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To: Chair & Members of the Budget Scrutiny Committee

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Wednesday, 22nd January 2020

Dear Councillor

BUDGET SCRUTINY COMMITTEE

You are hereby summoned to attend a meeting of the Budget Scrutiny Committee of the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Thursday, 30th January, 2020 at 10:00 hours.

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

You will find the contents of the agenda itemised from page 2 onwards.

Yours faithfully

Sarah Sternberg

Joint Head of Corporate Governance & Monitoring Officer

BUDGET SCRUTINY COMMITTEE
AGENDA

Thursday, 30th January, 2020 at 10:00 hours in the Council Chamber, The Arc, Clowne

Item No.	PART 1 – OPEN ITEMS	Page No.(s)
1.	**Apologies For Absence**	
2.	**Urgent Items of Business** To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972.	
3.	**Declarations of Interest** Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of: a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
4.	**Minutes** To consider the minutes of the last meeting held on 28th November 2019.	3 - 10
5.	**Proposed Budgets - Medium Term Financial Plan 2020/21 to 2023/24**	11 - 33
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a.	**Treasury Management Strategy**	38 - 54
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8.	**Update from Scrutiny Chairs**	Verbal Report

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Thursday, 28th November 2019 at 10:00 hours.

PRESENT:-

Members:-

Councillor Jen Wilson in the Chair

Councillors Rose Bowler (Vice-Chair), Derek Adams, Allan Bailey, Anne Clarke, Jim Clifton, Tricia Clough, Pat Cooper, Paul Cooper, David Dixon, Maxine Dixon, David Downes, Andrew Joesbury, Chris Kane, Tom Munro, Evonne Parkin, Janet Tait and Rita Turner.

Officers:- Theresa Fletcher (Head of Finance and Resources & Section 151 Officer), Joanne Wilson (Scrutiny and Elections Officer) and Thomas Scott (Governance Officer).

Also in attendance at the meeting were Councillor Clive Moesby (Portfolio Holder – Finance & Resources) (up to Minute No. 486), Stephen Kitching (Arlingclose – Client Director) (up to Minute No. 483) and Paul Roberts (Arlingclose – Assistant Client Director) (up to Minute No. 483).

479 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Jane Bryson, Tracey Cannon, Tom Kirkham, Peter Roberts, Dan Salt and James Watson.

480 URGENT ITEMS OF BUSINESS

There was no urgent business to be considered at the meeting.

481 DECLARATIONS OF INTEREST

There were no declarations made at the meeting.

482 MINUTES

Moved by Councillor Andrew Joesbury and seconded by Councillor Tom Munro.
RESOLVED that the Minutes of the Budget Scrutiny Committee held on 1st August 2019 be approved as a correct record.

483 TREASURY MANAGEMENT BRIEFING BY ARLINGCLOSE

The Chair welcomed Stephen Kitching (Client Director) and Paul Roberts (Assistant Client Director) to the meeting from Arlingclose treasury advisory company. Both gave the Committee a presentation with advice on how to manage the Council's treasury. This included:

- Management of the Council's investments, cash flows, banking arrangements, money market transactions (short term) and capital market transactions (long term)

- Effective control of the associated risks

- Pursuit of optimum performance (within the context of effective risk management)

The presentation also informed the Committee of Members' roles in financial management:

1) Role of the Council

- Set the budget and capital programme
- Receive a capital strategy
- Approve the Treasury Management Strategy
- Approve the Investment Strategy
- Approve the Prudential Indicators including the Capital Financing Requirement and the Authorised Limit
- Approve Treasury Management Indicators
- Receive mid-year and annual reports (minimum)

2) Role of Elected Members

- Decide the Council's appetite for risk and return
- Review policies, strategies and budgets
- Approve division of responsibilities
- Receive and review reports including Performance reports, Audit reports, and acting on recommendations
- Challenge, where appropriate

Members were informed that borrowing limits were set by Council and the auditors' role was to ensure borrowing did not exceed the limits set.

It was explained that gilts were Government bonds, so the yield meant the return on those bonds and the Government's cost of borrowing, which the Council's long-term borrowing costs would be based on.

A Member asked where he could find the Capital Programme and the Capital Strategy. The Section 151 Officer explained that the Capital Programme was on the Extranet and the Capital Strategy would be considered at the next scheduled Budget Scrutiny Committee meeting on 30th January 2020.

Councillor Tricia Clough entered the meeting.

A Member enquired how the Council's exposure to investment risk was determined. The Section 151 Officer explained that the Council followed Arlingclose's risk ratings, adding that the Council was a very low risk Council (in terms of investment risk) in comparison to other local authorities.

The Chair thanked the two representatives from Arlingclose for the presentation.

Both representatives left the meeting.

RESOLVED that the presentation be noted.

484 BUDGET MONITORING REPORT - QUARTER 2 - JULY TO SEPTEMBER 2019

The Section 151 Officer presented the report to update Committee on the financial position of the Council following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

Moved by Councillor Ray Heffer and seconded by Councillor Jen Wilson.
RESOLVED that the report be noted.

485 REVISED BUDGETS 2019/20 PRESENTATION

The Section 151 Officer gave a presentation to Members on Revised Budgets 2019/20. This included:

- General Fund (2019/20 position)
- From shortfall to surplus – Q1 and Q2 (savings made between the February 2019 report and the Q2 monitoring report)
- From shortfall to surplus – Revised budgets (changes to reflect the revised calculations and forecasts, and savings to help prepare for the future)
- Housing Revenue Account (HRA)
- HRA main changes for revised budgets
- Extra pension costs (shortfall from the Local Government Pension Scheme)
- Capital Programme (level of spend for 2019/20 from capital projects)
- Reserves and balances (opening and closing position on main useable reserves)

A Member referred to the net reduction in salaries in the HRA section of the presentation (shown as £171,000) and enquired what had caused this reduction. The Section 151 Officer explained that the figure was arrived at due to a number of vacant posts being held. Members questioned if the Executive had considered the impact of holding vacant posts on the emergency repairs service. The Portfolio Holder – Finance & Resources agreed that he would relay this question to the Portfolio Holder - Housing & Community Safety.

