may only make use of the exception for a particular dwelling marketed for sale once
- the exception may be used again for the same dwelling if it has been sold and has a new owner
- the same owner may make use of the exception for dwellings marketed for let multiple times, however, only after the dwellings has been let for a continuous period of at least 6 months since the exception last applied

Where the Council agrees to waive the premium, this means that the owner of the property will remain liable for the standard Council Tax charge of 100% for the applicable property.

The Council will treat all applications on their individual merits and may grant exceptions to liability for the Council Tax Empty Homes Premium in the following situations:

- a) Those owners who are genuinely attempting to sell or let their property.
- b) Those owners who are experiencing legal or technical issues which is preventing the sale or letting of the property.
- c) Cases where the dwelling has remained empty beyond a two-year period due to exceptional and/or unforeseen circumstances and/or any other circumstances, proven to be beyond the control of the owner/liable person.

In deciding whether to award an exception to payment of the Council Tax premium, the Council will consider the following criteria and further documented proof may be requested:

- a) For those owners who are genuinely attempting to sell or let their property which has been vacant for at least two years.
  - Has professional advice and assistance been obtained?
  - Has a professional agent with specialist knowledge of the locality been engaged?
  - Have any offers to purchase or rent the property been received? If yes – why were those offers refused?
  - Is the sale price or rental in line with recent sale or rental prices for similar properties in the locality? If no, does this property have special features that reasonably warrant a higher value or rent?
  - Has the property been put up for sale by public auction?
  - On average, how long are properties in their area been available for sale or rent before completion/occupation.
- b) For those owners who are experiencing legal or technical issues which is preventing the sale or letting of the property.

- Is there a legal difficulty or issue which is preventing the sale or letting of the property?
- A Solicitor's or Legal Conveyancer's letter should be produced in evidence detailing the reasons preventing sale or letting.
- Is a sale or letting being delayed by the actions of a public body?

c) Cases where the dwelling has remained empty beyond a two-year period due to exceptional and /or unforeseen circumstances and / or any other circumstances, proven to be beyond the control of the owner/liable person.

- Are the circumstances exceptional or unforeseen?
- Decision to be based on evidence and considered on the merits of each individual case.

#### **4.4 Period of Exception**

In all cases, the Council will decide the length of time for which an exception will be awarded based on the evidence supplied and the facts known.

The start date of an exception will normally be the date the application is received by the Council, providing the Council is satisfied the reasons for the exception existed at that time, and the exception will continue until the end of the financial year, subject to those circumstances continuing.

The Council will review the exception and request confirmation that the circumstances leading to the exception remain applicable. The Council reserves the right to make routine inspections of the property at any point during the period of the exception.

It is expected that the property will be occupied by the end of the period of exception. Where this is the case, the Council Tax Empty Homes Premium will no longer apply.

Where that is not the case, and the Property remains empty, the exception will be removed, and the Council Tax Empty Homes Premium will be charged retrospectively.

The Council will not award exceptions to the premium where evidence shows that the Owner: -

- a) Has not taken all reasonable steps to return the property to occupation.
- b) Has caused any delay in works being started within the six-month period from the date of their taking ownership.
- c) Is responsible for the delay in completing works even if the works were started within the six-month period after a change in ownership.

#### **4.5 Changes of Circumstances**

The Council may need to revise the decision to grant an exception to the Council Tax Empty Homes Premium if it becomes aware that the circumstances of an applicant have materially changed.

Individuals must immediately advise the Council of any change in circumstances affecting the decision within **21** days of the change.

Failure to do so may result in the exception being revoked in full.

#### **4.6 Claiming a Local Exception to the Council Tax Empty Homes Premium**

A claim must be made to the Council's Revenues and Benefit department by the owner of the vacant property or their representative. Relevant supporting evidence must be made available.

The Council may visit any applicant to confirm the details provided are accurate, which may necessitate being given access to the premises.

Payment of Council Tax, including the premium, may not be withheld whilst awaiting the outcome of an application or the review of a previous decision.

#### **4.7 Notification**

The Council will inform the applicant, in writing, of the outcome of their application within 28 days of receipt, or as soon as possible thereafter. Where the application is unsuccessful, the Council will set out the reasons why this decision was made and explain the right of review.

#### **4.8 The Right to Seek a Review of the Council's Decision**

If an applicant does not accept the Council's decision to refuse the exception an appeal must be submitted in writing to the Revenues and Benefits Manager clearly explaining the reasons for the appeal. All appeals must be submitted within 1 calendar month of the decision being made.

A decision on the review will be made within 20 working days of the request. The decision will be notified to the applicant in writing, setting out the reasons for the decision.

If an applicant does not accept the decision to refuse the reduction an appeal must be submitted in writing to the Revenues and Benefits Manager clearly explaining the reasons for the appeal. All appeals must be submitted within one calendar month of the decision being made.

If the exception is still refused and the applicant thinks the council has made the wrong decision the applicant has a right to appeal to the Valuation Tribunal Service which is an independent judicial body. Further information can be found at [www.valuationtribunal.gov.uk](http://www.valuationtribunal.gov.uk)

#### **4.9 Fraudulent Applications**

If an exception has been made because of a false or fraudulent application the Council reserves its right to withdraw the exception. The Council will consider prosecuting any applicant who makes a false statement or provides fraudulent evidence in support of an application.

## **5. Responsibility for Implementation**

Revenues and Benefits Manager – Revenues and Benefits department  
Revenues and Benefits Officers – Revenues and Benefits department

DRAFT



## Equality Impact Assessment

**Carrying out an Equality Impact Assessment (EIA) will help the Council to meet its Public Sector Equality Duties (Equality Act 2010).**

The duties which need to be considered when making decisions are to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not

Failure to assess the equality impact may increase the risk of making an unfair decision which could potentially be discriminatory. It also prevents us from identifying opportunities to promote equality and therefore leaves the Council open to potential legal challenge.

Using this EIA template will help to ensure that a decision is made in a fair way, based on evidence. It provides a clear and structured method to assess the potential impact on protected groups.

For more information how to complete this form please refer to the Guidance which can be found at [HERE](#)

<b>Title of policy or proposal</b>	Council Tax Empty Properties Premium Policy
<b>Briefly describe the aims of the policy change, decision or proposal, the likely outcomes, and the rationale for it</b>	The Council Tax Empty Homes Premium Policy sets out how the implementation of the Council Tax Empty Homes Premium is applied. It also considers factors and circumstances that the Council will take into account when deciding if an exception to the premium is appropriate

**Consider the potential impact on any member of staff or member of the public with the following protected characteristics:**

Age, Disability, Gender identity/Gender reassignment, Race, Religion or belief, Sex, Sexual orientation, Women who are pregnant or have recently had a baby.

