

The Arc
High Street
Clowne
Derbyshire
S43 4JY

Date: 13th February 2018

Dear Sir or Madam,

You are summoned to attend a meeting of the Bolsover District Council on **Wednesday 21st February 2018 at 1400 hours in the Council Chamber, The Arc, High Street, Clowne.**

Notes for Members:

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on pages 2 to 4.

Yours faithfully,



Assistant Director – Governance & Monitoring Officer and Solicitor to the Council
To: Chairman & Members of the Council

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COUNCIL

AGENDA

WEDNESDAY 21st FEBRUARY 2018 AT 1400 HOURS

Item No.		Page No.(s)
	PART 1 – OPEN ITEMS	
1.	Apologies for Absence	
2.	Declarations of Interest	
	Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of:-	
	a) any business on the agenda	
	b) any additional urgent items to be considered	
	c) any matters arising out of the business of those items	
	and withdraw from the meeting at the relevant time, if appropriate.	
3.	Questions	
	a) Questions submitted by the Public pursuant to Rule 8 of the Council Procedure Rules.	None
	b) Questions submitted by Members pursuant to Rule 9 of the Council Procedure Rules.	None
4.	Reports on urgency decisions taken by the Executive	None
	To receive a report from the Executive with details of any Key Decisions taken under special urgency provisions or Key Decisions which were exempt from Call In.	
5.	Minutes of Last Meeting	
	To approve and the Chairman to sign the minutes of the Council Meeting held on 17 th January 2017.	5 to 8

6. **Minute Book** To Follow

Members may put questions for clarification in respect of the minutes contained within the latest Minute Book dated 21st February 2018.

7. **Recommended Items**

None

8. **Motion – Women’s Suffrage**

To consider a Motion to be moved by:-

(i) Councillor Ann Syrett
And seconded by

(ii) Councillor Mary Dooley

That this Council resolves:

- (a) To note that this year marks the Centenary of Representation of the People Act 1918 on 6 February 1918, which, in granting (some) women the right to vote, was a significant step forward to universal suffrage and to achieving gender equality. The Act permitted many women to vote in local and national elections and to stand for election to Parliament for the first time.
- (b) That the Council mark this important event over the coming months with our partners.
- (c) To note that universal suffrage was finally achieved in July 1928, through the Representation of the People Act 1928.

9. **Medium Term Financial Plan** 9 to 27

(Report from the Assistant Director – Finance, Revenues and Benefits)

Recommendations on pages 17 and 18

10. **Treasury Management Strategy 2018/19 - 2021/22** 28 to 52

(Report from the Assistant Director – Finance, Revenues and Benefits)

Recommendations on pages 43 and 44

11. **Exclusion Of Public**

To move:-

That the public be excluded from the meeting during the discussion of the following items 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). *[The category of exempt information is stated above each item].*

12. **SAMT Review**

Previously
Circulated

(Report from the Chief Executive Officer)

Recommendations to be circulated.

13. **Chair's Announcements**

To receive any announcements that the Chair of the Council may desire to lay before the meeting.

COUNCIL

Minutes of a meeting of Council held in the Council Chamber, The Arc, Clowne on Wednesday 17th January 2018 at 1000 hours.

PRESENT:-

Members:-

Councillor T. Munro in the Chair

Councillors T. Alexander, A. Anderson, P. Barnes, J.E. Bennett, R.J. Bowler, P.M. Bowmer, G. Buxton, J.A. Clifton, C.P. Cooper, P.A. Cooper, M. Dixey, S.W. Fritchley, R.A. Heffer, A. Joesbury, D. McGregor, C.R. Moesby, B.R. Murray-Carr, K. Reid, M.J. Ritchie, J.E. Smith, P. Smith, E. Stevenson, A.M. Syrett, R. Turner, K.F. Walker, B. Watson, D.S. Watson and J. Wilson.

Officers:-

D. Swaine (Chief Executive Officer), L. Hickin (Strategic Director), K. Hanson (Strategic Director), S. Sternberg (Assistant Director – Governance, Solicitor to the Council and Monitoring Officer), D. Clarke (Assistant Director – Finance and Revenues & Benefits), S. Chambers (Communications, Marketing and Design Manager) and D. Cairns (Governance Officer - Acting)

0533. APOLOGIES

Apologies for absence were received from Councillors T. Cannon, T.J. Connerton, M.G. Crane, M.J. Dooley, H.J. Gilmour, S. Peake, and S.J. Statter.

0534. DECLARATIONS OF INTEREST

No declarations were made at the meeting.

0535. QUESTIONS BY THE PUBLIC OR FROM MEMBERS

There were no questions from the public or members at this meeting.

0536. REPORTS ON URGENCY DECISIONS TAKEN BY THE EXECUTIVE

It was noted that a meeting of the Executive held on 4th December 2017 had made decisions in relation to a report on Economic Development Staffing. This was considered a matter of urgency as a waiting period before implementation would have led to a delay in the service review and the savings that resulted from the decision.

COUNCIL

Moved by Councillor T. Munro and seconded by Councillor R. Turner.

RESOLVED that the report be noted.

0537. MINUTES – 6th DECEMBER 2017

Moved by Councillor R. Turner and seconded by Councillor A.M. Syrett.

RESOLVED that the minutes of a meeting of Council held on 6th December 2017 be approved as a true and correct record.

0538. MINUTE BOOK

Moved by Councillor T. Munro and seconded by Councillor R. Turner.

RESOLVED that the minutes as printed in the Minute Book dated 17th January 2018 be noted.

0539. RECOMMENDED ITEMS

There were no recommended items.

0540. LOCAL COUNCIL TAX SUPPORT SCHEME

The Assistant Director – Finance and Revenues & Benefits presented a report which recommended that Council agree to continue the current Local Council Tax Support Scheme in to the 2018/19 financial year.

Bolsover District Council implemented a Local Council Tax Support Scheme in 2013 in response to a Central Government initiative to replace the National Council Tax Benefit Scheme with a localised system. Members were advised that the current arrangements for the scheme were the same as those operated by other authorities across the county.

The report detailed the main features of the Scheme and proposed to continue the existing arrangements for the forthcoming financial year.

Moved by Councillor T. Munro and seconded by Councillor R. Turner.

RESOLVED that Council:

- (1) agrees to continue to operate a local Council Tax Support scheme for 2018/19 based on The Council Tax Reduction Scheme England Regulations 2012 amended to reflect the following local decisions concerning the key principles of the scheme:

COUNCIL

- For those of working age the maximum amount of Council Tax that will be eligible for reduction is 91.5% of their full Council Tax Liability (approx. £95 for a Band A property).
- The Council continues its policy of disregarding war pensions for the purposes of calculating income in respect of Council Tax reduction scheme at a total estimated cost of £20k.

(2) notes that in line with the position set out in the report that the Chief Financial Officer will utilise previously granted delegated powers to update the Local Council Tax scheme to reflect such upratings of premiums, allowances and non-dependent deductions as may be determined by the Department of Work and Pensions, and for other minor technical changes which may be required.

(Assistant Director – Finance and Revenues & Benefits)

0541. COMMUNICATIONS TEAM PRESENTATION

The Communications, Marketing and Design Manager gave a presentation on the work of the Communications Team.

The presentation included a video which introduced the members of the team and their different roles, and outlined the elements of the team's work in promoting and selling the Council and its services. Services provided by the Communications team included news releases/media liaison, website design and management, photography, graphic design, publications such as InTouch, social media and marketing campaigns.

The Communications, Marketing and Design Manager also advised Members of the areas of development the team were focused on, such as improving media relationships, increasing editions of the InTouch publication and developing new marketing videos. Members were requested to inform the Communications Team, as soon as possible, of any events occurring within their local area in the next few months that could be filmed as part of the suite of marketing videos.

Members discussed that the services offered by the Communications Team could be offered to parish councils for a fee and the Communications, Marketing and Design Manager was invited to the next Parish Liaison meeting to give a presentation.

Moved by Councillor T. Munro and seconded by Councillor R. Turner.

RESOLVED that Council note the presentation.

(Communications, Marketing and Design Manager)

COUNCIL

0542. CHAIR'S ANNOUNCEMENTS

The Chair thanked the Acting Governance Manager for her support with Council meetings and informed Members that this was her last meeting at this Council before she would be returning to her role at North East Derbyshire District Council.

The Chair also wished Councillor B. Watson a happy birthday.

The meeting concluded at 1030 hours.

Bolsover District Council

Council

21 February 2018

Medium Term Financial Plan 2018/19 to 2021/22

**Report of the Leader and Portfolio Holder – Strategic Planning and
Regeneration**

This report is public

PLEASE NOTE:

**Attached is the report that will be considered by
Executive on 19th February 2018.**

Bolsover District Council

Executive

19th February 2018

Medium Term Financial Plan 2018/19 to 2021/22

Report of the Leader and Portfolio Holder – Strategic Planning and Regeneration

This report is public

Purpose of the Report

- To seek approval of the proposed budget for 2018/19 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2018/19 to 2021/22.
- To provide Elected Members with an overview of the Council's financial position in order to inform the decision making process.

1 Report Details

Introduction

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

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

In particular financial projections are provided for:

- 2017/18 Estimated Outturn Position – this is the current year budget, revised to take account of changes during the financial year that will end on 31st March 2018.
- 2018/19 Original Budget – this is the proposed budget for the next financial year, on which the Council Tax will be based, and will commence from 1st April 2018.
- 2018/19 Original Budget – this is also the year proposed increases on rents and charges for the Housing Revenue Account will be included.
- 2019/20 to 2021/22 Financial Plan - In accordance with good practice the Council agrees its annual budgets within the context of a Medium Term Financial Plan (MTFP). This includes financial projections in respect of the next three financial years.

- 1.2 Once Executive has considered this report and the appendices, recommendations agreed by Executive will be referred to the Council meeting of 21st February 2018 for members' consideration and approval.

General Fund

2017/18 Estimated Outturn

- 1.3 In February 2017, Members agreed a budget for 2017/18 to determine Council Tax. There was a requirement to achieve efficiencies of £0.170m to balance the budget. It has therefore been necessary to actively manage budgets throughout the year and to remove savings from the budget once they have been agreed.
- 1.4 The Revised Budget was considered by Executive at its meeting on the 4th December 2017. A surplus to the General Fund of £0.780m was estimated, representing an improved position of £0.950m. The key factors for the improvement are summarised in the following table.

	£000's
Go Active Leisure Centre	105
Council Tax Increase	100
Crematorium	85
Vacancy Management	378
Increase in Planning Income	187
Miscellaneous Expenditure Reductions	95
Total Increase in Income / Reduction in Expenditure	950

- 1.5 The estimated surplus in the year will be dependent on the actual financial performance out-turning in line with the revised budgets. Whilst these estimates reflect the position at the time of setting there can be some volatility from the budget to the outturn position. It was agreed that the surplus generated in the financial year be transferred to the Transformation Reserve where it can finance the Council's transformation plans, service developments and any restructuring costs.