Following the discussion of the housing service, Members referred to the recent floods in Clowne and thanked Council officers for their hard work in tackling them. The Portfolio Holder - Finance also thanked all Members who helped to tackle the floods as well.

The Section 151 Officer concluded the presentation with the following summary:

- For 2019/20 and the revised budgets for general fund and housing revenue account, it was estimated that the Council would achieve a surplus for both.
- The level of reserves was considered to be adequate to fund planned expenditure and potential issues/risks that the Council could face.
- The capital programme for 2019/20 was fully financed and did not include any borrowing where Minimum Revenue Provision (MRP) was payable.
- The Council continued to monitor developments by Ministry of Housing, Communities & Local Government (MHCLG) on Business Rates and the Fair Funding Review.

The Portfolio Holder - Finance added to the summary by explaining that the review of Business Rates had been transferred to 2020.

RESOLVED that (1) the presentation be noted

(2) the Members request the Portfolio Holder – Finance & Resources investigate the Members' concern about vacancy levels within the HRA and the delivery of the emergency repairs service.

(Portfolio Holder – Finance & Resources /Scrutiny & Elections Officer)

486 SETTING OF COUNCIL TAX 2020/21 PRESENTATION

The Section 151 Officer gave Members a presentation which explained what the available options would be for the Council when setting Council Tax for 2020/21. This included:

- Financial position (latest table in the quarter 2 budget monitoring report)
- Timescales (report and meeting dates deadlines for Council Tax setting)
- Council Tax setting history (decisions taken for 2018/19 and 2019/20)
- Council Tax options for New Year 2020/21 (percentage increases and what they would mean for Band D properties and Council revenue)
- Council Tax options for future years (how the Council's future Council Tax options would be impacted by changes to Business Rates Retention, the introduction of the Fair Funding Review and the Business Rates Reset)
- Financial position for Council Tax increase assumption of £5

The Section 151 Officer explained that the maximum local authorities could increase Council Tax by was either £5 or 2%, depending on which was higher for each local authority. In the Council's case, £5 was the higher amount.

The Section 151 Officer added that in early January 2020, the Ministry of Housing, Communities and Local Government would clarify the exact Council Tax increase thresholds for triggering a referendum.

A Member made reference to how the Government based its allocation of grant funding for each Council on how much each Council had increased Council Tax. The Member enquired if the Government made allowances for inflation when they calculated this. The Section 151 Officer explained that the Government would calculate what the limit for each Council was first, and then make other assumptions (like inflation) later in the process.

A Member enquired if the Council Tax increases took into account new housing developments. The Section 151 Officer explained that forecasts were estimated based on last year's tax base. Because the taxbase was not up to date at the time of the meeting, the presentation did not include any growth in property numbers. The tax base, including growth through new developments, was due to be updated by the time Council considered the setting of Council tax.

The Portfolio Holder - Finance & Resources explained that the Executive would look to increase Council Tax if it meant protecting the Council's services. He added that the Council was losing Government grants regardless of how much the Council increased Council Tax. A Member enquired if a Council Tax increase meant an increase for small business rates as well. The Portfolio Holder - Finance & Resources advised the Member that these rates were set by the Government.

A Member enquired if there was any financial assistance for struggling small businesses. The Section 151 Officer explained that the Council offered a Small Business Rate Relief.

The Chair thanked the Section 151 Officer for the presentation.

The Portfolio Holder - Finance & Resources and the Section 151 Officer both left the meeting.

RESOLVED that the presentation be noted.

487 BUDGET SCRUTINY COMMITTEE WORK PROGRAMME 2019/20

Committee considered their Work Programme for 2019/20.

Moved by Councillor Ray Heffer and seconded by Councillor Andrew Joesbury.
RESOLVED that the Work Programme 2019/20 be noted.

488 UPDATE FROM SCRUTINY CHAIRS

Members were given updates on the recent work of the other three Scrutiny Committees. The Chairs of the Committees gave the updates.

Customer Service & Transformation Scrutiny Committee

The Chair of the Customer Service & Transformation Scrutiny Committee updated Members on the work of their Committee:

Between August and November 2019, the Committee had considered a range of reports. Some of them had been regular performance monitoring reports such as:

- Corporate Plan quarterly updates
- Customer Service Standards and Complaints

Other reports the Committee had considered included:

- The review and revision of the Rent Arrears Policy
- The development of the new website including compliance with new accessibility regulations and a demonstration of the site being developed

The Committee had two Review Topics for this year:

- The Re-letting of Council Properties – the Committee was near the end of evidence gathering for this review and had started to map this back to the scope and formulate some early recommendations. This review also incorporated the current review of the Housing Allocations Policy, which the Committee was aiming to look at in detail again at the next meeting

- The customer experience and the Council's approach with New Bolsover Model Village redevelopment – the Committee was still gathering evidence for this review but had started to map this back to the scope to assess where there were gaps in information, and to agree further information required.

The Committee had embedded a programme of monitoring updates from the Transformation Governance Group and was to keep colleagues updated on the work of the Committee on this area of service delivery, as the Committee receives further information.

The Committee has completed post-scrutiny monitoring against two past reviews and these were progressing well:

- An operational Review of Standards Committee; and
- The Review of Delivery of Environmental Health & Licensing

The monitoring was due to be completed in March next year.

BUDGET SCRUTINY COMMITTEE

Healthy, Safe, Clean & Green Communities Scrutiny Committee

The Chair of the Healthy, Safe, Clean & Green Communities Scrutiny Committee updated Members on the work of their Committee:

The Committee had received a range of performance monitoring reports such as:

- Corporate Plan quarterly updates
- Health & Wellbeing Strategy – assessing delivery of the Strategy and action plan and current trends

The Committee had also received reports to assess:

- The Building Resilience Programme – looking at Phase 1 Outcomes, aspirations for Phase 2 and embedding the scheme and the learning, ensuring sustainability to the work completed to date

- The Council's approach to the Climate Emergency – following the motion considered by Council earlier in the year. Members were briefed on the Carbon Reduction Plan and the Council's short and long term plans to address issues at a local and national level

The Committee had been involved in the development of the new Joint Animal Welfare Policy and provided feedback as part of the consultation process, prior to adoption.

