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To: Chair & Members of the Finance Corporate Overview Scrutiny Committee

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Friday, 17th January 2025

Dear Councillor

FINANCE AND CORPORATE OVERVIEW SCRUTINY COMMITTEE – THURSDAY, 23RD JANUARY, 2025 AT 14:00 HOURS

I refer to your recently circulated agenda for the above meeting and now enclose a copy of the papers which were marked 'To Follow'.

Yours faithfully

J. S. Fieldsend

Solicitor to the Council & Monitoring Officer

Equalities Statement

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

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

Access for All statement

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

- **Phone:** 01246 242424
- **Email:** enquiries@bolsover.gov.uk
- **BSL Video Call:** A three-way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need WiFi or mobile data to make the video call, or call into one of our Contact Centres.
- Call with Relay UK - a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real-time conversation with us by text.
- **Visiting** one of our offices at Clowne, Bolsover, Shirebrook and South Normanton

FINANCE AND CORPORATE OVERVIEW SCRUTINY COMMITTEE

Thursday, 23rd January, 2025 at 14:00 in the Council Chamber, The Arc, Clowne

Bolsover District Council

Finance and Corporate Overview Scrutiny Committee
23rd January 2025

MEDIUM-TERM FINANCIAL PLAN 2024/25 to 2028/29

Report of the Portfolio Holder for Resources

Classification	This report is public.
Contact Officer	Theresa Fletcher Director of Finance and Section 151 Officer

PURPOSE / SUMMARY

To enable the Committee to consider the current budget for 2024/25 and the proposed budget 2025/26, for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium-Term Financial Plan covering the years 2024/25 to 2028/29, prior to the report being taken to Council.

To provide Elected Members with an overview of the Council's financial position in order to inform the decision-making process. Any comments expressed by the Finance and Corporate Overview Scrutiny Committee will be reported verbally to Council.

REPORT DETAILS

1 Introduction

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

- General Fund – Appendix 1 and 2
- Housing Revenue Account (HRA) – Appendix 3 and 4
- Capital Programme – Appendix 5

In particular financial projections are provided for:

- 2024/25 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 2025.

- 2025/26 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 2025.

- 2025/26 Original Budget, this includes proposed increases to rents and fees and charges for the next financial year for the Housing Revenue Account.

- 2026/27 to 2028/29 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 Recommendations agreed by Executive and Finance and Corporate Overview Scrutiny Committee will be referred to the Council meeting on the 29th of January 2025 for Members' consideration and approval.

General Fund

2024/25 Current Budget

1.3 In January 2024, Members agreed a budget for 2024/25 to determine Council Tax. The original budget showed a balanced budget with neither a surplus nor deficit. Throughout the year budgets have been actively managed 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 2nd of December 2024 and by the Finance and Corporate Overview Scrutiny Committee at its meeting on the 28th of November. Since the revised budgets were first presented there has been an adjustment made to the reported figures. This has been necessary to include the increases to the salary budgets within Dragonfly Management, which were approved by the Dragonfly Board, but need to be approved by the Council. An amount of £0.177m will be added to the general fund budget for 2024/25. To ensure the position on the general fund remains balanced, a transfer for the same amount will be made from the NNDR Growth Protection Reserve.

1.5 The final in-year position will be dependent on the actual financial performance out-turning in line with the revised budgets as there may be further costs and/or savings identified as the year progresses. Whilst these estimates reflect the position at the time of setting there can be some volatility from the budget to the outturn position.

1.6 It was agreed that any surplus on the Council's two main revenue accounts be transferred to reserves in preparation for future expenditure and to protect services at a time of financial uncertainty in local government.

2025/26 Original Budget and 2026/27 to 2028/29 Financial Plan

1.7 The financial projection for 2025/26 to 2027/28 was approved by Members in January 2024. The 2024/25 budget process has updated those projections and established a base for 2028/29.

1.8 The proposed budget for 2025/26 is balanced with a small transfer from the NNDR Growth Protection Reserve of £0.049m. Based on current information, where there is a shortfall in funding for the years 2 - 4, that shortfall can be met from within the NNDR Growth Protection Reserve as discussed in paragraphs 1.30 – 1.34 of this report. The shortfall for 2028/29 however, cannot currently be met from within the reserve. The financial summary for each year of the

MTFP is shown in **Appendix 1**. **Appendix 2** details the net cost of each cost centre by Directorate.

1.9 Table 1 below shows the updated figures resulting from the budget process.

Table 1

	2024/25 Revised Budget £000	2025/26 Forecast £000	2026/27 Forecast £000	2027/28 Forecast £000	2028/29 Forecast £000
Net Cost of Services	16,879	15,609	15,732	16,349	16,904
Net debt charges + investment interest	(2,057)	(1,635)	(2,067)	(2,415)	(2,619)
Net t/f to/(from) reserves + balances	(1,808)	1,209	568	524	471
Net t/f to/(from) NNDR Growth Protection Reserve	1,694	(49)	(4,964)	(5,017)	(4,180)
Parish Precept	4,583	4,583	4,583	4,583	4,583
Funding from council tax, business rates and government grants	(19,291)	(19,717)	(13,852)	(14,024)	(14,206)
Shortfall	**0**	**0**	**0**	**0**	**953**

1.10 The main factors taken into account in developing the Council's financial plans are set out within the sections below. No changes have been made to the financial plans concerning the Government's recently published, English Devolution White Paper.

Level of Government Funding

1.11 The provisional local government finance settlement for 2025/26 was published on the 18th of December 2024. This was a one-year settlement with no projected or indictive numbers for 2026/27 and beyond. We have made assumptions for 2026/27 and future years, based on our consultant's advice.

1.12 When compared to the estimates we made for our 2025/26 position in January 2024, the provisional figures given for this year only, mean for 2025/26 we will be £0.155m better off. It is important to note that this position is before any implications for business rates (or NNDR – national non-domestic rates) are included.

1.13 Although the provisional settlement delivered large increases in funding in total to local government (6% in cash terms), the average increase for district councils was just 0.3%, as long as the council tax increase is assumed to be applied for the year. For shire districts there was actually a cut in the ‘Core Spending Power’ element of the funding.

1.14 Alongside the usual consultation on the provisional settlement, the government also launched a consultation on ‘Local authority funding reform: objectives and principles,’ ahead of the 2026/27 multi-year local government finance settlement.

1.15 As mentioned in previous MTFP reports, indicative results from the Fair Funding Review; the abolition of New Homes Bonus; the fundamental review of Business Rates and the baseline reset of Business Rates were all detrimental to us as a district council who has seen much growth in recent years, both in business rates and New Homes Bonus grant.

1.16 As these reforms are expected to be included in the 2026/27 finance settlement, assumptions of their effects are included in the figures of this MTFP. However, at this stage no funding for transitional arrangements is included (see paragraphs 1.26 +1.27).

1.17 The following paragraphs show our government funding for 2025/26 from the provisional settlement and the assumptions we have had to make for future years:

New Homes Bonus

1.18 For 2025/26 we have received a roll-over of the current approach to New Homes Bonus with the delay of its abolition and a new allocation based on our property numbers. Last year we assumed 2024/25 would be the final year of the grant, therefore, the £0.282m allocated in the provisional settlement is an increase in grant income to us for 2025/26.

1.19 For 2026/27 onwards we have assumed that no New Homes Bonus will be received. In the government’s consultation the proposal is for 2025/26 to be the final year of the grant.

Resetting the Business Rates Retention System

1.20 The figures in the MTFP for Business Rates have been updated for the latest assumptions around likely changes to our baseline funding level information and tariff amounts. In addition, the government announced in the local government finance policy statement that it intends to carry out a full reset of the system in 2026/27, therefore the implications of this are now included for 2026/27 and beyond.

1.21 This has resulted in some large decreases in income, particularly for 2026/27 and 2027/28. It has been assumed 2026/27 is now the year when the reset occurs, and the income slowly increases each year as we build back the growth lost from the reset. No growth in these business rates figures has been included in any year to protect against further negative adjustments.

Revenue Support Grant

1.22 Yet again, there has been a roll-over in receiving Revenue Support Grant. We estimated this would be the case last year with the grant eventually tailing off in 2027/28. However, we have received £0.056m more than estimated in 2025/26, £0.183m more for 2026/27, £0.184m more for 2027/28 and £0.480m for 2028/29. We have assumed this will be the final year of receiving the grant.

Services Grant

1.23 This was introduced for 2022/23 and was meant to be a one-off grant to support all services delivered by Councils. This was distributed to every authority using the 2013/14 Settlement Funding Assessment. This grant continued into 2024/25 but was cut significantly. We estimated to receive £0.019m for 2025/26 but this grant has been removed in the provisional settlement and replaced with the Recovery Grant (see below).

4% Funding Guarantee Grant

1.24 The 3% Funding Guarantee grant was introduced in 2023/24 and ensured that no authority had a Core Spending Power increase of less than 3% without having to increase their Band D Council Tax. For 2024/25 we were allocated funds, and the grant was increased to 4%. We estimated to receive £0.493m for 2025/26 but this grant has also been removed in the provisional settlement and replaced with the Recovery Grant (see below).

Recovery Grant

1.25 The Recovery Grant has been introduced in the 2025/26 settlement. ‘It is intended to target money towards areas with greater need and demand for services (as proxied by deprivation), and less ability to raise income locally (specifically, council tax.’ We have been allocated £0.328m for 2025/26. When the loss of the Services and Funding Guarantee grants are included we have received a net reduction of £0.184m in these 3 grants for 2025/26. We have assumed this will be the only year of receiving this grant.

Transitional Arrangements

1.26 As discussed above, our assumption is that the 2026/27 finance settlement will include the effects of the reforms the government is currently consulting on. An estimate of the likely reductions in our funding have already been included in the MTFP. However, due to having no indication of likely transitional arrangements to smooth changes in allocations from 2026/27, we currently are showing the worst-case scenario.

1.27 The consultation document states the government is investigating a wide range of options regarding the design and scope of Transitional Arrangements. They are proposing moving authorities to their updated allocations over several years to avoid sudden changes in funding allocations and to allow time to plan. The table below is an estimate of potential income that might be received, but this is only an estimate provided by our consultant and is very likely to change.

	2026/27	2027/28	2028/29
Potential Income to compensate BDC for reductions in funding	£2.774m	£1.913m	£1.031m

Extended Producer Responsibility Payment

1.28 This is new for 2025/26 and is income paid to us by the government from a levy on producers to cover the cost of managing/reducing packaging waste. This funding sits outside of the core finance settlement, but it is not ringfenced so can effectively be used to support the Council's general fund. As this is paid to the waste collection authority, it has been suggested that this funding is to compensate district councils for the lack of extra funding in the finance settlement.

1.29 However, only the allocation for 2025/26 is guaranteed, there have been no suggestions for future years' allocations, and it has been stated that this income stream is subject to being reduced for penalties/claw-back applied by the Scheme Administrator, in future years. The system is designed to reduce costs for us by improving recycling and making it cheaper, so the payments are intended to reduce over time as producers avoid the levy by meeting the requirements. For this reason, no income has been assumed in the MTFP for 2026/27 onwards. As allocations are received the MTFP will be updated.

Mitigating Losses in Government Funding

1.30 To help mitigate losses caused by funding changes the NNDR Growth Protection Reserve was created a number of years ago. Originally this only included transfers of income from the general fund when Business Rates income calculations were updated for new growth.

1.31 This meant income received would be more than initially estimated for that year and the extra amount to be received would be transferred into the reserve, almost as a savings account to be returned back to the general fund when income was reduced in future years.

1.32 In recent years extra income received from all sources of government funding mentioned above have been transferred into the reserve if the budget for that year has already been in surplus when the extra funding has been realised.