Also, for issues affecting staff, consider employees who are married or in a civil partnership.

<p><b>What information is already held, or have you obtained through consultation or engagement activity? (For each protected characteristic:</b></p> <p>What do you know about our employees, service users or anyone else who potentially could be affected by the proposal? Who has been consulted? If you have gaps in your evidence or data, you may need to carry out targeted engagement activity and/ or consider information from local or national research.)</p>	<p>The Council Tax Empty Homes Premium Policy was first implemented in April 2024.</p> <p>The current policy has been reviewed in line with up to date legislation and increased premiums which will be enforced in April 2026. The policy is being continuously monitored to ensure its fit for purpose and does not discriminate against any of the protected characteristics.</p> <p>The group the Policy will affect are owners of private sector dwellings that are long-term empty (unoccupied and unfurnished).</p> <p>Consultation was carried out with members of the Council and they are in favour of introducing the increased Council Tax Empty Homes Premiums in accordance with up to date legislation in order to bring empty homes back into use for the benefit of residents of North East Derbyshire.</p> <p>A household survey was carried out in 2024 confirming that 73.3% of households agreed or strongly agreed that we need to bring more empty homes back into use.</p> <p>Research has shown that the majority of Council's are applying the maximum Empty Homes Council Tax premium. Therefore, increasing our premiums will be in line with other local authorities and help bring empty properties back into use.</p>
<p><b>After considering the information, which protected groups may potentially be affected? (Delete those not likely to be affected)</b></p>	<p><b>Age</b></p> <p><b>Disability</b></p> <ul style="list-style-type: none"> <li>• Physical/mobility impairment</li> <li>• Sensory: hearing/visual or speech</li> <li>• Mental health</li> <li>• Learning disabilities</li> <li>• Non-visible conditions such as epilepsy/diabetes</li> </ul> <p><b>Sex</b></p> <p><b>Race including gypsies and travellers</b></p> <p><b>Sexual Orientation</b></p> <p><b>Religion/Belief</b></p> <p><b>Gender Reassignment</b></p> <p><b>Pregnancy &amp; Maternity</b></p>

<p><b>Using the information you have, give details of any potential positive and negative impacts on protected groups likely to be affected by the policy change, decision, or proposal</b></p> <p>(For each protected characteristic where there could be a potential impact, consider the following: Could people from any protected groups be positively or negatively affected? Could anyone's ability to take part in public life be affected? Could this policy change, decision or proposal affect public attitudes towards any protected group? Could any groups become more or less likely to be at risk of harassment or victimisation because of this policy change, decision, or proposal? Are there opportunities to create positive impacts?) <i>(remember that the law permits disabled people to be treated equally or better than other groups to enable reasonable adjustments to be made).</i></p>	<p>The Council Tax Empty Homes Premium is applied at the discretion of the Revenues and Benefits department, governed by legislation. Assessments will take place and if there are any circumstances out of the owners control this will be taken into consideration and the premium may not be applied.</p> <p><b>Age / Disability</b> Older people or people with a disability including learning disability and those with mental health issues may require additional support to understand the Council Tax Empty Homes Premium and what they will need to do, for example sell the property. Support may be needed to help do this. As an example they may have acquired a property through inheritance or moved to a smaller property or supported accommodation and have not or are unable to sell the property or rent it out.</p> <p>The Council will treat all applications on their individual merits and may grant exceptions to liability for the Council Tax Empty Homes Premium.</p> <p><b>Race</b> Under the policy, people who are experiencing hate crime, including that which is race related, will be assessed in accordance with the policy and if any circumstances that are out of their control are present the Council Tax Premium may not be applied.</p> <p>Due to larger family sizes, larger properties may be required by the South Asian communities, which the district currently has a shortage of, applying the Council Tax premium may encourage owners to become landlords and rent out their empty property which will benefit this community.</p> <p>Normally Gypsies and Travellers do not wish to live in 'bricks and mortar' housing and would not have an empty property. Legislation states that caravans and boats are exempt from the Council Tax Premium, therefore this policy will not affect this group.</p> <p><b>Sex/ Sexual Orientation/Gender reassignment</b> Any person or any members of their household will be treated by the sex they wish to be identified.</p> <p>The policy does not disadvantage any person because of their sex/sexual orientation/gender reassignment. Domestic Abuse or hate crime applicants will be assessed to determine why the empty property was left and if it is determined that extenuating circumstances exist which is out of their control the premium may not be applied. This applies to any person with any gender, including transgender.</p>
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	<p><b>Religion/Belief</b>  The policy does not discriminate due to a Religion/Belief. If a property is tied to a job, for example, a place of worship then Job related dwellings as set out in the <u>Schedule to the Council Tax (Prescribed Classes of Dwelling) (England) Regulations 2003</u>, will not be eligible for the Council Tax premium, certain condition still apply.</p> <p><b>Pregnancy &amp; Maternity</b>  The Policy will still apply to those who are pregnant with no discrimination. Assessments will be taken into consideration the same as all other owners. If it is deemed there is extenuating circumstances out of their control then the Council Tax Premium may not be applied.</p>
<p><b>Give details of any actions that can be taken to promote equality or to lessen any potential adverse impact on protected groups.</b></p>	<p>We will continue to monitor the policy to identify any gaps or trends in provision.</p> <p>Identifying support needs at an early stage may help with the sale or letting a property and alleviating the Council Tax premium. This could be, for example, working with and referrals to other departments, such as, Environmental Health for housing in disrepair and the Empty Properties Officer.</p>
<p><b>What plans are there to monitor and review the actual impact of the policy change, decision, or proposal on equality of opportunity?</b></p>	<p>The Council will monitor the policy to ensure its fit for purpose on an operational basis and does not adversely affect the protected characteristics.</p>
<p><b>When will follow up review be done?</b></p>	<p>The policy is being implemented in April 2026, therefore the review will be conducted April 2027 to look at the impact.</p> <p>The policy update will be the standard Council wide policy of 3 years.</p> <p>Any new legislation will be amended with immediate effect.</p> <p>If it is found that the policy is not working correctly as intended, then small amendments will occur before that date.</p>

**Based on a consideration of all the potential impacts, mark one of the following as an overall summary of the outcome of this assessment:**