Post-scrutiny monitoring had taken place against two past reviews:

- The Authority's Perception of Young People – this was progressing well and the monitoring was due to complete in March 2020.

- The Committee had received the final monitoring report for the Review of Environmental Enforcement. All recommendations had been successfully implemented and all Members were due to receive a briefing on the progress of the service shortly at Council.

The Committee had identified two topics for Review this year:

- Children in care and Care Leavers – the Committee has looked in detail at proposals for the Care Leavers Offer, and assessed the Council's approach via Housing Services and the partnership working in place. The Committee still had some evidence to gather but this review was progressing well.

- Mitigation of Air Pollution – the focus as on existing monitoring areas, the District's four main towns, and around schools. The Committee had incorporated the motion presented to Council earlier in 2019. This review was not progressing as fast at this stage and was potentially to extend into 2020/21.

Growth Scrutiny Committee

The Chair of the Growth Scrutiny Committee updated Members on the work of their Committee:

The Committee had received a range of performance monitoring reports for the both the Corporate Plan and the Growth Strategy, which included specific performance indicators agreed by Scrutiny. To date performance was relatively on track.

The Committee's current review topic was examining Current and Future External Funding. The Committee had been assessing the Council's approach to identifying funding and how it develops projects and goes through the bidding process. The Committee had gathered evidence from a number of internal and external sources including more recently the D2N2 Local Enterprise Partnership, which was very informative. The Committee had started to map the evidence to the scope and identify potential recommendations. This work was to be finalised in 2020 before the end of the municipal year.

3) In early 2020, the Committee was aiming to complete some additional work in relation to the private rented sector, including examining the role of Members and how they work with partners. This was to look also at the approach of housing associations, accredited landlords and how the Council can secure improvements and ease any negative impact from poorly managed private rented housing.

Moved by Councillor Ray Heffer and seconded by Councillor Tom Munro.
RESOLVED that the updates from the three Scrutiny Committee Chairs be noted.

The meeting concluded at 11:50 hours.

Bolsover District Council

Budget Scrutiny Committee

30th January 2020

Medium Term Financial Plan 2020/21 to 2023/24

Report of Head of Finance + Resources

This report is public

Purpose of the Report

- To enable the Budget Scrutiny Committee to consider the proposed budget for 2020/21 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2020/21 to 2023/24, prior to the report being taken to Executive and 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 Budget Scrutiny Committee will be reported verbally to Executive.

1 Report Details

Introduction

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

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

In particular financial projections are provided for:

- 2019/20 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 2020.

- 2020/21 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 2020.

- 2020/21 Original Budget – this includes proposed increases to rents and fees and charges for the next financial year for the Housing Revenue Account.

- 2021/22 to 2023/24 Financial Plan - In accordance with good practice the Council agrees its annual budgets within the context of a Medium Term Financial Plan (MTFP). This includes financial projections in respect of the next three financial years.

1.2 Once Executive has considered this report and the appendices, recommendations agreed by Executive and Budget Scrutiny will be referred to the Council meeting of 19th February 2020 for Members' consideration and approval.

General Fund

2019/20 Current Budget

1.3 In February 2019, Members agreed a budget for 2019/20 to determine Council Tax. The original budget showed a deficit of £0.083m. 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 Budget Scrutiny on 28th November and by Executive at its meeting on the 16th December 2019. There have been no changes to the budget position since this time.

1.5 The final in-year surplus will be dependent on the actual financial performance out-turning in line with the revised budgets 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 the estimated surplus of £0.261m, be allowed to increase the General Fund balance and be utilised to mitigate the expected increase in the contribution to the Local Government Pension Scheme over the next three financial years.

2020/21 Original Budget and 2021/22 to 2023/24 Financial Plan

1.7 The financial projection for 2020/21 to 2022/23 was approved by Members in February 2019. The 2019/20 budget process has updated those projections and established a base for 2023/24.

1.8 The proposed budget for 2020/21 currently shows a deficit of £0.290m. Based on current information the requirement to achieve financial savings for future years is 2021/22 £0.441m; 2022/23 £0.594m; 2023/24 £0.682m (**Appendix 1**). **Appendix 2** details the net cost of each cost centre by Directorate.

1.9 The table on the following page shows the updated figures resulting from the budget process together with estimates of future assumptions for vacancy management, tax base growth and council tax increases. Also included is the funding from the general fund balance of the expected increase in the contribution to the Local Government Pension Scheme over the next three financial years.

	2019/20 Revised Budget £000	2020/21 Forecast £000	2021/22 Forecast £000	2022/23 Forecast £000	2023/24 Forecast £000
General Fund (surplus)/Budget Shortfall	**(261)**	**290**	**441**	**594**	**682**
Estimate of one-off vacancies each year	0	(100)	(100)	(100)	(100)
Estimate of taxbase growth	0	0	(40)	(80)	(120)
Assumption for future council tax increases	0	(111)	(220)	(332)	(443)
Pension costs to be funded by 19/20 t/f to GF balance	0	(79)	(81)	(82)	(19)
Closing Budget (surplus)/Budget Shortfall	**(261)**	**0**	**0**	**0**	**0**

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

Level of Government Funding

1.11 The current financial year 2019/20, is the final year of the four year settlement announced in December 2015. The Spending Review 2019 was originally planned to cover the three-year period 2020/21 – 2022/23. It has been widely publicised that the three-year Spending Review and its expected changes have been delayed for one year.