1.33 The balance accumulated has meant we are able to use the reserve to even-out the government funding losses over the life of the current MTFP. A transfer from the reserve to general fund will be necessary in 2025/26 of £0.049m. Latest estimates for transfers back to the general fund for future years are £4.964m 2026/27; £5.017m 2027/28 and £4.180m in 2028/29. The reserve is fully used during 2028/29 and this leaves an unfunded amount in the MTFP for 2028/29 of £0.953m. This amount could be funded from other reserves or balances held by the Council if we have not built up sufficient of the NNDR Growth Protection Reserve, by this year.

1.34 When savings are found from elsewhere or extra income is earned, the transfers from the reserve will be reduced.

Expenditure, income levels and efficiencies

1.35 In developing the financial projections covering the period 2025/26 to 2028/29, officers have made a number of assumptions. The major assumptions are:

- For all years of the MTFP, 3% has been included in staffing budgets as an estimate for a pay award.

- Investment income as a result of treasury management decisions has been increased in all years of the MTFP as interest rates are not expected to reduce as quickly as previously suggested. The current bank rate is 4.75% and it is thought it will slowly begin to fall over the next couple of years. This is the assumption we have used for our investment income levels.

- 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 in the MTFP for all future years of £0.425m. The rules of the government's 20% increase to planning fees means we have to set-aside the additional 20% income we receive, to be spent specifically on the planning function.

- Fees and charges – service specific increases as agreed by Members.

- The increase to Employers' National Insurance Contributions (NICs) is due to be compensated by government but the allocations of funding are not due to be announced until the final settlement. As it is not known how the allocations will be calculated, we have not included the income for any year of the MTFP. Only the direct NICs paid by the Council will be funded, i.e. not any of the Dragonfly NICs paid to their staff.

Council Tax Implications

Council Tax Base

1.36 In preparation for the budget, the Section 151 Officer under delegated powers has determined the Tax Base at Band D for 2025/26 as 23,366.76. This is an overall increase on the 2024/25 Tax Base. However, the Tax Base of some of the Parishes have seen a decrease due to local circumstances relating to Single Person Discount, Council Tax Support claimants and/or net reductions in property numbers.

Council Tax Options

1.37 The Council's part of the Council Tax bill in 2024/25 was set at £202.89 for a Band D property. This was an increase of 2.99%.

1.38 The Council has a range of options when setting the Council Tax but in calculating our funding allocation in the settlement, the government will assume we will increase Council Tax by the maximum allowed. The government indicate what upper limit they consider acceptable. For 2025/26 District Councils are permitted to increase their share of the Council Tax by the greater of 3% or £5 without triggering the need to hold a referendum.

1.39 The table below shows some of the options and the extra revenue generated.

Increase	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
2.00%	206.94	4.06	0.08	94,738
2.46%	207.89	5.00	0.10	116,756
2.99%	208.95	6.07	0.12	141,672

1.40 The level of increase each year affects the base for future years and the proposed increase for 2025/26 is 2.99%, or £6.07 per year for this Council's part of the Council Tax bill, generating additional revenue of £141,672. This ensures we do not accidentally trigger a referendum.

1.41 Members will recall that in our Medium-Term Financial Strategy (MTFS) approved in October 2024, we have the strategic intention '*to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax referendum, to endeavour to continue to deliver services'.*

Financial Reserves – General Fund

1.42 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.001m, the uncommitted element of the Transformation Reserve of £0.682m and the NNDR Growth Protection Reserve which had a balance of £14.211m after the revised budget process, to fund the MTFP. 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)

2024/25 Current Budget

1.43 In January 2024, Members agreed a budget for 2024/25. Rent levels were set in line with government regulations with an increase of 7.7%, effective from the 1st of April 2024. HRA fees and charges were also set, effective from the same date.

1.44 The Revised Budget was considered by Executive at its meeting on the 2nd of December 2024 and by the Finance and Corporate Overview Scrutiny Committee at its meeting on the 28th of November. There have been no changes to the budget position since this time.

1.45 The revised budget for 2024/25 showed a balanced budget with a transfer of £0.363m back to the HRA balance, which was in line with the original budget.

2025/26 Original Budget and 2026/27 to 2028/29 Financial Plan

1.46 The proposed budget for 2025/26 currently shows a balanced budget. This has been achieved by the use of the HRA reserves £0.460m. Based on current information the position for 2026/27, 2027/28 and 2028/29 is a similar, but improving one. All years are balanced, with the use of the HRA reserves in 2026/27 £0.150m and 2027/28 £0.025m. This is shown on **Appendix 3**. The proposal is to transfer any surplus that arises over these amounts into the HRA Revenue Reserve in all years. **Appendix 4** details the net cost of each cost centre.

1.47 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

1.48 The MHCLG Policy Statement on rents for social housing – published February 2019 states, *'In October 2017, the government announced its intention to set a long-term rent deal for both local authority landlords and housing associations. This would permit annual rent increases on both social rent and affordable rent properties of up to CPI (Consumer Price Index) plus 1 percent from 2020, for a period of at least five years.'*

1.49 Therefore for 2025/26 the income for dwelling rents has been included in the budget at CPI rate 1.7% (for September 2024), plus 1%. For future years it has been assumed the same policy will apply but 3% has been included as an estimate of the increase in income. The government consultation in relation to social housing rent policy from the 1st of April 2026, closed on the 23rd of December 2024. It is expected that there will be little change to the current policy, but Members will be updated when the policy is approved.

1.50 The table below shows the average rent increases excluding service charges, for both Social Rent and Affordable Rent, which is charged on all new build properties.

Increase	New Rent Charge	Annual Increase	Weekly Increase	Range of New Rent Charge
2.7%	£95.20	£130.00	£2.50	£69.04 - £128.75
Average for Social Rent				
2.7%	£132.64	£181.48	£3.49	£89.82 - £285.88
Average for Affordable Rent				

Empty Property Levels - Voids

1.51 It is inevitable during a financial year that there will be occasion when properties are empty and therefore no income will be earned. This could be the gap in the tenancy between one tenant vacating and the next one taking up the property or could be part of a management decision to leave the property empty because it is part of a capital or repair scheme which is soon to commence.

1.52 An estimate of the number of void properties which may occur in each financial year needs to be made so that the dwelling rent income budget can be reduced to reflect this. For 2025/26 the estimate for voids which has been included in the MTFP is 3%, for the years 2026/27 to 2028/29 the estimate is 2%.

Fees and Charges

1.53 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.

1.54 A schedule of the proposed charges is set out at **Appendix 4, table 1**. For 2025/26 in most cases the charges are recommended to be increased by 2.7%.

Financial Reserves - HRA

1.55 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £1.644m. As mentioned in paragraph 1.45, there is a transfer of £0.363m back to the HRA balance included in the revised budget for 2024/25, to re-instate the £2m minimum balance previously held. In addition to the Working Balance there are further reserves for the HRA used to fund the Council's HRA capital programme. These are the Major Repairs Reserve, New Build Reserve, Vehicle Repair and Renewal Reserve and Development Reserve.

Capital Programme

1.56 There will be three separate reports to Council on the 29th of January 2025 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.

2025/26 Current Budget

1.57 In January 2024, Members approved a Capital Programme in respect of 2024/25 to 2027/28. 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 2024/25 the equivalent amount of funding was not applied during 2023/24 and is therefore available in 2024/25 to meet the delayed payments.

1.58 The Revised Capital Programme was considered by Executive at its meeting on the 2nd of December 2024 and by the Finance and Corporate Overview Scrutiny Committee at its meeting on 28th November. The changes made since the December report, relate to committee approvals and total a net £0.771m.

General Fund Capital Programme 2025/26 to 2028/29

1.59 The proposed Capital Programme for the General Fund totals £1.667m for 2025/26; £2.589m for 2026/27; £1.422m for 2027/28 and £1.075m for 2028/29 (**Appendix 5**).

Housing Revenue Account Capital Programme 2025/26 to 2028/29

1.60 The proposed Capital Programme for the Housing Revenue Account totals £20.303m for 2025/26; £5.418m for 2026/27; £5.398m for 2027/28 and £5.596m for 2028/29 (**Appendix 5**).

1.61 A list of all the schemes and associated funding are attached as **Appendix 5** to this report.

Robustness of the Estimates – Section 25 Local Government Act 2003

1.62 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.

1.63 The Council's Section 151 Officer (The Director of Finance) 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.

1.64 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 Reasons for Recommendation

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

3 Alternative Options and Reasons for Rejection

3.1 Alternative options are considered throughout the report.

RECOMMENDATIONS

1 That Finance and Corporate Overview Scrutiny Committee note the report and make any comments that they believe to be appropriate to be given verbally at the Council meeting on 29th of January 2025.

The Executive report recommendations are as follows:

X1 That all recommendations below are referred to the meeting of Full Council on the 29th of January 2025.

The recommendations to Council are:

X2 That in the view of the Section 151 Officer, that the estimates included in the Medium-Term Financial Plan 2024/25 to 2028/29 are robust and that the level of financial reserves whilst at minimum levels are adequate, be accepted.

X3 That officers report back to Executive and to the Finance and Corporate Overview Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets.

GENERAL FUND

X4 A Council Tax increase of £6.07 is levied in respect of a notional Band D property (2.99%).

X5 The Medium-Term Financial Plan in respect of the General Fund as set out in Appendix 1 of this report be approved as the Revised Budget 2024/25, as the Original Budget in respect of 2025/26, and the financial projection in respect of 2026/27 to 2028/29.

X6 That any further under spend in respect of 2024/25 is transferred to the Council's General Fund Reserves.

X7 On the basis that income from Planning Fees may exceed £0.500m in 2024/25, the Head of Paid Service 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

X8 That Council increases its rent levels by 2.7% to apply from 1st April 2025.

X9 That the increases in respect of other charges as outlined in **Appendix 4 Table 1** be implemented with effect from 1st April 2025.

X10 The Medium-Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3 and 4** of this report be approved as the Revised Budget in respect of 2024/25, as the Original Budget in respect of 2025/26, and the financial projection in respect of 2026/27 to 2028/29.

X11 That under spends in respect of 2024/25 to 2028/29 are transferred to the HRA Revenue Reserve.

CAPITAL PROGRAMME

X12 That the Capital Programme as set out in **Appendix 5** be approved as the Revised Budget in respect of 2024/25, and as the Approved Programme for 2025/26 to 2028/29.

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

IMPLICATIONS;

Finance and Risk: **Yes☒** **No ☐**
Details:

The issue of Financial Risk is covered throughout the report. In addition, 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. 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.

The reductions in government funding on the general fund are currently being managed by contributions to and from the National Non-Domestic Rates (NNDR) Growth Protection Reserve. The HRA does not have the use of this general fund reserve and needs to be carefully managed to ensure it continues to be sustainable over the life of the 30-year business plan. This includes any borrowing undertaken for the capital programme.

On behalf of the Section 151 Officer

Legal (including Data Protection): **Yes☐** **No ☒**
Details:

Under section 25 of the Local Government Act 2003, the Section 151 Officer is required to report on the robustness of the estimates made for the purposes of determining the budget for the forthcoming year and the adequacy of the proposed financial reserves.

There is also a requirement for the Council to have regard to the report of the Section 151 Officer when making decisions on its budget requirement and level of financial reserves.

The Council is legally obliged to set and deliver a balanced budget prior to the commencement of the new financial year in April 2025, which shows how income will equal spend over the short and medium term. This can take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. However, a budget will not be balanced where it reduces reserves to unacceptably low levels. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

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

On behalf of the Solicitor to the Council

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment. **Details:** Not applicable to this report **<u>Staffing</u>:** **Yes☐** **No ☒** **Details:** These are covered in the main report and supporting Appendices where appropriate. On behalf of the Head of Paid Service

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: **Revenue - £75,000 ☐ Capital - £150,000 ☐** ☒ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (*Only Key Decisions are subject to Call-In*)	No

District Wards Significantly Affected	None
Consultation: **Leader / Deputy Leader ☐ Executive ☐** **SLT ☐ Relevant Service Manager ☐** **Members ☐ Public ☐ Other ☐**	Details: Portfolio Holder for Resources

Links to Council Ambition: Customers, Economy and Environment.