2018/19 Original Budget and 2019/20 to 2021/22 Financial Plan

- 1.6 The proposed budget for 2018/19 currently shows a surplus of £1.027m. However, based on current information the requirement to achieve financial savings for future years is 2019/20 £0.034m; 2020/21 £0.550m; 2021/22 £1.184m (**Appendix 1**). The main factors taken into account in developing the Council's financial plans are set out within the sections below.

Level of Government Funding

- 1.7 The current financial year 2017/18 is the second year of the four year settlement announced in December 2015. The Provisional Local Government Finance Settlement announced in December 2017, provided an update and further clarity with respect to Revenue Support Grant, New Homes Bonus and Business Rates Retention (formally National Non Domestic Rates - NNDR). The key issues affecting Bolsover District Council are:

Business Rates Retention

- 1.8 Members will be aware that Bolsover District Council has been a member of the Derbyshire Business Rates Pool since its establishment in 2015/16. Being a member of the pool allows us to keep more of our Business Rates income locally.
- 1.9 As part of the changes to Business Rates Retention the Government sought bids from pools to be 100% Business Rates pilots for 2018/19. The settlement announced in December 2017 confirmed the Derbyshire Business Rates pool had been accepted as one of ten, 100% Business Rates Retention pilot pools for 2018/19. All figures received in the settlement assume the pilot is only for one year.
- 1.10 The settlement figures for being a pilot authority mean an increase to Bolsover District Council in 2018/19 of £1.955m. However, as a consequence of being a 100% pilot authority the Revenue Support Grant to be received by Bolsover District Council in 2018/19 is now zero which is a loss of £1.558m. Therefore the net benefit of being a 100% Business Rates pilot authority is £0.397m for 2018/19 only.
- 1.11 Income for Business Rates for 2019/20 and future years reverts back to existing pool arrangements of 50% rates retention. These figures have been revised after receiving updated baseline funding level information and tariff amounts in the settlement. The increase each year to the financial plan is 2019/20 £0.488m; 2020/21 £0.297m and 2021/22 £0.257m. Again as the settlement only includes figures for 2019/20, estimates have been used for future years.

Revenue Support Grant

- 1.12 The provisional settlement has confirmed that Revenue Support Grant will be phased out. Bolsover District Council will receive £1.169m in 2019/20, the last year of this settlement. As the settlement does not yet cover 2020/21, an estimate of £0.769m has been included in the budget for 2020/21 as an estimate of Government's transitional arrangements for those Councils worst affected. No funding has been included for Revenue Support Grant in 2021/22 as it is assumed any transitional funding will have been phased out by this year.

New Homes Bonus

- 1.13 Due to the uncertainty created by the consultation on the future of New Homes Bonus payments, prudent estimates were included in the budget during 2016/17. The provisional allocations now received mean we can update the estimates previously included. Provisional allocation figures increase receipts for 2018/19 by £0.077m each year. Updated estimates for future years mean £0.027m for 2019/20; £0.226m for 2020/21 and £0.265m for 2021/22, all to be received for four years. Therefore in our financial plan years, the increases will be 2018/19 £0.077m; 2019/20 £0.103m; 2020/21 £0.330m and 2021/22 £0.594m.

Expenditure, income levels and efficiencies

- 1.14 In developing the financial projections covering the period 2018/19 to 2021/22, officers have made a number of assumptions. The major assumptions are:

- A pay award of 2% has been included in staffing budgets for financial years 2018/19 and 2019/20. For 2020/21 and 2021/22, 1% has been included in staffing budgets.
 - Employer superannuation contributions are fixed amounts for 2018/19 and 2019/20. For 2020/21 and 2021/22 a 1% increase on the 2019/20 cost has been assumed.
 - Inflation specific budgets such as energy costs and fuel have been amended to reflect anticipated price changes.
 - With respect to planning fees, a base level for income has been included for all future years of £0.325m. Where income levels and the associated workload increase above this level, then part of the additional income may be used to fund costs such as agency staff. For 2018/19 a further £0.175m in income has been assumed in the budget based on the current level of expected applications.
 - Fees and charges – service specific increases as agreed by Members.
- Additionally, the Council's transformation programme seeks to contribute to the financial challenges faced through the progression of innovative and forward thinking ideas.

Appendix 2 details the net cost of each cost centre by Directorate.

Council Tax Implications

Council Tax Base

- 1.15 In preparation for the budget, the Chief Finance Officer under delegated powers has determined the Tax Base at Band D for 2018/19 as 21,473.52.

Council Tax Options

- 1.16 The Council's part of the Council Tax bill in 2017/18 was set at £166.20 for a Band D property. This was an increase of 3.08%.
- 1.17 The Council has a range of options when setting the Council Tax. The Government indicate what upper limit they consider acceptable. For 2018/19 District Councils are permitted to increase their share of the Council Tax by 3% or £5 without triggering the need to hold a referendum.
- 1.18 The table below shows some of the options and the extra revenue generated.

Increase	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
1.00%	167.86	1.66	0.03	35,689
1.50%	168.69	2.49	0.05	53,533
2.00%	169.52	3.32	0.06	71,378
2.99%	171.17	4.97	0.10	106,710

- 1.19 The level of increase each year affects the base for future years and the proposed increase for 2018/19 is 1.50%, generating additional revenue of £53,533.

Financial Reserves – General Fund

- 1.20 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.0m and the uncommitted element of the Transformation Reserve of £2.256m. Due to the uncertainty surrounding local authority income and the fact that the Council has reduced budgets to a minimal level, it is important that the Council continues to review whether we have an acceptable General Fund Working Balance.

Housing Revenue Account (HRA)

2017/18 Estimated Outturn

- 1.21 In February 2017, Members agreed a budget for 2017/18. Rent levels were set in line with Government regulations with a reduction of 1%, effective from 1st April 2017. HRA fees and charges were also set, effective from the same date.
- 1.22 The Revised Budget was considered by Executive at its meeting on the 4th December 2017. A surplus of £0.137m was estimated, which was £0.125m higher than the current budget of £0.012m. The key factors for the improvement were detailed in the report but were mainly a reduction in expenditure of £0.282m.
- 1.23 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 improved services to Council tenants in future financial years and it was agreed that £0.100m of the surplus be transferred to the HRA development reserve.
- 1.24 The working balance brought forward from 2016/17 was £1.905m. After taking account of the projected surplus of £0.037m, this produces an anticipated working balance at 31st March 2018 of £1.942m.

2018/19 Original Budget and 2019/20 to 2021/22 Financial Plan

- 1.25 The proposed budget for 2018/19 currently shows a surplus of £0.027m. Based on current information the surplus for future years is 2019/20 £0.038m; 2020/21 £0.007m; 2021/22 £0.007m (**Appendix 3**).
- 1.26 The HRA budget is made up of the same assumptions as the General Fund budget for staff costs, superannuation costs and inflation. There are however, some assumptions that are specific to the HRA. The main factors taken into account in developing the Council's financial plans for the HRA are set out within the sections below.

Level of Council Dwelling Rents

- 1.27 Government rent policy is currently that rent levels will reduce by 1% per annum for four years from April 2016. Therefore for 2018/19 and 2019/20 the income for dwelling rents has been included in the budget on this basis. For 2020/21 and 2021/22 it has been assumed that we will return to the previous policy, based upon increases in line with inflation.

1.28 Debt Repayment

In response to the loss of rental income the level of debt repayment has been reduced from the original levels included in the 30 year Business Plan. The reductions in planned repayments have been 2018/19 £0.272m; 2019/20 £0.772m; 2020/21 £0.772m. In order to secure the objective of repaying the debt within the 30 year Business Plan, it will be necessary to accelerate debt repayment in the later years of the Plan.

Fees and Charges

1.29 Although the main source of income for the HRA is property rents, the HRA is also dependent for its financial sustainability on a range of other charges. These charges are set on the principle that wherever possible charges for services should reflect the cost of providing those services.

1.30 A schedule of the proposed charges is set out at **Appendix 3, table 1**. For 2018/19 the charges are recommended to be increased by 3%.

Financial Reserves - HRA

1.31 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £1.905m. In addition to the Working Balance there are further reserves for the HRA used only to fund the Council's HRA capital programme. These are the Major Repairs Reserve, New Build Reserve, Vehicle Repair and Renewal Reserve and the Development Reserve.

Capital Programme

1.32 There will be a separate report to Council on 21st February 2018 concerning the Council's Treasury Management Strategy. The report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

2017/18 Estimated Outturn

1.33 In February 2017, Members approved a Capital Programme in respect of 2017/18 to 2020/21. Scheme delays and technical problems can cause expenditure to slip into following years and schemes can be added or extended as a result of securing additional external funding. Where capital expenditure slipped into 2017/18, the equivalent amount of funding was not applied during 2016/17 and is therefore available in 2017/18 to meet the delayed payments.

1.34 The Revised Capital Programme was considered by Executive at its meeting on the 4th December 2017. An amount of £6.516m was removed from 2017/18 and re-profiled into 2018/19. An estimated outturn of £18.297m was proposed.

General Fund Capital Programme 2018/19 to 2021/22

1.35 The proposed Capital Programme for the General Fund totals £1.981m for 2018/19; £1.019m for 2019/20; £1.450m for 2020/21 and £1.782m for 2021/22 (**Appendix 4**).

Housing Revenue Account Capital Programme 2018/19 to 2021/22

- 1.36 The proposed Capital Programme for the Housing Revenue Account totals £20.492m for 2018/19; £4.282m for 2019/20; £5.142m for 2020/21 and £5m for 2021/22 (**Appendix 4**).
- 1.37 An analysis of all the schemes and associated funding are attached as **Appendix 4** to this report.

Robustness of the Estimates

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

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

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

2 Conclusions and Reasons for Recommendations

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

3 Consultation and Equality Impact

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

4 Alternative Options and Reasons for Rejection

- 4.1 Alternative options are considered throughout the report.

5 Implications

5.1 Finance and Risk Implications

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

5.2 Legal Implications including Data Protection

- 5.2.1 The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2018. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.
- 5.2.2 The recommended budget for the General Fund, Housing Revenue Account and Capital Programme comply with the Council's legal obligation to agree a balanced budget.
- 5.2.3 There are no Data Protection issues arising directly from this report.

5.3 Human Resources Implications

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

6 Recommendations

- 6.1 That all recommendations below are referred to the meeting of Council on the 21st February 2018.

The following overall recommendations to Council are made:

- 6.2 That the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2018/19 to 2021/22 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.
- 6.3 That officers report back to Executive and to the Audit Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budget for 2019/20 and future years.