1.12 Therefore the Spending Review 2019 is effectively an extension to the four-year settlement that covered the period 2016/17 – 2019/20. With a delay to both the Fair Funding Review and reform of business rates, combined with a one-year spending review, 2020/21 is a roll-over settlement. Funding from Government has broadly been rolled-over either in cash terms from 2019/20 or increased in line with the change in the business rate multiplier.

1.13 The Spending Review 2020, which is likely to cover the years 2021/22, 2022/23 and 2023/24 should be announced in the autumn of 2020.

1.14 The continued uncertainty surrounding local government funding means we have had to make some significant assumptions for future years as follows:

New Homes Bonus

1.15 There have been many changes made over recent years by the Government, to the way New Homes Bonus grant operates. Most of the changes made since 2017/18 have meant a loss of income for us. We knew when we carried out the budget process last year that during 2019 the Government would be consulting on the future of New Homes Bonus grant. We were cautious in our estimates for grant to be received as we suspected the scheme would be ended in 2020.

1.16 As we have effectively had a bonus year for New Homes Bonus to be received with the delay of its abolition and the roll-over from 2019/20, we have been able to include an extra £0.343m in grant income for 2020/21.

1.17 For 2021/22 onwards we have reverted back to our estimates from last year as they are still true. New Homes Bonus grant is predicted to end by 2023/24. We have therefore not included any new allocation for any year after 2020/21. We have included legacy payments from 2018/19 and 2019/20 only. We have estimated we will receive a share of the New Homes Bonus returned funding pot of £0.101m for 2021/22, £0.145m for 2022/23 and £0.192m for 2023/24, all to be received in that year only.

Fair Funding Review

1.18 Although delayed as mentioned earlier, it is still not known with any clarity what the impact of the Fair Funding Review will be. Last year, initial modelling showed that the recalculated Settlement Funding Assessment (SFA) was redirecting resources to those based on “need” which would impact negatively on most shire districts.

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

1.20 It has been suggested that the parliamentary majority resulting from the recent election, might change the dynamics in the Fair Funding Review. It is too early however, to tell how or if the change in the places the government represents will result in a change in the outcome of the Fair Funding Review.

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

Business Rates

1.22 As with New Homes Bonus, we have effectively had a bonus year for Business Rates due to the one year delay too. We have been able to include an extra £0.519m income for 2020/21.

1.23 For future years although delayed, the implications of Business Rates Retention Reform have not changed. The issues are around resetting our business rates baseline and therefore potentially wiping out any growth since 2013/14 and also changing the share for business rates from 50% to 75% from 2021/22 (although increases are likely to go to county councils).

1.24 The figures for Business Rates were revised last year to include estimates of likely changes to our baseline funding level information, tariff amounts and the impact of a business rate reset. It must be stressed these were initial estimates of the changes and are subject to change but they remain valid again this year. As protection against further negative adjustments, no growth in business rates has been included for any year. During this years' budget process figures have only been amended by the change in the business rates multiplier. This has resulted in a reduction of income to the financial plan of 2021/22 £0.123m and 2022/23 £0.141m.

Revenue Support Grant

1.25 The one year delay has meant a further year of receiving Revenue Support Grant. We will receive £1.190m in this bonus year of receiving the grant. No grant will be received from 2021/22 onwards.

Mitigating losses in Government Funding

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

1.27 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.

1.28 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.

1.29 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 general fund to the reserve will be made in 2020/21 of £0.336m. Latest estimates for transfers back to general fund are £1.027m 2021/22, £1.033m 2022/23 and £1.246m in 2023/24. A balance of £0.481m remains in the reserve for use in 2024/25.

1.30 When savings are found through the Transformation Programme the transfers from the reserve are reduced.

Expenditure, income levels and efficiencies

1.31 In developing the financial projections covering the period 2020/21 to 2023/24, officers have made a number of assumptions. The major assumptions are:

- For 2020/21 to 2023/24, 2% has been included in staffing budgets as an estimate for a pay award.
- Employer superannuation contributions for 2020/21 to 2023/24, a 1% increase on the 2019/20 cost has been assumed.
- Inflation specific budgets such as energy costs and fuel have been amended to reflect anticipated price changes.
- With respect to planning fees, a base level for income has been included for all future years of £0.400m. 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.
- Brexit – no provision has been made in the budget for costs that may be incurred. Any significant impact will be dealt with in a future report, if necessary with financing from reserves and a small Government grant we have already received of £0.034m.

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

Council Tax Implications

Council Tax Base

1.33 In preparation for the budget, the Chief Financial Officer under delegated powers has determined the Tax Base at Band D for 2020/21 as 22,169.60.

Council Tax Options

1.34 The Council's part of the Council Tax bill in 2019/20 was set at £176.29 for a Band D property. This was an increase of 2.99%.

1.35 The Council has a range of options when setting the Council Tax. The Government indicate what upper limit they consider acceptable. For 2020/21 District Councils are permitted to increase their share of the Council Tax by the greater of 2% or £5 without triggering the need to hold a referendum. This is a reduction compared to the maximum percentage increase allowed in 2019/20 of 3%.

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

Increase	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
1.00%	178.05	1.76	0.03	39,023
2.00%	179.81	3.52	0.07	78,105
2.83%	181.29	5.00	0.10	110,789

1.37 The level of increase each year affects the base for future years and the proposed increase for 2020/21 is 2.83%, generating additional revenue of £110,789.

Financial Reserves – General Fund

1.38 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.0m and the uncommitted element of the Transformation Reserve of £2.159m. 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)

2019/20 Current Budget

1.39 In February 2019, Members agreed a budget for 2019/20. Rent levels were set in line with Government regulations with a reduction of 1%, effective from 1st April 2019. HRA fees and charges were also set, effective from the same date.

1.40 The Revised Budget was considered by Budget Scrutiny on 28th November and by Executive at its meeting on the 16th December 2019. There have been no changes to the budget position since this time.

1.41 A surplus of £0.155m was estimated, which was £0.132m higher than the current budget of £0.023m. It was agreed that the estimated surplus of £0.155m, be allowed to increase the HRA balance and be utilised to mitigate the expected increase in the contribution to the Local Government Pension Scheme over the next three financial years.

