COUNCIL

AGENDA

WEDNESDAY 20th FEBRUARY 2019 AT 1000 HOURS IN THE COUNCIL CHAMBER, BOLSOVER DISTRICT COUNCIL OFFICES, THE ARC, CLOWNE

Item No.		Page No.(s)
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.	**Chair's Announcements** To receive any announcements that the Chair of the Council may desire to lay before the meeting.	
4.	**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**
5.	**Reports on urgency decisions taken by the Executive** 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.	**None**
6.	**Minutes** To approve the Minutes of the Council meeting held on 9th January 2019.	**5 - 10**

7.	**Recommended Items**	
	a) **Amendments to Council Procedure Rule 21.1** Report of the Chairman of Standards Committee	**11 - 15**
8.	**Medium Term Financial Plan 2019/20 to 2022/23** Report of the Portfolio Holder for Finance and Resources & Renewable Energy and a presentation by the Section 151 Officer	**16 - 40** (Appx 1-4: 29 – 40)
9.	**Treasury Strategy Reports 2019/20 – 2022/23** Report of the Portfolio Holder for Finance and Resources & Renewable Energy	**41 - 84** (Appx 1: 45 Appx 2: 62 Appx 3: 78)
10.	**Interim Arrangements for the Statutory Role of the Section 151 Officer** Report of the Chief Executive Officer	**85 - 88**
11.	**Carbon Reduction Plan** Presentation by the Strategic Director - People	**Presentation**
12.	**Leisure – Getting people active** A video introduced by the Strategic Director – People, and representatives of the Leisure Team	**Video Presentation**
13.	**Chairman's Closing Remarks**	

MEMBERS ARE ASKED TO REMAIN AT THE CONCLUSION OF COUNCIL FOR A MEETING OF THE COUNCIL AS TRUSTEES OF CRESWELL SWIMMING BATHS.

COUNCIL

Minutes of a meeting of Council held in the Council Chamber, The Arc, Clowne on Wednesday 9th January 2019 at 1000 hours.

PRESENT:-

Members:-

Councillor T. Munro in the Chair

Councillors T. Alexander, A. Anderson, R.J. Bowler, G. Buxton, T. Cannon, J. A. Clifton, T. J. Connerton, C. P. Cooper, P. A. Cooper, M.G. Crane, M.J. Dooley, S.W. Fritchley, H.J. Gilmour, R. A. Heffer, A. Joesbury, D. McGregor, C. Moesby, B.R. Murray-Carr, S. Peake, K. Reid, P. Smith, E. Stevenson, R. Turner, K.F. Walker, D.S. Watson and J. Wilson.

Officers:-

L. Hickin (Strategic Director - People), K. Hanson (Strategic Director - Place), S. Sternberg (Joint Head of Service for Corporate Governance and Monitoring Officer), D. Clarke (Joint Head of Service – Finance and Revenues & Benefits), N. Calver (Governance Manager), P. Brown (Chief Executives and Partnership Manager), G. Birch (Evaluator GBA Limited) and P. Danek (NG20 Strategic Project Manager).

0572. APOLOGIES

Apologies for absence were received from Councillors P. Barnes, J. E. Bennet, P. M. Bowmer, M. Dixey, J. Ritchie, J. E. Smith, S. J. Statter, A. M. Syrett and B. Watson.

0573. DECLARATIONS OF INTEREST

There were no interests declared at this meeting.

0574. CHAIRS ANNOUNCEMENTS

The Chairman of the Council, Councillor T. Munro, announced that his Civic Service would take place on Sunday 24th March at 3pm at St Lawrence's Church in Whitwell. Formal invitations would be distributed to Members in due course.

0575. QUESTIONS

No questions were submitted to this Meeting of Council from either the public under Rule 8 or Members under Rule 9 of the Council Procedure Rules.

0576. URGENT ITEMS OF BUSINESS

There were no urgent items of business considered at the meeting.

0577. MINUTES OF PREVIOUS MEETING

Consideration was given to the Minutes of the Meeting of Council held on Wednesday 5th December 2018 as set out in pages 4-9 of the agenda pack.

Proposed by Councillor P. Smith and seconded by Councillor R. J. Bowler.

> **RESOLVED** that the Minutes of the meeting held on the 5th December 2018 be approved as a correct record and signed by the Chairman.

(Governance Manager)

0578. MOTIONS

No Motions on notice were submitted by Members to this Meeting of Council under Rule 10 of the Council Procedure Rules.

0579. RECOMMENDED ITEMS

No recommended items were submitted to this Meeting of Council.

0580. LOCAL COUNCIL TAX SUPPORT SCHEME

Members gave consideration to a report of Councillor B. Watson Portfolio Holder for Finance, Resources and Renewable Energy. The report recommended that Council agree to continue with the current Local Council Tax Support Scheme into the 2019/2020 financial year.

It was noted that the scheme recommended to Council for adoption in respect of the next financial year (2019/20) was effectively a continuation of the existing arrangements. The key features of the proposed scheme were:

- Reduction arrangements would cover up to 91.5% of the Council Tax Liability;
- A taper rate of 20% would be operated reducing as Tax payers moved back into work;
- A full charge be allowed in respect of empty homes and holiday properties;
- A discount of 100% on the requirement to pay for unfurnished and unoccupied properties for a period of 3 months; and
- The level of subsidy provided to Parish Councils in respect of the Council Tax Support Scheme be reduced in respect of the 2019/2020 financial year.

Members noted that any changes proposed to the scheme required public consultation and that any changes proposed for the 2020/2021 scheme should commence consultation in summer 2019. The results of any consultation exercise would be reported to Council as part of the process of adopting a scheme.

Proposed by Councillor D. McGregor and seconded by Councillor C. Moesby

RESOLVED that:

1) it be agreed to continue to operate a Local Council Tax support scheme for 2019/2020 based on the Council Tax Reduction Scheme England Regulations 2012 amended to reflect the following Local decisions concerning the key principles of the scheme:
   - For those of working age the maximum amount of Council Tax that is eligible for reduction is 91.5% of their full Council Tax liability; and
   - The Council continue its policy of disregarding war pensions for the purposes of calculating income in respect of Council Tax reduction scheme at an estimated total cost of £20,000.
2) The Chief Financial Officer be requested to use granted delegated powers to update the local Council Tax Reduction Scheme to reflect such uprating of premiums, allowances and non-dependent reductions as may be determined by the Department of Work and Pensions, and for other minor technical changes which may be required in line with the positions set out in the report.

(Chief Financial Officer)

0581. COUNCIL TAX DISCOUNT FOR CARE LEAVERS

Councillor D. McGregor, Deputy Leader of the Council and Portfolio Holder for Corporate Governance, presented a report of Councillor B. Watson Portfolio Holder for Finance, Resources and Renewable Energy on Council Tax Discount for Care Leavers seeking approval for a local Council Tax discount for Derbyshire Care Leavers until they reached the age of 25.

The Council was in receipt of a letter from Derbyshire County Council asking for the introduction of an exemption for Derbyshire Care Leavers under the age of 25 to be given Council Tax relief. This would be in order to offer those young people a few valuable years to learn how to manage their finances.

The introduction of such an implementation would permissible under section 13a of The Local Government Finance Act 1992 (as amended by section 10 of the Local Government Act of 2012). Any relief offered must meet the underlying principles offering value of money to Council Tax payers and the estimation given by the County Council for the cost of this scheme for the Bolsover District council would be approximately £3,500 per annum. It was noted by Members the cost would not be shared with other preceptors. It was recommended that the discount should be introduced on the 1st of April 2019 and the methodology by which discount would be applied was set out in 1.4 of the report. Officers confirmed that there was no obligation for the scheme to be approved by Bolsover District Council Members however, suggestion was put forward that if approved, review would take place to evaluate the financial implications of the scheme within the first year.

Members were very supportive of the principles within the scheme and the benefits that would be realised for young care leavers. However, concerns were raised around the full financing of the scheme to the District Council and the Chief Executive Officer requested to write on behalf of Members to Derbyshire County Council expressing the District Councils disappointment in the lack of an offer to share cost. In addition, Members wished for the response to include a request for those care leavers in receipt of the Council Tax relief to be offered training in personal money management.

Proposed by Councillor D. McGregor and seconded by Councillor C. Moesby

RESOLVED that:

1) a Local Council Tax discount for Care Leavers under the age of 25 be approved as set out in the report and be introduced form 1st April 2019;
2) the financial implications arising from the scheme be reviewed after six months; and
3) the Chief Executive Officer be requested to draft a letter to the Derbyshire County Council in response to funding the scheme.

(Chief Financial Officer / Chief Executive Officer)

0582. COUNCIL TAX SUPPORT GRANT FOR PARISH COUNCILS

Members gave consideration to a report seeking approval to pay Parish Councils the remainder of the Council Tax Support Grant during 2019/2020 rather than over two financial years as previously agreed. The Deputy Leader of the Council, Councillor D. McGregor in his presentation of the report, referred Members to Appendix 1 and 2 which set out the previously agreed schedule of payments to Parish Councils and a proposed revised schedule of payment.

When Council Tax Support was introduced in 2013/14, the Council received a grant for this reason from Central Government as part of their Revenues Support Grant (RSG) of which a proportional amount was to be transferred to Parish Councils. During the first year this was approximately £423,000. Given that RSG was scheduled to come to an end in 2019/20, it was agreed that this grant would be phased out with the final payment to be made during 2020/2021.

Transfer of the Grant was an administrative burden for the Council and receiving a different amount each year has proven confusing for Parish Councils. In order to alleviate both these matters, the report proposed that the remainder of the Grant be paid to Parish councils during the 2019/20 financial year. It was confirmed that there would be no additional cost to the Council for the proposal.

When questioned by Members Officers gave assurance that Parish Councils had been made aware of the proposals within the report and the outcome of Councillors decisions would be communicated back to Parish Councils at the earliest opportunity.

Proposed by Councillor D. McGregor and seconded by Councillor C. Moesby

RESOLVED that the remainder of the Council Tax Support Grant be paid to Parish Councils in full during 2019/2020 in line with the schedule set out in Appendix 2 of the report.

(Chief Financial Officer)

0583. REPORT ON URGENCY DECISIONS TAKEN BY THE EXECUTIVE

The Head of Corporate Governance and Monitoring Officer presented a report advising of Key Decisions taken under the statutory special urgency rules at the last meeting of the Executive.

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 require that all Key Decisions must be published 28 days prior to being made. Where this is not possible a decision may still be made as long as there was compliance with general exception provisions. Where it is impractical to comply with the general exception rules a Key Decision may only be taken in cases of special urgency. This is where the Chair of the relevant Scrutiny Committee agrees that the decision is urgent and cannot be reasonably deferred.

The report advised that at the meeting of Executive on 3rd December 2018 the item "Provision of Facilities Management Services Bolsover District Council (Exempt – paragraphs 3 and 5)" was considered as a matter of special urgency and the relevant notice was issued to the public and Members as set out in Appendix 1 of the report. As the notice was not issued 5 clear days prior to the meeting and in order to comply with the regulations, this matter was reported to this Meeting of Council.

Members were satisfied with the Authorities compliance with the regulations and that special urgency be applied to this matter.

Moved by Councillor T. Munro and seconded by Councillor D. McGregor

RESOLVED that the decision taken by the Executive be noted.

(Monitoring Officer)

0584. CHAIRMANS CLOSING REMARKS

Lead by the Chairman of the Council Councillor T. Munro, Members and Officers present took a moment of reflection to remember Bryan Mason, former Executive Director of Bolsover District Council.

Meeting concluded at 1024 hours.

Agenda Item No 7a

Bolsover District Council

Council

20th February 2019

RECOMMENDATION FROM THE STANDARDS COMMITTEE – AMENDMENT TO COUNCIL PROCEDURE RULE 21.1

Report of the Chairman of the Standards Committee

This report is public

Purpose of the Report

- For Council to give consideration to an item of recommendation from the Standards Committee in relation to amending the requirement to 'stand' at meetings of Council.

1 Report Details

1.1 The Standards Committee have the responsibility for reviewing the contents of the Council's constitution and recommending any necessary changes to the Council for adoption. This is normally submitted as one singular report to Council on an annual basis.

1.2 In this instance, the Standards Committee have considered that Council should be offered the opportunity to adopt a recommendation made separately to the annual report that would be forthcoming to Council in the coming months.