GENERAL FUND

- 6.4 A Council Tax increase of £2.49 is levied in respect of a notional Band D property (1.50%).
- 6.5 The Medium Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report be approved as the Estimated Outturn Budget 2017/18, as the Original Budget in respect of 2018/19, and the financial projection in respect of 2019/20 to 2021/22.
- 6.6 That any under spend in respect of 2017/18 is transferred to the Transformation Reserve.
- 6.7 On the basis that income from Planning Fees is anticipated to exceed £0.500m in 2018/19, the Chief Executive in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

HOUSING REVENUE ACCOUNT

- 6.8 That Council sets its rent levels in line with Government regulations, reducing rent levels by 1% to apply from 1st April 2018.
- 6.9 That the increases in respect of other charges as outlined in **Appendix 3 Table 1** be implemented with effect from 1 April 2018.
- 6.10 The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3** of this report be approved as the Estimated Outturn Budget in respect of 2017/18, as the Original Budget in respect of 2018/19, and the financial projection in respect of 2019/20 and 2021/22.

CAPITAL PROGRAMME

- 6.11 That the Capital Programme as set out in **Appendix 4** be approved as the Estimated Outturn in respect of 2017/18, and as the Approved Programme for 2018/19 to 2021/22.
- 6.12 The Assistant Director (Property and Estates) be granted delegated powers in consultation with the Portfolio Member and the Asset Management group to approve the utilisation of the £260,000 of AMP Refurbishment allocation, with such approvals to be reported back to Executive through the Quarterly Budget Monitoring Report.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC:</i> <i>Revenue - £75,000</i> <input checked="" type="checkbox"/> <i>Capital - £150,000</i> <input checked="" type="checkbox"/> <i>NEDDC:</i> <i>Revenue - £100,000</i> <input type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	Yes
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	Yes
<p>District Wards Affected</p>	All
<p>Links to Corporate Plan priorities or Policy Framework</p>	Providing our customers with excellent service. Transforming our organisation.

8 Document Information

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account
4	Capital Programme
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p>Report Author</p>	
Assistant Director - Finance, Revenues and Benefits	01246 217658
Chief Accountant	01246 242458

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND**

APPENDIX 1

Description	Revised Budget 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
Growth Directorate	3,121,644	3,025,107	3,137,747	3,155,288	3,168,246
Operations Directorate	6,416,475	6,441,352	6,609,809	6,720,803	6,827,275
Transformation Directorate	2,794,757	2,701,817	2,758,833	2,782,236	2,848,204
Recharges to HRA and Capital	(3,439,642)	(3,578,847)	(3,604,349)	(3,648,284)	(3,723,870)
<u>S106 Expenditure</u>					
Growth	1,398,829	1,116	0	0	0
Transformation	518,826	125,035	10,013	8,678	38,204
Net Cost of Services	10,810,889	8,715,580	8,912,053	9,018,721	9,158,059
<u>Debt Charges</u>	971,946	987,025	1,082,560	1,084,886	1,119,358
<u>Investment Interest</u>	(147,631)	(135,729)	(157,912)	(170,436)	(180,269)
	11,635,204	9,566,876	9,836,701	9,933,171	10,097,148
Appropriations:					
<u>Contributions to Reserves:</u>	894,829	226,989	217,850	217,850	217,850
<u>Contribution from Earmarked Reserves:</u>	(835,710)	(101,858)	(17,991)	(26,338)	(11,300)
<u>Contribution from NNDR Growth Protection Reserve</u>	987,907	0	0	0	0
<u>Contribution from Grant Accounts</u>	(5,320)	(5,320)	(5,320)	(5,320)	(5,320)
<u>Contribution from Holding Accounts</u>	52,178	(78,487)	(21,747)	(23,802)	(25,131)
<u>Contribution from S106 Holding A/cs</u>	(1,917,655)	(126,151)	(10,013)	(8,678)	(38,204)
TOTAL EXPENDITURE	10,811,433	9,482,049	9,999,480	10,086,883	10,235,043
Parish Precepts	2,594,840	2,594,840	2,594,840	2,594,840	2,594,840
Council Tax Support Grant - Parish	277,851	209,000	139,000	70,000	0
TOTAL SPENDING REQUIREMENT	13,684,124	12,285,889	12,733,320	12,751,723	12,829,883
<u>Revenue Support Grant from SFA - total</u>	(1,905,813)	0	(1,169,290)	(769,290)	0
<u>Business Rates Retention total</u>	(4,077,132)	(6,157,946)	(4,445,944)	(4,207,698)	(4,168,171)
<u>New Homes Bonus Grant total</u>	(1,202,543)	(991,206)	(920,676)	(1,061,011)	(1,314,445)
COUNCIL TAX - BDC precept	(3,496,994)	(3,568,899)	(3,568,899)	(3,568,899)	(3,568,899)
Council tax - Parish element from above	(2,594,840)	(2,594,840)	(2,594,840)	(2,594,840)	(2,594,840)
Council Tax Collection Fund Surplus	(32,775)	0	0	0	0
NNDR Collection Fund Surplus	(1,154,359)	0	0	0	0
TOTAL FUNDING	(14,464,456)	(13,312,891)	(12,699,649)	(12,201,738)	(11,646,355)
FUNDING GAP / (SURPLUS)	(780,332)	(1,027,002)	33,671	549,985	1,183,528

APPENDIX 2

List of net budgets per cost centre per directorate

	Revised Budget 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
Total for: Appropriations	(10,810,889)	(8,715,580)	(8,912,053)	(9,018,721)	(9,158,059)
G005 Joint Chief Executive Officer (G005)	81,218	85,755	88,071	88,883	89,696
G006 CEPT (G006)	386,968	395,417	344,499	346,820	349,099
G010 Neighbourhood Management (G010)	75,288	87,224	88,964	90,734	91,606
G017 Private Sector Housing Renewal (G017)	59,115	59,728	59,635	59,666	60,197
G020 Public Health (G020)	(112,877)	(78,000)	(78,000)	(78,000)	(78,000)
G021 Pollution Reduction (G021)	165,958	172,739	178,953	181,153	182,945
G022 Health + Safety (G022)	(346)	0	0	0	0
G023 Pest Control (G023)	48,406	36,809	37,094	36,673	37,828
G025 Food Safety (G025)	117,352	124,477	126,273	127,966	130,952
G026 Animal Welfare (G026)	98,451	95,726	97,022	97,339	97,895
G030 Street Trading (G030)	0	0	0	0	0
G036 Environmental Health Mgmt & Admin (G036)	185,077	188,621	190,148	192,032	193,586
G053 Licensing (G053)	(11,973)	(2,518)	(841)	965	2,214
G054 Electoral Registration (G054)	163,394	150,401	155,940	160,478	161,645
G055 Democratic Representation & Management (G055)	531,282	529,200	528,943	529,087	529,232
G056 Land Charges (G056)	(6,733)	(5,783)	(4,876)	(4,317)	(3,829)
G057 District Council Elections (G057)	2,500	31,850	40,800	5,000	0
G058 Democratic Services (G058)	171,942	172,440	180,380	187,074	188,790
G060 Legal Services (G060)	193,871	207,053	214,435	218,194	220,646
G073 Planning Policy (G073)	414,809	265,805	225,603	229,774	233,923
G074 Planning Development Control (G074)	(149,203)	(132,331)	49,382	54,240	57,917
G076 Planning Enforcement (G076)	79,301	83,841	86,783	88,040	88,918
G079 Planning Services Mgmt & Admin (G079)	20,910	21,538	22,284	22,519	22,747
G085 Economic Development (G085)	39,189	29,425	29,425	29,425	29,425
G086 Alliance (G086)	7,250	7,250	7,250	7,250	7,250
G088 Derbyshire Economic Partnership (G088)	15,000	15,000	15,000	15,000	15,000
G132 Planning Conservation (G132)	64,864	71,368	31,936	32,273	32,605
G138 Bolsover Town Centre Consultation (G138)	50,000	0	0	0	0
G143 Housing Strategy (G143)	19,875	33,008	50,003	58,635	43,885
G144 Enabling (Housing) (G144)	36,160	37,146	38,112	38,497	38,886
G157 Controlling Migration Fund (G157)	(122,698)	(103,356)	357	0	0
G171 S106 Education (G171)	519,829	0	0	0	0
G172 S106 Affordable Housing (G172)	0	1,116	0	0	0
G176 Affordable Warmth (G176)	35,538	35,813	36,113	36,417	36,723
G192 Scrutiny (G192)	17,022	19,566	20,630	21,543	21,758
G193 Economic Development Management + Admin (G193)	198,901	158,729	164,159	167,503	169,222
G194 Assist Dir - Economic Growth (G194)	36,396	36,728	37,084	37,445	37,809
G195 Assist Dir - Governance + Monitoring (G195)	32,637	37,104	38,216	38,613	39,006
G196 Assist Dir - Planning + Env Health (G196)	35,842	36,858	37,970	38,367	38,670
G212 Budget Buddies (G212)	13,257	0	0	0	0
G216 Raising Aspirations (G216)	13,775	74,795	0	0	0
G218 Namibia Bound (G218)	2,400	932	0	0	0