DOCUMENT INFORMATION	
Appendix No	**Title**

1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account Summary
4	Housing Revenue Account Detail
4 table 1	HRA – Fees and Charges 2025/26
5	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 Executive you must provide copies of the background papers).*
None

Rpttemplate/BDC/021122

BOLSOVER DISTRICT COUNCIL **APPENDIX 1**
GENERAL FUND

Description	**Revised Budget 2024/25 £**	**Original Budget 2025/26 £**	**Forecast 2026/27 £**	**Forecast 2027/28 £**	**Forecast 2028/29 £**
Community Services Directorate	10,008,642	10,093,137	10,474,205	10,894,294	11,280,077
Corporate Resources Directorate	2,519,398	2,596,972	2,714,154	2,793,731	2,867,066
Dragonfly Services	2,921,027	2,634,756	2,544,508	2,660,999	2,756,563
S106 Expenditure					
Community Services Directorate	1,430,154	284,375	0	0	0
Net Cost of Services	**16,879,221**	**15,609,240**	**15,732,867**	**16,349,024**	**16,903,706**
Debt Charges	737,015	816,425	844,532	843,483	808,404
Investment Interest	(2,794,013)	(2,451,886)	(2,912,498)	(3,258,978)	(3,427,450)
Appropriations:					
Contributions to Reserves	2,726,762	1,801,325	750,014	703,014	652,014
Contribution from Earmarked Reserves	(1,619,719)	(178,897)	(94,315)	(90,823)	(93,519)
Contribution (from)/to NNDR Growth Protection Reserve	1,693,641	(48,919)	(4,964,473)	(5,017,177)	(4,179,982)
Contribution from Grant Accounts	(5,720)	(5,220)	(5,220)	(5,220)	(5,220)
Contribution from Revenue Grants	(896,593)	(37,259)	(8,000)	(8,000)	(8,000)
Contribution (from)/to Holding Accounts	(582,604)	(86,710)	(74,225)	(74,241)	(74,261)
Contribution from S106 Holding A/cs	(1,430,154)	(284,376)	0	0	0
TOTAL EXPENDITURE	**14,707,836**	**15,133,723**	**9,268,682**	**9,441,082**	**10,575,692**
Parish Precepts	4,583,187	4,583,187	4,583,187	4,583,187	4,583,187
TOTAL SPENDING REQUIREMENT	**19,291,023**	**19,716,910**	**13,851,869**	**14,024,269**	**15,158,879**
Revenue Support Grant	(1,570,582)	(1,629,311)	(578,000)	(531,000)	(480,000)
Business Rates Retention	(7,558,164)	(7,700,415)	(3,949,800)	(4,169,200)	(4,401,700)
New Homes Bonus Grant	(361,142)	(282,413)	0	0	0
Services Grant	(20,432)	0	0	0	0
4% Funding Guarantee Grant	(494,196)	0	0	0	0
Recovery Grant	0	(327,644)	0	0	0
Extended Producer Responsibility Grant	0	(379,000)	0	0	0
COUNCIL TAX - BDC precept	(4,691,334)	(4,740,882)	(4,740,882)	(4,740,882)	(4,740,882)
Council tax - Parish element from above	(4,583,187)	(4,583,187)	(4,583,187)	(4,583,187)	(4,583,187)
Council Tax Collection Fund (Surplus)/Deficit	(11,986)	(74,058)	0	0	0
TOTAL FUNDING	**(19,291,023)**	**(19,716,910)**	**(13,851,869)**	**(14,024,269)**	**(14,205,769)**
FUNDING GAP / (SURPLUS)	**0**	**0**	**0**	**0**	**953,110**

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised Budget 2024/25	Original Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
		£	£	£	£	£
G007	Community Safety - Crime Reduction	77,012	81,520	84,406	87,396	90,493
G010	Neighbourhood Management	74,496	85,386	87,367	89,400	91,488
G013	Community Action Network	387,978	408,398	422,678	436,769	450,409
G017	Private Sector Housing Renewal	88,694	97,300	101,079	104,516	107,305
G018	Environmental Health Covid Team	14,300	0	0	0	0
G020	Public Health	(84,000)	(70,000)	(70,000)	(70,000)	(70,000)
G021	Pollution Reduction	276,616	275,385	286,157	296,470	307,603
G023	Pest Control	39,716	45,703	47,251	48,854	50,521
G024	Street Cleansing	426,388	467,323	482,182	499,725	515,191
G025	Food, Health & Safety	146,892	162,142	168,266	174,737	179,108
G026	Animal Welfare	119,693	135,713	140,364	145,186	150,152
G027	Emergency Planning	17,720	20,439	21,022	21,622	22,241
G028	Domestic Waste Collection	1,601,158	1,721,178	1,798,879	1,870,519	1,935,343
G031	S106 - Biodiversity	8,030	0	0	0	0
G032	Grounds Maintenance	1,057,686	1,164,572	1,206,625	1,253,732	1,293,457
G033	Vehicle Fleet	1,268,307	1,484,657	1,469,797	1,510,879	1,548,033
G036	Environmental Health Mgmt & Admin	332,070	345,192	352,390	358,564	364,858
G037	BDC Air Quality NO2	393,075	0	0	0	0
G046	Homelessness	266,980	230,629	257,376	269,031	277,210
G048	Town Centre Housing	(10,600)	(10,600)	(10,600)	(10,600)	(10,600)
G049	Temporary Accommodation Officer	78,787	0	0	0	0
G053	Licensing	81,649	68,728	72,151	75,751	79,438
G056	Land Charges	49,625	32,388	65,737	67,584	69,482
G061	Bolsover Wellness Programme	113,981	123,414	141,128	148,479	155,875
G062	Extreme Wheels	(52)	6,826	8,161	8,182	11,977
G064	Bolsover Sport	163,675	178,696	187,708	194,481	200,352
G065	Parks, Playgrounds & Open Spaces	53,439	56,901	59,285	60,673	62,107
G067	Shirebrook TC Regeneration	29,880	0	0	0	0
G068	Biodiversity NG & LNR	10,047	0	0	0	0
G069	Arts Projects	58,603	61,045	62,593	64,187	67,628
G070	Outdoor Sports & Recreation Facilities	32,051	33,604	34,188	34,847	35,657
G072	Leisure Services Mgmt & Admin	266,905	290,914	307,631	322,474	326,083
G073	Planning Policy	406,735	289,483	294,808	305,293	314,377
G074	Planning Development Control	205,556	113,147	129,820	146,582	163,832
G076	Planning Enforcement	92,851	117,004	121,168	124,743	128,423
G079	Senior Urban Design Officer	64,767	67,837	69,891	72,006	74,184
G097	Groundwork & Drainage Operations	85,544	98,498	101,254	105,160	108,361
G106	Housing Anti-Social Behaviour	166,949	181,871	187,286	193,476	199,081
G113	Parenting Practitioner	59,733	62,907	64,726	66,598	68,527
G123	Riverside Depot	239,989	240,960	254,462	259,419	265,156
G124	Street Servs Mgmt & Admin	74,474	93,022	81,156	81,904	83,717
G125	S106 Percent for Art	34,105	0	0	0	0

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised Budget 2024/25	Original Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
		£	£	£	£	£
G126	S106 Formal and Informal Recreation	327,095	1,527	0	0	0
G131	Bolsover Community Woodlands Project	5,000	17,511	10,000	10,000	10,000
G132	Planning Conservation	51,666	54,190	55,833	57,525	59,268
G135	Domestic Violence Worker	52,407	55,043	56,614	58,230	59,895
G139	Proptech Engagement Fund	24,835	0	0	0	0
G142	Community Safety - CCTV	2,000	3,300	3,320	3,341	3,366
G143	Housing Strategy	59,797	62,588	64,405	66,275	68,202
G144	Enabling (Housing)	45,413	49,821	52,546	54,713	56,373
G146	Pleasley Vale Outdoor Activity Centre	57,041	53,690	55,693	57,782	59,007
G148	Commercial Waste	(208,000)	(262,000)	(275,500)	(275,500)	(275,500)
G149	Recycling	186,979	210,707	219,590	228,445	237,880
G153	Housing Advice	23,954	26,054	29,308	30,596	31,518
G170	S106 Outdoor Sports	519,099	87,430	0	0	0
G172	S106 - Affordable Housing	(195,418)	195,418	0	0	0
G176	Affordable Warmth	25,764	26,877	27,333	27,798	28,273
G179	School Sports Programme	12,526	19,293	20,956	23,310	25,735
G181	STEP	0	0	0	0	0
G196	Assistant Director of Planning	87,449	93,838	99,155	107,255	109,625
G198	Assistant Director of Housing (GF)	38,639	40,362	41,577	42,147	44,116
G199	Assistant Director of Street Scene	33,054	91,430	96,874	102,138	107,846
G202	Assistant Director of Leisure, Health + Wellbeing	87,356	93,734	99,050	104,600	109,516
G207	Balanceability	0	0	0	0	0
G210	Strategic Director of Services	116,673	122,920	130,112	137,629	145,480
G223	Contracts Administrator	57,258	60,012	61,829	63,699	65,626
G226	S106 - Highways	569,000	0	0	0	0
G227	S106 - Public Health	168,243	0	0	0	0
G228	Go Active Clowne Leisure Centre	290,803	382,622	418,224	455,029	494,098
G238	HR Health + Safety	127,659	123,963	115,841	120,644	122,684
G239	Housing + Comm Safety Fixed Penalty Acc	1,000	5,000	3,053	0	0
	Total for Community Services Directorate	**11,438,796**	**10,377,512**	**10,474,205**	**10,894,295**	**11,280,077**
G001	Audit Services	147,124	163,653	163,653	163,653	163,653
G002	I.C.T.	1,163,111	1,268,372	1,283,210	1,298,939	1,314,016
G003	Communications, Marketing + Design	350,454	373,713	383,846	399,350	406,763
G006	Partnership, Strategy & Policy	545,558	523,279	540,079	555,065	568,926
G011	Director for Executive and Partnerships	53,198	54,529	56,176	57,873	59,619
G012	Community Champions	11,986	12,141	12,286	12,454	12,683
G014	Customer Contact Service	974,701	1,085,269	1,126,414	1,164,480	1,207,808
G015	Customer Service + Improvement	162,041	177,547	182,302	186,852	191,264
G016	Skills Audit	26,633	0	0	0	0
G038	Concessionary Fares & TV Licenses	(12,400)	(13,045)	(13,045)	(13,045)	(13,045)
G040	Corporate Management	298,490	322,831	333,192	341,284	351,456