1.3 At their meeting on 14th January, the Standards Committee were presented with the following option to consider:

Area of Review	***Proposal and Rationale***	***Sections of the Constitution to be revised***
Councillors' Conduct – Speaking at Meetings	It is proposed that the procedure rules for Councillors when they speak at Council meetings be revised to require Councillors to state their name before speaking and also to use the microphones. It is also proposed that the requirement to stand be removed. Requiring Councillors to state their names before speaking would assist the public and all Members in following the meeting. It is also important for Members to use the microphones to ensure that	***Part 4 – Council Procedure Rules – Rule 21.1 (Page 91 of the current version)***

	they can be heard by all participants and observers in the meeting. Microphones will be more effective if Members are seated as their voices will be closer to the microphone receiver, which will assist those participating in or observing the meeting who have a hearing impairment. The requirement for Members to stand could also be considered as discriminatory against Members with a disability or mobility problems, who may struggle to stand, particularly if they need to stand and sit down at regular intervals during a meeting. It is proposed that the relevant Council Procedure Rule, rule 21.1, be amended as follows: When a Councillor speaks at Council**, firstly they should announce their name and Ward or Cabinet Portfolio (if more appropriate),** and he/she must address the meeting through the Chairman ~~and stand and address the Chairman~~ **using the microphones.**	

1.4 The debate of the Standards Committee is set out below. Please note that the Minute presented is in draft format, as a further meeting of the Committee has not been held to formally approve the content.

Councillors Conduct: Speaking at Meetings (Part 4 Council Procedure Rules (Rule 21.1)

It was proposed that the procedure rules for Councillors when they speak at Council meetings be revised to require them to state their name before speaking and also to use the microphones. It is was also proposed that the requirement to stand be removed.

Requiring Councillors to state their name before speaking would assist the public and all Members in following the meeting. It was important that Members used the microphones to ensure that they could be heard by all participants and observers in the meeting.

Microphones would be more effective if Members were seated as their voices would be closer to the microphone receiver, which would also assist those participating in, or observing the meeting who had a hearing impairment.

The requirement for Members to stand could also be considered as discriminatory against Members who may struggle with a disability or a mobility issue, particularly if they needed to stand and sit down at regular intervals during a meeting.

It was therefore proposed that Council Procedure Rule 21.1 be amended as follows;

> *When a Councillor speaks at Council**, firstly they should announce their name and Ward or Cabinet Portfolio (if more appropriate)** and he/she must address the meeting through the Chairman ~~and stand and address the Chairman~~ **using the microphone.***

A Member welcomed this change and noted that in meetings, Members and observers with hearing impairments struggled to hear Members speaking into the microphones if they were in a standing position.

The Monitoring Officer suggested that this recommendation be taken to the next Council meeting ahead of Annual Council so that it could be implemented sooner.

Moved by Councillor T. Munro and seconded by Councillor H.J. Gilmour
RECOMMENDED that Council approve an amendment to Procedure Rule 21.1 of the Council's Constitution as follows;

> *When a Councillor speaks at Council**, firstly they should announce their name and Ward or Cabinet Portfolio (if more appropriate)** and he/she must address the meeting through the Chairman ~~and stand and address the Chairman~~ **using the microphone.***

(Governance Manager)

2 Conclusions and Reasons for Recommendation

2.1 It is therefore proposed that the Council be requested to give consideration to the recommendations of the Standards Committee.

3 Consultation and Equality Impact

3.1 Standards Committee have been consulted as part of the review of the Constitution.

3.2 There are equalities issues raised within this report:

1) The requirement for Members to stand could be considered as discriminatory against Members with a disability or mobility problems, who may struggle to stand, particularly if they need to stand and sit down at regular intervals during a meeting.

2) Microphones will be more effective if Members are seated as their voices will be closer to the microphone receiver, which will assist those participating in or observing the meeting who have a hearing impairment.

4 Alternative Options and Reasons for Rejection

4.1 Members do not have to accept the recommendations of the Standards Committee and continue status quo on this matter.

5 Implications

5.1 Finance and Risk Implications

5.1.1 None

5.2 Legal Implications including Data Protection

5.2.1 None

5.3 Human Resources Implications

5.3.1 None

6 Recommendations

6.1 That Council give consideration to the recommendation of the Standards Committee and agree an approach.

7 Decision Information

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: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	None
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

<table>
<tr><th>Appendix No</th><th colspan="2">Title</th></tr>
<tr><td>None</td><td colspan="2"></td></tr>
<tr><td colspan="3">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)</td></tr>
<tr><td colspan="3">None</td></tr>
<tr><td colspan="2">Report Author</td><td>Contact Number</td></tr>
<tr><td colspan="2">Nicola Calver, Governance Manager</td><td>01246 217753</td></tr>
</table>

Bolsover District Council

Council

20th February 2019

Medium Term Financial Plan 2019/20 to 2022/23

Report of the Portfolio Holder for Finance and Resources & Renewable Energy

This report is public

PLEASE NOTE:

Attached is the report that will be considered by Executive on 18th February 2019.

Bolsover District Council

Executive

18th February 2019

Medium Term Financial Plan 2019/20 to 2022/23

Report of Cllr B Watson, Portfolio Holder Finance and Resources and Renewable Energy

This report is public

Purpose of the Report

- To seek approval of the proposed budget for 2019/20 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2019/20 to 2022/23.

- 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:

- 2018/19 Current Budget Position – this is the current year budget, revised to take account of changes during the financial year that will end on 31st March 2019.

- 2019/20 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 2019.

- 2019/20 Original Budget – this includes proposed increases to rents and charges for the Housing Revenue Account will be included.

- 2020/21 to 2022/23 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 20th February 2019 for members' consideration and approval.

General Fund

2018/19 Current Budget

1.3 In February 2018, Members agreed a budget for 2018/19 to determine Council Tax. The original budget showed a surplus of £1.027m. Despite this, budgets have still been actively managed throughout the year with savings removed from the budget once they have been agreed.

1.4 The Revised Budget was considered by Executive at its meeting on the 3rd December 2018. There have been no changes to the budget position since this time.

1.5 The final in-year surplus will be dependent on the actual financial performance 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.

2019/20 Original Budget and 2020/21 to 2022/23 Financial Plan

1.6 The proposed budget for 2019/20 currently shows a deficit of £0.083m. However, based on current information the requirement to achieve financial savings for future years is 2020/21 £0.975m; 2021/22 £1.559m; 2022/23 £2.205m (**Appendix 1**). **Appendix 2** details the net cost of each cost centre by Directorate.

1.7 The financial projection in respect of 2019/20 to 2021/22 was approved by Members in February 2018. The table on the following page shows the movement from the financial projection of February 2018 to the updated figures now presented and also the movement on the Estimated Outturn (Current Budget) for 2018/19.

	2018/19 Current Budget £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000
Opening Budget (surplus)/Budget Shortfall	**(1,027)**	**34**	**550**	**1,184**
Council Tax Increase 18/19	(107)	(107)	(107)	(107)
NNDR Growth	(1,547)	0	0	0
Transformation, Income Generation/Cost Reduction /Business Redesign	(243)	(619)	(495)	(412)
Vacancy Management	(290)	(156)	(149)	(141)
Total Transformation Options	(2,187)	(882)	(751)	(660)
Cost Pressures	628	821	905	875
Expected loss of New Homes Bonus /RSG /NNDR	0	110	971	860
General Fund (surplus)/Budget Shortfall	**(2,586)**	**83**	**1,675**	**2,259**
Transfer to/(from) NNDR Growth Reserve	1,547	0	(700)	(700)
Closing Budget (surplus)/Budget Shortfall	**(1,039)**	**83**	**975**	**1,559**

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

Level of Government Funding

1.9 The current financial year 2018/19 is the third year of the four year settlement announced in December 2015. The Provisional Local Government Finance Settlement announced in December 2018, provided an update on the New Homes Bonus and informed us that the Derbyshire Business Rates Pool was not accepted by Government as a 75% Business Rates Pilot for 2019/20. Details for Bolsover District Council are:

New Homes Bonus

1.10 The Government made changes to the way New Homes Bonus operated in 2017/18 and 2018/19. The number of years for payments to be received (legacy payments) was reduced from 6 – 5 in 2017/18 and then down to 4 years in 2018/19. A national baseline was introduced in 2017/18. It was set at 0.4% in 2017/18 and remained at this level in 2018/19.

1.11 Due to the uncertainty created by the consultation on the future of New Homes Bonus payments, prudent estimates were included in the budget during 2017/18. The provisional allocations now received mean we can update the estimates previously included. Unfortunately, provisional allocation figures decrease receipts even further for 2019/20 by £0.110m each year to 2022/23.

1.12 New Homes Bonus is not confirmed beyond 2019/20 and there is a real risk that the scheme will either be ended in 2020, or its value eroded over the next spending review period. It is for this reason that we have made prudent updates to estimates for future years. For 2020/21 onwards we have estimated no new allocation each year and have removed all estimates of receipts. Instead we have estimated we will receive a share of the New Homes Bonus returned funding pot of £0.059m for 2020/21; £0.101m for 2021/22 and £0.145m for 2022/23, all to be received in that year only. Therefore in our financial plan years, the net decreases will be 2019/20 £0.110m; 2020/21 £0.457m and 2021/22 £0.860m (no figures were previously included for 2022/23).

Business Rates Retention (BRR) Pilot

1.13 The Derbyshire Business Rates Pool was accepted by the Government as one of ten 100% Business Rates Retention Pilot for 2018/19 as part of the Finance Settlement announced in December 2017.

1.14 As the pilot was for one financial year only, a bid was submitted by the Derbyshire Business Rates Pool to the 75% Business Rates Pilot round for 2019/20. The terms offered for 2019/20 were not as good as those available for 2018/19 with only 75% being retained. Thirty bids were submitted, of which Derbyshire was one, and fifteen were accepted. As mentioned in paragraph 1.9, the Derbyshire Business Rates Pool was not accepted this time and income therefore reverts back to existing pool arrangements.

The National Funding Settlement 2020/21

1.15 As reported in the quarter 1 budget monitoring report, a number of fundamental changes to local authority funding are currently being considered by the Government for incorporation into the 2020/21 settlement. The Fair Funding Review and the Business Rates Reset are both likely to negatively affect district councils.

Fair Funding Review

1.16 A further consultation paper on part of the Fair Funding Review was issued in December 2018 and it is still too early to say with any clarity what the impact of the Fair Funding Review will be but initial modelling is showing that the recalculated Settlement Funding Assessment (SFA) is redirecting resources to those based on “need” which will impact negatively on most shire districts.

1.17 The risk of losses from the Fair Funding Review is also much greater for district councils because of their ability to raise council tax. This puts a greater burden on the local decision making with regards council tax setting each year.

1.18 The lack of any concrete figures means we have not been able to include an estimate of the likely impact of the Fair Funding Review in the budgets at this time. When information is received to enable a value to be attributed to the changes, Members will be updated at the first opportunity.

Business Rates Reset

1.19 As previously mentioned, income for Business Rates for 2019/20 and future years reverts back to existing pool arrangements when the pilot ends. A consultation paper was released in December 2018 on Business Rates Retention Reform. The issues are around resetting our business rates baseline and therefore potentially wiping out any growth since 2013/14 and also changing the share for business rates from 50% to 75% from 2020/21 (although increases are likely to go to county councils).

1.20 The figures for Business Rates have therefore been revised to include estimates of likely changes to our baseline funding level information, tariff amounts and the impact of a business rate reset. It must be stressed these are initial estimates of the changes and are subject to change resulting from the consultation. As protection against further negative adjustments, no growth in business rates has been included for any year, figures have only been uprated by the change in the business rates multiplier. The increase each year to the financial plan is 2020/21 £0.255m and 2021/22 £0.373m. At this point in time no changes have been made to 2019/20 until the NNDR1 form has been completed. The updated 2019/20 position will be reported to Executive with quarter 1 monitoring.

1.21 To help mitigate losses caused by these funding changes a transfer from the NNDR Growth Protection Reserve into general fund has been included: £0.700m in both 2020/21 and 2021/22 and £0.500m in 2022/23.

Revenue Support Grant

1.22 The provisional settlement in December 2017 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.

Expenditure, income levels and efficiencies

1.23 In developing the financial projections covering the period 2019/20 to 2022/23, officers have made a number of assumptions. The major assumptions are:

- A pay award in-line with the National Pay Agreement has been included in staffing budgets for the financial year 2019/20. For 2020/21 to 2022/23, 2% has been included in staffing budgets.
- Employer superannuation contributions are fixed amounts for 2019/20. For 2020/21 to 2022/23 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 £0.400m. 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.
- Fees and charges – service specific increases as agreed by Members.

- Brexit – no provision has been made in the budget for costs that may be incurred. Any significant impact will be dealt with in a future report, if necessary with financing from reserves.

1.24 Additionally, the Council's transformation programme seeks to contribute to the financial challenges faced through the progression of innovative and forward thinking ideas.

Council Tax Implications

Council Tax Base

1.25 In preparation for the budget, the Chief Finance Officer under delegated powers has determined the Tax Base at Band D for 2019/20 as 21,982.87.

Council Tax Options

1.26 The Council's part of the Council Tax bill in 2018/19 was set at £171.17 for a Band D property. This was an increase of 2.99%.

1.27 The Council has a range of options when setting the Council Tax. The Government indicate what upper limit they consider acceptable. For 2019/20 District Councils are again permitted to increase their share of the Council Tax by the greater of 3% or £5 without triggering the need to hold a referendum.