<b>X</b>	The equality analysis has not identified any potential for discrimination or adverse impact and all opportunities to promote equality have been taken.
	The equality analysis has identified risks or opportunities to promote better equality; the change, decision or proposal will be adjusted to avoid risks and ensure that opportunities are taken.
	The equality analysis has identified risks to equality which will not be eliminated, and/or opportunities to promote better equality which will not be taken. Acceptance of these is reasonable and proportionate, given the objectives of the change, decision or proposal, and its overall financial and policy context.
	The equality analysis shows that the change, decision, or proposal would lead to actual or potential unlawful discrimination or would conflict with the Council's positive duties to an extent which is disproportionate to its objectives. It should not be adopted in its current form.
<b>Explain how the judgement above was reached and action plan what will be taken to reduce any negative or to enhance any positive impacts on equality</b>	<p>The policy is governed by legislation and government guidance with a discretion to implement the Council Tax Premium by the Revenues and Benefits department.</p> <p>Any extenuating circumstances out of the owners control may be taken into consideration and the premium may not be applied.</p> <p>Other Council Tax legislation or Council Policy may need to be applied/incorporated (in the first instance), therefore the Revenues and Benefits department will be aware of this and ensure the correct discount/exemption/premium is applied. For example, people moving into a care home, probate, major repairs.</p>
<b>Name(s) and job title(s) of person (people involved in) carrying out this assessment</b>	Diane Parker – Housing Intelligence and Assurance Officer Andrew Gascoigne - Revenues and Benefits Manager Lee Pepper - Assistant Director - Communities Jayne Dethick - Director of Finance & Resources (S151 Officer) Yvonne Heaton - Senior Revenues and Benefits Officer
<b>Authorising Director or Assistant Director</b>	
<b>Date authorised</b>	14 January 2026

**The completed equality impact assessment must be attached to the report that will be considered by the decision maker or decision makers to enable them to give due regard to the impact of the policy, decision, or proposal on protected groups. Also send a copy to [Amar.Bashir@ne-derbyshire.gov.uk](mailto:Amar.Bashir@ne-derbyshire.gov.uk)**

**North East Derbyshire District Council**  
**Council**

**26 January 2026**

## **PROGRESS REPORT ON DEVELOPMENT OF A NEW LOCAL PLAN**

### **Report of Councillor S Pickering, Portfolio Holder for Environment and Place**

Classification: This report is public

Report By: Assistant Director of Planning

Contact Officer: David Thompson

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### **PURPOSE / SUMMARY**

To update Council on the work that has been undertaken to develop a new Local Plan, since the decision in November 2024 to undertake a Review of the current Plan. This report seeks to satisfy the Terms of Reference for the Local Plan Working Group, which requires update reports to Cabinet, Environment Scrutiny Committee and to Council on this matter.

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### **DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL**

There is no decision to be made but the Terms of Reference for the Local Plan Working Group require update reports to Council on the work undertaken to develop a new Local Plan.

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### **RECOMMENDATIONS**

1. That the report be noted.

Approved by the Portfolio Holder – Cllr Pickering, Cabinet Member for Environment & Place

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### **IMPLICATIONS**

**Finance and Risk:** Yes  No

**Details:** The main risk associated with not having an up to date Local Plan is the financial burden of appeals against refusals of applications for 'unplanned' development. The cost associated with defending appeals on sites subsequently allocated in the current Local Plan ran into the hundreds of thousands. Diverting finding to resource that process has direct implications for other services that the Council provides. It is therefore in the financial interests of the Council to work at pace and limit the period during which the Council does not have an up to date plan to as short a timeframe as possible.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):** Yes  No

**Details:** The Local Plan Working Group terms of reference require update reports to be presented to Cabinet and Council through discussion with Members of the Working Group. Comments have been invited on this report from members of the Working Group and any issues raised will be reported.

On Behalf of the Solicitor to the Council

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**Staffing:** Yes  No

**Details:** The preparation of a Local Plan and supporting evidence has a significant impact upon staff resources. Staff resources are in place to effectively undertake the work outlined in this report and it will be important to maintain these resource levels. However, circumstances may arise where it is necessary to augment resources, if for example high levels of responses are received during public consultation, or additional evidence is required to meet any new national planning guidance.

On behalf of the Head of Paid Service

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## 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> Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <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>Equality Impact Assessment (EIA) details:</b>	
<b>Stage 1 screening undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 1 to be appended if not required to do a stage 2</li> </ul>	No, not applicable
<b>Stage 2 full assessment undertaken</b> <ul style="list-style-type: none"> <li>Completed EIA stage 2 needs to be appended to the report</li> </ul>	No, not applicable
<b>Consultation:</b>  <b>Leader / Deputy Leader</b> <input checked="" type="checkbox"/> <b>Cabinet</b> <input type="checkbox"/> <b>SMT</b> <input 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"/>	Yes  Details: Consultation with Leadership and the report summarises discussions between Members at the Local Plan Working Group meetings.
<b>Links to Council Plan priorities;</b> <ul style="list-style-type: none"> <li><b>A great place that cares for the environment</b></li> <li><b>A great place to live well</b></li> <li><b>A great place to work</b></li> <li><b>A great place to access good public services</b></li> </ul>	

## REPORT DETAILS

### 1 Background (reasons for bringing the report)

- 1.1 Cabinet will recall commencing the formal process for reviewing the current Local Plan at its meeting in November 2024. The Local Plan Working Group (LPWG) did meet twice prior to the decision to progress with the Local Plan review, in November 2023 and February 2024 and the notes of these meetings have been made public via officer reports to Scrutiny committees. The composition of the LPWG was amended at Council in the same month, to be politically proportionate. This update focusses on how the Local Plan review has progressed since November 2024.
- 1.2 To recap, the reason for commencing a formal review in November 2024 was in response to the national consultation on amendments to the National Planning Policy Framework (NPPF), which suggested a revision to the formula for calculating annual housing need, which would have significant implications for the District. The consultation suggested that the uncertainty around the process for examining plans (the reason for not commencing a formal review earlier in 2024) was now outweighed, given the relatively small number of allocated sites left to deliver in the current Local Plan.

1.3 The Local Plan review work to date sits under the following broad headings, all of which are explored in more detail in the main section of this report:

- The importance of having an up to date Plan quickly;
- Determining a sustainable strategy for development;
- Consultation so far and an overview of the feedback on the strategic options;
- Evidence base update;
- Future consultation requirements; and
- Priorities for the next six months.

## **2. The importance of an up to date Local Plan**

2.1 Having an up to date Plan is crucial for the Council to make decisions on planning applications that are backed by local evidence. Even if the method for calculating local housing need had not changed in December 2024, it would remain the case that the current Local Plan does not allocate sufficient sites that have not already been developed to meet the 330 dwelling per annum target for a period longer than the very short term.