APPENDIX 2

List of net budgets per cost centre per directorate

	Revised Budget 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
G220 Locality Funding (G220)	(59,889)	0	0	0	0
G224 Prime Ministers Challenge Fund (G224)	11,740	0	0	0	0
G225 Eats and Treats Events (G225)	14,069	9,193	0	0	0
G226 S106 - Highways (G226)	879,000	0	0	0	0
G240 Affordable Warmth Buddies (G240)	26,785	3,131	0	0	0
G241 Working Together for Older People (G241)	26,396	0	0	0	0
G242 New Bolsover MV - CVP Worker (G242)	12,425	12,425	0	0	0
G244 Bolsover Business Growth Fund (G244)	80,000	20,000	0	0	0
Total for: Growth Directorate	4,520,473	3,026,223	3,137,747	3,155,288	3,168,246
G001 Audit Services (G001)	100,066	116,690	116,690	116,690	116,690
G007 Community Safety - Crime Reduction (G007)	56,490	55,085	53,995	54,627	55,258
G013 Community Action Network (G013)	317,070	277,576	286,301	291,355	295,064
G024 Street Cleansing (G024)	305,503	332,987	342,080	344,774	348,936
G028 Waste Collection (G028)	810,265	880,958	913,176	926,061	938,710
G032 Grounds Maintenance (G032)	551,342	609,676	629,173	636,171	643,586
G033 Vehicle Fleet (G033)	746,232	788,179	802,327	813,308	824,103
G038 Concessionary Fares & TV Licenses (G038)	(9,043)	(9,110)	(9,110)	(9,110)	(9,110)
G040 Corporate Management (G040)	142,211	146,293	149,219	150,447	152,685
G041 Non Distributed Costs (G041)	681,457	689,808	694,948	700,659	700,659
G043 Joint Strategic Director - Operations (G043)	21,830	51,952	52,462	52,979	53,501
G044 Financial Services (G044)	306,472	283,206	290,330	294,780	299,313
G046 Homelessness (G046)	158,910	164,451	166,783	167,996	169,209
G048 Town Centre Housing (G048)	(10,700)	(10,700)	(10,700)	(10,700)	(10,700)
G080 Engineering Services (ESRM) (G080)	86,915	86,909	87,866	88,842	89,838
G081 Drainage Services (G081)	3,300	3,300	3,300	3,300	3,300
G083 Building Control Consortium (G083)	55,000	55,000	55,000	55,000	55,000
G089 Premises Development (G089)	(60,435)	(73,560)	(73,363)	(73,197)	(72,984)
G090 Pleasley Vale Mills (G090)	(114,112)	(151,491)	(149,209)	(147,012)	(144,623)
G091 CISWO Duke St Building (G091)	25,710	0	0	0	0
G092 Pleasley Vale Electricity Trading (G092)	(78,000)	(78,000)	(78,000)	(78,000)	(78,000)
G095 Estates + Property (G095)	618,274	629,719	647,664	661,506	671,478
G096 Building Cleaning (General) (G096)	86,162	91,244	93,754	94,703	95,640
G097 Groundwork & Drainage Operations (G097)	46,000	48,990	50,301	50,838	51,358
G099 Catering (G099)	5,200	5,200	5,200	5,200	5,200
G100 Benefits (G100)	390,750	573,416	632,315	680,052	724,272
G103 Council Tax / NNDR (G103)	257,404	289,091	302,740	310,673	315,970
G104 Sundry Debtors (G104)	90,765	93,115	94,911	95,762	96,608
G106 Housing Anti Social Behaviour (G106)	75,628	76,297	78,235	79,050	78,197
G111 Shared Procurement Unit (G111)	34,860	34,860	34,860	34,860	34,860
G113 Parenting Practitioner (G113)	32,968	33,873	34,792	35,268	35,743
G123 Riverside Depot (G123)	166,299	168,235	170,493	172,552	174,673
G124 Street Servs Mgmt & Admin (G124)	70,241	72,478	74,400	75,154	75,897
G133 The Tangent Business Hub (G133)	(15,237)	(43,141)	(60,951)	(59,131)	(58,170)

APPENDIX 2

List of net budgets per cost centre per directorate

	Revised Budget 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
G135 Domestic Violence Worker (G135)	40,133	40,897	41,673	42,076	42,479
G142 Community Safety - CCTV (G142)	20,000	0	0	0	0
G148 Trade Waste (G148)	(54,432)	(77,605)	(83,119)	(88,745)	(94,484)
G149 Recycling (G149)	177,559	55,975	44,871	35,002	35,135
G151 Street Lighting (G151)	25,900	25,900	25,900	25,900	25,900
G153 Housing Advice (G153)	12,314	12,647	12,905	13,039	13,174
G156 The Arc (G156)	182,837	144,885	148,863	152,768	156,825
G161 Rent Rebates (G161)	(142,337)	(150,876)	(159,929)	(169,525)	(179,697)
G162 Rent Allowances (G162)	(33,103)	(35,109)	(37,215)	(39,425)	(41,746)
G164 Support Recharges (G164)	(3,439,642)	(3,578,847)	(3,604,349)	(3,648,284)	(3,723,870)
G167 Facilities Management (G167)	15,823	10,328	10,328	10,328	10,328
G169 Closed Churchyards (G169)	10,000	10,000	10,000	10,000	10,000
G190 Executive Director - Operations (G190)	58,112	0	0	0	0
G197 Assist Dir - Finance, Revenues + Benefits (G197)	34,878	36,158	36,515	36,876	37,240
G199 Assist Dir - Street Scene (G199)	35,990	36,323	36,680	36,540	37,405
G208 Assist Dir - Estates and Property (G208)	35,377	37,743	38,855	39,012	39,645
G219 Community Cohesion Officer (G219)	8,077	0	0	0	0
G237 Joint Venture (LLP) (G237)	33,770	0	0	0	0
G239 Housing + Community Safety Fixed Penalty A/c (G239)	(220)	1,500	1,500	1,500	2,910
Total for Operations Directorate	2,976,833	2,862,505	3,005,460	3,072,519	3,103,405
G002 I.C.T. (G002)	700,140	759,308	751,602	755,802	760,012
G003 Reprographics (printing) (G003)	134,243	133,494	137,245	136,836	139,418
G014 Customer Contact Service (G014)	746,496	784,559	803,059	813,387	820,825
G015 Strategy & Performance (G015)	120,181	124,041	126,743	127,837	129,021
G027 Emergency Planning (G027)	15,847	16,590	16,590	17,370	17,370
G052 Human Resources & Payroll (G052)	190,405	199,526	202,012	205,253	206,443
G061 Bolsover Wellness Programme (G061)	7,605	11,872	10,594	12,854	14,376
G062 Extreme Wheels (G062)	3,733	(3,563)	(1,791)	(1,148)	405
G063 Go Football (G063)	10,659	10,864	11,244	11,387	11,529
G064 Bolsover Community Sports Coach Scheme (G064)	144,717	140,200	139,949	141,157	142,376
G065 Parks, Playgrounds & Open Spaces (G065)	53,069	47,875	48,384	48,668	49,049
G069 Arts Projects (G069)	22,186	44,473	46,264	47,097	48,631
G070 Outdoor Sports & Recreation Facilities (G070)	33,690	20,844	21,032	21,220	21,416
G071 Creswell Leisure Centre (G071)	0	0	0	0	0
G072 Leisure Services Mgmt & Admin (G072)	186,376	190,916	188,701	190,530	192,299
G094 Joint Strategic Director - Transformation (G094)	26,574	47,544	50,430	52,412	54,421
G117 Payroll (G117)	73,944	69,851	73,072	74,906	75,670
G125 S106 Percent for Art (G125)	104,370	26,682	0	0	0
G126 S106 Formal and Informal Recreation (G126)	137,573	52,072	10,013	8,678	38,204
G129 Bolsover Apprenticeship Programme (G129)	68,401	7,371	0	0	0
G146 Pleasley Vale Outdoor Activity Centre (G146)	41,445	42,426	43,554	44,241	44,934
G155 Customer Services (G155)	28,772	29,385	29,998	30,325	30,646
G168 Multifunctional Printers (G168)	54,568	53,370	53,370	53,370	53,370

APPENDIX 2

List of net budgets per cost centre per directorate

	Revised Budget 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
G170 S106 Outdoor Sports (G170)	276,883	46,281	0	0	0
G179 Streets Sports (G179)	30	0	0	0	0
G180 Special Events (G180)	0	0	0	0	0
G182 Village Games (G182)	1,000	0	0	0	0
G183 Netball (G183)	1,080	0	0	0	0
G186 PL4S Satellite Programme	13	0	0	0	0
G188 Cotton Street Contact Centre (G188)	20,104	20,539	20,979	21,430	21,881
G189 Executive Director - Transformation (G189)	44,405	0	0	0	0
G200 Assist Dir - Customer Services + Improvement (G200)	7,424	0	0	0	0
G201 Assist Dir - HR + Payroll (G201)	17,858	33,912	35,949	37,347	38,760
G202 Assist Dir - Leisure (G202)	15,433	31,328	36,099	37,497	38,910
G205 Innovation (G205)	14	0	0	0	0
G206 Street Games (G206)	535	0	0	0	0
G207 Cycling (G207)	1,487	400	0	0	0
G221 Physical Inactivity (G221)	8,633	0	0	0	0
G228 Go Active Clowne Leisure Centre (G228)	(58,071)	(174,459)	(146,600)	(158,331)	(124,791)
G238 HR Health + Safety (G238)	71,697	59,151	60,354	60,789	61,233
G243 Tibshelf Public Art - planning condition (G243)	64	0	0	0	0
Total for Transformation Directorate	3,313,583	2,826,852	2,768,846	2,790,914	2,886,408

HOUSING REVENUE ACCOUNT

Appendix 3

	Revised Outturn 2017/18 £	Original Budget 2018/19 £	Forecast 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £
Expenditure					
Repairs and Maintenance	4,655,274	4,949,712	5,143,358	5,226,693	5,362,854
Supervision and Management	5,005,814	5,188,992	5,225,068	5,208,873	5,288,124
Special Services	556,278	587,280	603,780	616,880	629,813
Supporting People - Wardens	592,905	611,401	625,614	631,142	636,238
Supporting People - Central Control	240,058	241,076	244,706	245,971	247,237
Tenants Participation	67,422	84,679	69,208	70,558	89,042
Increase in Bad Debts Provision	150,000	150,000	150,000	150,000	150,000
Cost of Capital - Interest	3,401,649	3,443,652	3,391,173	3,345,101	3,240,192
Debt Management Expenses	7,625	8,578	9,650	10,856	12,213
Total Expenditure	14,677,025	15,265,370	15,462,557	15,506,074	15,655,713
Income					
Income	(20,521,331)	(20,461,098)	(20,251,416)	(21,044,915)	(21,875,587)
Repairs and Maintenance	(22,345)	(10,345)	(10,345)	(10,345)	(10,345)
Supervision and Management	(605)	(380)	(380)	(380)	(380)
Special Services	(186,181)	(191,643)	(197,269)	(203,064)	(209,033)
Supporting People - Wardens	(454,750)	(459,993)	(185,393)	(190,955)	(196,683)
Supporting People - Central Control	(234,973)	(242,022)	(249,282)	(256,761)	(264,464)
Tenants Participation	(4,087)	0	0	0	0
Leased Flats	(16,000)	(16,000)	(16,000)	(16,000)	(16,000)
Leased Shops	(7,980)	(7,980)	(7,980)	(7,980)	(7,980)
Total Income	(21,448,252)	(21,389,461)	(20,918,065)	(21,730,400)	(22,580,472)
Appropriations					
Depreciation	3,264,385	3,264,385	3,264,385	3,264,385	3,264,385
Major Repairs Reserve	2,111,884	1,653,184	1,003,184	1,403,184	1,603,184
Debt Repayment	1,067,708	1,000,000	1,000,000	1,500,000	2,000,000
	6,443,977	5,917,569	5,267,569	6,167,569	6,867,569
Contribution to Insurance Reserve	50,000	50,000	50,000	50,000	50,000
Contribution to Development Reserve	100,000	50,000	0	0	0
Cont to Vehicle Replacement Reserve	180,000	80,000	100,000	0	0
Use of Reserves	(40,000)	0	0	0	0
	290,000	180,000	150,000	50,000	50,000
Net Operating (Surplus) / Deficit	(37,250)	(26,522)	(37,939)	(6,757)	(7,190)
Working Balance at Beginning of Year	(1,904,719)	(1,941,969)	(1,968,491)	(2,006,430)	(2,013,187)
Contribution to/(from) Balances	(37,250)	(26,522)	(37,939)	(6,757)	(7,190)
Working Balance at End of Year	(1,941,969)	(1,968,491)	(2,006,430)	(2,013,187)	(2,020,377)