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised Budget 2024/25	Original Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
		£	£	£	£	£
G041	Non Distributed Costs	292,097	292,097	292,097	292,097	292,097
G043	Chief Executive Officer	186,605	194,327	200,100	206,048	212,175
G044	Financial Services	465,557	559,996	529,376	561,220	581,181
G050	Executive Support	66,080	84,213	88,911	93,441	96,518
G051	Senior Valuer	65,507	68,691	70,746	72,863	75,043
G052	Human Resources	236,904	245,294	260,521	268,826	276,024
G054	Electoral Registration	210,506	212,191	216,904	221,757	226,128
G055	Democratic Representation & Management	543,986	544,519	544,587	544,668	545,755
G057	District Council Elections	0	0	25,000	50,000	0
G058	Democratic Services	253,144	197,266	202,486	209,287	215,067
G060	Legal Services	524,191	608,475	586,191	609,531	636,805
G086	Alliance	5,250	5,250	5,250	5,250	5,250
G100	Benefits	516,011	637,733	665,094	689,655	715,966
G103	Council Tax / NNDR	511,172	545,463	571,735	597,462	618,154
G105	Council Tax Energy Rebate	65,000	0	0	0	0
G111	Shared Procurement	70,747	95,060	99,099	103,320	107,733
G117	Payroll	107,075	116,069	121,890	125,590	129,402
G118	Union Convenor	38,116	41,485	42,879	44,194	45,548
G155	Customer Services	37,735	64,178	67,464	69,945	72,985
G157	Controlling Migration Fund	4,000	0	0	0	0
G161	Rent Rebates	(48,721)	(49,681)	(50,205)	(50,859)	(51,632)
G162	Rent Allowances	50,751	28,745	38,220	30,141	22,064
G164	Support Recharges	(5,558,673)	(5,735,653)	(5,805,339)	(6,002,894)	(6,114,537)
G168	Multifunctional Printers	37,600	37,600	37,600	37,600	37,600
G177	Discretionary Housing Payments	0	0	0	0	0
G191	Bolsover Community Lottery	0	0	0	0	0
G192	Scrutiny	39,020	44,832	47,390	50,077	52,020
G195	Director of Governance + Monitoring Officer	112,919	117,478	120,997	124,622	128,355
G197	Director of Finance + Section 151 Officer	111,526	116,430	119,949	123,574	127,307
G211	UK Shared Prosperity Fund	19,857	0	0	0	0
G216	Raising Aspirations	51,250	0	0	0	0
G218	I-Venture/Namibia Bound	12,500	12,500	0	0	0
G220	Locality Funding	67,500	0	0	0	0
G241	Community Rail	97,051	0	0	0	0
G248	This Girls Code	938	0	0	0	0
G250	Rail Safety & ASB	3,321	0	0	0	0
G251	Youth Based Intervention Programme	2,242	0	0	0	0
G257	Employee Engagement	47,538	43,880	46,854	49,166	50,670
G264	Support Recharges - Dragonfly	(447,798)	(499,755)	(499,755)	(499,755)	(499,755)
	Total for Corporate Resources Directorate	**2,519,400**	**2,596,972**	**2,714,154**	**2,793,731**	**2,867,066**
G077	LGA Housing Advisers Programme (HAP)	7,963	0	0	0	0
G078	LGA Net Zero Innovation Programme (NZIP)	8,158	0	0	0	0

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised Budget 2024/25	Original Budget 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
		£	£	£	£	£
G080	Engineering Services (ESRM)	93,572	95,432	97,023	98,617	100,253
G082	Tourism Promotion + Development	65,649	68,191	70,246	72,363	74,543
G083	Building Control Consortium	55,000	55,000	55,000	55,000	55,000
G085	Economic Development	191,032	162,936	162,936	162,936	162,936
G088	Derbyshire Economic Partnership	15,000	15,000	15,000	15,000	15,000
G089	Premises Development	37,908	(55,500)	(64,594)	(63,660)	(62,667)
G090	Pleasley Vale Mills	(142,843)	(140,497)	(123,060)	(104,198)	(84,211)
G092	Pleasley Vale Electricity Trading	(32,701)	(81,132)	(86,269)	(85,133)	(81,477)
G095	Estates + Property	854,662	1,076,370	1,051,435	1,084,929	1,099,833
G096	Building Cleaning (General)	146,705	158,677	164,516	170,588	176,691
G099	Catering	500	500	500	500	500
G109	Chief Executive Officer - Dragonfly	154,368	160,292	164,910	169,667	174,566
G110	Director of Development - Dragonfly	122,497	130,896	138,194	145,815	153,316
G114	Strategic Investment Fund	260,508	0	0	0	0
G133	The Tangent Business Hub	(16,616)	(27,030)	(8,038)	1,515	15,362
G138	Bolsover TC Regeneration Scheme	1,870	0	0	0	0
G151	Street Lighting	78,293	80,565	80,641	81,019	82,235
G156	The Arc	276,085	279,842	287,863	295,667	305,762
G167	Facilities Management	23,069	26,253	17,022	21,951	16,971
G169	Closed Churchyards	10,000	10,000	10,000	10,000	10,000
G188	Cotton Street Contact Centre	24,059	32,771	33,109	33,462	33,891
G193	Economic Development Management + Admin	589,905	586,190	478,074	494,961	508,059
G200	Director of Construction - Dragonfly	0	0	0	0	0
G212	Net Zero Hyper Innovation Programme UK SPF	43,265	0	0	0	0
G222	Visitor Economy Business Support	28,071	0	0	0	0
G246	Business Grants Growth Scheme	25,048	0	0	0	0
	Total for Dragonfly Services	**2,921,027**	**2,634,756**	**2,544,508**	**2,660,999**	**2,756,563**
	Total Net Cost of Services	**16,879,223**	**15,609,240**	**15,732,867**	**16,349,025**	**16,903,706**

APPENDIX 3

Housing Revenue Account

	Revised Budget 2024/25 £	Original Budget 2025/26 £	Forecast Budget 2026/27 £	Forecast Budget 2027/28 £	Forecast Budget 2028/29 £
Expenditure					
Repairs and Maintenance	7,492,560	7,898,006	8,117,438	8,352,263	8,495,790
Director of Property + Construction - Dragonfly	96,073	99,924	108,574	114,384	117,810
Rents, Rates, Taxes + Other Charges	411,638	357,804	316,764	300,724	309,685
Supervision and Management	7,848,241	7,312,674	7,362,524	7,589,882	7,739,826
Special Services	501,293	523,979	518,755	523,912	529,801
Housing Related Support - Wardens	780,479	822,686	842,648	872,760	892,429
Housing Related Support - Central Control	489,625	432,540	442,295	451,247	459,803
Tenants Participation	91,521	91,409	93,878	96,421	99,038
New Build Schemes Evaluations	322,594	250,000	0	0	0
HRA Health & Safety	52,479	57,299	61,259	64,275	66,202
Debt Management Expenses	9,875	10,601	11,142	11,700	12,285
Total Expenditure	**18,096,378**	**17,856,922**	**17,875,277**	**18,377,568**	**18,722,669**
Income					
Dwelling Rents	(24,862,985)	(25,846,450)	(27,026,860)	(27,837,666)	(28,672,796)
Non-dwelling Rents	(93,951)	(94,909)	(97,744)	(100,663)	(103,671)
Leasehold Flats Income	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
Repairs and Maintenance	(1,278,411)	(1,337,898)	(1,340,393)	(1,343,035)	(1,345,883)
Supervision and Management	(17,859)	0	0	0	0
Special Services	(20,899)	(22,813)	(18,975)	(19,142)	(19,313)
Housing Related Support - Wardens	(149,121)	(164,523)	(154,668)	(159,196)	(163,041)
Housing Related Support - Central Control	(225,412)	(258,023)	(265,756)	(273,722)	(281,926)
Tenants Participation	(2,465)	0	0	0	0
Total Income	**(26,658,103)**	**(27,731,616)**	**(28,911,396)**	**(29,740,424)**	**(30,593,630)**
Net Cost of Services	**(8,561,725)**	**(9,874,694)**	**(11,036,119)**	**(11,362,856)**	**(11,870,961)**
Appropriations:					
Movement in Impairment Provision	130,000	100,000	80,000	70,000	60,000
Capital Interest Costs	4,934,217	5,227,034	6,079,677	6,291,414	6,214,519
Investment Interest Income	(644,535)	(390,227)	(371,645)	(371,645)	(371,645)
Depreciation	5,348,200	5,348,200	5,348,200	5,348,200	5,348,200
Contribution to HRA Reserves	49,887	49,887	49,887	49,887	619,887
Use of Earmarked Reserves	(1,586,706)	(460,200)	(150,000)	(25,000)	0
Contribution from Grant A/cs	(32,056)	0	0	0	0
Contribution to/(from) HRA Balance	362,718	0	0	0	0
Net Operating (Surplus)	**0**	**0**	**0**	**0**	**0**

APPENDIX 4

Housing Revenue Account

List of net budgets per cost centre per directorate		Revised Budget 2024/25 £	Original Budget 2025/26 £	Forecast 2026/27 £	Forecast 2027/28 £	Forecast 2028/29 £
H002	Treasury Management Advisor	9,875	10,601	11,142	11,700	12,285
H004	Supervision + Management	7,830,382	7,312,674	7,362,524	7,589,882	7,739,826
H005	Dwelling Rents Income	(24,862,985)	(25,846,450)	(27,026,860)	(27,837,666)	(28,672,796)
H006	Non-Dwelling Rents Income	(93,951)	(94,909)	(97,744)	(100,663)	(103,671)
H010	Tenants Participation	89,056	91,409	93,878	96,421	99,038
H011	Special Services	480,394	501,166	499,780	504,770	510,488
H017	Leasehold Flats	(7,000)	(7,000)	(7,000)	(7,000)	(7,000)
H021	Housing Related Support - Wardens	631,358	658,163	687,980	713,564	729,388
H022	Housing Related Support - Central Control	264,213	174,517	176,539	177,525	177,877
H025	HRA Health & Safety	52,479	57,299	61,259	64,275	66,202
Total for Community Services Directorate		**(15,606,179)**	**(17,142,530)**	**(18,238,502)**	**(18,787,192)**	**(19,448,363)**
H001	Repairs + Maintenance	6,214,149	6,560,108	6,777,045	7,009,228	7,149,907
H003	Rents, Rates, Taxes + Other Charges	411,638	357,804	316,764	300,724	309,685
H019	New Build Schemes Evaluations	322,594	250,000	0	0	0
H024	Director of Property + Construction	96,073	99,924	108,574	114,384	117,810
Total for Dragonfly Services		**7,044,454**	**7,267,836**	**7,202,383**	**7,424,336**	**7,577,402**
Total Net Cost of BDC Housing Revenue Account Services		**(8,561,725)**	**(9,874,694)**	**(11,036,119)**	**(11,362,856)**	**(11,870,961)**

HRA - Fees and Charges 2025/26

Weekly Charge unless otherwise specified

September 2024 Consumer Price Index was 1.7%

	Current £	Proposed £	Change £	Change %
Garages (tenant)	14.19	14.57	0.38	2.7%
Garage - Direct Debit Payment	10.71	11.00	0.29	2.7%
Garage (in curtledge)	5.35	5.50	0.14	2.7%
(Set at 50% of garage DD payment)				
Garage plots (billed annually)	248.51	255.22	6.71	2.7%
Parking Bay (annual charge)	200.00	205.40	5.40	2.7%
New Bolsover Service Charge	2.27	2.33	0.06	2.7%
(applies to new tenants only)				
Special Services Charge (See Note1)	18.56	19.06	0.50	2.7%
Reduced special service	12.37	12.71	0.33	2.7%
(Reduced special services for scheme other than Cat 2 who receive reduced service)				
Heating Service Charge (See Note 2)				
Bedsits	3.22	3.31	0.09	2.7%
1 bed flat	4.40	4.51	0.12	2.7%
Heating Charge (See Note 3)				
Bedsits	4.46	4.46	0.00	0.0%
1 bed flat	6.08	6.08	0.00	0.0%
Support Charges	15.83	16.26	0.43	2.7%
Mobile Warden	8.04	8.26	0.22	2.7%
(long-term aim to reach cost, increase capped at 10% per year)				
Lifeline - bronze	5.94	6.10	0.16	2.7%
Lifeline - gold	9.14	9.38	0.25	2.7%
Lifeline - RSL	5.69	5.85	0.15	2.7%
Buggy Parking	4.84	4.97	0.13	2.7%
(including charging facilities)				
Choice Based Lettings Postage	1.50	3.30	1.80	120.0%
(suggested cost is twice the cost of a second class stamp)				

HRA - Fees and Charges 2025/26

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.