1.28 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%	172.88	1.71	0.03	37,614
2.00%	174.59	3.42	0.07	75,242
2.90%	176.14	4.97	0.09	109,241
2.99%	176.29	5.12	0.10	112,494

1.29 The level of increase each year affects the base for future years and the proposed increase for 2019/20 is 2.99%, generating additional revenue of £112,494.

Financial Reserves – General Fund

1.30 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 £3.440m. 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)

2018/19 Current Budget

1.31 In February 2018, Members agreed a budget for 2018/19. Rent levels were set in line with Government regulations with a reduction of 1%, effective from 1st April 2018. HRA fees and charges were also set, effective from the same date.

1.32 The Revised Budget was considered by Executive at its meeting on the 3rd December 2018. A surplus of £0.002m was estimated, which was £0.025m lower than the current budget of £0.027m. There have been no changes to the budgets position since this time.

2019/20 Original Budget and 2020/21 to 2022/23 Financial Plan

1.33 The proposed budget for 2019/20 currently shows a surplus of £0.023m. Based on current information the surplus for future years is 2020/21 £0.023m; 2021/22 £0.014m; 2022/23 £0.009m (**Appendix 3**).

1.34 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

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

Fees and Charges

1.36 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.

1.37 A schedule of the proposed charges is set out at **Appendix 3, table 1.** For 2019/20 the charges are recommended to be increased by 2.4%.

Financial Reserves - HRA

1.38 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £1.928m. 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, Development Reserve and Debt Repayment Reserve.

Capital Programme

1.39 There will be three separate reports to Council on 20th February 2019 concerning the Council's Treasury Management Strategy, Investment Strategy and Capital

Strategy. The Capital Strategy report will consider capital financing such as borrowing which enables the proposed capital programme budgets to proceed.

2018/19 Current Budget

1.40 In February 2018, Members approved a Capital Programme in respect of 2018/19 to 2021/22. 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 2018/19, the equivalent amount of funding was not applied during 2017/18 and is therefore available in 2018/19 to meet the delayed payments.

1.41 The Revised Capital Programme was considered by Executive at its meeting on the 3rd December 2018. There have been no changes to the budget position since this time.

General Fund Capital Programme 2019/20 to 2022/23

1.42 The proposed Capital Programme for the General Fund totals £3.536m for 2019/20; £1.720m for 2020/21; £3.037m for 2021/22 and £1.881m for 2022/23 (**Appendix 4**).

Housing Revenue Account Capital Programme 2019/20 to 2022/23

1.43 The proposed Capital Programme for the Housing Revenue Account totals £8.371m for 2019/20; £4.869m for 2020/21; £4.980m for 2021/22 and £5.404m for 2022/23 (**Appendix 4**).

1.44 An analysis of all the schemes and associated funding are attached as **Appendix 4** to this report.

Robustness of the Estimates

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

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

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

2 Conclusions and Reasons for Recommendations

2.1 This report presents a budget for consideration by 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 Committee on a quarterly basis. 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 2019. 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 20th February 2019.**

The recommendations to Council are:

6.2 That in the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2019/20 to 2022/23 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 Budget Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving the savings and efficiencies necessary to secure a balanced budget for 2020/21 and future years.

GENERAL FUND

6.4 A Council Tax increase of £5.12 is levied in respect of a notional Band D property (2.99%).

6.5 The Medium Term Financial Plan in respect of the General Fund as set out in **Appendix 1** of this report be approved as the Current Budget 2018/19, as the Original Budget in respect of 2019/20, and the financial projection in respect of 2020/21 to 2022/23.

6.6 That any under spend in respect of 2018/19 is transferred to the Transformation Reserve.

6.7 On the basis that income from Planning Fees may exceed £0.500m in 2019/20, 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 2019.

6.9 That the increases in respect of other charges as outlined in **Appendix 3 Table 1** be implemented with effect from 1 April 2019.

6.10 The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3** of this report be approved as the Current Budget in respect of 2018/19, as the Original Budget in respect of 2019/20, and the financial projection in respect of 2020/21 to 2022/23.

CAPITAL PROGRAMME

6.11 That the Capital Programme as set out in **Appendix 4** be approved as the Current Budget in respect of 2018/19, and as the Approved Programme for 2019/20 to 2022/23.

6.12 The Head of Service - 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 Work allocation, with such approvals to be reported back to Executive through the Quarterly Budget Monitoring Report.

7 Decision Information

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: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All indirectly
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account
4	Capital Programme

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)	
Report Author	**Contact Number**
Head of Service Finance and Resources (S151 Officer Chief Accountant	01246 217658 01246 242458

BOLSOVER DISTRICT COUNCIL **APPENDIX 1**
GENERAL FUND

Description	Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
People Directorate	9,847,667	10,424,721	10,297,385	10,436,460	10,706,571
Place Directorate	3,167,490	3,156,636	3,156,089	3,253,916	3,338,319
Recharges to HRA and Capital	(3,578,847)	(3,738,619)	(3,819,192)	(3,874,879)	(3,952,552)
S106 Expenditure					
People	515,322	10,013	8,678	8,633	34,152
Place	600,248	0	0	0	0
Net Cost of Services	**10,551,880**	**9,852,751**	**9,642,960**	**9,824,130**	**10,126,490**
Debt Charges	834,648	1,087,636	1,240,002	1,361,968	1,487,102
Investment Interest	(198,556)	(258,884)	(271,748)	(260,402)	(264,049)
Surplus/ (Savings Target)	**1,039,546**	**(82,749)**	**(974,536)**	**(1,559,378)**	**(2,204,665)**
	12,227,518	**10,598,754**	**9,636,678**	**9,366,318**	**9,144,878**
Appropriations:					
Contributions to Reserves:	343,555	161,625	191,000	270,000	165,000
Contribution from Earmarked Reserves:	(799,344)	(189,602)	(85,428)	(74,870)	(62,728)
Contribution (from)/to NNDR Growth Protection Reserve	1,688,652	0	(700,000)	(700,000)	(500,000)
Contribution from Grant Accounts	(5,320)	(52,991)	(5,320)	(5,320)	(5,320)
Contribution (from)/to Holding Accounts	(74,185)	(486,569)	(198,439)	(88,884)	(88,884)
Contribution from S106 Holding A/cs	(1,115,570)	(10,013)	(8,678)	(8,633)	(34,152)
TOTAL EXPENDITURE	**12,265,306**	**10,021,204**	**8,829,813**	**8,758,611**	**8,618,794**
Parish Precepts	2,767,252	2,767,252	2,767,252	2,767,252	2,767,252
Council Tax Support Grant - Parish	250,067	167,933	0	0	0
TOTAL SPENDING REQUIREMENT	**15,282,625**	**12,956,389**	**11,597,065**	**11,525,863**	**11,386,046**
Revenue Support Grant from SFA - total	0	(1,169,290)	0	0	0
Business Rates Retention total	(7,846,598)	(4,445,944)	(4,462,903)	(4,540,903)	(4,615,903)
New Homes Bonus Grant total	(993,166)	(811,095)	(604,102)	(454,900)	(240,083)
COUNCIL TAX - BDC precept	(3,675,609)	(3,762,808)	(3,762,808)	(3,762,808)	(3,762,808)
Council tax - Parish element from above	(2,767,252)	(2,767,252)	(2,767,252)	(2,767,252)	(2,767,252)
TOTAL FUNDING	**(15,282,625)**	**(12,956,389)**	**(11,597,065)**	**(11,525,863)**	**(11,386,046)**

Detail Budgets by Cost Centre

APPENDIX 2

		Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
	Total for: Appropriations	**(10,551,880)**	**(9,852,751)**	**(9,642,960)**	**(9,824,130)**	**(10,126,490)**
G001	Audit Services (G001)	114,121	120,160	120,160	120,160	120,160
G002	I.C.T. (G002)	740,496	778,981	795,358	806,268	816,257
G003	Communications (G003)	230,598	229,452	234,003	238,696	242,217
G005	Joint Chief Executive Officer 50% People (G005)	40,263	40,930	40,626	40,645	41,466
G006	CEPT (G006)	417,340	402,370	404,769	361,590	366,657
G014	Customer Contact Service (G014)	813,189	761,473	781,436	798,792	819,152
G015	Strategy + Performance (G015)	123,661	121,503	124,487	127,179	129,546
G024	Street Cleansing (G024)	326,516	338,644	346,755	356,079	365,392
G028	Waste Collection (G028)	863,525	909,251	934,440	957,787	977,939
G032	Grounds Maintenance (G032)	579,688	661,523	685,105	706,209	725,425
G033	Vehicle Fleet (G033)	761,976	793,602	809,417	820,304	833,263
G038	Concessionary Fares + TV Licenses (G038)	(9,460)	(9,460)	(9,460)	(9,460)	(9,460)
G040	Corporate Management (G040)	146,399	143,962	147,562	149,308	154,680
G041	Non Distributed Costs (G041)	684,808	697,651	703,427	703,427	703,427
G044	Financial Services (G044)	302,819	292,525	299,918	305,943	312,089
G052	Human Resources (G052)	193,413	214,253	218,101	222,126	225,434
G054	Electoral Registration (G054)	162,538	162,318	165,505	169,109	171,517
G055	Democratic Representation + Management (G055)	533,891	544,978	545,469	545,973	546,490
G056	Land Charges (G056)	(11,316)	(3,304)	(2,340)	(1,481)	(608)
G057	District Council Elections (G057)	31,850	40,800	5,000	0	31,850
G058	Democratic Services (G058)	172,177	183,110	187,204	190,990	196,179
G060	Legal Services (G060)	216,301	213,480	209,206	214,245	218,459
G061	Bolsover Wellness Programme (G061)	122,403	73,075	77,957	82,078	85,353
G062	Extreme Wheels (G062)	(25,554)	8,449	3,860	4,768	5,504
G064	Bolsover Sports (G064)	163,802	159,370	161,510	165,448	168,706
G065	Parks, Playgrounds + Open Spaces (G065)	43,395	49,679	50,238	50,898	53,538
G069	Arts Projects (G069)	45,507	46,227	48,109	49,380	50,187
G070	Outdoor Sports + Recreation Facilities (G070)	20,577	19,047	19,341	19,636	19,940
G072	Leisure Services Mgmt + Admin (G072)	212,306	216,274	221,669	226,203	230,240
G084	Head of Partnerships and Transformation (G084)	21,533	35,262	36,977	38,735	40,551
G086	Alliance (G086)	7,250	7,250	7,250	7,250	7,250
G094	Joint Strategic Director - People (G094)	55,482	53,698	54,782	55,874	56,992
G097	Groundwork + Drainage Operations (G097)	54,691	61,773	64,108	66,255	68,044
G100	Benefits (G100)	372,193	527,762	582,637	633,341	681,901
G103	Council Tax / NNDR (G103)	306,049	333,668	347,813	358,312	368,077
G104	Sundry Debtors (G104)	93,016	95,518	97,205	98,897	100,654
G111	Shared Procurement (G111)	43,632	39,318	40,274	41,229	42,204
G115	One Public Estate (G115)	(3,500)	0	0	0	0
G117	Payroll (G117)	69,467	72,853	75,264	76,798	78,361
G123	Riverside Depot (G123)	178,507	183,260	187,688	192,187	196,806
G124	Street Servs Mgmt + Admin (G124)	73,304	73,203	74,732	76,263	77,826
G125	S106 Percent for Art (G125)	123,446	0	0	0	0
G126	S106 Formal and Informal Recreation (G126)	148,151	10,013	8,678	8,633	34,152
G129	Bolsover Apprenticeship Programme (G129)	27,269	23,995	0	0	0