2.2 This is largely due to the fact that the sites were delivered as 'speculative' planning applications, because that route was quicker (including the time taken to appeal many of the larger applications) than the progress on the Local Plan. Developers are aware of national policy and many of them won't wait if it looks like the Council is not taking the necessary decisions to get a Plan in place that has a pipeline of sites that will deliver the housing requirement for more than just the first few years of the Plan.

2.3 We know that from November 2026 we will not be able to demonstrate a five year supply of housing sites, because it is at that point that the new target of circa 600 per annum will apply. In all likelihood, we will fall below a five year supply sooner than that, because of the limited number of allocated sites in the current Plan left to develop. If we can submit a draft Plan to the Planning Inspectorate one month later, then the Council can show a clear direction of travel for that future blueprint. That will be a critical signal to all interested parties that the Council understands its responsibilities in respect of a plan-led system.

2.4 We cannot start giving significant weight to the emerging Local Plan until the examination in public (adjudicated by the Planning Inspectorate) is at a more advanced stage. However, promoters of sites will be engaged in that process and like the public, will get a sense of progress. On the balance of probability, if the timetable for submission slips beyond December 2026 and uncertainty increases, promoters will be more inclined to submit 'speculative' planning applications and we risk a return to unplanned development. This is a significant risk that the Council needs to bear in mind when approaching the difficult decisions involved in allocating sites that do not yet have a planning history.

## **3. Determining a sustainable strategy for development**

3.1 Officers fully accept that there are trade-offs and unpopular decisions to be made when developing a Local Plan that will have some longevity to it, but we

also need to be clear that avoiding those decisions will not prevent the change happening on the ground. To avoid the more harmful results of the latter, we need to make progress over the next few months on the strategic objectives for the new Plan. This was a key theme of the Issues and Options consultation that took place in summer 2025, the focus groups that followed and the discussions in the Local Plan Working Group (LPWG) towards the end of 2025.

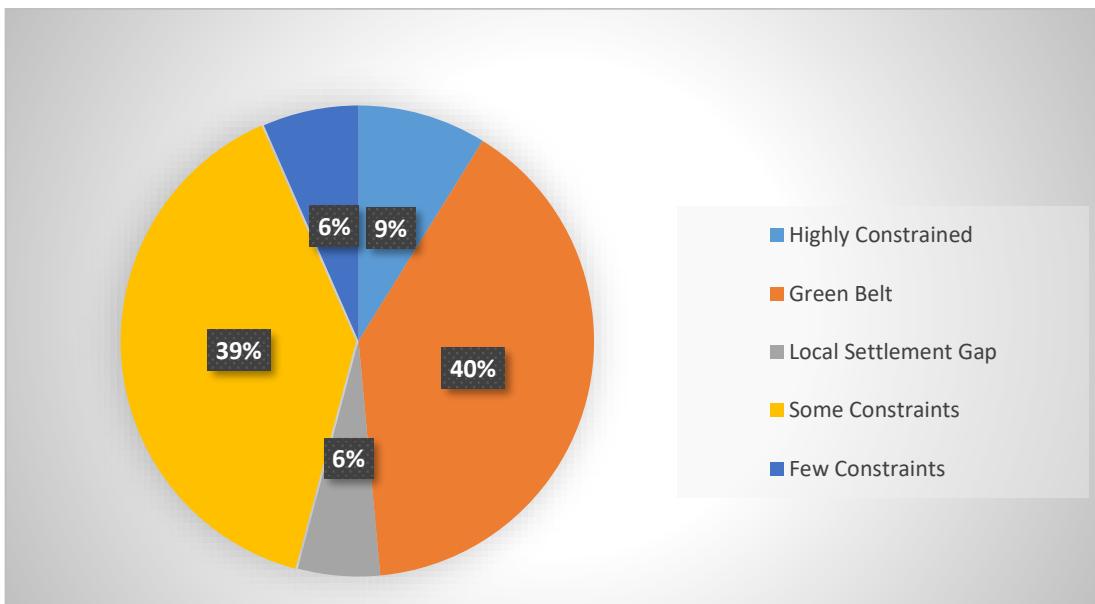
- 3.2 It remains theoretically possible that we could propose a strategy that delivers less than the 600 dwellings a year at the point that we submit the draft Local Plan. External expert advice via the Planning Advisory Service (linked to the Local Government Association) has cast doubt on our ability to do this, due to the shortage of unique circumstances that apply (at a high level) in North East Derbyshire. The undoubtedly infrastructure challenges that our communities face are not dissimilar to those of other semi-rural areas and the main environmental constraint is the Green Belt, which national policy requires to be reviewed to understand how need might be met without undermining the purposes of the wider Green Belt.
- 3.3 In any event, the starting point has to be a strategy that attempts to meet the target, in order to be able to robustly defend the position we conclude before submitting the draft Plan for examination. The LPWG has considered detailed summaries of the responses to the strategic questions posed in the issues and options consultation which broadly highlight the need to accommodate trade-offs in reaching sound conclusions, because no one option is comprehensively supported and no single option can deliver the required level of development.
- 3.4 For example, responses generally indicated a desire to retain the Green Belt and focus on previously developed land in areas with infrastructure capacity and access to jobs and services. There was widespread support for increasing densities in locations around larger settlements, but a preference for sites on the edges of Chesterfield and Sheffield where capacity (i.e. development options submitted to the Council as available for development) is limited and largely within the Green Belt.
- 3.5 Conversely there was limited support through the consultation responses for development around the District's towns and larger villages where capacity (as defined in 3.4 above) is greatest (albeit a sizeable proportion is within Green Belt or a Local Settlement Gap.) Whilst there was also strong support for new strategic sites and/or a new settlement, the combined capacity of these options is less than 6000 dwellings, almost 50% of which is in the Green Belt. National policy requires an assessment of all reasonable options outside the Green Belt before land within the Green Belt is considered for allocation.
- 3.6 A detailed report on the outcome of the Issues & Options consultation will be prepared and published as part of the next consultation on key strategic policy matters and a refined schedule of sites early in 2026.

Current Land Availability position:

- 3.7 The latest information on sites includes all sites that were included in the Issues and Options consultation, plus additional sites submitted during the Issues &

Options consultation process and sites identified from other sources, such as lapsed planning permissions.