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
General Fund					
Asset Management Plan					
Investment Properties	42,428	-	-	-	-
Leisure Buildings	30,456	-	-	-	-
Pleasley Vale Business Park	138,365	-	-	-	-
Riverside Depot	30,287	-	-	-	-
The Arc	49,787	-	-	-	-
The Tangent	58,986	-	-	-	-
Contact Centres	28,452	-	-	-	-
Asset Management Plan not yet allocated to an individual scheme	32,614	260,000	260,000	260,000	260,000
	411,375	**260,000**	**260,000**	**260,000**	**260,000**
Engineering Asset Management Plan					
Car Parks	25,000	25,000	25,000	25,000	25,000
Shelters	12,000	10,000	10,000	10,000	10,000
Lighting	13,000	15,000	15,000	15,000	15,000
	50,000	**50,000**	**50,000**	**50,000**	**50,000**
Assets					
Pleasley Vale - Storm Babet	496,784	-	-	-	-
Pleasley Vale Mill - Dam Wall	432,493	-	-	-	-
Pleasley Vale Grease works CCTV	50,000	-	-	-	-
Land at Portland Street	27,168	-	-	-	-
Shirebrook Crematorium	5,994,676	-	-	-	-
Shirebrook Market Place	359,911	-	-	-	-
Changing Places	53,000	-	-	-	-
Tangent Hub - Reinstate Stonework	20,000	-	-	-	-
Mine Water Project	180,020	-	-	-	-
Bolsover Loop infrastructure project	77,000	-	-	-	-
South Normanton Mural project	20,000	-	-	-	-
Rural Fund	360,318	-	-	-	-
Mobile CCTV Cameras	15,000	-	-	-	-
	8,086,370	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	529,350	469,000	150,000	100,000	100,000
Council chamber audio visual equipment	180,000	-	-	-	-
Civica Workflow360	78,635	-	-	-	-
	787,985	**469,000**	**150,000**	**100,000**	**100,000**
Leisure Schemes					
Pleasley Vale Leisure Equipment	20,000	-	-	-	-
Pleasley Vale Cycle Path	86,771	-	-	-	-
Go Active Café Equipment	10,201	-	-	-	-
Go Active Equipment	16,822	15,000	15,000	15,000	15,000
Combined Heating & Power	655,000	-	-	-	-
Gym Equipment & Spin Bikes	-	-	392,100	-	-
Go-Active Gym flooring	-	-	40,000	-	-
Wellness Hub equipment	-	-	80,000	-	-
	788,794	**15,000**	**527,100**	**15,000**	**15,000**
Private Sector Schemes					
Disabled Facility Grants	650,000	650,000	650,000	650,000	650,000
	650,000	**650,000**	**650,000**	**650,000**	**650,000**
Investment Activities					
Parish Council Loans	533,000	-	-	-	-
	533,000	**0**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	3,532,124	222,000	951,500	347,000	-
District CCTV	52,171	-	-	-	-
CAN Rangers Equipment	14,231	-	-	-	-
	3,598,526	**222,000**	**951,500**	**347,000**	**0**
Total General Fund	**14,906,050**	**1,666,000**	**2,588,600**	**1,422,000**	**1,075,000**

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
Housing Revenue Account					
New Build Properties					
Alfreton Rd Pinxton	513,360	-	-	-	-
Bolsover Homes-yet to be allocated	573,132	10,000,000	-	-	-
Glapwell - Meadow View Homes	30,000	-	-	-	-
Jubilee Court Bungalows	300,000		-	-	-
Keepmoat Properties at Bolsover	30,000	-	-	-	-
Market Close Shirebrook	300,000	-	-	-	-
Moorfield Lane Whaley Thorns	83,000	-	-	-	-
Park Lane Pinxton	3,100,000	-	-	-	-
Sandy Lane/Thorpe Ave Whitwell	34,860	-	-	-	-
Woburn Close Cluster	6,342,336	4,609,312	-	-	-
The Woodlands	156,631	-	-	-	-
Valley View (2 Bungalows & extension)	461,070	-	-	-	-
West Street Langwith	40,809	-	-	-	-
	11,965,198	**14,609,312**	**0**	**0**	**0**
Vehicle Replacements	1,398,300	245,000	20,000	-	198,000
	1,398,300	**245,000**	**20,000**	**0**	**198,000**
Public Sector Housing					
Electrical Upgrades	400,000	400,000	400,000	400,000	400,000
External Door Replacements	200,000	70,000	70,000	70,000	70,000
External Wall Insulation	411,500	-	-	-	-
Bramley Vale	500,000	1,000,000	1,000,000	1,000,000	-
Flat Roofing	55,000	40,000	40,000	40,000	40,000
Heating Upgrades	225,000	225,000	255,000	255,000	255,000
Kitchen Replacements	750,000	300,000	300,000	300,000	300,000
Re Roofing	1,000,000	800,000	800,000	800,000	800,000
Property Services Mgmt. & Admin	130,936	134,182	138,252	142,446	146,764
Safe & Warm	1,714,595	-	-	-	-
Unforeseen Reactive Capital Works	50,000	70,000	50,000	50,000	50,000
Welfare Adaptations	600,000	600,000	600,000	600,000	600,000
Wet Rooms (Bungalows)	300,000	300,000	300,000	300,000	300,000
House Fire / Flood Damage (Insurance)	50,000	-	-	-	-
Outbuilding removal project	25,000	-	-	-	-
Concrete surrounds	135,000	150,000	150,000	150,000	150,000
Victoria House - fire doors/scooter store	150,000	-	-	-	-
Yet to be allocated to a scheme	457,264	1,259,018	1,244,948	1,240,754	2,236,436
Garage site & footpath resurfacing	100,000	100,000	50,000	50,000	50,000
Damp Proof Course	175,000	-	-	-	-
	7,429,295	**5,448,200**	**5,398,200**	**5,398,200**	**5,398,200**
ICT Schemes					
Open Housing	41,821	-	-	-	-
	41,821	**0**	**0**	**0**	**0**
Total HRA	**20,834,614**	**20,302,512**	**5,418,200**	**5,398,200**	**5,596,200**
TOTAL CAPITAL EXPENDITURE	**35,740,664**	**21,968,512**	**8,006,800**	**6,820,200**	**6,671,200**

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
Capital Financing					
General Fund					
Better Care Fund	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Prudential Borrowing	(6,424,334)	-	-	-	-
Reserves	(4,979,560)	(1,016,000)	(1,938,600)	(772,000)	(115,000)
Capital Receipts	(215,132)	-	-	-	(310,000)
External Funding	(2,637,024)	-	-	-	-
	(14,906,050)	**(1,666,000)**	**(2,588,600)**	**(1,422,000)**	**(1,075,000)**
HRA					
Major Repairs Allowance	(6,737,795)	(5,348,200)	(5,348,200)	(5,348,200)	(5,348,200)
Prudential Borrowing	(9,254,853)	(14,609,312)	-	-	-
Capital Receipts	(2,025,465)	(345,000)	(70,000)	(50,000)	(248,000)
External Funding	(2,816,501)	-	-	-	-
	(20,834,614)	**(20,302,512)**	**(5,418,200)**	**(5,398,200)**	**(5,596,200)**
TOTAL CAPITAL FINANCING	**(35,740,664)**	**(21,968,512)**	**(8,006,800)**	**(6,820,200)**	**(6,671,200)**

Bolsover District Council

Meeting of the Finance and Corporate Overview Scrutiny Committee on 23rd January 2025

TREASURY STRATEGY REPORTS 2025/26 – 2028/29

Report of the Portfolio Holder for Resources

Classification	This report is Public
Contact Officer	Theresa Fletcher Director of Finance and Section 151 Officer

PURPOSE/SUMMARY OF REPORT

To enable the Committee to consider the Authority's suite of Treasury Strategies for 2025/26 to 2028/29, prior to the report being taken to Council.

REPORT DETAILS

1. Background

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 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.2 Since 2019/20 there has been a requirement to produce three separate treasury strategies. This report, therefore, includes the strategy for Treasury Management, The Capital Strategy and the Corporate Investment Strategy.

1.3 As in previous years, the Authority's Treasury Management Strategy provides the framework for managing the Authority's cash flows, borrowing and investments, and the associated risks for the years 2025/26 to 2028/29. 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 Authority'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. Reasons for Recommendation

2.1 This report outlines the Authority's proposed suite of Treasury Strategies for the period 2025/26 to 2028/29 for consideration and approval by Council. It contains:

- The Treasury Management Strategy which provides the framework for managing the Authority'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 Authority'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 Alternative Options and Reasons for Rejection

3.1 Alternative options are considered throughout the report.

RECOMMENDATION(S)

1. That Finance and Corporate Overview Scrutiny Committee note the report and make any comments that they believe to be appropriate to be given verbally at the Council meeting on 29th of January 2025.

The Council report recommendations are as follows:

X1 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 Authority's Criteria before any investment is undertaken.

d) Approve the Prudential Indicators.

X2 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 2025/26.

c) Approve the Prudential Indicators for 2025/26 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£163.548m
Operational Boundary	£158.548m
Capital Financing Requirement	£153.548m

X3 It is recommended that Council approve the Corporate Investment Strategy as set out in **Appendix 3**.

Approved by Portfolio Holder - Cllr Clive Moesby, Executive Member for Resources

IMPLICATIONS;

Finance and Risk: **Yes☒** **No ☐**

Details:

Financial implications are covered throughout this report.

On behalf of the Section 151 Officer

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

Details:

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

There are no data protection implications arising directly from this report.

On behalf of the Solicitor to the Council

Environment:

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details:

Not applicable to this report

Staffing: **Yes☐** **No ☒** **Details:** There are no human resource implications arising directly from this report. On behalf of the Head of Paid Service

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: **Revenue - £75,000 ☐ Capital - £150,000 ☐** ☒ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (*Only Key Decisions are subject to Call-In*)	No

District Wards Significantly Affected	None
Consultation: **Leader / Deputy Leader ☐ Executive ☐** **SLT ☐ Relevant Service Manager ☐** **Members ☐ Public ☐ Other ☐**	Yes Details: Portfolio Holder

Links to Council Ambition: Customers, Economy and Environment.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Strategy
1A	Arlingclose Economic & Interest Rate Forecast
1B	Existing Investment & Debt Portfolio Position
2	Capital Strategy
2A	Capital Programme
2B	Annual Minimum Revenue Provision Statement
3	Corporate 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 Executive you must provide copies of the background papers).*
None

Rpttemplate/BDC/021122

Appendix 1

Bolsover District Council

Treasury Management Strategy 2025/26 - 2028/29

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 2021 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 The strategy outlines the Authority's Treasury Management Strategy for the years 2025/26 to 2028/29 for consideration and approval by Council.

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

Introduction

1.5 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

1.6 **Economic background:** The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

1.7 The Bank of England (BoE) reduced the Bank Rate to 4.75% at its meeting in November 2024, having previously cut it by 25 basis points from the 5.25% peak at the August Monetary Policy Committee (MPC) meeting. At the November meeting, eight Committee members voted for the cut while one member preferred to keep the Bank Rate on hold at 5%.

1.8 The November quarterly Monetary Policy Report (MPR) is forecasting Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be 0.5% between April and June 2024, a downward revision from the 0.6% rate previously reported by the Office for National Statistics (ONS).