Detail Budgets by Cost Centre

APPENDIX 2

		Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
G146	Pleasley Vale Outdoor Activity Centre (G146)	24,873	44,614	45,920	47,251	48,610
G148	Trade Waste (G148)	(100,858)	(103,000)	(103,000)	(103,000)	(103,000)
G149	Recycling (G149)	203,484	49,037	39,312	29,593	19,879
G155	Customer Services (G155)	29,078	29,883	30,507	31,131	31,770
G157	Controlling Migration Fund (G157)	(86,648)	369,233	0	0	0
G161	Rent Rebates (G161)	(55,193)	(58,505)	(62,015)	(65,736)	(69,680)
G162	Rent Allowances (G162)	37,906	39,976	41,624	43,355	45,173
G164	Support Recharges (G164)	(3,578,847)	(3,738,619)	(3,819,192)	(3,874,879)	(3,952,552)
G168	Multifunctional Printers (G168)	42,521	42,776	42,776	42,776	42,776
G170	S106 Outdoor Sports (G170)	243,725	0	0	0	0
G179	Streets Sports (G179)	(1)	(1,385)	0	0	0
G182	SHIFT (G182)	654	0	0	0	0
G184	Us Girls (G184)	710	0	0	0	0
G192	Scrutiny (G192)	20,711	21,729	21,985	22,411	22,845
G195	Head of Corporate Governance (G195)	36,477	37,230	37,992	38,760	39,545
G197	Head of Finance and Resources (G197)	36,460	37,163	37,905	38,662	39,435
G199	Head of Street Scene (G199)	36,685	37,393	38,135	38,893	39,665
G203	Club 1 (G203)	578	0	0	0	0
G205	Innovation (G205)	500	0	0	0	0
G206	Street Games (G206)	800	0	0	0	0
G207	Cycling (G207)	2,345	0	0	0	0
G216	Raising Aspirations (G216)	46,450	27,560	48,125	0	0
G218	Namibia Bound (G218)	26,358	(17,926)	0	0	0
G220	Locality Funding (G220)	(105,941)	0	0	0	0
G224	Prime Ministers Challenge Fund (G224)	2,540	0	0	0	0
G225	Eats and Treates Events (G225)	14,623	0	0	0	0
G228	Go Active Clowne Leisure Centre (G228)	88,220	94,409	122,210	144,803	167,895
G238	HR Health + Safety (G238)	71,035	56,651	58,347	60,120	61,993
G240	Affordable Warmth Buddies (G240)	3,131	0	0	0	0
G241	Working Together for Older People (G241)	24,734	0	0	0	0
G244	Bolsover Business Growth Fund (G244)	129,313	0	0	0	0
	Total for People Directorate	**6,784,142**	**6,696,115**	**6,486,871**	**6,570,214**	**6,788,171**
G004	Joint Chief Executive Officer 50% Place (G004)	40,269	40,936	40,632	40,651	41,472
G007	Community Safety - Crime Reduction (G007)	61,000	56,970	58,294	59,628	60,986
G010	Neighbourhood Management (G010)	76,317	90,020	92,372	94,791	97,282
G013	Community Action Network (G013)	270,580	288,440	296,436	304,081	300,510
G017	Private Sector Housing Renewal (G017)	59,620	60,468	61,533	62,653	63,795
G020	Public Health (G020)	(72,000)	(78,000)	(78,000)	(78,000)	(78,000)
G021	Pollution Reduction (G021)	162,220	170,009	173,859	177,869	183,051
G022	Health + Safety (G022)	(180)	0	0	0	0
G023	Pest Control (G023)	42,560	36,724	36,081	38,481	39,114
G025	Food Safety (G025)	122,029	124,110	127,350	130,675	133,506
G026	Animal Welfare (G026)	77,734	94,088	83,867	99,139	89,358
G027	Emergency Planning (G027)	15,847	15,847	15,847	15,847	15,847
G036	Environmental Health Mgmt & Admin (G036)	182,464	191,759	195,871	199,712	203,511

Detail Budgets by Cost Centre

APPENDIX 2

		Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
G043	Joint Strategic Director - Place (G043)	52,403	53,421	54,482	55,563	56,667
G046	Homelessness (G046)	173,645	166,997	169,401	171,828	174,304
G048	Town Centre Housing (G048)	(10,700)	(10,700)	(10,700)	(10,700)	(10,700)
G053	Licensing (G053)	746	5,183	8,855	11,380	13,981
G073	Planning Policy (G073)	441,522	343,892	262,730	270,336	275,765
G074	Planning Development Control (G074)	(99,387)	(11,137)	(3,924)	4,355	12,299
G076	Planning Enforcement (G076)	80,135	82,871	84,513	86,172	87,862
G079	Planning Services Mgmt & Admin (G079)	20,920	21,405	21,846	22,255	22,866
G080	Engineering Services (G080)	92,334	92,438	94,029	95,667	97,354
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
G085	Economic Development (G085)	29,425	29,425	29,425	29,425	29,425
G088	Derbyshire Economic Partnership (G088)	15,000	15,000	15,000	15,000	15,000
G089	Premises Development (G089)	(75,277)	(74,006)	(73,679)	(73,386)	(73,083)
G090	Pleasley Vale Mills (G090)	(115,796)	(141,606)	(138,790)	(136,108)	(133,351)
G091	CISWO Duke St Building (G091)	17,212	11,793	12,078	12,371	12,670
G092	Pleasley Vale Electricity Trading (G092)	(78,000)	(74,976)	(71,879)	(68,709)	(65,462)
G095	Estates + Property (G095)	612,563	642,552	661,639	676,690	690,159
G096	Building Cleaning (General) (G096)	90,403	95,070	97,074	100,398	104,351
G099	Catering (G099)	5,200	5,200	5,200	5,200	5,200
G106	Housing Anti Social Behaviour (G106)	80,095	79,247	84,447	86,162	87,911
G113	Parenting Practitioner (G113)	33,833	34,761	35,703	36,654	37,623
G132	Planning Conservation (G132)	47,819	45,419	32,258	32,913	33,580
G133	The Tangent Business Hub (G133)	(44,912)	(67,033)	(65,951)	(64,887)	(56,747)
G135	Domestic Violence Worker (G135)	41,330	42,116	42,913	43,714	44,534
G138	Bolsover Town Centre Consultation (G138)	34,042	0	0	0	0
G142	Community Safety - CCTV (G142)	9,218	0	0	0	0
G143	Housing Strategy (G143)	23,417	40,292	56,848	46,398	44,364
G144	Enabling (Housing) (G144)	37,551	38,918	39,717	40,533	41,364
G151	Street Lighting (G151)	31,000	31,000	31,000	31,000	31,000
G153	Housing Advice (G153)	12,632	12,933	13,196	13,462	13,735
G156	The Arc (G156)	152,434	159,285	165,823	172,428	185,897
G167	Facilities Management (G167)	10,328	10,338	10,338	10,338	10,338
G169	Closed Churchyards (G169)	10,000	10,000	10,000	10,000	10,000
G172	S106 Affordable Housing (G172)	1,116	0	0	0	0
G176	Affordable Warmth (G176)	35,613	35,808	36,711	37,644	38,606
G188	Cotton Street Contact Centre (G188)	19,549	20,261	20,970	21,691	22,440
G193	Economic Development Management + Admin (G193)	146,371	140,004	144,358	147,297	150,294
G194	Head of Economic Development (G194)	36,899	37,603	38,346	39,104	39,878
G196	Head of Planning (G196)	17,566	37,088	37,830	38,587	39,360
G198	Head of Housing (GF) (G198)	127	134	140	143	147
G208	Head of Estates and Property (G208)	37,378	37,641	38,403	39,171	39,956
G226	S106 - Highways (G226)	569,000	0	0	0	0
G227	S106 - Public Health (G227)	30,132	0	0	0	0
G237	Joint Venture (LLP) (G237)	32,987	0	0	0	0
G239	Housing + Community Safety Fixed Penalty A/c (G239)	5,890	1,500	1,590	0	0

Detail Budgets by Cost Centre

APPENDIX 2

		Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
G242	New Bolsover MV - CVP Worker (G242)	7,215	6,828	1,707	0	0
	Total for Place Directorate	**3,767,738**	**3,156,636**	**3,156,089**	**3,253,916**	**3,338,319**

HOUSING REVENUE ACCOUNT **APPENDIX 3**

	Current Budget 2018/19 £	Original Budget 2019/20 £	Forecast 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £
Expenditure					
Repairs and Maintenance	4,384,689	4,897,470	4,985,893	5,103,851	5,236,607
Supervision and Management	5,249,542	5,357,138	5,371,319	5,444,459	5,539,644
Special Services	485,398	549,994	549,743	554,255	564,880
Supporting People - Wardens	552,480	606,571	621,467	634,399	646,401
Supporting People - Central Control	228,379	224,968	228,246	231,164	234,143
Tenants Participation	89,563	66,247	67,673	89,947	70,246
Revenue Contribution to Capital	500,000	500,000	500,000	500,000	500,000
Increase in Bad Debts Provision	150,000	150,000	150,000	150,000	150,000
Cost of Capital - Interest	3,577,169	3,513,950	3,472,479	3,386,257	3,296,637
Debt Management Expenses	7,886	8,120	8,200	8,300	8,400
Total Expenditure	**15,225,106**	**15,874,458**	**15,955,020**	**16,102,632**	**16,246,958**
Income					
Dwelling Rents	(20,007,812)	(20,025,070)	(20,969,076)	(21,729,486)	(22,515,766)
Garage Rents	(140,648)	(144,027)	(147,483)	(151,904)	(155,554)
Other Income	(28,990)	(23,060)	(23,435)	(23,810)	(24,185)
Repairs and Maintenance	(16,445)	(16,445)	(16,445)	(16,445)	(16,445)
Supervision and Management	(1,143)	(380)	(380)	(380)	(380)
Special Services	(134,231)	(138,135)	(142,156)	(146,298)	(150,564)
Supporting People - Wardens	(516,420)	(515,863)	(139,123)	(142,462)	(145,882)
Supporting People - Central Control	(239,768)	(245,522)	(251,415)	(257,449)	(263,628)
Tenants Participation	(5,490)	0	0	0	0
Leased Flats	(25,119)	(19,000)	(19,000)	(19,000)	(19,000)
Leased Shops	(7,980)	(7,980)	(7,980)	(7,980)	(7,980)
Total Income	**(21,124,046)**	**(21,135,482)**	**(21,716,493)**	**(22,495,214)**	**(23,299,384)**
Appropriations					
Depreciation	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000
T/f to/(from) Major Repairs Reserve	1,717,569	908,249	808,249	808,249	1,508,249
Contribution to Insurance Reserve	50,000	50,000	50,000	50,000	50,000
Contribution to Development Reserve	1,000,000	1,000,000	1,500,000	1,900,000	0
Contribution to Debt Repayment Reserve	0	0	0	0	2,000,000
Contribution to Vehicle Replacement Reserve	0	80,000	180,000	420,000	285,000
Use of Reserves	(70,294)	0	0	0	0
	5,897,275	**5,238,249**	**5,738,249**	**6,378,249**	**7,043,249**
Net Operating (Surplus) / Deficit	**(1,665)**	**(22,775)**	**(23,224)**	**(14,333)**	**(9,177)**
Working Balance at Beginning of Year	**(1,928,826)**	**(1,930,491)**	**(1,953,266)**	**(1,976,490)**	**(1,990,823)**
Contribution (to)/from Balances	(1,665)	(22,775)	(23,224)	(14,333)	(9,177)
Working Balance at End of Year	**(1,930,491)**	**(1,953,266)**	**(1,976,490)**	**(1,990,823)**	**(2,000,000)**

HRA - Fees and Charges 2019/20

Weekly Charge over 48 Weeks unless otherwise specified
September 2018 Consumer Price Index was 2.4%

	Current	Proposed	Change	Change
	£	£	£	%
Garages (tenant)	12.23	12.52	0.29	2.4%
Garage - Direct Debit Payment	9.23	9.45	0.22	2.4%
Garage (in curtledge)	4.61	4.73	0.12	2.5%
(Set at 50% of garage DD payment)				
garage plots	197.76	202.51	4.75	2.4%
(Billed annually)				
New Bolsover Service Charge	2.00	2.00	0.00	0.0%
(applies to new tenants only)				
Special Services Charge (See Note1)	16.00	16.38	0.38	2.4%
Reduced special service	10.66	10.92	0.26	2.5%
(Reduced special services for scheme other than Cat 2 who receive reduced service)				
Heating Service Charge (See Note 2)				
Bedsits	2.92	2.92	0.00	0.0%
1 bed flat	3.98	3.98	0.00	0.0%
2 bed flat	6.64	6.64	0.00	0.0%
3 bed flat	7.35	7.35	0.00	0.0%
1 bed bungalow	4.43	4.43	0.00	0.0%
2 bed bungalow	5.89	5.89	0.00	0.0%
Heating Charge (See Note 3)				
Bedsits	4.83	4.83	0.00	0.0%
1 bed flat	6.58	6.58	0.00	0.0%
2 bed flat	10.97	10.97	0.00	0.0%
3 bed flat	12.14	12.14	0.00	0.0%
1 bed bungalow	7.31	7.31	0.00	0.0%
2 bed bungalow	9.73	9.73	0.00	0.0%
Support Charges	13.65	13.98	0.33	2.4%
Mobile Warden	5.26	5.79	0.53	10.0%
(long term aim to reach cost, increased capped at 10% per year)				
Lifeline - bronze	4.73	4.84	0.11	2.4%
Lifeline - gold	7.27	7.44	0.17	2.4%
Lifeline - RSL	4.53	4.64	0.11	2.4%
Buggy Parking	3.85	3.94	0.09	2.4%
(including charging facilities)				
Choice Based Lettings Postage	1.12	1.16	0.04	3.6%

(suggested cost is twice the cost of a second class stamp)

Note 1

Special Services Charge includes the heating, cleaning and furnishing of communal areas, provision of laundry and kitchen facilities and other costs. The charge is a contribution to the full cost of these services. This charge is added to the rent amount and is covered by housing benefit if appropriate.

The Heating Charge is split into two separate charges.

Note 2

Heating Service Charge is the cost for the provision and maintenance of a communal heating system. This includes an allowance for electricity to circulate heat within the system. This charge is added to the rent amount and is covered by housing benefit if appropriate.