3.8 Over 500 sites (Net - discounting duplicates and overlapping) have been identified with capacity for approximately 36,000 dwellings, which would suggest that there would, in principle, be sufficient capacity to accommodate the Standard Method Housing Target (i.e. approx. 12,000 dwellings over 20 years. However, as revealed in Figure 1, over 50% of site capacity is either heavily constrained and unsuitable or within the Green Belt or a Local Settlement Gap.



*Figure 1: Proportion of Potential Housing Site Capacity by Level/ Type of Constraint*

3.10 Furthermore, information on capacity by spatial option (the 'strategic' locations for development which provide a context for individual site assessment) gives a clear indication that no single spatial option will be capable of accommodating the full housing need of c. 12,000 dwellings (Figure 2). It is also clear just how much capacity is located within the Green Belt and LSG's for each of the options, which has specific implications when we start to consider the consultation responses on the preferred approach to the spatial distribution of development and other issues around protecting the Green Belt and LSG's from further development.

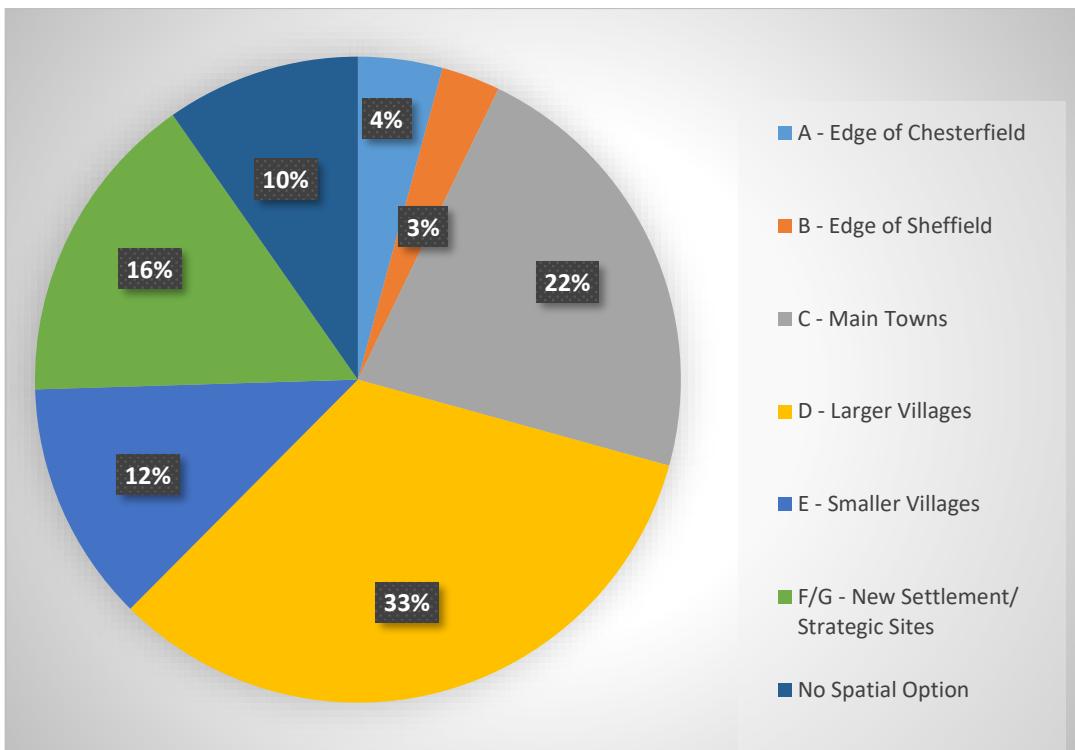


Figure 2: Proportion of Housing Capacity (c. 36,000 dwellings) by Spatial Option

#### 4. **Consultation so far and an overview of the feedback on the strategic options**

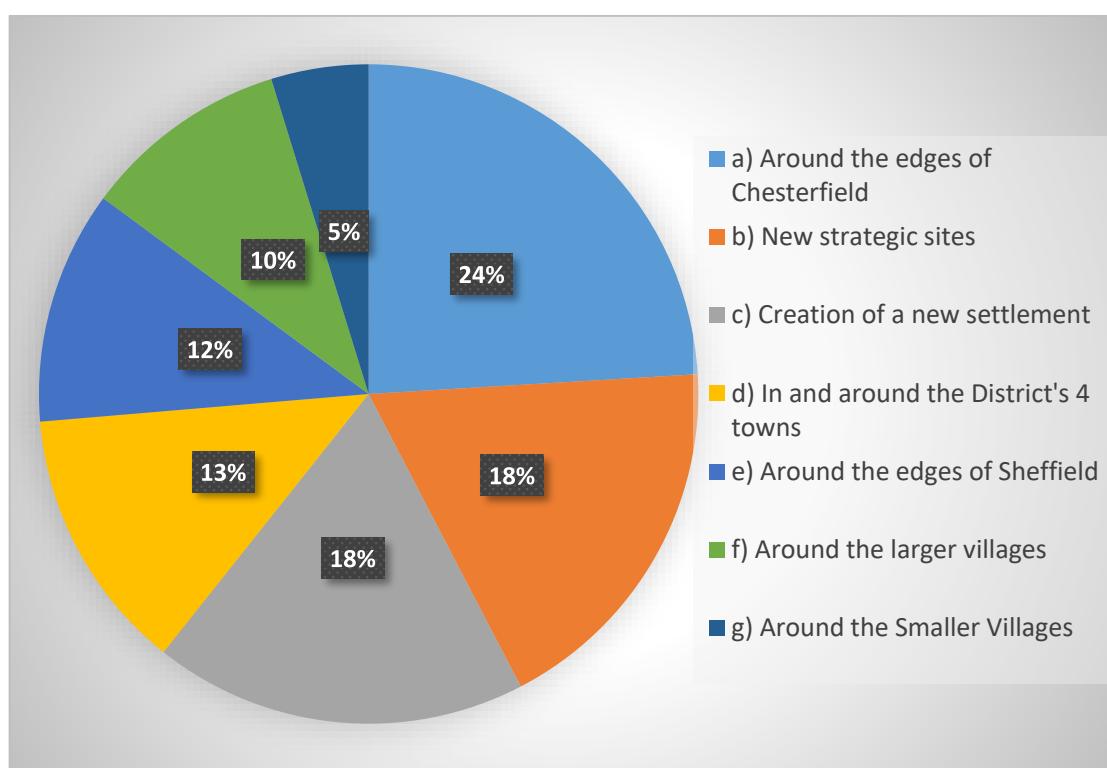
##### Issues and Options public consultation (summer 2025):