2020/21 Original Budget and 2021/22 to 2023/24 Financial Plan

1.42 The proposed budget for 2020/21 currently shows a surplus of £0.106m. Based on current information the surplus for future years is 2021/22 £0.047m; 2022/23 £0.087m; 2023/24 £0.047m (**Appendix 3**). The proposal is to transfer the surplus into the HRA Revenue Reserve in all years.

1.43 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

1.44 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.'*

1.45 Therefore for 2020/21 the income for dwelling rents has been included in the budget at CPI rate 1.7% plus 1%. For future years it has been assumed the same policy will apply.

Fees and Charges

1.46 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.

1.47 A schedule of the proposed charges is set out at **Appendix 3, table 1.** For 2020/21 in most cases the charges are recommended to be increased by CPI 1.7% plus 1%.

Financial Reserves - HRA

1.48 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £2m. In addition to the Working Balance there are further reserves for the HRA used only to fund the Council's HRA capital programme. These are the Major Repairs Reserve, New Build Reserve, Vehicle Repair and Renewal Reserve and Development Reserve.

Capital Programme

1.49 There will be three separate reports to Council on 19th February 2020 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.

2019/20 Current Budget

1.50 In February 2019, Members approved a Capital Programme in respect of 2019/20 to 2022/23. 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 2019/20, the equivalent amount of funding was not applied during 2018/19 and is therefore available in 2019/20 to meet the delayed payments.

1.51 The Revised Capital Programme was considered by Budget Scrutiny on 28th November and by Executive at its meeting on the 16th December 2019. There have been no changes to the budget position since this time.

General Fund Capital Programme 2020/21 to 2023/24

1.52 The proposed Capital Programme for the General Fund totals £1.868m for 2020/21; £2.465m for 2021/22; £1.954m for 2022/23 and £2.870m for 2023/24 (**Appendix 4**).

Housing Revenue Account Capital Programme 2020/21 to 2023/24

1.53 The proposed Capital Programme for the Housing Revenue Account totals £4.172m for 2020/21; £4.177m for 2021/22; £5.072m for 2022/23 and £5.288m for 2023/24 (**Appendix 4**).

1.54 A list of all the schemes and associated funding are attached as **Appendix 4** to this report.

Robustness of the Estimates

1.55 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.

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

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

2 Conclusions and Reasons for Recommendations

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

3 Consultation and Equality Impact

3.1 The Council is required to consult with stakeholders on the proposed budget. This consultation is part of the Council's service planning framework and has effectively been taking place throughout the financial year. These mechanisms include active participation in the Local Strategic Partnership, a range of meetings with local groups and associations and a performance management framework. These meetings help to inform the Council's understanding of what is expected of it by our local communities.

3.2 There are no equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

4.1 Alternative options are considered throughout the report.

5 Implications

5.1 Finance and Risk Implications

5.1.1 Financial issues and implications are covered in the relevant sections throughout this report.

5.1.2 The Council has a risk management strategy and associated framework in place and the Strategic Risk Register is regularly reviewed through the Council's performance management framework. Strategic risks along with the mitigation in place to ensure such risks are manageable are reported to the Audit Committee on a quarterly basis. The risk of not achieving a balanced budget is outlined as a key risk within the Council's Strategic Risk Register and is therefore closely monitored through these practices and reporting processes.

5.2 Legal Implications including Data Protection

5.2.1 The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2020. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

5.2.2 The recommended budget for the General Fund, Housing Revenue Account and Capital Programme comply with the Council's legal obligation to agree a balanced budget.

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

5.3 Human Resources Implications

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

6 Recommendations

6.1 That Budget Scrutiny Committee note the report and make any comments that they believe to be appropriate to be given verbally at the Executive meeting on 10th February 2020.

The Executive report recommendations are as follows:

x1 That all recommendations below are referred to the meeting of Full Council on the 19th February 2020.

The recommendations to Council are:

x2 That in the view of the Chief Financial Officer, that the estimates included in the Medium Term Financial Plan 2020/21 to 2023/24 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 Budget Scrutiny Committee on a quarterly basis regarding the overall position in respect of the Council's budgets. These reports to include updates on achieving savings and efficiencies for 2020/21 and future years.*

GENERAL FUND

x4 *A Council Tax increase of £5.00 is levied in respect of a notional Band D property (2.83%).*

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 2019/20, as the Original Budget in respect of 2020/21, and the financial projection in respect of 2021/22 to 2023/24.*

x6 *That any further under spend in respect of 2019/20 is transferred to the Council's General Fund Reserves.*

x7 *On the basis that income from Planning Fees may exceed £0.500m in 2019/20, the Chief Executive in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.*

HOUSING REVENUE ACCOUNT

x8 *That Council sets its rent levels in line with government policy, increasing rent levels by CPI (1.7%) plus 1% to apply from 1 April 2020.*

x9 *That the increases in respect of other charges as outlined in **Appendix 3 Table 1** be implemented with effect from 1 April 2020.*

x10 *The Medium Term Financial Plan in respect of the Housing Revenue Account as set out in **Appendix 3** of this report be approved as the Revised Budget in respect of 2019/20, as the Original Budget in respect of 2020/21, and the financial projection in respect of 2021/22 to 2023/24.*

x11 *That under spends in respect of 2020/21 to 2023/24 are transferred to the HRA Revenue Reserve.*

CAPITAL PROGRAMME

x12 *That the Capital Programme as set out in **Appendix 4** be approved as the Revised Budget in respect of 2019/20, and as the Approved Programme for 2020/21 to 2023/24.*

x13 *That the Director of Development be granted delegated powers in consultation with the Portfolio Member and the Asset Management group to approve the utilisation of the £260,000 of AMP Refurbishment Work allocation, with such approvals to be reported back to Executive through the Quarterly Budget Monitoring Report.*