1.9 Office for National Statistics (ONS) figures showed Consumer Price Index (CPI) inflation was 1.7% in September 2024, down from 2.2% in the previous month and lower than the 1.9% expected. Core CPI also declined further than expected to 3.2% against a forecast of 3.4% and the previous month's 3.6%. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

1.10 The labour market appears to be easing slowly however, but the data still requires treating with some caution. The latest figures reported the unemployment rate fell to 4.0% in the three months to August 2024, while economic inactivity also declined. Pay growth for the same period was reported at 4.9% for regular earnings (excluding bonuses) and 3.8% for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.

1.11 The US Federal Reserve has also been cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its November 2024 monetary policy meeting to a range of 4.5%-4.75%. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an annual rate of 2.8% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

1.12 Eurozone inflation fell below the European Central Bank (ECB) 2% target in September 2024, the first time in over three years. This allowed the ECB to continue its rate cutting cycle and reduce its three key policy rates by 0.25% in October. Inflation is expected to rise again in the short-term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

1.13 **Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again. Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments.

1.14 Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

1.15 Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser. Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

1.16 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates through 2025, taking the Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

1.17 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

1.18 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix 1A**.

1.19 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 3.94%.

<u>Local Context</u>

1.20 On the 31st of December 2024, the Authority held £82.2m of borrowing and £29.5m of treasury investments. This is set out in further detail at **Appendix 1B**. Forecast changes in these sums are shown in the balance sheet analysis in **table 1** below.

Table 1: Balance sheet summary and forecast

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
General Fund CFR	8.8	15.0	14.5	14.1	13.7	13.3
HRA CFR	115.2	124.4	139.0	139.0	139.0	139.0
Total CFR	**124.0**	**139.4**	**153.5**	**153.1**	**152.7**	**152.3**
Less: Actual External borrowing	(86.0)	(78.8)	(76.8)	(73.8)	(66.0)	(62.0)
Internal borrowing	**38.0**	**60.6**	**76.7**	**79.3**	**86.7**	**90.3**
Less: Balance sheet resources	(58.1)	(58.1)	(58.1)	(54.1)	(54.1)	(54.1)
Treasury Investments (net of new borrowing)	**20.1**	**(2.5)**	**(18.6)**	**(25.2)**	**(32.6)**	**(36.2)**

1.21 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority has an increasing CFR due to the capital programme and may therefore be required to borrow up to £32.2m over the forecast period. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2025/26.

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

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

1.24 If the external loans are less than the liability benchmark, then this indicates that the Authority may need to borrow money to finance the capital programme. If the external loans are higher than the liability benchmark then the Authority will have more cash that could be invested.

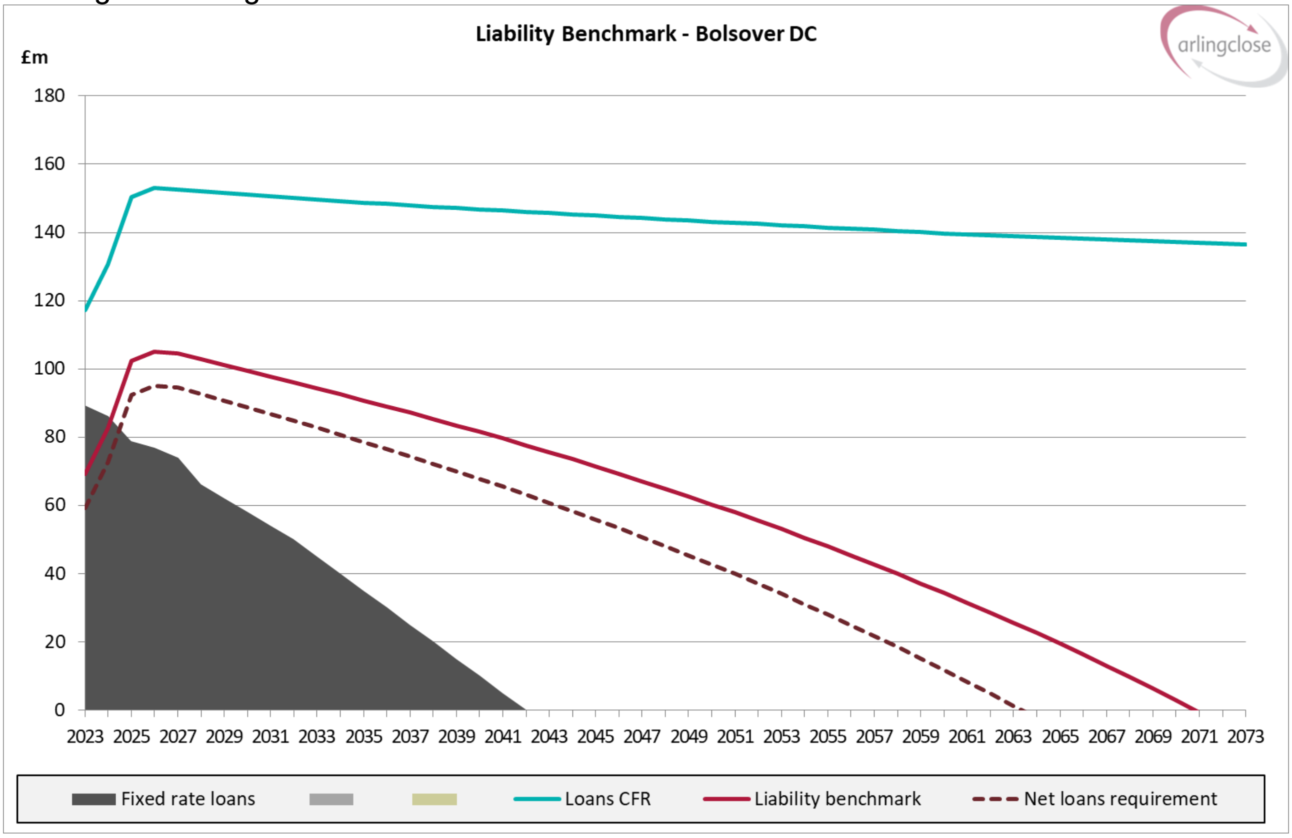
1.25 The information in table 1 and table 2 shows that for 2023/24 to 2028/29 the liability benchmark is higher than the external loans. This means that the Authority may need to borrow and the amount of cash available to invest may be less than in previous years. This corresponds to the capital programme borrowing to fund Bolsover Homes and the Crematorium at Shirebrook.

Table 2: Liability benchmark

	31.3.24 Actual £m	31.3.25 Estimate £m	31.3.26 Forecast £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m
CFR	**124.0**	**139.4**	**153.5**	**153.1**	**152.7**	**152.3**
Less: Balance sheet resources	(58.1)	(58.1)	(58.1)	(54.1)	(54.1)	(54.1)
Net loans requirement	**65.9**	**81.3**	**95.4**	**99.0**	**98.6**	**98.2**
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	**75.9**	**91.3**	**105.4**	**109.0**	**108.6**	**108.2**

1.26 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £15.7m 24/25; £14.6m 25/26; minimum revenue provision on new capital expenditure based on a 5-to-50-year asset life and income, expenditure and reserves all increasing by inflation of 3.5% a year.

This is shown in the chart below together with the maturity profile of the Authority's existing borrowing:



Borrowing Strategy

1.27 As at the 31st of December 2024 the Authority holds £82.2m of loans, a decrease of £5.8m on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority may utilise the approval to undertake both General Fund and HRA borrowing during the period 2024/25 to 2028/29 to fund Bolsover Homes and the Crematorium at Shirebrook.

1.28 **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.

1.29 **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. Short-term interest rates are currently higher than in the recent past but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead. The risk of this approach will be managed by keeping the Authority's interest rate exposure within the limit set in the treasury management prudential indicators, see below.

1.30 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 or short-term 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 2025/26 with a view to keeping future interest costs low, even if this causes an additional cost in the short-term.

1.31 The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

1.32 Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- National Wealth Fund Ltd (formerly UK Infrastructure Bank Ltd)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Derbyshire County Council Pension Fund)
- capital market bond investors
- retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback
- similar asset-based finance

1.35 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.

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

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

1.38 **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.

1.39 **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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Management Investment Strategy

1.40 The Authority holds significant 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 £34.0m and 16.0m, and slightly lower levels are expected to be maintained in the forthcoming year.

1.41 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The 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.

1.42 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. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

1.43 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority may wish to diversify into more secure and higher yielding asset classes during 2025/26. 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 would represent a substantial change in strategy.

1.44 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors’ decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the United Nations Principles for Responsible Banking and funds operated by managers that are signatories to the United Nations Principles for Responsible Investment, the Net Zero Asset Manager’s Alliance and/or the UK Stewardship Code.

1.45 **Business models:** Under IFRS 9, 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.

1.46 **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

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments *	25 years	£5m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£5m per society
Registered providers (unsecured) *	5 years	£5m	£10m
Money market funds *	n/a	£5m	Unlimited
Strategic pooled funds	n/a	£5m	£10m per manager
Real estate investment trusts	n/a	£5m	£5m
Other investments *	5 years	£5m	£5m

1.47 **Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk **(*)** will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

1.48 **Government:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

1.49 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

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

1.51 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

1.52 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

1.53 **Strategic pooled funds:** Bond, equity and property funds, including exchange traded funds, which 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 either withdrawn after a notice period, or sold on an exchange, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

1.54 **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.

1.55 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds, company or university loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

1.56 **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.

1.57 **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. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

1.58 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.

1.59 **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.

1.60 **Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

1.61 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the 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 investment returns to fall but will protect the principal sum invested.

1.62 **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 entities 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: Additional Investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per manager
Foreign countries (excluding MMF where there are no limits)	£10m per country
Lloyds Bank (as providers of operational banking services)	£5m overnight

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

Treasury Management Prudential Indicators

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

1.65 **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	£596,643
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£596,643)

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

1.67 **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%

1.68 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.

1.69 **Long-term treasury management investments:** 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	2025/26	2026/27	2027/28	2028/29
Limit on principal invested beyond year end	£5m	£4m	£3m	£2m

Related Matters

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

1.71 **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).

1.72 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.

1.73 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit. In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

1.74 **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. Interest payable and other costs/income arising from long-term loans which existed prior to this settlement (e.g. Premiums and discounts on early redemption) will be charged / credited to the respective revenue account based on the average CFR of the General Fund and HRA. Where the value of the HRA loans pool is below the HRA capital financing requirement, interest on this "under-borrowing" will be charged to the HRA at the Authority's average rate of short-term borrowing. Interest on any "over-borrowing" above the HRA capital financing requirement, and on balances in the HRA, its earmarked reserves and the major repairs reserve will be credited to the HRA at the Authority's average interest rate on treasury investments excluding strategic pooled funds and real estate investment trusts, adjusted for credit risk.

1.75 **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 Section 151 Officer believes this to be the most appropriate status.

1.76 **Financial Implications:** The budget for investment income in 2025/26 is £452,884, based on an average investment portfolio of £11.5 million at an interest rate of 3.94%. The budget for debt interest paid in 2025/26 is 3.110 million, based on an average debt portfolio of £91.8 million at an average interest rate of 3.53%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

1.77 **Other Options Considered:** The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Section 151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain

Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 1A – Arlingclose Economic & Interest Rate Forecast – November 2024

Underlying assumptions:

- As expected, the Bank of England Monetary Policy Committee (MPC) cut the Bank Rate to 4.75% in November in an 8-1 vote. However, the outlook for monetary policy has changed following the new government's fiscal plans, as delivered in the recent Budget.
- The Budget contained measures that will boost demand, in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects of the Budget require a change to our Interest Rate Forecast.
- UK GDP recovered well in the first half of 2024 from technical recession, but underlying growth appears relatively subdued. However, the Budget will significantly boost government spending over the short-term, with few offsetting measures to subdue household demand, so GDP growth is likely to rise relatively.
- Private sector wage growth has eased to 4.8% yet remains high, while services inflation continues to hold above pre-pandemic levels. The increase in employers' national insurance contributions, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- Consumer Price Index (CPI) inflation was below the 2% target in September but will rise a little by year-end as energy price declines from the previous year fall out of the annual comparison. The Bank of England (BoE) estimates the Budget impact will see the CPI rate at 2.7% by the end of 2025 and remain over target in 2026, as opposed to the prior projection of inflation easing back to and then below target by this point.
- The MPC re-emphasised the gradual move to easing monetary policy, and we now believe the Budget measures have both reduced the pace of Bank Rate cuts and increased the low for this loosening cycle (although downside risks remain in the medium term).
- The increase in borrowing, rise in inflation and shallower path for Bank Rate projected by the Office for Budget Responsibility (OBR) raised gilt yields. The material changes in rate expectations mean that yields will be generally higher in the post-Budget world.
- US government yields have risen following Donald Trump's and Republican victories in the US elections. Trump has run on a platform of policies that appear inflationary, calling into question the extent of policy loosening required from the Federal Reserve (which was already uncertain given continued solid US growth data). Higher US yields could also support higher UK yields.