HRA - Fees and Charges 2018/19

September CPI	3.00%			
	Current	Proposed	Change	Change (%)
Garages (tenant)	11.87	12.23	0.36	3.0%
Garage - Direct Debit Payment	8.96	9.23	0.27	3.0%
Garage (in curtleage)	1.50	4.61	3.11	207.6%
(Set at 50% of garage DD payment)				
garage plots	192.00	197.76	5.76	3.0%
(Billed annually)				
New Bolsover Service Charge	2.00	2.00	0.00	0.0%
(applies to new tenants only)				
Special Services Charge	15.53	16.00	0.47	3.0%
Reduced special service	15.53	10.66	-4.87	-31.3%
(Reduced special services for scheme other than Cat 2 who receive reduced service)				
Heating Service Charge				
Bedsits	2.74	2.92	0.18	6.7%
1 bed flat	3.73	3.98	0.25	6.8%
2 bed flat	6.22	6.64	0.42	6.8%
3 bed flat	6.89	7.35	0.46	6.7%
1 bed bungalow	4.15	4.43	0.28	6.7%
2 bed bungalow	5.52	5.89	0.37	6.7%
(See detail - based on actual costs in budget book)				
Heating Charge				
Bedsits	6.50	4.83	-1.67	-25.7%
1 bed flat	8.86	6.58	-2.28	-25.7%
2 bed flat	14.77	10.97	-3.80	-25.7%
3 bed flat	16.35	12.14	-4.21	-25.7%
1 bed bung	9.85	7.31	-2.54	-25.7%
2 bed bung	13.10	9.73	-3.37	-25.7%
(See detail - based on actual costs in budget book)				
Support Charges	13.25	13.65	0.40	3.0%
Mobile Warden	4.78	5.26	0.48	10.0%
(long term aim to reach cost, increased capped at 10% per year)				
Lifeline - bronze	4.59	4.73	0.14	3.0%
Lifeline -gold	7.06	7.27	0.21	3.0%
Lifeline - RSL	4.40	4.53	0.13	3.0%
Buggy Parking	3.74	3.85	0.11	3.0%
CBL Postage	1.00	1.12	0.12	12.0%
(suggested cost is twice the cost of a second class stamp)				

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
General Fund					
AMP - PV Mills	101,058				
AMP - The Arc	73,404				
AMP - Leisure Buildings	34,429				
AMP - Riverside Depot	5,133				
AMP - The Tangent	5,220				
AMP - Refurbishment Work	107,688	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500				
Refurbishment - 3 Cotton St Bolsover	13,297				
Shirebrook Contact Centre	0	206,453			
Pleasley Vale Mill 1 - Dam Wall	126,617				
Car Parking at Clowne - Additional	59,800	90,200			
Security and CCTV at Pleasley Vale	259,550				
The Tangent - Phase 2	1,072,907				
PV Lightning Protection	15,326				
PV Mansafe System	140,076				
PV Mill 2 Unit 12 roofing	14,826				
PV Fire Compartmentation & Fire Doors	76,030				
Can Ranger Expansion	35,000				
	2,167,861	556,653	260,000	260,000	260,000
Project Horizon					
Clowne Campus - Refurbishment	23,076				
	23,076	0	0	0	0
ICT Schemes					
ICT infrastructure	85,200	113,200	56,200	79,200	100,000
Revenues & Benefits Software	61,797				
Telephony & Contract Mgmt. Software	77,450				
	224,447	113,200	56,200	79,200	100,000
Leisure Schemes					
P Vale Outdoor Education Centre Ph. 2	41,134				
Fitness Equipment Clowne Leisure Centre	4,886				
Clowne Leisure Facility	127,184				
Go Active - ICT Equipment & Software	13,292				
Shirebrook Forward	25,000				
Scrubber / Dryer		15,000			
Astro Pitch at The Arc				50,000	
Gym Equipment & Spin Bikes					365,000
Kitchen & Associated Equipment					20,000
	211,496	15,000	0	50,000	385,000
Private Sector Schemes					
Disabled Facility Grants	857,684	600,000	600,000	600,000	600,000
Group Repair (WT)	2,674				
Carr Vale Group Repair	1,270				
Church Drive Energy Project	9,579				
Station Road Shirebrook	1,340				
	872,547	600,000	600,000	600,000	600,000
Joint Venture					
JVC / Growth Agenda Land Purchase	494,000				
	494,000	0	0	0	0
Vehicles and Plant					
Vehicle Replacements	302,798	687,500	94,000	452,000	428,000
Vehicle Lift for Garage	40,000				
8 x Hedge cutters (GM)	4,000	4,000	4,000	4,000	4,000
10 x Strimmers (GM)	4,215	5,000	5,000	5,000	5,000
	351,013	696,500	103,000	461,000	437,000
Total General Fund	4,344,440	1,981,353	1,019,200	1,450,200	1,782,000

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
Housing Revenue Account					
New Build Properties					
Rogers Ave Creswell	8,516				
Blackwell Hotel Site	154,889				
Fir Close Shirebrook	621,588				
Derwent Drive Tibshelf	1,727,842				
Recreation Close Clowne	0	601,442			
Hilltop	2,000,000	2,822,669			
B@home phase 2	0				
Ash Close Pinxton		1,033,907			
Elm Close Pinxton		767,657			
Lime Close Pinxton		460,594			
Beech Grove South Normanton		334,271			
Leamington Drive South Normanton		452,820			
St Michaels Drive South Normanton		237,099			
Highcliffe Ave Shirebrook		227,382			
The Paddock Bolsover		544,162			
Keepmoat Properties at Bolsover		1,390,000			
	4,512,835	8,872,003	0	0	0
Vehicle Replacements					
	162,077	62,000	104,500	374,000	
	162,077	62,000	104,500	374,000	0
Public Sector Housing					
Unallocated MRR		4,848,249	4,108,249	4,698,249	4,930,680
External Wall Insulation	95,667				
Electrical Upgrades	203,659				
Cavity Wall + Loft Insulation	4,692				
External Door Replacements	149,234				
Heating Upgrades	1,277,457				
Environmental Works	50,000				
Unforeseen Reactive Capital Works	141,949				
Kitchen Replacements - Decent Homes	701,540				
GD Boiler Replacement / Heat Meters	1,452,809				
Regeneration Mgmt. & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	817,607				
Flat Roofing	50,000				
Welfare Adaptations - Capital	15,275				
Soffit and Facia	254,021				
	5,283,230	4,917,569	4,177,569	4,767,569	5,000,000
ICT Schemes					
	438,747				
	438,747	0	0	0	0
New Bolsover Scheme (inc HLF)					
New Bolsover	317,315				
New Bolsover-Repair&Conservation BDC	1,789,258	5,047,440			
New Bolsover-Repair&Conservation Private	616,627	776,361			
New Bolsover-Other Cap Works-Landscaping	150,000	231,452			
New Bolsover-Comp&Fac (Prelims)BDC	280,568	306,132			
New Bolsover-Comp&Fac (Prelims)Private	24,179	34,121			
New Bolsover-Decants BDC	250,000	138,000			
New Bolsover-Fees(HLP, PD CDM)-BDC	51,165	51,165			
New Bolsover-Fees(HLP, PD CDM)-Private	20,524	20,524			
New Bolsover - Staff Costs	55,564	35,363			
	3,555,200	6,640,558	0	0	0
Total HRA	13,952,089	20,492,130	4,282,069	5,141,569	5,000,000

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
TOTAL CAPITAL EXPENDITURE	18,296,529	22,473,483	5,301,269	6,591,769	6,782,000
Capital Financing					
General Fund					
Specified Capital Grant	(857,684)	(600,000)	(600,000)	(600,000)	(600,000)
Prudential Borrowing	(459,868)	(632,500)	(94,000)	(502,000)	(813,000)
Reserves	(2,186,469)	(418,853)	(65,200)	(88,200)	(109,000)
External Funding	(18,405)	0			
Capital Receipts	(808,722)	(330,000)	(260,000)	(260,000)	(260,000)
GF - Direct Revenue Financing	(13,292)				
	(4,344,440)	(1,981,353)	(1,019,200)	(1,450,200)	(1,782,000)
HRA					
Major Repairs Allowance	(7,675,283)	(10,093,392)	(4,177,569)	(4,767,569)	(5,000,000)
Prudential Borrowing	(3,811,465)	(8,455,003)			
Vehicle Reserve	(162,077)	(62,000)	(104,500)	(374,000)	
Development Reserve	(885,000)				
Capital Receipts		(417,000)			
External Funding	(1,418,264)	(1,464,735)			
	(13,952,089)	(20,492,130)	(4,282,069)	(5,141,569)	(5,000,000)
TOTAL CAPITAL FINANCING	(18,296,529)	(22,473,483)	(5,301,269)	(6,591,769)	(6,782,000)
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(8,787,142)	(6,488,128)	(1,312,305)	(1,402,305)	(1,302,305)
Amount due in Year	(5,376,269)	(4,917,569)	(4,267,569)	(4,667,569)	(4,867,569)
Amount used in Year	7,675,283	10,093,392	4,177,569	4,767,569	5,000,000
Closing Balance	(6,488,128)	(1,312,305)	(1,402,305)	(1,302,305)	(1,169,874)
HRA Development Reserve					
Opening Balance	(1,085,124)	(300,124)	(300,124)	(300,124)	(300,124)
Amount due in Year	(100,000)				
Amount used in Year	885,000				
Closing Balance	(300,124)	(300,124)	(300,124)	(300,124)	(300,124)
HRA Vehicle Reserve					
Opening Balance	(140,315)	(158,238)	(96,238)	(200,738)	(574,738)
Amount due in Year	(180,000)				
Amount used in Year	162,077	62,000	(104,500)	(374,000)	0
Closing Balance	(158,238)	(96,238)	(200,738)	(574,738)	(574,738)
Capital Receipts Reserve					
Opening Balance	(1,644,658)	(1,035,936)	(488,936)	(428,936)	(368,936)
Amount due in Year	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Amount used in Year	808,722	747,000	260,000	260,000	260,000
Closing Balance	(1,035,936)	(488,936)	(428,936)	(368,936)	(308,936)

Bolsover District Council

Council

21 February 2018

Treasury Management Strategy 2018/19 - 2021/22

Report of Councillor Ann Syrett, Leader of the Council

This report is public

Purpose of the Report

The purpose of this report is to provide Council with the necessary information to approve the Council's Treasury Management Strategy 2018/19 to 2021/22.