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC:* *Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC:* *Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1 2 3 3 table 1 4	General Fund Summary General Fund Detail Housing Revenue Account HRA – Fees and Charges 2020/21 Capital Programme Summary
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Report Author	**Contact Number**
Head of Finance and Resources	2458

GENERAL FUND SUMMARY

APPENDIX 1

Description	Revised Budget 2019/20 £	Original Budget 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £	Forecast 2023/24 £
People Directorate	10,274,260	10,559,682	10,324,024	10,567,276	10,821,735
Place Directorate	3,419,339	3,218,301	3,282,396	3,329,496	3,439,877
Recharges to HRA and Capital	(3,738,619)	(3,905,014)	(3,947,564)	(4,012,277)	(4,092,922)
S106 Expenditure					
People	279,855	188,663	8,633	7,644	25,858
Place	420,106	113,390	0	0	0
Net Cost of Services	**10,654,941**	**10,175,022**	**9,667,489**	**9,892,139**	**10,194,548**
Debt Charges	956,778	844,473	858,696	629,456	610,780
Investment Interest	(294,639)	(303,739)	(278,742)	(272,551)	(287,938)
	11,317,080	**10,715,756**	**10,247,443**	**10,249,044**	**10,517,390**
Appropriations:					
Contributions to Reserves	406,640	1,357,667	226,667	171,667	230,667
Contribution from Earmarked Reserves	(629,146)	(391,697)	(136,089)	(86,265)	(87,743)
Contribution (from)/to NNDR Growth Protection Reserve	134,531	336,000	(1,027,000)	(1,033,000)	(1,246,000)
Contribution from Grant Accounts	(52,991)	(5,320)	(5,320)	(5,320)	(5,320)
Contribution (from)/to Holding Accounts	(536,476)	(393,258)	(8,633)	(71,919)	(71,931)
Contribution from S106 Holding A/cs	(799,961)	(302,053)	(74,907)	(7,644)	(25,858)
TOTAL EXPENDITURE	**9,839,677**	**11,317,095**	**9,222,161**	**9,216,563**	**9,311,205**
Parish Precepts	2,901,779	2,901,779	2,901,779	2,901,779	2,901,779
Council Tax Support Grant - Parish	167,933	0	0	0	0
TOTAL SPENDING REQUIREMENT	**12,909,389**	**14,218,874**	**12,123,940**	**12,118,342**	**12,212,984**
Revenue Support Grant	(1,169,290)	(1,190,000)	0	0	0
Business Rates Retention total	(4,412,429)	(4,982,049)	(4,417,549)	(4,474,549)	(4,529,249)
New Homes Bonus Grant total	(811,095)	(947,182)	(454,900)	(240,083)	(192,000)
COUNCIL TAX - BDC precept	(3,875,302)	(3,908,279)	(3,908,279)	(3,908,279)	(3,908,279)
Council tax - Parish element from above	(2,901,779)	(2,901,779)	(2,901,779)	(2,901,779)	(2,901,779)
TOTAL FUNDING	**(13,169,895)**	**(13,929,289)**	**(11,682,507)**	**(11,524,690)**	**(11,531,307)**
FUNDING GAP / (SURPLUS)	**(260,506)**	**289,585**	**441,433**	**593,652**	**681,677**

General Fund Detail

APPENDIX 2

List of net budgets per cost centre per directorate		Revised Budget 2019/20	Original Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
		£	£	£	£	£
G001	Audit Services (G001)	104,602	119,350	119,350	119,350	119,350
G002	I.C.T. (G002)	806,477	809,821	810,974	812,170	813,370
G003	Communications (G003)	249,871	263,158	251,778	240,430	244,166
G005	Joint Chief Executive Officer 50% People (G005)	41,151	41,410	41,441	42,266	43,110
G006	Partnership, Stategy + Policy (G006)	435,012	468,185	391,110	399,341	404,653
G014	Customer Contact Service (G014)	754,339	775,698	797,148	817,494	833,162
G015	Strategy + Performance (G015)	120,779	122,968	127,372	131,083	133,606
G024	Street Cleansing (G024)	290,113	322,185	334,010	340,218	347,378
G028	Waste Collection (G028)	907,791	936,305	962,425	980,471	1,006,992
G032	Grounds Maintenance (G032)	668,118	673,410	699,028	716,931	734,101
G033	Vehicle Fleet (G033)	740,370	780,058	796,941	809,864	826,391
G038	Concessionary Fares + TV Licenses (G038)	(10,097)	(10,097)	(10,097)	(10,097)	(10,097)
G040	Corporate Management (G040)	144,827	147,819	149,152	154,818	156,382
G041	Non Distributed Costs (G041)	697,651	694,582	700,267	705,952	711,637
G044	Financial Services (G044)	257,846	309,681	315,833	322,034	328,381
G052	Human Resources (G052)	211,919	218,995	223,204	227,340	230,817
G054	Electoral Registration (G054)	153,558	180,466	187,499	187,313	190,198
G055	Democratic Representation + Management (G055)	530,961	514,939	514,754	515,138	515,467
G056	Land Charges (G056)	(4,432)	(2,928)	(1,972)	(1,106)	(187)
G057	District Council Elections (G057)	84,508	5,000	0	25,000	53,000
G058	Democratic Services (G058)	183,962	214,074	218,093	223,618	227,711
G060	Legal Services (G060)	229,385	224,003	229,478	233,926	238,487
G061	Bolsover Wellness Programme (G061)	64,583	73,680	79,420	83,250	86,346
G062	Extreme Wheels (G062)	790	(4,066)	(2,623)	(1,849)	(1,063)
G064	Bolsover Sports (G064)	138,016	139,360	143,634	146,934	149,987
G065	Parks, Playgrounds + Open Spaces (G065)	48,541	36,873	37,541	40,834	40,808
G066	Coach Bolsover (G066)	2,000	0	0	0	0
G069	Arts Projects (G069)	46,199	48,386	49,668	50,481	51,310
G070	Outdoor Sports + Recreation Facilities (G070)	22,805	19,436	19,743	20,052	20,371
G072	Leisure Services Mgmt + Admin (G072)	257,219	262,858	267,123	271,125	275,298
G084	Head of Partnerships and Transformation (G084)	34,717	36,957	38,747	40,586	41,395
G086	Alliance (G086)	7,250	7,250	7,250	7,250	7,250
G094	Joint Strategic Director - People (G094)	50,821	54,068	56,226	57,781	58,934
G097	Groundwork + Drainage Operations (G097)	64,547	67,527	70,038	71,909	73,364
G100	Benefits (G100)	358,358	515,819	561,884	602,531	638,729
G103	Council Tax / NNDR (G103)	364,017	390,428	402,945	413,015	423,151