- 4.1 Approximately 775 people attended the public drop-in sessions, and over 850 individuals or organisations submitted representations to the consultation. Of the responses, almost 600 were submitted through the online portal, over 200 by email and a small number by post (some postal comments were found to be duplicates of emails or online submissions, made by the same individuals)
- 4.2 This represents a high level of engagement relative to the previous local plan at comparable stages. For example, there were 228 respondents to the core strategy issues and options consultation in 2009 (although this did not include potential sites) and 368 respondents to the Initial Draft Plan & potential sites consultation in 2015.
- 4.3 From the responses, over 17,000 separate comments were made across the various questions. Officers are utilising AI systems to facilitate timely analysis of this high number of responses. This is proving to be effective in drawing out the wide range of separate comments and issues raised by representations in a more detailed and consistent way than could be achieved manually. Although it is important to stress that there has been a lot of officer involvement in the process to check initial outputs. Officers will continue to undertake further detailed checks to ensure the accuracy of the outputs, before anything is made available to the wider public.
- 4.4 At this stage in the Local Plan's development the key requirement is to summarise the main issues raised in representations. But we have the added

benefit of being able to delve deeper and understand the differences in the issues raised by the various cohorts, such as residents, developers and statutory bodies.

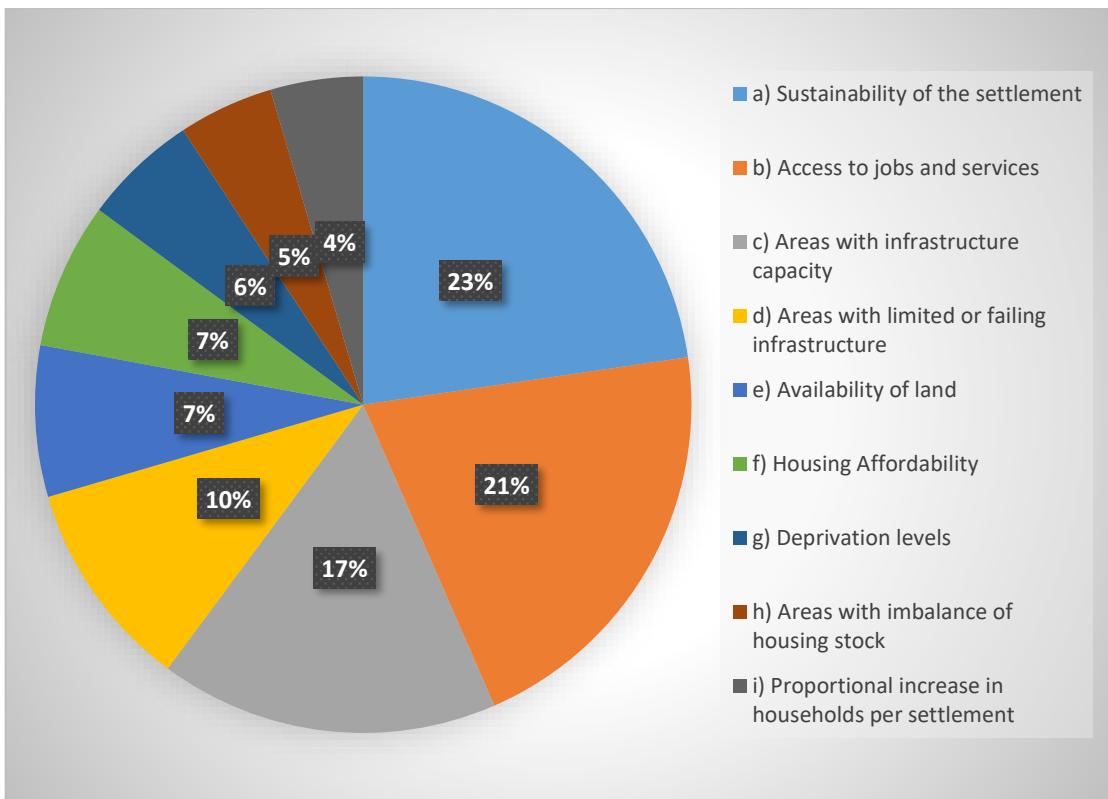
Consultation responses relating to the spatial options:

4.5 Question 12.1 of the Issues and Options consultation asked where we should focus new development, offering 7 alternatives (a – g) with the opportunity to select up to 3 (Figure 3). Over 500 selections were made for this question, with the highest proportion (24%) favouring locations around the edges of Chesterfield; with strategic sites and the creation of new settlements being the joint second. There was less support for development around the district's main towns and larger villages and around the edges of Sheffield; with least support for development around smaller villages.



*Figure 3: Question 12.1 Spatial Options – Preferences - Quantitative Responses*

4.7 Question 13 asked what issues people thought should determine the location of new homes and other development, giving 9 alternatives (a – i) with the ability to tick all that apply. Over 800 selections were made for this question (Figure 4, with the highest proportion (23%) favouring the sustainability of the settlement, closely followed by access to jobs and services (21%) and areas with infrastructure capacity (17%). The remaining options received limited support, with a proportional increase in households by settlement being least favoured at 4%.



*Figure 4: Question 13 -Determinants of the location of development - Quantitative Responses*

#### Site Type Options

4.12 Question 21 asked respondents to choose their 3 most preferred site type options for new development from a list of 7 alternatives, along with an explanation of the impacts or benefits of their selection. Over 300 separate option selections were made (not all respondents chose 3 options), of these, 57% identified a preference for increasing housing densities around larger settlements, with a further 19% opting for higher densities everywhere (Figure 5). There was limited support for the other 5 alternative options.

4.13 Reasons given for respondents' selections emphasise preserving Green Belt gaps and biodiversity, favouring brownfield regeneration and higher-density schemes within existing settlements to balance housing delivery with countryside protection. They highlight efficient land use through compact urban infill and strategic town centre sites to reduce car dependency and carbon emissions. Many urge transport upgrades and 15-minute neighbourhood models to ease congestion and support walking, cycling and public transport. There is a clear call for strong settlement boundaries to maintain community identity and for development to use existing utilities, schools and services. Respondents also identified the need for a varied housing mix, including smaller and affordable homes, and note potential economic and employment benefits from construction and new resident expenditure.