1 Report Details

1.1 As part of the requirements of the CIPFA Treasury Management Code of Practice, the Council is required to develop every year a Treasury Management Strategy which requires approval by full Council before the commencement of each financial year.

This report outlines the Council's proposed Treasury Management Strategy, Capital Expenditure Strategy and Investment Strategy for the period 2018/19 to 2021/22 for consideration and approval by Council. It fulfils five key requirements:

- The Treasury Management Strategy sets out how the treasury management function will support the capital decisions approved within the MTFP and the parameters for all borrowing and lending associated with the day to day treasury management of the Council's cash flow requirements.
- Within the strategy the Council is required to include a number of prudential indicators covering the next four financial years which show the impact of changes in the level of the Council's debt on its revenue accounts.
- The Council is also required to determine a policy on the repayment of its debt each year through the Minimum Revenue Provision (MRP). The MRP is the amount of debt being repaid and is a charge against the revenue accounts of the Council.
- The Investment strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.
- The Capital Expenditure Strategy sets out the Council's Capital Expenditure Programme for the medium term and covers how this expenditure will be financed.

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

Introduction

1.2 The objectives of the Treasury Management Strategy are as follows: -

- To outline the Council's debt position and the impact this has on the revenue accounts and its links with the Capital Expenditure Strategy;
- To enable Members to reach appropriate judgements on long-term and short-term borrowing and investment strategies;
- To provide a framework within which the day to day liquidity of the Council's cash balances can be managed;
- To provide some key baseline information to enable appropriate reaction in response to changes in the money market to meet the statutory requirements of the Local Government Act 2003;
- To meet the requirements of the CIPFA Treasury Management Code of Practice.

1.3 This strategy includes:

- An outline of the statutory powers relating to the Council's Borrowings
- An overview of the current economic background
- A review of the Council's outstanding debt position
- A review of how the Council's debt is financed
- Minimum Revenue Provision Policy
- Investments Strategy
- The prudential indicators – **Appendix 2**
- Conclusion and Recommendations

The statutory powers relating to the Council's Borrowings

1.4 Before the report considers the full implications of the latest Medium Term Financial Plan (MTFP) on the level of the Council's outstanding debt Members are reminded of the prudential code framework that applies to Local Government.

1.5 The Prudential Capital Finance System relies on the provisions of Part 1 of the Local Government Act 2003.

1.6 The key objectives of the prudential code are to ensure that: -

- The capital investment plans of local authorities are affordable, prudent and at sustainable levels;
- To ensure and demonstrate that the local authority is aware of its financial position and therefore able to take corrective action should it be in danger of failing to ensure the above;
- To ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability.

- 1.7 By enabling a greater degree of local discretion the Code also has the objective of being consistent with and supporting local strategic planning, local asset management planning and proper option appraisal.
- 1.8 The underlying principle of the Prudential Code is that local authorities are able to borrow without Government consent provided the authority can afford to enter into such commitments. This applies in respect of the General Fund but Council should note that with effect from April 2012 that the power to borrow for HRA purposes is limited by the HRA Debt Ceiling which was introduced as part of the localisation of the HRA.
- 1.9 It is a statutory duty under Section 3 of the Local Government Act 2003, and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the Authorised Borrowing Limit.
- 1.10 The Council must have regard to the Prudential Code when setting its Authorised Borrowing Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax/rent levels is acceptable.
- 1.11 Whilst termed an Authorised Borrowing Limit, the capital plans that need to be considered for inclusion within that limit incorporate those planned to be financed by both external borrowing and other forms of liability, such as credit arrangements (leasing). The authorised borrowing limit is required to be set, on a rolling basis, for the forthcoming financial year and three successive financial years.
- 1.12 Details of the Authorised Borrowing Limits are shown in **Appendix 2** of this report.

An overview of the current economic climate

- 1.13 The major external influence on the Council's Treasury Management Strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements.
- 1.14 The domestic economy has remained relatively robust since the outcome of the 2016 referendum, but there are indications that the uncertainty over the future is weighing on growth. Therefore, the economic growth is forecast to remain sluggish throughout 2018/19.
- 1.15 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through into imports. With its inflation control in mind, the Bank of England's Monetary Policy Committee raised official interest rates to 0.50% in November 2017.
- 1.16 In contrast, the US economy is performing well and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

- 1.17 High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.
- 1.18 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans.
- 1.19 The largest UK banks will ring-fence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.
- 1.20 The Council's treasury adviser Arlingclose predicts that the UK Bank Rate will remain at 0.50% during 2018/19.

A review of the Council's outstanding Debt position

Capital Expenditure

- 1.21 The capital and investment decisions need to have regard to:
- Service objectives (e.g. strategic planning);
 - Stewardship of assets (e.g. asset management planning);
 - Value for money (e.g. option appraisal);
 - Prudence and sustainability (e.g. implications for external debt and whole life costing);
 - Affordability (e.g. implications for the council tax, district rates and rents);
 - Practicality (e.g. the achievability of the forward plan).
- 1.22 The Council also needs to consider the revenue consequences of capital expenditure, particularly none grant funded capital expenditure, which will need to be paid for from the Council's own resources.
- 1.23 This capital expenditure can be paid for immediately (by applying capital resources such as capital receipts, capital grants etc. or revenue resources) but if these resources are insufficient any residual expenditure will add to the Council's borrowing need. The key risks to the plans are that the level of some sources of funding, such as capital receipts, are estimated.
- 1.24 **Appendix 1** shows the Capital Expenditure Programme and how this is financed. This was included in the Medium Term Financial Plan which was taken to Executive on 19th February 2018.
- 1.25 **Table 1** summarises the Capital Expenditure and the sources of finance.

Table 1

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
Capital Expenditure					
General Fund	4,344	1,981	1,019	1,450	1,782
HRA	13,952	20,492	4,282	5,142	5,000
Total Capital Expenditure	18,296	22,473	5,301	6,592	6,782
Financed by:					
Capital Receipts	809	747	260	260	260
Capital Grants	858	600	600	600	600
Revenue Contributions	12,358	12,039	4,347	5,230	5,109
Net financing need for the year	4,271	9,087	94	502	813

1.26 To establish the Treasury Management Strategy for the forthcoming financial year it is essential to understand the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance capital expenditure. The revised estimate of the CFR for 2017/18 and the estimated CFR for 2018/19 to 2021/22 are shown in **Table 2**:

Table 2

Capital Financing Requirement	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
1 April balance	98,881	113,472	121,805	121,054	120,736
Prudential Borrowing	4,271	9,087	94	502	813
Minimum Revenue Provision (MRP)	(694)	(754)	(845)	(820)	(898)
HRA Debt Repayment - (adjustment)	11,014	0	0	0	0
Capital Financing Requirement 31 March	113,472	121,805	121,054	120,736	120,651

1.27 Prudential Borrowing – 2017/18

Prudential borrowing of a £4.271m is required during 2017/18 to finance vehicle and equipment replacement (£0.460m) and HRA new build properties (£3.811m).

1.28 Prudential Borrowing – 2018/19

In 2018/19 prudential borrowing of £9.087m will be required in order to finance vehicle and equipment replacements (£0.632m) and for HRA new build properties (£8.455m).

1.29 Prudential Borrowing – future years

The forecast for future years is 2019/20 (£0.094m), 2020/21 (£0.502m) and 2021/22 (£0.813m) to finance vehicle and equipment replacement.

How the Council's debt is financed

- 1.30 The Capital Financing Requirement as set out in **Table 2** calculates the authorities underlying need to borrow for capital purposes. Arising out of the analysis of the debt position the Council can determine how this debt is financed. The CFR also helps to ensure that where the Council is undertaking long term borrowing that such borrowing is being utilised in order to fund capital expenditure, and is not being used inadvertently or otherwise to fund revenue expenditure.
- 1.31 **Table 3** below outlines the current and planned debt financing arrangements over the term of the MTFP.

Table 3

Debt Financing	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
PWLB	102,100	102,100	99,100	97,100	93,400
Internal Borrowing	11,372	19,705	21,954	23,636	27,251
Capital Financing Requirement	113,472	121,805	121,054	120,736	120,651

1.32 PWLB Loans

The level of external Public Works Loan Board (PWLB) loans will reduce by £1m in 2017/18, £3m in 2019/20, £2m in 20/21 and £3.7m in 21/22 as short-term loans mature.

- 1.33 **Table 4** outlines the PWLB debt maturity profile of existing PWLB loans as at 31 March 2019.

Table 4

PWLB BORROWING	Maturity Profile as at 31 March 2019 £m
Term	
12 Months (2019/20)	5.0
1 – 2 years	3.7
2 – 5 years	7.4
5 – 10 years	24.0
10 years and above	62.0
Total PWLB Debt	102.1

1.34 Leasing Arrangements

The Council does not currently use leasing arrangements as a method of financing its vehicles and instead uses prudential borrowing. While prudential borrowing is currently a more advantageous method of financing the acquisition of vehicles and similar items officers will continue to keep the position under review.

1.35 Internal Borrowing

The balance between the level of the CFR and external borrowing is made up from the utilisation of internal cash balances held by the Council. This effectively avoids the Council having to borrow money from external sources.

1.36 The internal cash balances are made up from the General Fund Balance, HRA balances, Provisions and Earmarked Reserves and any positive cash flows from within the main accounts of the Council.

1.37 Where the Council has internal borrowing it is required under accounting regulations to ensure that the funds of the relevant accounts (HRA and General Fund) are treated equitably. The internal balances of the General Fund and the HRA are therefore paid an interest rate to reflect the level of internal borrowing from each of these main accounts. The Council will apply the short-term interest rate (London Interbank Three Month Bid (LIBID)) to internal borrowing balances.

1.38 Temporary Borrowing

It may be necessary at times to undertake some very short term temporary borrowing during the year to ensure the Council has sufficient liquidity to meet day to day cash flow requirements. This is most likely to arise as available cash flow balances diminish during February and March i.e. a lower level of Council Tax receipts are received in this period.

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

1.40 The approved sources of long-term and short-term borrowing are:

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

1.41 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.

1.42 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.

- 1.43 Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term, to either use internal resources, or to borrow short-term loans instead.
- 1.44 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.
- 1.45 Summary of the Proposed Borrowing Strategy
- Temporary Borrowing will only be utilised where short-term cash flow shortages occur.
 - Internal balances will be utilised to reduce the need for external borrowing where possible, however, the continued availability of cash balances for investment will require careful management (see Investment Strategy later in report).
 - Officers will monitor the position to ensure that external borrowing remains within the CFR limit.
 - The current debt financing arrangements as outlined in **Table 3**.