General Fund Detail

APPENDIX 2

List of net budgets per cost centre per directorate		Revised Budget 2019/20	Original Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
		£	£	£	£	£
G104	Sundry Debtors (G104)	21,858	0	0	0	0
G111	Shared Procurement (G111)	44,847	47,790	49,059	50,190	51,352
G115	One Public Estate (G115)	21,032	0	0	0	0
G117	Payroll (G117)	71,981	75,318	76,879	78,449	80,060
G123	Riverside Depot (G123)	166,330	164,006	167,335	170,698	174,152
G124	Street Servs Mgmt + Admin (G124)	68,800	75,314	76,862	78,421	80,009
G125	S106 Percent for Art (G125)	56,979	10,176	0	0	0
G126	S106 Formal and Informal Recreation (G126)	164,148	30,914	8,633	7,644	25,858
G129	Bolsover Apprenticeship Programme (G129)	10,023	(3,012)	0	0	0
G146	Pleasley Vale Outdoor Activity Centre (G146)	46,524	56,541	57,911	59,306	60,729
G148	Trade Waste (G148)	(124,600)	(124,600)	(124,600)	(124,600)	(124,600)
G149	Recycling (G149)	143,182	136,843	140,369	143,995	147,727
G155	Customer Services (G155)	29,829	30,693	31,332	31,974	32,633
G157	Controlling Migration Fund (G157)	485,370	133,729	0	0	0
G161	Rent Rebates (G161)	(29,662)	(26,532)	(25,714)	(23,193)	(21,953)
G162	Rent Allowances (G162)	22,978	(12,985)	(27,547)	(33,629)	(37,606)
G164	Support Recharges (G164)	(3,738,619)	(3,905,014)	(3,947,564)	(4,012,277)	(4,092,922)
G168	Multifunctional Printers (G168)	42,776	39,900	39,900	39,900	39,900
G170	S106 Outdoor Sports (G170)	58,728	147,573	0	0	0
G179	School Sports Programme (G179)	(4,171)	511	526	536	546
G180	Special Events (G180)	350	0	0	0	0
G181	STEP (G181)	775	0	0	0	0
G182	SHIFT (G182)	489	0	0	0	0
G183	Netball (G183)	64	0	0	0	0
G192	Scrutiny (G192)	22,109	22,125	22,558	22,996	23,443
G195	Head of Corporate Governance (G195)	37,100	38,460	39,243	40,035	40,844
G197	Head of Finance and Resources (G197)	63,832	68,171	65,070	75,220	78,913
G199	Head of Street Scene (G199)	36,792	37,516	38,273	39,046	39,834
G207	Balanceability (G207)	203	54	54	54	54
G216	Raising Aspirations (G216)	20,426	51,250	0	0	0
G218	Namibia Bound (G218)	(7,301)	0	0	0	0
G220	Locality Funding (G220)	(76,003)	0	0	0	0
G228	Go Active Clowne Leisure Centre (G228)	(39,693)	13,956	26,814	48,351	69,610
G238	HR Health + Safety (G238)	90,946	91,976	80,316	72,074	72,133
G241	Working Together for Older People (G241)	8,712	0	0	0	0
G244	Bolsover Business Growth Fund (G244)	39,788	185,000	0	0	0

General Fund Detail

APPENDIX 2

List of net budgets per cost centre per directorate		Revised Budget 2019/20 £	Original Budget 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £	Forecast 2023/24 £
	Total for People Directorate	**6,815,496**	**6,843,331**	**6,385,093**	**6,562,643**	**6,754,671**
G004	Joint Chief Executive Officer 50% Place (G004)	41,153	41,413	41,444	42,269	43,113
G007	Community Safety - Crime Reduction (G007)	46,420	58,140	59,478	60,827	62,206
G010	Neighbourhood Management (G010)	90,220	91,911	94,309	96,777	99,319
G013	Community Action Network (G013)	304,044	266,951	273,543	270,301	276,223
G017	Private Sector Housing Renewal (G017)	54,701	64,308	65,927	67,597	69,320
G020	Public Health (G020)	(68,000)	(70,000)	(70,000)	(70,000)	(70,000)
G021	Pollution Reduction (G021)	164,677	167,116	171,563	177,233	182,171
G022	Health + Safety (G022)	(250)	0	0	0	0
G023	Pest Control (G023)	34,794	34,893	37,353	37,985	38,630
G025	Food Safety (G025)	122,035	120,845	123,826	126,892	130,047
G026	Animal Welfare (G026)	94,238	83,648	98,920	88,138	90,565
G027	Emergency Planning (G027)	32,128	16,144	16,144	16,144	16,144
G036	Environmental Health Mgmt & Admin (G036)	190,744	188,246	192,109	196,068	199,846
G043	Joint Strategic Director - Place (G043)	53,610	54,643	55,724	56,827	57,953
G046	Homelessness (G046)	166,728	170,050	172,501	174,982	177,513
G048	Town Centre Housing (G048)	(10,600)	(10,600)	(10,600)	(10,600)	(10,600)
G053	Licensing (G053)	(327)	2,068	4,486	6,624	8,817
G073	Planning Policy (G073)	361,826	267,654	274,273	279,940	285,589
G074	Planning Development Control (G074)	(22,442)	24,704	11,778	8,880	16,753
G076	Planning Enforcement (G076)	98,079	118,758	123,435	128,158	131,461
G079	Planning Services Mgmt & Admin (G079)	21,207	22,137	22,593	23,048	23,514
G080	Engineering Services (G080)	97,067	99,949	101,752	103,602	105,511
G081	Drainage Services (G081)	0	0	0	0	0
G082	Tourism Promotion + Development (G082)	34,897	39,076	13,561	0	0
G083	Building Control Consortium (G083)	55,000	55,000	55,000	55,000	55,000
G085	Economic Development (G085)	28,815	29,425	29,425	29,425	29,425
G087	HS2 Costs (G087)					
G088	Derbyshire Economic Partnership (G088)	15,000	15,000	15,000	15,000	15,000
G089	Premises Development (G089)	(69,408)	(71,520)	(71,146)	(70,803)	(70,438)
G090	Pleasley Vale Mills (G090)	(162,278)	(169,835)	(170,727)	(168,519)	(166,207)
G091	CISWO Duke St Building (G091)	10,879	0	0	0	0
G092	Pleasley Vale Electricity Trading (G092)	(40,000)	(37,212)	(34,377)	(31,493)	(28,560)
G095	Estates + Property (G095)	624,618	672,263	689,454	704,594	718,596
G096	Building Cleaning (General) (G096)	95,681	99,168	101,212	103,219	110,604