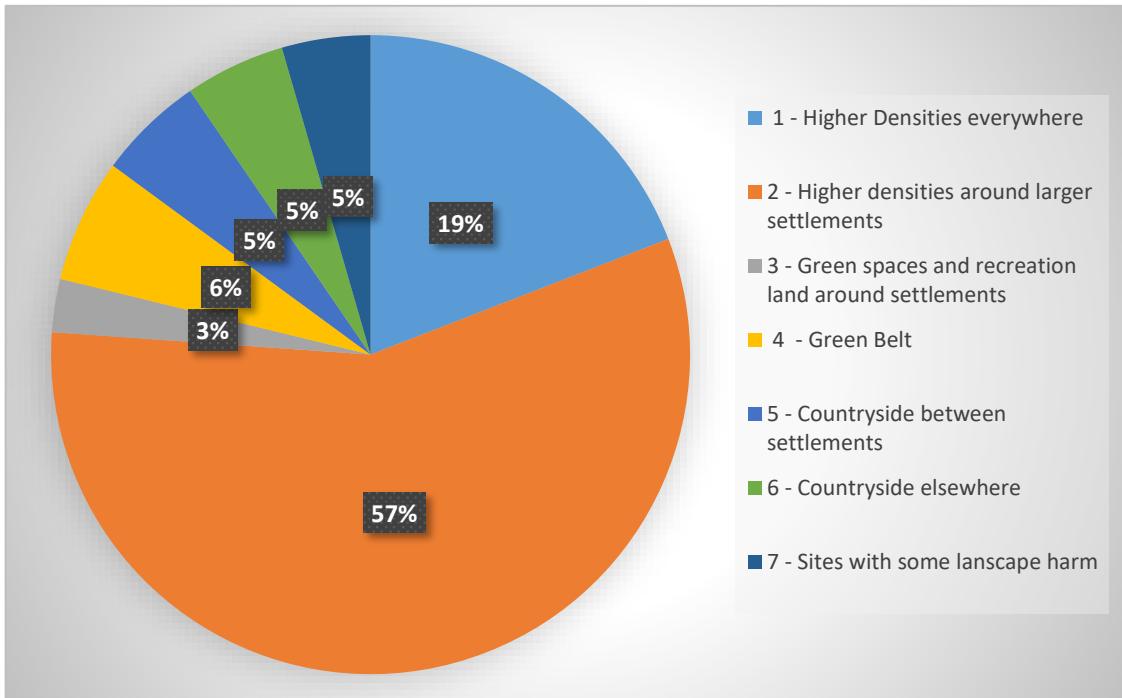


Figure 6: Question 21 – Preferred Site Types - Quantitative Responses

#### Focus Groups (November 2025)

- 4.14 The Council commissioned Arc 4 (an extension of the contract relating to the Housing Strategy) to undertake a series of focus groups during November 2025. These included in-person events in different locations across the district, 2 evening sessions by Microsoft Teams and events specifically for District and Parish Councillors.
- 4.15 The focus groups were asked a series of questions to explore the underlying reasons behind the answers given by respondents to the issues and options consultation (including the issues identified above). The same questions were asked at each of the sessions and a summary of the findings has been produced by Arc 4. Officers are reviewing this at the time of writing. The contents will be discussed with the LPWG and the report will form part of the Consultation Statement submitted alongside the next Local Plan consultation early in 2026.
- 4.16 A focus group to engage sixth form age children in the development of the Local Plan will also take place in early 2026. All 3 secondary schools in the district were contacted and approximately 12 students will be involved in this process.
- 4.17 Further focus groups are planned for 2026 to align with programmed consultation stages and dates will be advertised in advance.

#### Engagement with Parish Councils

- 4.18 Sessions have been held in each quarter of 2025. All Parish Councils were invited and a good number have been represented through the process. Officers have also met with Parish Councils who were unable to attend these sessions. The purpose of the forum is to provide updates to and hear feedback from Parish Councils as the development of the Local Plan progresses. Further sessions will be held during 2026.

## Future public consultation

4.19 A separate report on this agenda is proposing minor updates to the Local Development Scheme (LDS – the timetable for the development of the Local Plan) to reflect confirmation from government that Councils have until the end of December 2026 to submit a plan for examination under the current process. The changes include an additional consultation stage in March 2026 to consider key strategic policy matters and a refined schedule of sites that remain options for potential allocation, following initial feedback from technical consultees, and receipt of more information about their deliverability; and reschedule the Regulation 19 consultation to September 2026 to allow time to respond to findings of the additional (March) public consultation stage.

4.20 The Regulation 19 (Reg 19) is the final formal stage of consultation on the draft version of the Local Plan prior to submission to the Secretary of State. If the revised LDS is approved, the formal consultation on the draft Plan would occur for 6 weeks during September and October 2026. This allows for the process to occur fully outside the summer holidays and based on the experience of the current Plan, gives officers sufficient time to meet the deadline for submission to the Planning Inspectorate.

## **5. Evidence Base Update**

5.1 Please see appendix 1 for a detailed breakdown of the items covered by the evidence base and current progress on each. The key pieces of work that have been completed to date are:

- Settlement Hierarchy Study;
- Housing Needs Study;
- Gypsy & Traveller Accommodation Assessment;
- Economic Development Needs Assessment (incorporating Strategic Warehousing & Logistics Study);
- Employment sites Study; and
- Open Space and Recreation – site assessment.

and the following Derbyshire County Council studies:

- Vision Derbyshire Climate Change Strategy: 2022-2025;
- DCC Renewable Energy Study;
- Natural Capital Strategy; and
- Local Nature Recovery Strategy.

5.2 The following evidence topics that are actively progressing at the time of writing this report are:

- Strategic Flood Risk Assessment;
- Land Availability Assessments for Housing, Employment & other uses;
- Town Centre Studies;
- Playing Pitch Strategy; and
- Plan for Nature (Biodiversity Study).

5.3 The following evidence topics are to be procured in quarter 1 of 2026:

- Green Belt Review (jointly with Chesterfield Borough Council);
- Local Settlement Gaps Update;
- Green and Blue Infrastructure Strategy;
- Transport Study; and
- Whole Plan Viability Study.

## **6. Concluding Comments**

6.1 This report is for noting as an update from Officers as to progress against the LDS, with the objective being submission of the draft Local Plan to the Planning Inspectorate by the end of 2026. Officers have made professional observations about the challenges and risks involved in the process, as considered appropriate, given the very tight nature of the programme.

6.2 Officers consider that the level of engagement from the public has been healthy and constructive and we have used innovative technology and focus groups to reach as broad a spectrum of views as possible. We are learning about the areas that we need to refine in relation to these new ways of working and open to feedback as we progress to the next phases of consultation.

6.3 Engagement with the LPWG will continue during 2026 and it is important that the Council makes significant decisions about the strategy to be pursued in order to meet the housing need identified by the standard method in the early part of the year.