Note 3

The Heating Charge reflects the cost of fuel only, this is not covered by housing benefit and is charged and monitored to a sub account on the main rent account.

This split is intended to make it easier to understand how we charge for heating.

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Current Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
General Fund					
AMP - PV Mills	84,463	0	0	0	0
AMP - The Arc	76,726	0	0	0	0
AMP - Emercency Lighting	20,000	0	0	0	0
AMP - Leisure Buildings	12,010	0	0	0	0
AMP - Riverside Depot	2,515	0	0	0	0
AMP - The Tangent	3,537	0	0	0	0
AMP - Investment Properties	745	0	0	0	0
AMP - Refurbishment Work	30,653	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500	0	0	0	0
Refurbishment - 3 Cotton St Bolsover	4,376	0	0	0	0
Shirebrook Contact Centre	282,453	0	0	0	0
Pleasley Vale Mill 1 - Dam Wall	121,470	0	0	0	0
Car Parking at Clowne - Additional	135,200	0	0	0	0
Security and CCTV at Pleasley Vale	27,487	0	0	0	0
The Tangent - Phase 2	57,900	0	0	0	0
PV Resurfacing Works	95,100	0	0	0	0
PV Mansafe System	74,511	0	0	0	0
PV Fire Compartmentation & Fire Doors	102,935	0	0	0	0
Can Ranger Expansion (Body Cams)	35,000	0	0	0	0
	1,194,581	**260,000**	**260,000**	**260,000**	**260,000**
Project Horizon					
Clowne Campus - Refurbishment	23,076	0	0	0	0
	23,076	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	114,439	141,200	50,200	127,200	27,250
	114,439	**141,200**	**50,200**	**127,200**	**27,250**
Leisure Schemes					
P Vale Outdoor Education Centre	34,322	0	0	0	0
Clowne Leisure Facility	65,422	0	0	0	0
Go Active Equipment	15,000	0	0	0	0
Replacement Astro Turf Pitch	0	0	50,000	0	0
Gym Equipment & Spin Bikes	0	0	0	365,000	0
Kitchen & Associated Equipment	0	0	0	20,000	0
	114,744	**0**	**50,000**	**385,000**	**0**
Private Sector Schemes					
Disabled Facility Grants	850,000	900,000	900,000	900,000	900,000
Group Repair	2,674	0	0	0	0
Carr Vale Group Repair	9,579	0	0	0	0
Station Road Shirebrook	1,340	0	0	0	0
	863,593	**900,000**	**900,000**	**900,000**	**900,000**
Joint Venture					
Dragonfly Joint Venture Shares	333,741	188,750	0	0	0
Dragonfly Joint Venture Loan	1,469,929	1,510,000	0	0	0
	1,803,670	**1,698,750**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	466,195	524,500	460,000	1,365,000	693,575
Vehicle Lift for Garage	40,000	12,000	0	0	0
Vehicle Wash Area	70,000	0	0	0	0
8 x Hedge cutters	4,000	0	0	0	0
10 x Strimmers	5,000	0	0	0	0
	585,195	**536,500**	**460,000**	**1,365,000**	**693,575**
Total General Fund	**4,699,298**	**3,536,450**	**1,720,200**	**3,037,200**	**1,880,825**

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Current Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
Housing Revenue Account					
New Build Properties					
Rogers Ave Creswell	980	0	0	0	0
Blackwell Hotel Site	11,175	0	0	0	0
Fir Close Shirebrook	10,540	0	0	0	0
Derwent Drive Tibshelf	31,195	0	0	0	0
Recreation Close Clowne	536,243	0	0	0	0
Hilltop	1,750,458	0	0	0	0
Ash Close Pinxton	934,396	0	0	0	0
Elm Close Pinxton	592,428	0	0	0	0
Lime Close Pinxton	355,243	0	0	0	0
Beech Grove South Normanton	262,886	0	0	0	0
Leamington Drive South Normanton	437,699	0	0	0	0
St Michaels Drive South Normanton	300,000	0	0	0	0
Highcliffe Ave Shirebrook	189,285	0	0	0	0
The Paddock Bolsover	78,205	1,900,000	0	0	0
Keepmoat Properties at Bolsover	690,000	700,000	0	0	0
	6,180,733	**2,600,000**	**0**	**0**	**0**
Vehicle Replacements	22,897	172,500	361,000	471,833	196,000
	22,897	**172,500**	**361,000**	**471,833**	**196,000**
Public Sector Housing					
Unallocated Major Repairs Reserve	861,695	0	3,938,929	3,938,929	4,638,929
Unallocated Direct Revenue Funding	0	0	500,000	500,000	500,000
External Wall Insulation	12,314	0	0	0	0
Electrical Upgrades	208,625	200,000	0	0	0
Ashbourne Court Extension	10,000	1,490,000	0	0	0
Welfare Adaptations	0	175,000	0	0	0
Cavity Wall + Loft Insulation	4,692	0	0	0	0
External Door Replacements	259,459	50,000	0	0	0
Heating Upgrades	85,138	0	0	0	0
Environmental Works	7,834	50,000	0	0	0
Reactive Capital Works	165,690	200,000	0	0	0
Kitchen Replacements - Decent Homes	267,257	300,000	0	0	0
Safe and Warm	2,441,890	2,163,929	0	0	0
Regeneration Mgmt & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	789,012	750,000	0	0	0
Flat Roofing	50,000	50,000	0	0	0
Soffit and Fascia	207,511	100,000	0	0	0
House Fire Damage (Insurance)	64,359	0	0	0	0
	5,504,796	**5,598,249**	**4,508,249**	**4,508,249**	**5,208,249**
ICT Schemes	468,747	0	0	0	0
	468,747	**0**	**0**	**0**	**0**
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	5,924,870	0	0	0	0
	5,924,870	**0**	**0**	**0**	**0**
Total HRA	**18,102,043**	**8,370,749**	**4,869,249**	**4,980,082**	**5,404,249**
TOTAL CAPITAL EXPENDITURE	**22,801,341**	**11,907,199**	**6,589,449**	**8,017,282**	**7,285,074**

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Current Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
Capital Financing					
General Fund					
Better Care Fund	(850,000)	(900,000)	(900,000)	(900,000)	(900,000)
Prudential Borrowing	(2,826,035)	(2,495,250)	(770,000)	(2,010,000)	(953,575)
Reserves	(899,651)	(141,200)	(50,200)	(127,200)	(27,250)
External Funding	(13,593)	0	0	0	0
Capital Receipts	(110,019)	0	0	0	0
	(4,699,298)	**(3,536,450)**	**(1,720,200)**	**(3,037,200)**	**(1,880,825)**
HRA					
Major Repairs Allowance	(10,528,870)	(5,098,249)	(4,008,249)	(4,008,249)	(4,708,249)
Prudential Borrowing	(3,828,982)	(1,820,000)	0	0	0
Vehicle Reserve	(22,897)	(172,500)	(361,000)	(471,833)	(196,000)
HRA Direct Revenue Financing	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Capital Receipts	(594,963)	(780,000)	0	0	0
External Funding	(2,626,331)	0	0	0	0
	(18,102,043)	**(8,370,749)**	**(4,869,249)**	**(4,980,082)**	**(5,404,249)**
TOTAL CAPITAL FINANCING	**(22,801,341)**	**(11,907,199)**	**(6,589,449)**	**(8,017,282)**	**(7,285,074)**
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(7,536,922)	(1,925,621)	(935,621)	(935,621)	(935,621)
Amount due in Year	(4,917,569)	(4,108,249)	(4,008,249)	(4,008,249)	(4,708,249)
Amount used in Year	10,528,870	5,098,249	4,008,249	4,008,249	4,708,249
Closing Balance	**(1,925,621)**	**(935,621)**	**(935,621)**	**(935,621)**	**(935,621)**
HRA Development Reserve					
Opening Balance	(265,171)	(1,265,171)	(2,265,171)	(3,765,171)	(5,665,171)
Amount due in Year	(1,000,000)	(1,000,000)	(1,500,000)	(1,900,000)	0
Amount used in Year	0	0	0	0	0
Closing Balance	**(1,265,171)**	**(2,265,171)**	**(3,765,171)**	**(5,665,171)**	**(5,665,171)**
HRA Vehicle Reserve					
Opening Balance	(352,822)	(329,925)	(237,425)	(56,425)	(4,592)
Amount due in Year	0	(80,000)	(180,000)	(420,000)	(285,000)
Amount used in Year	22,897	172,500	361,000	471,833	196,000
Closing Balance	**(329,925)**	**(237,425)**	**(56,425)**	**(4,592)**	**(93,592)**
Capital Receipts Reserve					
Opening Balance	(1,119,501)	(824,538)	(44,538)	(44,538)	(44,538)
Amount due in Year	(300,000)	0	0	0	0
Amount used in Year	594,963	780,000	0	0	0
Closing Balance	**(824,538)**	**(44,538)**	**(44,538)**	**(44,538)**	**(44,538)**
Debt Repayment Reserve					
Opening Balance	(12,082,225)	(12,082,225)	(12,082,225)	(12,082,225)	(10,082,225)
Amount due in Year	0	0	0	0	(2,000,000)
Amount used in Year	0	0	0	2,000,000	0
Closing Balance	**(12,082,225)**	**(12,082,225)**	**(12,082,225)**	**(10,082,225)**	**(12,082,225)**

Agenda Item No 9

Bolsover District Council

Council

20th February 2019

Treasury Strategy Reports 2019/20 - 2022/23

Report of the Portfolio Holder Finance and Resources and Renewable Energy

This report is public

Purpose of the Report

The purpose of this report is to provide Council with the necessary information to approve the Council's suite of Treasury Strategies for 2019/20 to 2022/23.

1 Report Details

1.1 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.2 From 2019/20, the CIPFA Code requires that a Capital Strategy be produced alongside the Treasury Management Strategy. In addition, the 2018 Investment Guidance issued by the Ministry of Housing, Communities and Local Government requires local authorities to produce a Corporate Investment Strategy. So from 2019/20 there is a requirement to produce three separate treasury strategies.

1.3 As in previous years, the Council's Treasury Management Strategy provides the framework for managing the Council's cash flows, borrowing and investments, and the associated risks for the years 2019/20 to 2022/23. The Treasury Management Strategy sets out the parameters for all borrowing and lending as well as listing all approved borrowing and investment sources. Prudential indicators aimed at monitoring risk are also included. **(Appendix 1).**

1.4 The Capital Strategy is intended to be a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Council's services. The report also provides an overview of the associated risk, its management and the implications for future financial sustainability. The Capital Strategy sets out the capital expenditure plans for the period and how they will be financed. It also provides information of the minimum revenue provision, capital financing requirement and prudential indicators aimed at monitoring risk **(Appendix 2).**

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

2 Conclusions and Reasons for Recommendation

2.1 This report outlines the Council's proposed suite of Treasury Strategies for the period 2019/20 to 2022/23 for consideration and approval by Council. It contains:

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

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

3 Consultation and Equality Impact

3.1 There are no equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

4.1 Alternative options are considered throughout the 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 and

Capital Strategy which requires approval by full Council prior to the commencement of each financial year. This report is prepared in order to comply with these obligations.

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

5.3 Human Resources Implications

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

6 Recommendations

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

a) Approve the Borrowing Strategy

b) Approve the Treasury Management Investment Strategy

c) Approve the use of the external treasury management advisors Counterparty Weekly List – or similar - to determine the latest assessment of the counterparties that meet the Council’s Criteria before any investment is undertaken.

d) Approve the Prudential Indicators

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

a) Approve the Capital Financing Requirement

b) Approve the Minimum Revenue Provision Statement for 2019/20

c) Approve the Prudential Indicators for 2019/20 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£131,921,000
Operational Boundary	£126,921,000
Capital Financing Requirement	£121,921,000

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

7 Decision Information

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: *BDC:* *Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC:* *Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1 2 3	Treasury Management Strategy Capital Strategy Investment Strategy
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)	

Report Author	**Contact Number**
Dawn Clarke Head of Finance and Resources Theresa Fletcher Chief Accountant	01246 217658 01246 242458

Appendix 1

Bolsover District Council

Treasury Management Strategy 2019/20 - 2022/23

1 Strategy Details

1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a Treasury Management Strategy before the start of each financial year. This strategy fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.2 In previous years the Treasury Management Strategy contained information which included Capital Expenditure and Financing; the Minimum Revenue Provision policy and details on the Authority's investments and loans. From 2019/20 there is a requirement to produce three separate strategies.

1.3 This strategy outlines the Authority's Treasury Management Strategy for the years 2019/20 to 2022/23 for consideration and approval by Council.

1.4 Investments held for service purposes or for commercial profit are considered in a different strategy, the Corporate Investment Strategy.

1.5 A further strategy, the Capital Strategy, sets out the Authority's Capital Expenditure programme and Minimum Revenue Provision policy (MRP).