Minimum Revenue Provision Policy

- 1.46 The Council is required to determine a policy on the repayment of its debt each year through the Minimum Revenue Provision (MRP). The MRP is the amount of debt being repaid and is a charge on the revenue accounts of the Council.

Details of the proposed MRP policy for 2018/19 – 2021/22 are shown below:

Capital expenditure incurred before 1 April 2008 or which in the future will be supported capital expenditure, the Minimum Revenue Provision policy will be:

- **Historic Debt** - MRP will follow the existing practice outlined in former CLG Regulations (Option 1) - capital financing requirement minus "adjustment A" multiplied by 4%.

From 1 April 2008 for all capital expenditure funded by borrowing the Minimum Revenue Provision policy will be:

- **Asset Life Method** - MRP will be based on the estimated life of the assets.

In the case of finance leases the MRP would be equal to the charge that writes down the balance sheet liability.

1.47 Summary of MRP policy arrangements for 2017/18 and 2018/19

Table 5

	MRP 2017/18 £'000	MRP 2018/19 £'000
General Fund		
Historic Debt	175	169
Asset Life	519	585
Leased Assets	0	0
Total – General Fund	694	754

1.48 HRA Debt Repayments

There is no statutory requirement to set an MRP in relation to HRA debt. The decision to repay HRA debt is effectively a local decision taken in the light of the requirements to satisfy the Prudential Code namely affordability, prudence and sustainability.

1.49 HRA Debt Repayment

The Council completed the HRA self-financing settlement in March 2012 which resulted in an increase in housing debt of £94.386m. Within the HRA business plan and HRA budgets there is a sum set-aside to repay the outstanding debt over a 30 year period. These repayments are put into a debt repayment reserve which stands at £11.014m as at 31st March 2017. The debt repayment reserve will be used to repay the debt arising from the self-financing settlement.

1.50 The Treasury Management Strategy of 20th February 2017 approved the reduction of this repayment from the previous level of £3.5m to just over £1.0m in 2016/17 due to a range of financial pressures including the 1% rent reduction imposed by Central Government. The aim is still to repay the debt over the period of the business plan which means that the HRA will need to increase its contribution to the reserve in future years.

1.51 The headroom available between the HRA outstanding debt (i.e. The HRA CFR) and the debt ceiling of £112.350m will be £0.507m by the end of 2018/19, which effectively means the HRA will not be in a position to undertake any further borrowing in the foreseeable future.

Investment Strategy

1.52 The Council holds on average £45 million invested funds as at February 2018, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's investment balance has ranged between £38 and £50 million, and similar levels are expected to be maintained in the forthcoming year.

- 1.53 Both the CIPFA Code and the CLG Guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 1.54 If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 1.55 Given the increasing risk and falling returns from short-term unsecured bank investments, the Council aims to continue to seek to place deposits with more secure asset classes during 2018/19.
- 1.56 The Council will consider and carefully balance the use of specified investments (less than one year) and non-specified investments (greater than one year) to ensure there is appropriate operational liquidity (i.e. that it has sufficient funds to meet the expenditure incurred).
- 1.57 The Council may invest its surplus funds with any of the counterparty types in **table 6** below, subject to the cash limits (per counterparty) and the time limits shown.

Table 6 – Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 5 years	£5m 20 years	£5m 50 years	£5m 20 years	£1m 20 years
AA+	£5m 5 years	£5m 10 years	£5m 25 years	£5m 10 years	£1m 10 years
AA	£5m 4 years	£5m 5 years	£5m 15 years	£5m 5 years	£1m 10 years
AA-	£5m 3 years	£5m 4 years	£5m 10 years	£5m 4 years	£1m 10 years
A+	£2.5m 2 years	£5m 3 years	£5m 5 years	£2.5m 3 years	£1m 5 years
A	£2.5m 13 months	£5m 2 years	£5m 5 years	£2.5m 2 years	£1m 5 years
A-	£2.5m 6 months	£5m 13 months	£5m 5 years	£2.5m 13 months	£1m 5 years
None	n/a	n/a	£5m 25 years	n/a	£1m 5 years
Pooled funds	£5m per fund				

- 1.58 The above table is explained in more detail below:
- 1.59 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. 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.
- 1.60 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.
- 1.61 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 1.62 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities, Parish Councils and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years. Parish Councils are charged an interest equivalent to the Bank Base Rate (Currently 0.50%).
- 1.63 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made following an external credit assessment as part of a diversified pool in order to spread the risk widely.
- 1.64 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.
- 1.65 **Pooled funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

- 1.66 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.
- 1.67 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 1.68 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 1.69 **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 and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 1.70 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 1.71 **Specified investments:** The CLG Guidance defines specified investments as those:
- denominated in pound sterling,
 - due to be repaid within 12 months of arrangement,
 - not defined as capital expenditure by legislation, and
 - invested with one of:
 - the UK Government,
 - a UK local authority, parish council or community council, or

- a body or investment scheme of “high credit quality”.

1.72 The Council defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

1.73 **Non-specified investments:** Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in **table 7** below.

Table 7: Non-specified investment limits

	Cash limit
Total long-term investments	£10m
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£5m
Total non-specified investments	£20m

1.74 A previous report to Council in 2017 agreed to provide investment funding to the Dragonfly Joint Venture Company of up to a maximum of £3.020m. This is classed as a non-specified investment.

1.75 **Investment limits:** The Council’s revenue reserves available to cover investment losses are forecast to be £15 million on 31st March 2018. In order that no more than 33% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5million. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries. See **Table 8** below.

Table 8 – Investment limits

	Cash limit
Any single organisation ,including regional and Local Authorities (except the UK Central Government)	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£10m per manager
Foreign countries	£5m per country
Registered providers	£10m in total
Unsecured investments with building societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£30m in total
Lloyds Bank (as providers of operational banking services)	£5m overnight

1.76 **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.

1.77 **Non-Treasury Investments**

Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Council may also purchase property for investment purposes and may also make loans and investments for service purposes, for example in shared ownership housing, as loans to local businesses and landlords, or as equity investments and loans to the Council’s subsidiaries.

Treasury Management Operations

1.78 Treasury Management Advisors

As mentioned earlier 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;

1.79 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 3 years commencing October 2016.

1.80 Member and Officer Training

It is important that both Members and Officers dealing with treasury management are trained and kept up to date with current developments. This Council has addressed these requirements by:

- a. Members' individual training and development needs are addressed by a Member Development Programme.
- b. Officers attend training seminars held by the external treasury management advisors and CIPFA.

1.81 Banking Contract

The contract with the Council's new banking provider Lloyds Bank commenced on the 10th February 2015 for a period of 7 years.

1.82 There is a requirement under the Local Government Act 2003 for Local Authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code"). **Appendix 2** contains a number of indicators which are used to demonstrate adherence to the code.

2 Conclusions and Reasons for Recommendation

2.1 This report outlines the Council's proposed Treasury Management Strategy for the period 2018/19 to 2021/22 for consideration and approval by Council. It fulfils five key requirements:

- The Treasury Management Strategy sets out how the treasury management function will support the capital decisions approved within the MTFP and the parameters for all borrowing and lending associated with the day to day treasury management of the Council's cash flow requirements.
- Within the strategy the Council is required to include a number of prudential indicators covering the next three financial years which show the impact of changes in the level of the Council's debt on its revenue accounts.
- The Council is also required to determine a policy on the repayment of its debt each year through the Minimum Revenue Provision (MRP). The MRP is the amount of debt being repaid and is a charge on the revenue accounts of the Council.
- The report also includes an investment strategy which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

- The Capital Expenditure Strategy sets out the Council's Capital Expenditure Programme for the medium term and covers how this expenditure will be financed.

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

3 Consultation and Equality Impact

3.1 There are no equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

4.1 Alternative options are considered throughout the report.

5 Implications

5.1 Finance and Risk Implications

5.1.1 These are considered throughout the report.

5.2 Legal Implications including Data Protection

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

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

5.3 Human Resources Implications

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

6 Recommendations

6.1 It is recommended that Council approve the Treasury Management Strategy as set out in this report and in particular:

- Approve the Capital Financing Requirement as summarised in **Table 2** of this report.
- Approve the Borrowing Strategy as summarised in Section **1.45** of this report.
- Approve the Minimum Revenue Provision Policy for 2018/19 as set out in Section **1.46**.
- Approve the Investment Strategy as set out in Sections **1.52 – 1.77**.
- 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 under section **1.52 – 1.75** before any investment is undertaken.

- f) Approve the Prudential Indicators for 2018/19 detailed in **Appendix 2**, in particular:

Authorised Borrowing Limit	£131,805,000
Operational Boundary	£126,805,000
Capital Financing Requirement	£121,805,000

7 **Decision Information**

Is the decision a Key Decision? (A Key Decision is one which results in income or expenditure to the Council of £50,000 or more or which has a significant impact on two or more District wards)	N/A
District Wards Affected	N/A
Links to Corporate Plan priorities or Policy Framework	This Treasury Management Strategy is an integral part of the Council's Medium Term Financial Plan which links our financial position to the Corporate Plan and our other service strategies.

8 **Document Information**

Appendix No	Title
N/A	
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Accountancy Section	
Report Author	Contact Number
Assistant Director – Finance, Revenues and Benefits	01246 217658
Principal Accountant	01246 242459

APPENDIX 1

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
General Fund					
AMP - PV Mills	101,058				
AMP - The Arc	73,404				
AMP - Leisure Buildings	34,429				
AMP - Riverside Depot	5,133				
AMP - The Tangent	5,220				
AMP - Refurbishment Work	107,688	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500				
Refurbishment - 3 Cotton St Bolsover	13,297				
Shirebrook Contact Centre	0	206,453			
Pleasley Vale Mill 1 - Dam Wall	126,617				
Car Parking at Clowne - Additional	59,800	90,200			
Security and CCTV at Pleasley Vale	259,550				
The Tangent - Phase 2	1,072,907				
PV Lightning Protection	15,326				
PV Mansafe System	140,076				
PV Mill 2 Unit 12 roofing	14,826				
PV Fire Compartmentation & Fire Doors	76,030				
Can Ranger Expansion	35,000				
	2,167,861	556,653	260,000	260,000	260,000
Project Horizon					
Clowne Campus - Refurbishment	23,076				
	23,076	0	0	0	0
ICT Schemes					
ICT infrastructure	85,200	113,200	56,200	79,200	100,000
Revenues & Benefits Software	61,797				
Telephony & Contract Mgmt. Software	77,450				
	224,447	113,200	56,200	79,200	100,000
Leisure Schemes					
P Vale Outdoor Education Centre Ph. 2	41,134				
Fitness Equipment Clowne Leisure Centre	4,886				
Clowne Leisure Facility	127,184				
Go Active - ICT Equipment & Software	13,292				
Shirebrook Forward	25,000				
Scrubber / Dryer		15,000			
Astro Pitch at The Arc				50,000	
Gym Equipment & Spin Bikes					365,000
Kitchen & Associated Equipment					20,000
	211,496	15,000	0	50,000	385,000
Private Sector Schemes					
Disabled Facility Grants	857,684	600,000	600,000	600,000	600,000
Group Repair (WT)	2,674				
Carr Vale Group Repair	1,270				
Church Drive Energy Project	9,579				
Station Road Shirebrook	1,340				
	872,547	600,000	600,000	600,000	600,000
Joint Venture					
JVC / Growth Agenda Land Purchase	494,000				
	494,000	0	0	0	0
Vehicles and Plant					
Vehicle Replacements	302,798	687,500	94,000	452,000	428,000
Vehicle Lift for Garage	40,000				
8 x Hedge cutters (GM)	4,000	4,000	4,000	4,000	4,000
10 x Strimmers (GM)	4,215	5,000	5,000	5,000	5,000
	351,013	696,500	103,000	461,000	437,000
Total General Fund	4,344,440	1,981,353	1,019,200	1,450,200	1,782,000