Forecast:

- In line with our forecast, Bank Rate was cut to 4.75% in November 2024.
- The MPC will continue to lower Bank Rate to reduce the restrictiveness of monetary policy, but more slowly and to a higher level. We see another rate cut in February 2025, followed by one cut per quarter, in line with the Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary, and fiscal policy expectations, and increases in bond supply. Volatility is likely to remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- Upside risks to inflation over the next 12 months could limit the extent of monetary easing, but we see the risks as broadly balanced over the medium-term.

	Current	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.95	4.80	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.30	4.20	4.10	4.05	3.95	3.90	3.90	3.90	3.95	4.00	4.05	4.05	4.05
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.41	4.40	4.35	4.35	4.35	4.30	4.30	4.30	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.84	4.80	4.75	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.35	4.50	4.45	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.40	-0.50	-0.60	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

Appendix 1B

Existing Investment & Debt Portfolio Position

	31.12.24 Actual Portfolio £m	31.12.24 Average Rate %
External borrowing:		
Public Works Loan Board	82.2	3.56%
Total external borrowing	**82.2**	**3.56%**
Other long-term liabilities:		
Finance Leases	0	0
Total other long-term liabilities	**0**	**0**
Total gross external debt	**82.2**	**3.56%**
Treasury investments:		
Banks & building societies (unsecured)	0	0
Government (incl. local authorities)	0	0
Money Market Funds	29.5	4.74%
Total treasury investments	**29.5**	
Net debt	**52.7**	

Appendix 2

Bolsover District Council

Capital Strategy 2025/26 - 2028/29

1 Strategy Details

1.1 The Capital Strategy was introduced by the 2017 edition of the Prudential Code and 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 2025/26 to 2028/29 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 gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance Members' understanding of these sometimes-technical areas.

1.6 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

1.7 Capital expenditure is where the Authority 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.

In 2025/26, the Authority is planning capital expenditure of £21.969m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2023/24 actual £m	**2024/25 forecast £m**	**2025/26 budget £m**	**2026/27 budget £m**	**2027/28 budget £m**	**2028/29 budget £m**
General Fund services	5.898	14.327	1.666	2.589	1.422	1.075
Council housing (HRA)	14.004	20.835	20.303	5.418	5.398	5.596
Capital investments	0.105	0.533	0	0	0	0
TOTAL	20.007	35.694	21.969	8.007	6.820	6.671

1.8 The main General Fund capital projects for 2025/26 include Grants for Disabled Facilities £0.650m, Asset Management Plan £0.310m ICT infrastructure £0.469m and the purchase of Vehicles and Plant £0.237m.

1.9 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 any new homes over the forecast period.

1.10 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the *CIPFA Treasury Management Code.*

1.11 **Governance**: Projects are included in the Authority'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 January / February each year.

- For full details of the Authority's capital programme see **Appendix 2A** to this strategy.

1.12 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority'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

	2023/24 actual £m	**2024/25 forecast* £m**	**2025/26 budget £m**	**2026/27 budget £m**	**2027/28 budget £m**	**2028/29 budget £m**
External sources	2.133	5.454	0.650	0.650	0.650	0.650
Own resources	10.799	14.561	6.710	7.357	6.170	6.021
Debt	7.075	15.679	14.609	0	0	0
TOTAL	20.007	35.694	21.969	8.007	6.820	6.671

1.13 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 prior years' debt finance

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
MRP	0.364	0.278	0.444	0.438	0.418	0.413
Capital receipts	0.762	2.241	0.345	0.070	0.050	0.508
TOTAL	**1.126**	**2.519**	**0.789**	**0.508**	**0.468**	**0.921**

- The Authority's full minimum revenue provision statement is **Appendix 2B** to this strategy.

1.14 The Authority'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 £14.166m during 2025/26. Based on the above figures for expenditure and financing, the Authority's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

	2023/24 actual £m	2024/25 forecast* £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
General Fund services	8.800	14.976	14.532	14.094	13.676	13.263
Council housing (HRA)	115.181	124.406	139.016	139.016	139.016	139.016
Capital investments	0	0	0	0	0	0
TOTAL CFR	**123.981**	**139.382**	**153.548**	**153.110**	**152.692**	**152.279**

1.15 **Asset management:** To ensure that capital assets continue to be of long-term use, the Authority has an asset management strategy in place. The Authority developed this strategy to set the context for the Corporate Asset Management Plan. The purpose of the plan is to manage the Authority'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.

1.16 **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 Authority is also currently permitted to spend capital receipts "flexibly" on service transformation projects up to and including 2029/30. The Authority has produced a Disposal and Acquisition Policy which documents the method and approval route for the disposal of an asset. The Authority does not set budgets for receipts due to the uncertain nature of disposals. The Authority estimates it will receive capital receipts in the coming financial years as follows:

Table 5: Capital receipts

	2023/24 actual £m	**2024/25 forecast £m**	**2025/26 budget £m**	**2026/27 budget £m**	**2027/28 budget £m**	**2028/29 budget £m**
Asset sales	1.718	1.000	0.500	0.200	0.200	0.200

Treasury Management

1.17 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Authority'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 Authority 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.

1.18 Due to decisions taken in the past, as at the 31st of December the Authority has £82.2m borrowing at an average interest rate of 3.56% and £29.5m treasury investments at an average rate of 4.74%.

1.19 **Borrowing strategy:** The Authority'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 Authority therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

1.20 Projected levels of the Authority's total outstanding debt are shown below, compared with the capital financing requirement (shown in table 4).

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

	31.3.2024 actual £m	**31.3.2025 forecast £m**	**31.3.2026 budget £m**	**31.3.2027 budget £m**	**31.3.2028 budget £m**	**31.3.2029 budget £m**
Debt	88.533	81.455	94.455	91.455	83.655	79.655
Capital Financing Requirement	**123.981**	**139.382**	**153.548**	**153.110**	**152.692**	**152.279**

1.21 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 Authority expects to comply with this in the medium term.

1.22 **Liability benchmark:** To compare the Authority'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 was £75.9m at 31st March 2024 and is forecast to increase to £108.2m over the next four years. The table below shows the liability benchmark compared to the actual outstanding PWLB borrowing. As existing loans are repaid there may be the need to undertake new external borrowing to finance capital expenditure as discussed in 1.22 to 1.26 of the Treasury Management Strategy

Table 7: Borrowing and the Liability Benchmark

	31.3.2024 actual £m	**31.3.2025 forecast £m**	**31.3.2026 budget £m**	**31.3.2027 budget £m**	**31.3.2028 budget £m**	**31.3.2029 budget £m**
Actual Outstanding PWLB borrowing	86.0	78.8	76.8	73.8	66.0	62.0
Liability benchmark	**75.9**	**91.3**	**105.4**	**109.0**	**108.6**	**108.2**

1.23 **Affordable borrowing limit:** The Authority 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

	2024/25 limit £m	**2025/26 limit £m**	**2026/27 limit £m**	**2027/28 limit £m**	**2028/29 limit £m**
Authorised limit	**149.382**	**163.548**	**163.110**	**162.692**	**162.279**
Operational boundary	**144.382**	**158.548**	**158.110**	**157.692**	**157.279**

- Further details on borrowing are in paragraphs 1.27 to 1.39 of the Treasury Management Strategy.

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

1.25 The Authority'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 Authority may request its money back at short notice.

Table 9: Treasury management investments

	31.3.2024 actual £m	**31.3.2025 forecast £m**	**31.3.2026 budget £m**	**31.3.2027 budget £m**	**31.3.2028 budget £m**	**31.3.2029 budget £m**
Near-term investments	26.5	12.5	10.0	10.0	10.0	10.0
Longer-term investments	0	0	0	0	0	0
TOTAL	**26.5**	12.5	10.0	10.0	10.0	10.0

Further details on treasury investments are in paragraphs 1.40 to 1.63 of the Treasury Management Strategy.

1.26 **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. The treasury management prudential indicators are included in paragraphs 1.64 – 1.69 of the treasury management strategy

1.27 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 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 Finance and Corporate Overview Scrutiny committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

1.28 The Authority 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 Authority 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.

1.29 **Governance:** Decisions on service investments are made by the relevant service manager and submitted to Council/Executive in consultation with the Section 151 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.

<u>Commercial Activities</u>

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

1.31 In addition to this the Authority has a wholly owned company, Dragonfly Development Limited to enable economic growth and community regeneration through direct commercial action and to generate an income for the Authority. A report to Council on the 1st of February 2023 provided the full business case in relation to Dragonfly Development Limited. The business case was included with this report at Appendix 1, and page 6 of the business case set out the purpose and objectives of Dragonfly Development Limited.

1.32 With financial return being the main objective, the Authority 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. This is 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 Authority's General Fund. A minimum Internal Rate of Return (IRR) will be set in the Commercial Property Investment Strategy.

1.33 **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 Authority's existing decision-making process, threshold levels and Scheme of Delegation contained within the Authority'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.

Table 10: Prudential indicator: Net income from commercial and service investments to net revenue stream

	2023/24 actual £m	2024/25 forecast £m	2025/26 budget £m	2026/27 budget £m	2027/28 budget £m	2028/29 budget £m
Total net income from service & commercial investments	0.251	0.317	0.310	0.301	0.282	0.260
Proportion of net revenue stream	1.74%	2.16%	2.05%	3.26%	2.99%	2.43%

Other Liabilities

1.34 In addition to debt of £94.455m detailed above, the Authority is committed to making future payments to cover its net pension fund deficit (valued at £5.190m). It has also set aside £1.019m to cover risks of future legal costs and Business Rates Appeals. (All figures are as at 31/3/24).

1.35 **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 notes 21 and 38 of the 2023/24 Statement of Accounts document, which is available on our website.

Revenue Budget Implications

1.36 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. 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

	2023/24 actual	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget	2028/29 budget
Financing costs (£m)	0.364	0.325	0.430	0.424	0.404	0.404
Proportion of net revenue stream	2.53%	2.21%	2.84%	4.58%	4.29%	3.77%

1.37 **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 Section 151 Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

1.38 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Section 151 Officer is a qualified accountant.

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

Treasury Management Operations

1.40 As mentioned above the Authority 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;

1.41 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review. It should be noted that the Authority has Arlingclose Ltd as external treasury management advisors until 31st August 2025.

1.42 It is important that both Members and Officers dealing with treasury management are trained and kept up to date with current developments. This Authority 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

1.43 The contract with the Authority's banking provider Lloyds Bank, has been reviewed and extended during 2024/25 to the 31st of January 2035.