Introduction

1.6 Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

External Context

1.7 **Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's Treasury Management Strategy for 2019/20.

1.8 UK Consumer Price Inflation (CPI) for October was 2.4%, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

1.9 The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the Bank of England, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

1.10 Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no change to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

1.11 While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

1.12 **Credit outlook:** The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ring-fencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ring-fenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ring-fenced banks generally being better rated than their non-ring-fenced counterparts.

1.13 The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

1.14 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

1.15 **Interest rate forecast:** Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's Monetary Policy Committee has maintained expectations for slow and steady rate rises over the forecast horizon. The Monetary Policy Committee continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that Monetary Policy Committee members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

1.16 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

1.17 Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the European Central Bank's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

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

1.19 For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.75%.

Local Context

1.20 On 31st December 2018, the Authority held £102.1m of borrowing and £41.8m of investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in **table 1** below.

Table 1: Balance sheet summary and forecast

	31.3.18 Actual £m	**31.3.19 Estimate £m**	**31.3.20 Forecast £m**	**31.3.21 Forecast £m**	**31.3.22 Forecast £m**	**31.3.23 Forecast £m**
General Fund CFR	8.4	10.9	12.4	12.2	13.1	12.7
HRA CFR	104.1	107.9	109.8	109.8	109.8	109.8
Total CFR	**112.5**	**118.8**	**122.2**	**122.0**	**122.9**	**122.5**
Less: External borrowing **	(102.1)	(102.1)	(99.1)	(97.1)	(93.4)	(89.4)
Internal borrowing	**10.4**	**16.7**	**23.10**	**24.9**	**29.5**	**33.1**
Less: Usable reserves	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)
Less: Working capital (balance)	(6.7)	(6.7)	(6.7)	(6.7)	(6.7)	(6.7)
Investments	**36.0**	**29.7**	**23.3**	**21.5**	**16.9**	**13.3**

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

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

1.22 The Authority has an increasing CFR due to the capital programme, but reducing investments and may therefore be required to borrow by the beginning of 2021/22 based on the most recent forecast.

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

Table 2: Liability benchmark

	31.3.18 Actual £m	31.3.19 Estimate £m	31.3.20 Forecast £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m
CFR	**112.5**	**118.8**	**122.2**	**122.0**	**122.9**	**122.5**
Less: Usable reserves	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)	(39.7)
Less: Working capital	(6.7)	(6.7)	(6.7)	(6.7)	(6.7)	(6.7)
Plus: Minimum investments	10	10	10	10	10	10
Liability Benchmark	**76.1**	**82.4**	**85.8**	**85.6**	**86.5**	**86.1**

Borrowing Strategy

1.24 The Authority currently holds £102.1m of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority anticipates borrowing during 2021/22 but does not expect to need to borrow in 2019/20. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £131.9m.

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

1.26 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority'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.

1.27 By doing so, the Authority 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 Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.28 Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

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

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

1.33 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

1.34 **LOBOs:** The Authority doesn’t hold or intend to hold any LOBO (Lender’s Option Borrower’s Option) loans.

1.35 **Short-term and variable rate loans**: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

1.36 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Authority 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.

Treasury Management Investment Strategy

1.37 The Authority holds an average of £38m invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £33m and £42m, and similar levels are expected to be maintained in the forthcoming year.

1.38 **Objectives:** The CIPFA Code requires the Authority 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 Authority'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.

1.39 Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

1.40 **Negative interest rates:** If the UK enters into a recession in 2019/20, 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.

1.41 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and higher yielding asset classes during 2019/20. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, short term fixed deposits with local authorities and money market funds. This diversification will represent a substantial change in strategy over the coming year

1.42 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The

Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

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

Table 3: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ 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 and real estate investment trusts	£5m per fund				

1.44 **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

1.45 **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

1.46 **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.

1.47 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities, Parish Councils and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

1.48 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or as part of a diversified pool in order to spread the risk widely.

1.49 **Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing. As providers of public services, they retain the likelihood of receiving government support if needed.

1.50 **Pooled funds:** Shares or units 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.

1.51 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority 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 Authority's investment objectives will be monitored regularly.

1.52 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

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

1.54 **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority'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.

1.55 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.

1.56 **Other information on the security of investments**: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

1.57 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 Authority 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 Authority'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.

1.58 **Investment limits**: In order to minimise investments that will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	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 and registered social landlords	£10m in total
Unsecured investments with building societies	£5m per society
Loans to unrated corporates	£5m in total
Money market funds	£30m in total
Real estate investment trusts	£5m in total
Lloyds Bank (as providers of operational banking services)	£5m overnight

1.59 **Liquidity management**: The Authority 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 Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Treasury Management Indicators

1.60 The Authority measures and manages its exposures to treasury management risks using the following indicators:

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

Interest rate risk indicator	**Limit each year**
Upper limit on one-year revenue impact of a 1% rise in interest rates	£60,418
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£60,418)

1.62 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

1.63 **Maturity structure of borrowing:** This indicator is set to control the Authority's exposure to refinancing risk. This indicator used to be for fixed rate borrowing only but now includes all borrowing. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	**Upper limit**	**Lower limit**
Under 12 months	20%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	60%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

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

1.65 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority'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:

Price risk indicator	2019/20	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£5m	£4m	£3m	£2m

Related Matters

1.66 The CIPFA Code requires the Authority to include the following in its treasury management strategy.

1.67 **Financial Derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

1.68 The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

1.69 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

1.70 **Housing Revenue Account:** The Authority 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, this amount is variable dependant on the level of available resources within the HRA each year. The Debt Repayment Reserve will be used to repay the debt arising from the self-financing settlement. For the period 2018/19 to 2021/22 no contribution will be made to the Debt Repayment Reserve. The amount that was going to be put into this Reserve will now be used in the capital programme to fund further B@home new build schemes.

1.71 **Markets in Financial Instruments Directive**: The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

Appendix A

Economic & Interest Rate Forecast (Arlingclose October 2018)

Underlying assumptions:

- Our central interest rate forecasts are predicated on there being a transitionary period following the UK's official exit from the EU.

- The Monetary Policy Committee has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that Monetary Policy Committee members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.

- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.

- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.

- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.

- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.

- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The Monetary Policy Committee has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.

- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitionary period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.17**
Arlingclose Central Case	**0.75**	**0.75**	**1.00**	**1.00**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.25**	**1.13**
Downside risk	0.00	-0.50	-0.75	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	**-0.85**
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	**0.17**
Arlingclose Central Case	**0.90**	**0.95**	**1.10**	**1.30**	**1.40**	**1.40**	**1.40**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.27**
Downside risk	-0.20	-0.45	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	**-0.76**
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.33**
Arlingclose Central Case	**1.15**	**1.25**	**1.35**	**1.50**	**1.70**	**1.60**	**1.50**	**1.40**	**1.35**	**1.35**	**1.35**	**1.35**	**1.35**	**1.40**
Downside risk	-0.35	-0.50	-0.60	-0.80	-0.90	-0.90	-0.90	-0.85	-0.85	-0.85	-0.85	-0.85	-0.85	**-0.77**
5-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.15**	**1.25**	**1.35**	**1.50**	**1.50**	**1.40**	**1.35**	**1.35**	**1.30**	**1.30**	**1.30**	**1.30**	**1.30**	**1.33**
Downside risk	-0.50	-0.60	-0.65	-0.80	-0.80	-0.70	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	**-0.66**
10-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.50**	**1.65**	**1.70**	**1.80**	**1.80**	**1.75**	**1.75**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**	**1.70**
Downside risk	-0.55	-0.70	-0.70	-0.80	-0.80	-0.75	-0.75	-0.70	-0.70	-0.70	-0.70	-0.70	-0.70	**-0.71**
20-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**2.00**	**2.10**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.20**	**2.18**
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**
50-yr gilt yield														
Upside risk	0.25	0.30	0.30	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	**0.37**
Arlingclose Central Case	**1.90**	**1.95**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**2.00**	**1.99**
Downside risk	-0.60	-0.70	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B

Existing Investment & Debt Portfolio Position

	31.12.18 Actual Portfolio £m	31.12.18 Average Rate %
External borrowing:		
Public Works Loan Board	102.1	3.57%
Total external borrowing	**102.1**	**3.57%**
Other long-term liabilities:		
Finance Leases	0	0
Total other long-term liabilities	**0**	**0**
Total gross external debt	**102.1**	**3.57%**
Treasury investments:		
Banks & building societies (unsecured)	5.0	0.95%
Government (incl. local authorities)	20.5	0.82%
Money Market Funds	16.3	0.74%
Total treasury investments	**41.8**	**0.84%**
Net debt	**60.3**	

Appendix 2

Bolsover District Council

Capital Strategy 2019/20 - 2022/23

1 Strategy Details

1.1 The Capital Strategy is a new strategy introduced by the 2017 edition of the Prudential Code which is intended to give a high level, concise and comprehensible overview to all elected members of how capital expenditure, capital financing and treasury management activity, contribute to the provision of the Authority's services. The strategy also provides an overview of the associated risk, its management and the implications for future financial sustainability.

1.2 This Capital Strategy outlines the Authority's Capital Expenditure programme and Minimum Revenue Provision policy (MRP) for the years 2019/20 to 2022/23 for consideration and approval by Council before the start of each financial year.

1.3 Investments held for service purposes or for commercial profit are considered in a different strategy, the Corporate Investment Strategy.

1.4 A further strategy, the Treasury Management Strategy, details the Authority's plans to invest cash surpluses and borrow to cover cash shortfalls.

Introduction

1.5 This Capital Strategy is a new strategy for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.

Capital Expenditure and Financing

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

In 2019/20, the Council is planning capital expenditure of £11.907m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m
General Fund services	2.555	2.895	1.837	1.720	3.037	1.881
Council housing (HRA)	14.275	18.102	8.371	4.869	4.980	5.404
Capital investments	0.045	1.804	1.699	0	0	0
TOTAL	16.875	22.801	11.907	6.589	8.017	7.285

1.7 The main General Fund capital projects for 2019/20 include Grants for Disabled Facilities £0.900m and the purchase of Vehicles and Plant £0.536m. The Council also plans to incur £1.699m of capital expenditure on investments in 2019/20.

1.8 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately, and includes the building of 30 new homes during the current financial year.

1.9 **Governance**: Projects are included in the Council's capital programme usually as a result of a committee report throughout the year. The vehicle replacement programme is updated each year and the new requirements are included in the revised capital programme. The final capital programme is then presented to Executive and Council in February each year.

- For full details of the Council's capital programme see **Appendix A** to this strategy.

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

Table 2: Capital financing

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m
External sources	2.443	3.490	0.900	0.900	0.900	0.900
Own resources	9.079	12.656	6.692	4.919	5.107	5.431
Debt	5.353	6.655	4.315	0.770	2.010	0.954
TOTAL	**16.875**	**22.801**	**11.907**	**6.589**	**8.017**	**7.285**

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

Table 3: Replacement of debt finance

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m
MRP	0.714	0.706	0.890	0.999	1.087	1.162
Capital receipts	2.128	0	0	0	0	0
TOTAL	**2.842**	**0.706**	**0.890**	**0.999**	**1.087**	**1.162**

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

1.12 The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £3.425m during 2019/20. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	31.3.2018 actual £m	31.3.2019 forecast £m	31.3.2020 budget £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m
General Fund services	8.313	8.879	10.439	11.909	12.832	12.440
Council housing (HRA)	104.234	107.963	109.783	109.783	109.783	109.783
Capital investments	0	1.653	1.699	0	0	0
TOTAL CFR	**112.547**	**118.495**	**121.921**	**121.692**	**122.615**	**122.407**

1.13 **Asset management:** To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. The Council developed this strategy to set the context for the Corporate Asset Management Plan. The purpose of the plan is to manage the Council's corporate property and land portfolio effectively by providing buildings that meet the needs of the service, which are fit for purpose, sustainable, allow access for all, underpin corporate priorities and provide value for money

- The Council's asset management strategy can be found on the data transparency area of our website, www.bolsover.gov.uk

1.14 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Council has produced a Disposal and Acquisition Policy which documents the method and approval route for the disposal of an asset. The Council has not identified any specific sites for disposal and does not set budgets for receipts due to the uncertain nature of disposals, but a target to receive £150,000 of capital receipts in the coming financial year has been set as follows:

Table 5: Capital receipts

	2017/18 actual £m	2018/19 forecast £m	2019/20 budget £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m
Asset sales	0.222	0.100	0.150	0	0	0

Treasury Management

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

1.16 Due to decisions taken in the past, the Council currently has £102.1m borrowing at an average interest rate of 3.57% and £41.8m treasury investments at an average rate of 0.84%.

1.17 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

1.18 Projected levels of the Council's total outstanding debt are shown below, compared with the capital financing requirement (see above).

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

	31.3.2018 actual £m	31.3.2019 forecast £m	31.3.2020 budget £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m
Debt	102.906	102.665	99.700	97.700	93.700	90.300
Capital Financing Requirement	112.547	118.495	121.921	121.692	122.615	122.407

1.19 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from **table 6**, the Council expects to comply with this in the medium term.