APPENDIX 1

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
Housing Revenue Account					
New Build Properties					
Rogers Ave Creswell	8,516				
Blackwell Hotel Site	154,889				
Fir Close Shirebrook	621,588				
Derwent Drive Tibshelf	1,727,842				
Recreation Close Clowne	0	601,442			
Hilltop	2,000,000	2,822,669			
B@home phase 2	0				
Ash Close Pinxton		1,033,907			
Elm Close Pinxton		767,657			
Lime Close Pinxton		460,594			
Beech Grove South Normanton		334,271			
Leamington Drive South Normanton		452,820			
St Michaels Drive South Normanton		237,099			
Highcliffe Ave Shirebrook		227,382			
The Paddock Bolsover		544,162			
Keepmoat Properties at Bolsover		1,390,000			
	4,512,835	8,872,003	0	0	0
Vehicle Replacements					
	162,077	62,000	104,500	374,000	
	162,077	62,000	104,500	374,000	0
Public Sector Housing					
Unallocated MRR		4,848,249	4,108,249	4,698,249	4,930,680
External Wall Insulation	95,667				
Electrical Upgrades	203,659				
Cavity Wall + Loft Insulation	4,692				
External Door Replacements	149,234				
Heating Upgrades	1,277,457				
Environmental Works	50,000				
Unforeseen Reactive Capital Works	141,949				
Kitchen Replacements - Decent Homes	701,540				
GD Boiler Replacement / Heat Meters	1,452,809				
Regeneration Mgmt. & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	817,607				
Flat Roofing	50,000				
Welfare Adaptations - Capital	15,275				
Soffit and Facia	254,021				
	5,283,230	4,917,569	4,177,569	4,767,569	5,000,000
ICT Schemes					
	438,747				
	438,747	0	0	0	0
New Bolsover Scheme (inc HLF)					
New Bolsover	317,315				
New Bolsover-Repair&Conservation BDC	1,789,258	5,047,440			
New Bolsover-Repair&Conservation Private	616,627	776,361			
New Bolsover-Other Cap Works-Landscaping	150,000	231,452			
New Bolsover-Comp&Fac (Prelims)BDC	280,568	306,132			
New Bolsover-Comp&Fac (Prelims)Private	24,179	34,121			
New Bolsover-Decants BDC	250,000	138,000			
New Bolsover-Fees(HLP, PD CDM)-BDC	51,165	51,165			
New Bolsover-Fees(HLP, PD CDM)-Private	20,524	20,524			
New Bolsover - Staff Costs	55,564	35,363			
	3,555,200	6,640,558	0	0	0
Total HRA	13,952,089	20,492,130	4,282,069	5,141,569	5,000,000

APPENDIX 1

CAPITAL PROGRAMME SUMMARY	Revised Outturn 2017/18 £	Original Programme 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £
TOTAL CAPITAL EXPENDITURE	18,296,529	22,473,483	5,301,269	6,591,769	6,782,000
Capital Financing					
General Fund					
Specified Capital Grant	(857,684)	(600,000)	(600,000)	(600,000)	(600,000)
Prudential Borrowing	(459,868)	(632,500)	(94,000)	(502,000)	(813,000)
Reserves	(2,186,469)	(418,853)	(65,200)	(88,200)	(109,000)
External Funding	(18,405)	0			
Capital Receipts	(808,722)	(330,000)	(260,000)	(260,000)	(260,000)
GF - Direct Revenue Financing	(13,292)				
	(4,344,440)	(1,981,353)	(1,019,200)	(1,450,200)	(1,782,000)
HRA					
Major Repairs Allowance	(7,675,283)	(10,093,392)	(4,177,569)	(4,767,569)	(5,000,000)
Prudential Borrowing	(3,811,465)	(8,455,003)			
Vehicle Reserve	(162,077)	(62,000)	(104,500)	(374,000)	
Development Reserve	(885,000)				
Capital Receipts		(417,000)			
External Funding	(1,418,264)	(1,464,735)			
	(13,952,089)	(20,492,130)	(4,282,069)	(5,141,569)	(5,000,000)
TOTAL CAPITAL FINANCING	(18,296,529)	(22,473,483)	(5,301,269)	(6,591,769)	(6,782,000)
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(8,787,142)	(6,488,128)	(1,312,305)	(1,402,305)	(1,302,305)
Amount due in Year	(5,376,269)	(4,917,569)	(4,267,569)	(4,667,569)	(4,867,569)
Amount used in Year	7,675,283	10,093,392	4,177,569	4,767,569	5,000,000
Closing Balance	(6,488,128)	(1,312,305)	(1,402,305)	(1,302,305)	(1,169,874)
HRA Development Reserve					
Opening Balance	(1,085,124)	(300,124)	(300,124)	(300,124)	(300,124)
Amount due in Year	(100,000)				
Amount used in Year	885,000				
Closing Balance	(300,124)	(300,124)	(300,124)	(300,124)	(300,124)
HRA Vehicle Reserve					
Opening Balance	(140,315)	(158,238)	(96,238)	(200,738)	(574,738)
Amount due in Year	(180,000)				
Amount used in Year	162,077	62,000	(104,500)	(374,000)	0
Closing Balance	(158,238)	(96,238)	(200,738)	(574,738)	(574,738)
Capital Receipts Reserve					
Opening Balance	(1,644,658)	(1,035,936)	(488,936)	(428,936)	(368,936)
Amount due in Year	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Amount used in Year	808,722	747,000	260,000	260,000	260,000
Closing Balance	(1,035,936)	(488,936)	(428,936)	(368,936)	(308,936)

Prudential Indicators

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

1 Estimates of Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
Capital Financing Requirement 1 April	98,881	113,472	121,805	121,054	120,736
Prudential Borrowing	4,271	9,087	94	502	813
Minimum Revenue Provision (MRP)	(694)	(754)	(845)	(820)	(898)
HRA Debt Repayment Adjustment	11,014	0	0	0	0
Capital Financing Requirement 31 March	113,472	121,805	121,054	120,736	120,651

2 Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
PWLB	102,100	102,100	99,100	97,100	93,400
Total Debt	102,100	102,100	99,100	97,100	93,400

3 Capital Financing Requirement – General Fund and HRA

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
General Fund	10,084	9,962	9,211	8,893	8,808
HRA	103,388	111,843	111,843	111,843	111,843
Total CFR	113,472	121,805	121,054	120,736	120,651

4 Available HRA Headroom

The difference between the HRA CFR and the Debt Ceiling is the headroom available Capital Spend.

	2017/18 £000's	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's
HRA CFR	103,388	111,843	111,843	111,843	111,843
HRA Debt Ceiling	112,350	112,350	112,350	112,350	112,350
Available Headroom	8,962	507	507	507	507

5 Authorised Borrowing Limit

The Authorised Limit for External Debt sets out the maximum level of borrowing a Local Authority should enter into, which covers both borrowing for capital and temporary purposes to cover any potential shortfall of revenue cash flow. The limit is set as £10m above the forecast CFR levels.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Authorised Borrowing Limit	123,472	131,805	131,054	130,736	130,651

The Authorised Borrowing Limit is linked to the movement in the Capital Financing Requirement which means the limits remain appropriate to the Council for each year of the MTFP.

6 Operational Boundary

The Operational Boundary is intended to provide a management tool which helps to assess whether the Council's level of borrowing is in line with its agreed Medium Term Financial Plan, and in particular the capital expenditure and capital financing plans. In normal operating circumstances the level of borrowing should not exceed the Operational Boundary. The Operational Boundary is set at £5m below the authorised limit.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
Operational Boundary	118,472	126,805	126,054	125,736	125,651

7 Ratio of financing costs to the net revenue stream

This indicator identifies the trend in the cost of capital (interest on borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2017/18 Estimated %	2018/19 Estimated %	2019/20 Estimated %	2020/21 Estimated %	2021/22 Estimated %
General Fund	7.62	8.98	9.25	9.07	9.94
HRA	65.82	60.04	54.80	60.24	63.52

8 Impact on Council Tax and Rents from prudential borrowing

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels.

	2017/18	2018/19	2019/20	2020/21	2021/22
Impact on Council Tax					
Borrowing Amount	£0.460m	£0.632m	£0.094m	£0.502m	£0.813m
Planned Prudential Borrowing	£4.86	£6.69	£0.99	£5.31	£8.59
Impact on Weekly Rents					
Borrowing Amount	£3.811m	£8.455m	0	0	0
Planned Prudential Borrowing	£0.87	£1.92	0	0	0

9 Interest rate exposures

This indicator is set to control the Council's exposure to interest rate risk

	Upper Limit Variable Interest Rate	Upper Limit Fixed Interest Rate
2017/2018	75%	100%
2018/2019	75%	100%
2019/2020	75%	100%
2020/2021	75%	100%
2021/2022	75%	100%

10 Maturity Structure of Borrowing - Amount of projected borrowing that is fixed rate maturing in each period

This indicator is designed to control against the Council having large concentrations of fixed rate debt that need to be replaced over a relatively short period of time. This ensures that the Council does not find itself in a position of having to replace a large proportion of its debt at a time when interest rates are adverse or uncertain

	Lower Limit %	Upper Limit %	Forecast Position at 31 March 2019 %
Under 12 months	0	20	4.9
12 months and within 24 months	0	40	3.6
24 months and within 5 years	0	60	7.25
5 years and within 10 years	0	80	23.51
10 years and above	0	100	60.72

11 Upper limit for principal sums invested for periods longer than 365 days

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 limits on

the long-term principal sum invested to final maturities beyond the period end will be.

Year	Limit of investments maturing beyond the year end
2017/2018	£10m
2018/2019	£10m
2019/2020	£7m
2020/2021	£7m
2021/2022	£7m