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
General Fund					
Asset Management Plan					
Investment Properties	42,428	-	-	-	-
Leisure Buildings	30,456	-	-	-	-
Pleasley Vale Business Park	138,365	-	-	-	-
Riverside Depot	30,287	-	-	-	-
The Arc	49,787	-	-	-	-
The Tangent	58,986	-	-	-	-
Contact Centres	28,452	-	-	-	-
Asset Management Plan not yet allocated to an individual scheme	32,614	260,000	260,000	260,000	260,000
	411,375	**260,000**	**260,000**	**260,000**	**260,000**
Engineering Asset Management Plan					
Car Parks	25,000	25,000	25,000	25,000	25,000
Shelters	12,000	10,000	10,000	10,000	10,000
Lighting	13,000	15,000	15,000	15,000	15,000
	50,000	**50,000**	**50,000**	**50,000**	**50,000**
Assets					
Pleasley Vale - Storm Babet	496,784	-	-	-	-
Pleasley Vale Mill - Dam Wall	432,493	-	-	-	-
Pleasley Vale Grease works CCTV	50,000	-	-	-	-
Land at Portland Street	27,168	-	-	-	-
Shirebrook Crematorium	5,994,676	-	-	-	-
Shirebrook Market Place	359,911	-	-	-	-
Changing Places	53,000	-	-	-	-
Tangent Hub - Reinstate Stonework	20,000	-	-	-	-
Mine Water Project	180,020	-	-	-	-
Bolsover Loop infrastructure project	77,000	-	-	-	-
South Normanton Mural project	20,000	-	-	-	-
Rural Fund	360,318	-	-	-	-
Mobile CCTV Cameras	15,000	-	-	-	-
	8,086,370	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	529,350	469,000	150,000	100,000	100,000
Council chamber audio visual equipment	180,000	-	-	-	-
Civica Workflow360	78,635	-	-	-	-
	787,985	**469,000**	**150,000**	**100,000**	**100,000**
Leisure Schemes					
Pleasley Vale Leisure Equipment	20,000	-	-	-	-
Pleasley Vale Cycle Path	86,771	-	-	-	-
Go Active Café Equipment	10,201	-	-	-	-
Go Active Equipment	16,822	15,000	15,000	15,000	15,000
Combined Heating & Power	655,000	-	-	-	-
Gym Equipment & Spin Bikes	-	-	392,100	-	-
Go-Active Gym flooring	-	-	40,000	-	-
Wellness Hub equipment	-	-	80,000	-	-
	788,794	**15,000**	**527,100**	**15,000**	**15,000**
Private Sector Schemes					
Disabled Facility Grants	650,000	650,000	650,000	650,000	650,000
	650,000	**650,000**	**650,000**	**650,000**	**650,000**
Investment Activities					
Parish Council Loans	533,000	-	-	-	-
	533,000	**0**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	3,532,124	222,000	951,500	347,000	-
District CCTV	52,171	-	-	-	-
CAN Rangers Equipment	14,231	-	-	-	-
	3,598,526	**222,000**	**951,500**	**347,000**	**0**

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
Total General Fund	**14,906,050**	**1,666,000**	**2,588,600**	**1,422,000**	**1,075,000**

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
Housing Revenue Account					
New Build Properties					
Alfreton Rd Pinxton	513,360	-	-	-	-
Bolsover Homes-yet to be allocated	573,132	10,000,000	-	-	-
Glapwell - Meadow View Homes	30,000	-	-	-	-
Jubilee Court Bungalows	300,000		-	-	-
Keepmoat Properties at Bolsover	30,000	-	-	-	-
Market Close Shirebrook	300,000	-	-	-	-
Moorfield Lane Whaley Thorns	83,000	-	-	-	-
Park Lane Pinxton	3,100,000	-	-	-	-
Sandy Lane/Thorpe Ave Whitwell	34,860	-	-	-	-
Woburn Close Cluster	6,342,336	4,609,312	-	-	-
The Woodlands	156,631	-	-	-	-
Valley View (2 Bungalows & extension)	461,070	-	-	-	-
West Street Langwith	40,809	-	-	-	-
	11,965,198	**14,609,312**	**0**	**0**	**0**
Vehicle Replacements	1,398,300	245,000	20,000	-	198,000
	1,398,300	**245,000**	**20,000**	**0**	**198,000**
Public Sector Housing					
Electrical Upgrades	400,000	400,000	400,000	400,000	400,000
External Door Replacements	200,000	70,000	70,000	70,000	70,000
External Wall Insulation	411,500	-	-	-	-
Bramley Vale	500,000	1,000,000	1,000,000	1,000,000	-
Flat Roofing	55,000	40,000	40,000	40,000	40,000
Heating Upgrades	225,000	225,000	255,000	255,000	255,000
Kitchen Replacements	750,000	300,000	300,000	300,000	300,000
Re Roofing	1,000,000	800,000	800,000	800,000	800,000
Property Services Mgmt. & Admin	130,936	134,182	138,252	142,446	146,764
Safe & Warm	1,714,595	-	-	-	-
Unforeseen Reactive Capital Works	50,000	70,000	50,000	50,000	50,000
Welfare Adaptations	600,000	600,000	600,000	600,000	600,000
Wet Rooms (Bungalows)	300,000	300,000	300,000	300,000	300,000
House Fire / Flood Damage (Insurance)	50,000	-	-	-	-
Outbuilding removal project	25,000	-	-	-	-
Concrete surrounds	135,000	150,000	150,000	150,000	150,000
Victoria House - fire doors/scooter store	150,000	-	-	-	-
Yet to be allocated to a scheme	457,264	1,259,018	1,244,948	1,240,754	2,236,436
Garage site & footpath resurfacing	100,000	100,000	50,000	50,000	50,000
Damp Proof Course	175,000	-	-	-	-
	7,429,295	**5,448,200**	**5,398,200**	**5,398,200**	**5,398,200**
ICT Schemes					
Open Housing	41,821	-	-	-	-
	41,821	**0**	**0**	**0**	**0**
Total HRA	**20,834,614**	**20,302,512**	**5,418,200**	**5,398,200**	**5,596,200**
TOTAL CAPITAL EXPENDITURE	**35,740,664**	**21,968,512**	**8,006,800**	**6,820,200**	**6,671,200**

CAPITAL PROGRAMME SUMMARY	Revised Budget 2024/25 £	Original Programme 2025/26 £	Forecast Programme 2026/27 £	Forecast Programme 2027/28 £	Forecast Programme 2028/29 £
Capital Financing					
General Fund					
Better Care Fund	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Prudential Borrowing	(6,424,334)	-	-	-	-
Reserves	(4,979,560)	(1,016,000)	(1,938,600)	(772,000)	(115,000)
Capital Receipts	(215,132)	-	-	-	(310,000)
External Funding	(2,637,024)	-	-	-	-
	(14,906,050)	**(1,666,000)**	**(2,588,600)**	**(1,422,000)**	**(1,075,000)**
HRA					
Major Repairs Allowance	(6,737,795)	(5,348,200)	(5,348,200)	(5,348,200)	(5,348,200)
Prudential Borrowing	(9,254,853)	(14,609,312)	-	-	-
Capital Receipts	(2,025,465)	(345,000)	(70,000)	(50,000)	(248,000)
External Funding	(2,816,501)	-	-	-	-
	(20,834,614)	**(20,302,512)**	**(5,418,200)**	**(5,398,200)**	**(5,596,200)**
TOTAL CAPITAL FINANCING	**(35,740,664)**	**(21,968,512)**	**(8,006,800)**	**(6,820,200)**	**(6,671,200)**

Appendix 2B

Annual Minimum Revenue Provision Statement 2025/26

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 the 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 April 2024.

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

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:

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

For capital expenditure incurred before 1 April 2008 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.

Capital Loans

- For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during the year, with the capital receipts so arising, applied to finance the expenditure instead.

- For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make zero MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.

- For capital loans made on or after the 7th of May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

- For capital loans made before the 7th of May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

Housing Revenue Account

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

Capital expenditure incurred during 2025/26 will not be subject to the MRP charge until 2026/27 or later.

In 2019/20 the Authority took steps to reduce the amount of MRP charged by swapping the financing of the capital programme from borrowing to the use of reserves. The Council's current capital programme still contains some of the projects included in this exercise, which are still to be spent. The Council's Medium Term Financial Strategy 2025/26 – 2028/29 approved in October 2024 states that *'Borrowing costs will be incurred (on capital projects) only where the cost is covered by new income as part of a business case.'*

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2025, the budget for MRP for borrowing incurred in previous years' has been set as follows:

	31.03.2025 Estimated MRP £m	**2025/26 Estimated MRP £**
Capital expenditure before 01.04.2008	0.141	0.136
Unsupported capital expenditure incurred 31.03.2008 – 31.03.2019	0.137	0.308
Leases & Private Finance Initiative	0	0
Capital loans to third parties	0	0
Total General Fund	**0.278**	**0.444**
Assets in the Housing Revenue Account	0	0

HRA subsidy reform payment	0	0
Total Housing Revenue Account	**0**	**0**
Total	**0.278**	**0.444**

Capital receipts

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

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in 10 equal instalments starting in the year after receipt is applied.

Appendix 3

Bolsover District Council

Corporate Investment Strategy 2025/26 - 2028/29

1 Strategy Details

1.1 The Corporate Investment Strategy was 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 2025/26 to 2028/29 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 meets 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 £10m and £30m during the 2025/26 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 2025/26 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

1.10 **Contribution:** The Authority has the power to lend money to its wholly owned company Dragonfly Development Limited, 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	31.3.2024 actual			2025/26
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Wholly owned company - Dragonfly	£1.018m	0	£0.018m	£10m
Business Partners	0	0	0	£5m
Parish / Town Councils (limit per individual Council)	£0.070m	0	£0.070m	£5m
Local charities	0	0	0	£5m
Housing associations	0	0	0	£5m
Community Groups	0	0	0	£5m
TOTAL	**£1.088m**	**0**	**£1.088m**	

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 are 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 its suitability to the Authority's 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 wholly owned company, Dragonfly Development Limited to enable economic growth and community regeneration through direct commercial action and to generate an income for the Authority. A report to Council on the 1st of February 2023 provided the full business case in relation to Dragonfly Development Limited. The business case was included with this report at Appendix 1, and page 6 of the business case set out the purpose and objectives of Dragonfly Development Limited.

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	31.3.2024 actual			2025/26
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Wholly owned company - Dragonfly	£0.100m	£0.059	£0.041m	£1.000m
TOTAL	**£0.100m**	**£0.059**	**£0.041**	**£1.000m**

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 its suitability to the Authority's 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 has developed a Commercial Property Investment Strategy which looks 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 2024/25 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 agreed to guarantee payment of some invoices by Dragonfly Development Limited or Dragonfly Management Limited to individual suppliers who have requested a guarantee as part of their contract with Dragonfly. The amount of the Guarantee is limited by the approved budget and contract value, and individual letters of guarantee are sent to the relevant companies by the Section 151 Officer.

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 can 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 Officers, 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 Authority 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	31.03.2024 Actual	31.03.2025 Forecast	31.03.2026 Forecast
Treasury management investments	£26.500	£12.500	£10.000
Service investments: Loans	£1.018	£0.00	£0.00
Service investments: Shares	£0.100	£0.100	£0.100
Commercial Investments	£0	£0	£0
TOTAL INVESTMENTS	**£27.618**	**£12.600**	**£10.100**
Commitments to lend	£1.139	0	**0**
TOTAL EXPOSURE	**£28.757**	**£12.600**	**£10.100**

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	31.03.2024 Actual	31.03.2025 Forecast	31.03.2026 Forecast
Dragonfly Development Limited	0	0	0
TOTAL FUNDED BY BORROWING	**0**	**0**	**0**

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	2023/24 Actual	2024/25 Forecast	2025/26 Forecast
Treasury management investments	4.99%	4.5%	3.94%
ALL INVESTMENTS	**4.99%**	**4.5%**	**3.94%**