1.20 **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. This benchmark is currently £82.4m and is forecast to rise to £86.1m over the next four years. The table below shows that the Council expects to remain borrowed above its liability benchmark.

Table 7: Borrowing and the Liability Benchmark

	31.3.2018 actual £m	**31.3.2019 forecast £m**	**31.3.2020 budget £m**	**31.3.2021 budget £m**	**31.3.2022 budget £m**	**31.3.2023 budget £m**
Outstanding PWLB borrowing	102.1	102.1	99.1	97.1	93.4	89.4
Liability benchmark	76.1	82.4	85.8	85.6	86.5	86.1

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

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

	2018/19 limit £m	**2019/20 limit £m**	**2020/21 limit £m**	**2021/22 limit £m**	**2022/23 limit £m**
Authorised limit	128.495	131.921	131.692	132.615	132.407
Operational boundary	123.495	126.921	126.692	127.615	127.407

- Further details on borrowing are in paragraphs 1.24 to 1.36 of the Treasury Management Strategy.

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

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

Table 9: Treasury management investments

	31.3.2018 actual £m	31.3.2019 forecast £m	31.3.2020 budget £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2022 budget £m
Near-term investments	36.0	29.7	23.3	21.5	16.9	13.3
Longer-term investments	0	0	0	0	0	0
TOTAL	**36.0**	**29.7**	**23.3**	**21.5**	**16.9**	**13.3**

- Further details on treasury investments are in paragraphs 1.37 to 1.59 of the Treasury Management Strategy.

1.24 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Finance Officer and staff, who must act in line with the Treasury Management Strategy approved by Council. Quarterly reports on treasury management activity are presented to Executive. The Audit committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

1.25 The Council makes investments to assist local public services, including making loans to parish/town councils or local community organisations to promote economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments, however it still plans for such investments to at least break even after all costs.

1.26 **Governance:** Decisions on service investments are made by the relevant service manager and submitted to Council/Executive in consultation with the Chief Finance Officer and must meet the criteria and limits laid down in the Corporate Investment Strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

- Further details on service investments are in paragraphs 1.10 to 1.18 of the Corporate Investment strategy.

Commercial Activities

1.27 With central government financial support for local public services declining, the Council is developing a Commercial Property Investment Strategy based around expanding its existing non-housing property portfolio. This is in order to develop revenue streams that provide a required level of return to offset the forecast budget deficits for forthcoming years. This approach can also support economic development and regeneration in the District through targeted investment.

1.28 With financial return being the main objective, the Council accepts higher risk on commercial investment than with treasury investments. The financial viability of each individual potential investment opportunity will be fully assessed within a comprehensive business case. In order to reflect the potential risk that may arise as a consequence of undertaking commercial property investment and provide a sufficient financial contribution to the Council's General Fund. A minimum Internal Rate of Return (IRR) will be set in the Commercial Property Investment Strategy.

1.29 **Governance:** It is acknowledged that commercial investment opportunities may require agile and quick decision making. However, in order to ensure appropriate governance arrangements are maintained, investment decisions will be made in accordance with the Council's existing decision making process, threshold levels and Scheme of Delegation contained within the Council's Constitution. Where it is not possible to wait until the next Executive and/or Council meeting, an extra-ordinary meeting will be arranged as soon as practicably possible.

- Further details on commercial investments and limits on their use are in paragraphs 1.19 to 1.23 of the Corporate Investment Strategy.

- Further details on the risk management of commercial investments are in the Commercial Property Investment Strategy

Liabilities

1.30 In addition to debt of £102.665m detailed above, the Council is committed to making future payments to cover its net pension fund deficit (valued at £39.9m). It has also set aside £3.2m to cover risks of future legal costs, Single Status and Business Rates Appeals. (All figures are as at 31/3/18)

1.31 **Governance:** Decisions on incurring new discretional liabilities are taken to Council for approval. The risk of liabilities crystallising and requiring payment is monitored as part of the year-end process.

- Further details on liabilities are in note 21 and 38 of the 2017/18 Statement of Accounts document, which is available on our website.

Revenue Budget Implications

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

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

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs (£m)	0.749	0.636	0.829	0.968	1.102	1.223
Proportion of net revenue stream	6.91%	5.67%	8.20%	9.88%	10.68%	11.30%

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

Knowledge and Skills

1.34 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Finance Officer is a qualified accountant, the Head of Service – Property and Estates is a member of the Chartered Institute of Building (MCIOB)

1.35 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisors. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

Treasury Management Operations

1.36 As mentioned above the Council uses external treasury management advisors. The company provides a range of services which include:

- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
- Economic and interest rate analysis;
- Debt services which includes advice on the timing of borrowing;
- Debt rescheduling advice surrounding the existing portfolio;
- Generic investment advice on interest rates, timing and investment instruments;
- A number of free places at training events offered on a regular basis.
- Credit ratings/market information service, comprising the three main credit rating agencies;

1.37 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.

1.38 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.

Banking Contract

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

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
General Fund					
AMP - PV Mills	84,463	0	0	0	0
AMP - The Arc	76,726	0	0	0	0
AMP - Emercency Lighting	20,000	0	0	0	0
AMP - Leisure Buildings	12,010	0	0	0	0
AMP - Riverside Depot	2,515	0	0	0	0
AMP - The Tangent	3,537	0	0	0	0
AMP - Investment Properties	745	0	0	0	0
AMP - Refurbishment Work	30,653	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500	0	0	0	0
Refurbishment - 3 Cotton St Bolsover	4,376	0	0	0	0
Shirebrook Contact Centre	282,453	0	0	0	0
Pleasley Vale Mill 1 - Dam Wall	121,470	0	0	0	0
Car Parking at Clowne - Additional	135,200	0	0	0	0
Security and CCTV at Pleasley Vale	27,487	0	0	0	0
The Tangent - Phase 2	57,900	0	0	0	0
PV Resurfacing Works	95,100	0	0	0	0
PV Mansafe System	74,511	0	0	0	0
PV Fire Compartmentation & Fire Doors	102,935	0	0	0	0
Can Ranger Expansion	35,000	0	0	0	0
	1,194,581	**260,000**	**260,000**	**260,000**	**260,000**
Project Horizon					
Clowne Campus - Refurbishment	23,076	0	0	0	0
	23,076	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	114,439	141,200	50,200	127,200	27,250
	114,439	**141,200**	**50,200**	**127,200**	**27,250**
Leisure Schemes					
P Vale Outdoor Education Centre	34,322	0	0	0	0
Clowne Leisure Facility	65,422	0	0	0	0
Go Active Equipment	15,000	0	0	0	0
Replacement Astro Turf Pitch	0	0	50,000	0	0
Gym Equipment & Spin Bikes	0	0	0	365,000	0
Kitchen & Associated Equipment	0	0	0	20,000	0
	114,744	**0**	**50,000**	**385,000**	**0**
Private Sector Schemes					
Disabled Facility Grants	850,000	900,000	900,000	900,000	900,000
Group Repair	2,674	0	0	0	0
Carr Vale Group Repair	9,579	0	0	0	0
Station Road Shirebrook	1,340	0	0	0	0
	863,593	**900,000**	**900,000**	**900,000**	**900,000**
Joint Venture					
Dragonfly Joint Venture Shares	333,741	188,750	0	0	0
Dragonfly Joint Venture Loan	1,469,929	1,510,000	0	0	0
	1,803,670	**1,698,750**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	466,195	524,500	460,000	1,365,000	693,575
Vehicle Lift for Garage	40,000	12,000	0	0	0
Vehicle Wash Area	70,000	0	0	0	0
8 x Hedge cutters	4,000	0	0	0	0
10 x Strimmers	5,000	0	0	0	0
	585,195	**536,500**	**460,000**	**1,365,000**	**693,575**

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
Total General Fund	**4,699,298**	**3,536,450**	**1,720,200**	**3,037,200**	**1,880,825**
Housing Revenue Account					
New Build Properties					
Rogers Ave Creswell	980	0	0	0	0
Blackwell Hotel Site	11,175	0	0	0	0
Fir Close Shirebrook	10,540	0	0	0	0
Derwent Drive Tibshelf	31,195	0	0	0	0
Recreation Close Clowne	536,243	0	0	0	0
Hilltop	1,750,458	0	0	0	0
Ash Close Pinxton	934,396	0	0	0	0
Elm Close Pinxton	592,428	0	0	0	0
Lime Close Pinxton	355,243	0	0	0	0
Beech Grove South Normanton	262,886	0	0	0	0
Leamington Drive South Normanton	437,699	0	0	0	0
St Michaels Drive South Normanton	300,000	0	0	0	0
Highcliffe Ave Shirebrook	189,285	0	0	0	0
The Paddock Bolsover	78,205	1,900,000	0	0	0
Keepmoat Properties at Bolsover	690,000	700,000	0	0	0
	6,180,733	**2,600,000**	**0**	**0**	**0**
Vehicle Replacements	22,897	172,500	361,000	471,833	196,000
	22,897	**172,500**	**361,000**	**471,833**	**196,000**
Public Sector Housing					
Unallocated Major Repairs Reserve	861,695	0	3,938,929	3,938,929	4,638,929
Unallocated Direct Revenue Funding	0	0	500,000	500,000	500,000
External Wall Insulation	12,314	0	0	0	0
Electrical Upgrades	208,625	200,000	0	0	0
Ashbourne Court Extension	10,000	1,490,000	0	0	0
Welfare Adaptations	0	175,000	0	0	0
Cavity Wall + Loft Insulation	4,692	0	0	0	0
External Door Replacements	259,459	50,000	0	0	0
Heating Upgrades	85,138	0	0	0	0
Environmental Works	7,834	50,000	0	0	0
Reactive Capital Works	165,690	200,000	0	0	0
Kitchen Replacements - Decent Homes	267,257	300,000	0	0	0
Safe and Warm	2,441,890	2,163,929	0	0	0
Regeneration Mgmt & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	789,012	750,000	0	0	0
Flat Roofing	50,000	50,000	0	0	0
Soffit and Fascia	207,511	100,000	0	0	0
House Fire Damage (Insurance)	64,359	0	0	0	0
	5,504,796	**5,598,249**	**4,508,249**	**4,508,249**	**5,208,249**
ICT Schemes	468,747	0	0	0	0
	468,747	**0**	**0**	**0**	**0**
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	5,924,870	0	0	0	0
	5,924,870	**0**	**0**	**0**	**0**
Total HRA	**18,102,043**	**8,370,749**	**4,869,249**	**4,980,082**	**5,404,249**
TOTAL CAPITAL EXPENDITURE	**22,801,341**	**11,907,199**	**6,589,449**	**8,017,282**	**7,285,074**

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
Capital Financing					
General Fund					
Better Care Fund	(850,000)	(900,000)	(900,000)	(900,000)	(900,000)
Prudential Borrowing	(2,826,035)	(2,495,250)	(770,000)	(2,010,000)	(953,575)
Reserves	(899,651)	(141,200)	(50,200)	(127,200)	(27,250)
External Funding	(13,593)	0	0	0	0
Capital Receipts	(110,019)	0	0	0	0
	(4,699,298)	**(3,536,450)**	**(1,720,200)**	**(3,037,200)**	**(1,880,825)**
HRA					
Major Repairs Allowance	(10,528,870)	(5,098,249)	(4,008,249)	(4,008,249)	(4,708,249)
Prudential Borrowing	(3,828,982)	(1,820,000)	0	0	0
Vehicle Reserve	(22,897)	(172,500)	(361,000)	(471,833)	(196,000)
HRA Direct Revenue Financing	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Capital Receipts	(594,963)	(780,000)	0	0	0
External Funding	(2,626,331)	0	0	0	0
	(18,102,043)	**(8,370,749)**	**(4,869,249)**	**(4,980,082)**	**(5,404,249)**
TOTAL CAPITAL FINANCING	**(22,801,341)**	**(11,907,199)**	**(6,589,449)**	**(8,017,282)**	**(7,285,074)**

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2018/19 £	Original Programme 2019/20 £	Original Programme 2020/21 £	Original Programme 2021/22 £	Original Programme 2022/23 £
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(7,536,922)	(1,925,621)	(935,621)	(935,621)	(935,621)
Amount due in Year	(4,917,569)	(4,108,249)	(4,008,249)	(4,008,249)	(4,708,249)
Amount used in Year	10,528,870	5,098,249	4,008,249	4,008,249	4,708,249
Closing Balance	**(1,925,621)**	**(935,621)**	**(935,621)**	**(935,621)**	**(935,621)**
HRA Development Reserve					
Opening Balance	(265,171)	(1,265,171)	(2,265,171)	(3,765,171)	(5,665,171)
Amount due in Year	(1,000,000)	(1,000,000)	(1,500,000)	(1,900,000)	0
Amount used in Year	0	0	0	0	0
Closing Balance	**(1,265,171)**	**(2,265,171)**	**(3,765,171)**	**(5,665,171)**	**(5,665,171)**
HRA Vehicle Reserve					
Opening Balance	(352,822)	(329,925)	(237,425)	(56,425)	(4,592)
Amount due in Year	0	(80,000)	(180,000)	(420,000)	(285,000)
Amount used in Year	22,897	172,500	361,000	471,833	196,000
Closing Balance	**(329,925)**	**(237,425)**	**(56,425)**	**(4,592)**	**(93,592)**
Capital Receipts Reserve					
Opening Balance	(1,119,501)	(824,538)	(44,538)	(44,538)	(44,538)
Amount due in Year	(300,000)	0	0	0	0
Amount used in Year	594,963	780,000	0	0	0
Closing Balance	**(824,538)**	**(44,538)**	**(44,538)**	**(44,538)**	**(44,538)**
Debt Repayment Reserve					
Opening Balance	(12,082,225)	(12,082,225)	(12,082,225)	(12,082,225)	(10,082,225)
Amount due in Year	0	0	0	0	(2,000,000)
Amount used in Year	0	0	0	2,000,000	0
Closing Balance	**(12,082,225)**	**(12,082,225)**	**(12,082,225)**	**(10,082,225)**	**(12,082,225)**

Appendix B

Annual Minimum Revenue Provision Statement 2019/20

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

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

The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance:

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 MHCLG 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 useful life of the asset starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

No MRP will be charged in respect of assets held within the Housing Revenue Account.