## **7. Alternative Options and Reasons for Rejection**

7.1 The alternative to progression of the Local Plan under the current examination system alternative is to await the implementation of new planning guidance and/or the new plan-making system. This was rejected on the basis that significant changes are imminent and to do nothing would put the Council at greater risk of 'speculative' development for an additional extended period of time, by virtue of not having an up to date Local Plan. Awaiting the new system will also not change the housing target or the difficult decisions that need to be faced to develop a strategy for delivering the required level of growth in the district.

## **DOCUMENT INFORMATION**

<b>Appendix No</b>	<b>Title</b>
1	Evidence based progress tracker
<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)	

## APPENDIX 1 - Local Plan Review Evidence Requirements

Theme	Evidence	Owner	Inhouse/ External?	Note	Action	Timescale
Strategy	Settlement Hierarchy Study	NEDDC	In house		-	Complete Dec 2025
	Settlement Development Limits	NEDDC	In house		Underway	By April 2026
	Green Belt Review	NEDDC	External		Out to Procurement	By mid- 2026
	Local Settlement Gaps	NEDDC	External	Update to take account of any changes on the ground & consideration of Green Belt Villages	Procurement scheduled for Jan 2026	By mid- 2026
	Brownfield Land Register	NEDDC	External	Updated annually – provides evidence of available brownfield land.	Ongoing	Dec each year
Housing	Housing Need Study	NEDDC Planning & Housing Strategy	External		-	Complete Oct 2024
	Housing Land Availability Assessment (LAA)	NEDDC	In house	Batch 1 site assessment complete. Batch 2 almost complete Ongoing assessment as new sites submitted.	Ongoing	end June 2026
	Housing Capacity Study Northern Parishes	NEDDC	In house	Need to determine whether update is required – linked to Green Belt	tbc	tbc
	Five Year Housing Land Supply	NEDDC	In house	• 5yr supply • Housing trajectory for plan period	Annual updates - ongoing	By end May each year

Theme	Evidence	Owner	Inhouse/ External?	Note	Action	Timescale
				• rolling 5yr supply		
	Gypsy & Traveller Accommodation Assessment Update	Joint NEDDC, DCC & d'shire LPAs	External		-	Complete July 2023
	Gypsy and Traveller LAA	NEDDC	In house	As housing LAA above	Ongoing	By end June 2026
	Gypsy and Traveller Transit sites	NEDDC/ BDC/ CBC	?		Under consideration	By mid- 2026
Economy	Economic Development Needs Assessment (EDNA) incorporating Strategic Warehousing & Logistics Study	NEDDC/ BDC/ CBC	External		-	Complete March 2025
	Employment Sites Study	NEDDC	External		-	Complete March 2025
	Employment LAA	NEDDC	In house	As Housing LAA	Ongoing	By June 2026
	Retail Capacity Study/Town Centre Needs Study.	NEDDC	tbc	Take account of national policy changes and changed economic environment.  Consideration of new E class & Covid impact.	tbc	tbc
	Town Centre Studies	NEDDC	Inhouse		Underway	April 2026
Recreation & Open Space	Playing Pitch Strategy (PPS)	NEDDC / BDC	External		Underway	July 2026

Theme	Evidence	Owner	Inhouse/ External?	Note	Action	Timescale
		Planning & Leisure				
	Indoor Built Facilities Strategy (BFS)	NEDDC / BDC Planning & Leisure	-	Not required	-	-
	Open Space and Recreation – Site Assessment	NEDDC	In house		-	Complete Oct 2025
Green Environment / Natural Assets	Local Green Space	NEDDC / Parishes	In house		tbc	tbc
	Green Infrastructure Study	NEDDC	In house		Procurement planned for early 2026	By end June 2026
	Biodiversity	NEDDC	External	DWT preparing a Plan for Nature for the District including Mapping, opportunities, receptor sites, off setting process and mechanism for BNG. Will also consider the case for exceeding 10% BNG	Underway	tbc
	Natural Capital Strategy	DCC	-	Mapping & project is complete and will inform other studies.	-	complete - 2023
	Local Nature Recovery Strategy	DCC	-	Work is underway – project completion expected 2025	-	complete - 2025
	Landscape Sensitivity	DCC/ NEDDC	tbc	AMES and Derbyshire Landscape Character are up to date.	tbc	tbc

Theme	Evidence	Owner	Inhouse/ External?	Note	Action	Timescale
				Landscape sensitivity study may be required in discussion with DCC arising from LAA.		
	Habitat Regulations Assessment	NEDDC	External	To be undertaken with Sustainability Appraisal	Underway	tbc
Built Environment	Design Guide/Codes	NEDDC	In house supports by external	Successful Places Guidance – update in progress supported by DLUCH Skills Fund program.	Underway	2026
	Historic Environment Study	NEDDC	In house	Consider need to update previous study in consultation with Conservation Officer	tbc	2026
	Conservation Area Character Statements	NEDDC	tbc		tbc	2026
	Local List of heritage assets	NEDDC	In house	Need to identify scope of work and how will be implemented/funded	tbc	2026
Climate Change, Flood Risk & Renewable Energy	NEDDC Climate Change Action Plan	NEDDC	tbc	Identify actions that can be embedded in the Local Plan.	tbc	2026
	Vision Derbyshire Climate Change Strategy: 2022-2025	DCC / Districts	-	Provides baseline and context for district level work as required	-	Complete 2022
	Strategic Flood Risk Assessment	NEDDC/ BDC / CBC	External		Final Draft – awaiting sign off	February 2025
	Water Cycle Scoping	NEDDC/ BDC / CBC	tbc	Follow on from SFRA if required.	tbc	tbc

Theme	Evidence	Owner	Inhouse/ External?	Note	Action	Timescale
	DCC Renewable Energy Study	DCC	-	Will inform local studies	-	Complete 2023
	Carbon Reduction/renewable energy study/heat zones/electric vehicle charging	NEDDC	tbc	Need to identify if we need anything more localised to further DCC Renewable Energy Study.	tbc	2026
Sustainable Transport	Transport Study (all modes)	NEDDC	External		Procurement planned for early 2026	July 2026
	Parking Standards	NEDDC	tbc		tbc	tbc
Other, Monitoring & Implementation	Whole Plan Viability	NEDDC	External		Procurement planned for early 2026	tbc
	Sustainability Appraisal / & Habitat Regulation Assessment	NEDDC	External		Underway	Ongoing
	Infrastructure Delivery Plan	NEDDC	In house		Underway	Mid -2026
	Monitoring Framework	NEDDC	In house		On hold	Oct 2026