MRP in respect of the £94.386m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £m	**2019/20 Estimated MRP £**
Capital expenditure before 01.04.2008	0.172	0.166
Unsupported capital expenditure after 31.03.2008	0.513	0.724
Finance leases	0.021	Nil
Total General Fund	**0.706**	**0.890**
Assets in the Housing Revenue Account	Nil	Nil
HRA subsidy reform payment	Nil	Nil
Total Housing Revenue Account	**Nil**	**Nil**
Total	**0.706**	**0.890**

Appendix 3

Bolsover District Council

Corporate Investment Strategy 2019/20 - 2022/23

1 Strategy Details

1.1 The Corporate Investment Strategy is a new style strategy introduced by the 2018 edition of the government's Guidance on Local Government Investments. It focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

1.2 This strategy outlines the Authority's Corporate Investment Strategy for the years 2019/20 to 2022/23 for consideration and approval by Council before the start of each financial year.

1.3 The Authority's Capital Expenditure programme and Minimum Revenue Provision policy (MRP) are considered in a different strategy, the Capital Strategy.

1.4 A further strategy, the Treasury Management Strategy, details the Authority's plans to invest cash surpluses and borrow to cover cash shortfalls.

Introduction

1.5 The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),

- to support local public services by lending to or buying shares in other organisations (**service investments**), and

- to earn investment income (known as **commercial investments** where this is the main purpose).

1.6 This Corporate Investment Strategy is a new strategy for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

Treasury Management Investments

1.7 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £25m and £45m during the 2019/20 financial year.

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

1.9 **Further details:** Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

1.10 **Contribution:** The Authority lends money to its joint ventures, business partners, parish/town councils, local charities, housing associations, and community groups to support local public services and stimulate local economic growth. For example we may give a loan to a parish council who are undertaking a large building project to help with cash flow until external monies are received.

1.11 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31.3.2018 actual			2019/20
	Balance owing	**Loss allowance**	**Net figure in accounts**	**Approved Limit**
Joint Ventures - Dragonfly	£0.040m	0	£0.040m	£6m
Business Partners	0	0	0	£5m
Parish / Town Councils	0	0	0	£5m
Local charities	0	0	0	£5m
Housing associations	0	0	0	£5m
Community Groups	0	0	0	£5m
TOTAL	**£0.040m**	**0**	**£0.040m**	

1.12 Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

1.13 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking a comprehensive business case for each individual potential investment opportunity. This will include a market analysis focusing on competition, demand and current market trends. External advisors will be used where appropriate to ensure that the Authority has access to quality advice and expertise in specialist areas. Each potential investment will undergo qualitative and quantitative appraisal to establish it's suitability to the Authorities core values and the legal and financial implications of the purchase.

Service Investments: Shares

1.14 **Contribution:** The Authority invests in the shares of its Joint Venture, Dragonfly Development Limited to support local public services and stimulate local economic growth by delivering housing and commercial developments whilst generating income for the Authority.

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

Table 2: Shares held for service purposes

Category of company	31.3.2018 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Joint Venture - Dragonfly	£0.023m	0	£0.023m	£0.578m
TOTAL	**£0.023m**	**0**	**£0.023m**	**£0.578m**

1.16 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by undertaking a comprehensive business case for each individual potential investment opportunity. This will include a market analysis focusing on competition, demand and current market trends. External advisors will be used where appropriate to ensure that the Authority has access to quality advice and expertise in specialist areas. Each potential investment will undergo qualitative and quantitative appraisal to establish it's suitability to the Authorities core values and the legal and financial implications of the purchase.

1.17 **Liquidity:** Based on the approved limit in Table 2 the funds will not be required in the short term and may prudently be committed for the periods covered by this strategy.

1.18 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Commercial Investments: Property

1.19 **Contribution:** The Authority's current investment in commercial property is characterised by the larger investments, Pleasley Vale Mills and The Tangent Business Hub which are aimed to provide appropriate commercial accommodation to support local small businesses to develop and grow. The Authority is in the process of developing a Commercial Property Investment Strategy which will look to expand its existing non-housing property portfolio with the intention of making a profit wherever possible that will be spent on local public services.

1.20 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

1.21 A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Corporate Investment Strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

1.22 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by undertaking a comprehensive business case for each individual potential investment opportunity. This will include a market analysis focusing on competition, demand and current market trends. External advisors will be used where appropriate to ensure that the Authority has access to quality advice and expertise in specialist areas. Each potential investment will undergo qualitative and quantitative appraisal to establish its suitability to the Authorities core values and the legal and financial implications of the purchase

1.23 **Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority will only invest cash that is not needed in the short term based on current cash flow predictions. In addition to this a well diversified property portfolio will be held, spread across different property sectors.

Loan Commitments and Financial Guarantees

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

1.25 The Authority has contractually committed to make up to £3.020m of loans to Dragonfly Development Limited should it request it.

Borrowing in Advance of Need

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

Capacity, Skills and Culture

1.27 **Elected members and statutory officers:** This Authority recognises the importance of ensuring that all Elected Members and Officers involved in investment decisions are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. Elected Members' individual training and development needs are addressed by a Member Development Programme. The Authority's Treasury Management Advisors Arlingclose, provide both Elected Members and Officers with training in relation to all areas of Treasury Management.

1.28 **Commercial deals:** The Authority has a decision making framework which is aligned to the requirements of the Statutory Guidance Relating to Local Authority Investments. A dedicated Property Investment Panel, made up of Cabinet Members and the relevant Directors / Heads of Service, including legal and financial Officers will prepare a business case for each potential Commercial Investment.

1.29 **Corporate governance:** The Commercial Property Investment Strategy sets out a number of core principles the Council will require in a commercial investment. All investments will need to align with Corporate Plan priorities.

Investment Indicators

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

1.31 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 3: Total investment exposure

Total investment exposure	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	£36.00m	£29.70m	£23.30m
Service investments: Loans	£0.04m	£1.45m	£1.53m
Service investments: Shares	£0.01m	£0.17m	£0.19m
TOTAL INVESTMENTS	**£36.05m**	**£31.32m**	**£25.02m**
Commitments to lend	£2.98m	£1.53m	0
TOTAL EXPOSURE	**£39.03m**	**£32.85m**	**£25.02m**

1.32 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table4: Investments funded by borrowing

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Joint Venture - Dragonfly	£0m	£1.62m	£1.72m
TOTAL FUNDED BY BORROWING	**£0m**	**£1.62m**	**£1.72m**

1.33 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 5: Investment rate of return (net of all costs)

Investments net rate of return	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Treasury management investments	0.43%	0.54%	0.75%
ALL INVESTMENTS	**0.43%**	**0.54%**	**0.75%**

- The Joint Venture, Dragonfly has not been included in the above table as its main focus is to support local public services and stimulate local economic growth rather than commercial investment.

Agenda Item No 10

Bolsover District Council

Council

20th February 2019

Interim Arrangements for the Statutory Role of the Section 151 Officer

Report of the Joint Chief Executive Officer

This report is public

Purpose of the Report

To seek approval for the Chief Accountant to be designated as Section 151 Officer to the Council, on a temporary basis pending appointment to the post of Joint Head of Finance & Resources, and to outline the recruitment process for the post.

1 Report Details

1.1 The Joint Head of Finance & Resources has resigned from her post, having successfully secured a new role with another Local Authority. Therefore the post will become vacant from 1st April 2019. The post holder is also the Section 151 Officer for the Council.

1.2 Section 151 of the Local Government Act 1972 requires all Councils to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. Therefore it is a statutory requirement that the Council appoints a Section 151 Officer during the intervening period between the departure of the Joint Head of Finance & Resources and completion of the recruitment process. These interim arrangements are necessary to ensure compliance with the statutory requirement.

1.3 The Council could consider securing a temporary arrangement with another Council to meet the statutory requirements. However this is not recommended given the need to maintain a clear focus on delivery of the Medium Term Financial Strategy; the unknown level of interest in such an arrangement amongst neighbouring Councils facing similar financial challenges, and the length of time such negotiations would take.

1.4 As outlined above it is the longer term intention to recruit to the Section 151 Officer role permanently. However given the need to maintain momentum regarding delivery of the Medium Term Financial Strategy and to ensure the Section 151 role is met in full, it is vital that the Council has an experienced individual in position to lead a challenging budget setting process. It is therefore proposed to temporarily appoint the Chief Accountant to the Section 151 Officer role until a temporary or permanent role is filled. The Chief Accountant has the necessary qualifications and experience to fulfil the role and is currently the Deputy Section 151 Officer.

1.5 Recruitment to the post of Joint Head of Finance & Resources will be undertaken in line with the Councils Recruitment & Selection Policy and Procedure. The process should be robust, challenging, and transparent and fair to ensure high quality and aspirational applicants are identified and interviewed. In line with established practice the process will include the use of a range of tests and tools to ensure individuals have the right behavioural traits and relevant experience commensurate with the post. The Joint Employment Committee would undertake the interview and make the appointment for the Head of Service position in accordance with the Constitution. Following recruitment to the post a report will be taken to Council recommending designation and appointment of the S151 Officer role thus ending the temporary arrangements.

2 <u>Conclusions and Reasons for Recommendation</u>

2.1 There are only two possible options to consider. The first is a sharing option with a neighbouring Authority as outlined in paragraph 1.3 and the second is an internal temporary arrangement as outlined in paragraph 1.4.

2.2 Taking the risks, financial implications and legal implications into account it is recommended that Council approve paragraph 1.4 as the preferred option.

3 <u>Consultation and Equality Impact</u>

3.1 The Joint Chief Executive has consulted with the Chief Accountant to confirm her ability, competence, qualifications and expertise to carry out the role of Section 151 Officer.

3.2 There are no specific equality issues at this time.

4 <u>Alternative Options and Reasons for Rejection</u>

4.1 The alternative option is to enter into a 'shared' Section 151 Officer arrangement with another Council. This is not recommended given the need to maintain a clear focus on delivery of the Medium Term Financial Strategy; the unknown level of interest in such an arrangement amongst neighbouring Councils facing similar financial challenges, and the length of time such negotiations would take.

5 <u>Implications</u>

5.1 <u>Finance and Risk Implications</u>

5.1.1 Finance – Recruitment costs can be met from vacancy savings. Should the Council decide to fill the post on an interim basis then there may be additional costs to the Council.

5.1.2 Risks – if the Council fails to appoint a temporary Section 151 Officer it will not be compliant with Section 151 of the Local Government Act 1972. Consequently the Council will not be able to demonstrate that one of its officers has responsibility for the proper administration of its financial affairs. Furthermore if the Council does not meet the statutory requirements there is a risk that focus will be lost on fulfilment of key statutory duties.

5.2 Legal Implications including Data Protection

5.2.1 Section 151 of the Local Government Act 1972 requires all Councils to make arrangements for the proper administration of their financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. The Council would not meet this statutory requirement if it failed to appoint to the S151 Officer role.

5.2.2 Under the Council's Constitution, the duty to designate an officer as the Section 151 Officer is reserved to Council.

5.3 Human Resources Implications

5.3.1 All outlined throughout this report.

6 Recommendations

6.1 That Council agrees to the temporary appointment of the Chief Accountant as the Section 151 Officer from 1 April 2018 pending the recruitment to the Joint Head of Finance & Resources post.

7 Decision Information

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: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	N/A

Links to Corporate Plan priorities or Policy Framework	Transforming our Organisation

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)
N/A

Report Author	**Contact Number**
Dan Swaine – Joint Chief Executive	01246 217155