General Fund Detail

APPENDIX 2

List of net budgets per cost centre per directorate		Revised Budget 2019/20	Original Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
		£	£	£	£	£
G099	Catering (G099)	500	500	500	500	500
G106	Housing Anti Social Behaviour (G106)	97,411	106,414	109,787	112,228	114,521
G109	Director of Development (temporary directorate)	23,425	99,265	104,245	109,384	114,685
G110	Asst. Director of Development (temporary directorate)	17,456	69,129	72,615	76,211	79,922
G113	Parenting Practitioner (G113)	33,982	36,093	37,062	38,039	39,036
G132	Planning Conservation (G132)	45,706	34,169	33,084	33,755	34,442
G133	The Tangent Business Hub (G133)	(40,921)	(66,687)	(64,955)	(63,225)	(61,446)
G135	Domestic Violence Worker (G135)	41,998	43,099	43,911	44,732	45,570
G138	Bolsover Town Centre Consultation (G138)	34,163	0	0	0	0
G142	Community Safety - CCTV (G142)	8,515	0	0	0	0
G143	Housing Strategy (G143)	26,943	43,226	32,507	30,194	30,755
G144	Enabling (Housing) (G144)	25,584	26,109	26,646	27,195	27,754
G151	Street Lighting (G151)	31,000	31,442	31,892	32,349	32,817
G153	Housing Advice (G153)	12,909	13,276	13,547	13,820	14,100
G156	The Arc (G156)	136,522	110,034	114,285	118,537	122,922
G167	Facilities Management (G167)	10,611	10,338	10,338	10,338	10,338
G169	Closed Churchyards (G169)	10,000	10,000	10,000	10,000	10,000
G172	S106 Affordable Housing (G172)	1,116	0	0	0	0
G176	Affordable Warmth (G176)	34,058	20,922	21,264	21,614	21,970
G188	Cotton Street Contact Centre (G188)	19,639	18,713	19,257	19,814	20,387
G193	Economic Development Management + Admin (G193)	118,807	126,302	129,483	132,712	135,410
G194	Head of Economic Development (G194)	34,321	25	25	26	26
G196	Head of Planning (G196)	37,398	38,121	45,452	39,651	40,439
G198	Head of Housing (GF) (G198)	31,462	357	365	374	381
G208	Head of Estates and Property (G208)	28,650	2,111	2,126	2,133	2,142
G226	S106 - Highways (G226)	569,000	0	0	0	0
G227	S106 - Public Health (G227)	(50,010)	113,390	0	0	0
G229	Housing Standards (G229)	(1,984)	0	0	0	0
G237	Joint Venture (LLP) (G237)	35,218	0	0	0	0
G239	Housing + Community Safety Fixed Penalty A/c (G239)	710	1,000	1,000	1,000	5,691
G242	New Bolsover MV - CVP Worker (G242)	0	0	0	0	0
	Total for Place Directorate	**3,839,445**	**3,331,691**	**3,282,396**	**3,329,496**	**3,439,877**

HOUSING REVENUE ACCOUNT

APPENDIX 3

	Revised Budget 2019/20 £	Original Budget 2020/21 £	Forecast 2021/22 £	Forecast 2022/23 £	Forecast 2023/24 £
Expenditure					
Repairs and Maintenance	4,677,764	4,899,491	5,038,580	5,129,536	5,188,995
Rents Rates and Taxes	245,398	223,576	200,845	176,753	178,115
Supervision and Management	5,386,344	5,340,701	5,381,985	5,469,589	5,572,718
Special Services	512,631	500,030	504,646	501,930	507,505
Supporting People - Wardens	569,640	602,324	616,147	626,958	638,009
Supporting People - Central Control	248,327	268,830	268,228	271,361	274,526
Tenants Participation	77,124	68,090	69,386	83,394	72,033
New Bolsover Project	32,300	0	0	0	0
Increase in Bad Debts Provision	180,000	180,000	180,000	180,000	180,000
Cost of Capital - Interest	3,537,751	3,559,789	3,491,952	3,415,831	3,347,946
Debt Management Expenses	8,678	8,938	9,206	9,482	9,766
Total Expenditure	**15,475,957**	**15,651,769**	**15,760,975**	**15,864,834**	**15,969,613**
Income					
Dwelling Rents	(20,079,179)	(20,510,920)	(21,089,371)	(21,683,441)	(22,293,551)
Garage Rents	(146,389)	(150,338)	(154,395)	(158,568)	(162,849)
Other Income	(31,302)	(27,296)	(27,296)	(27,296)	(27,296)
Repairs and Maintenance	(40,300)	(20,700)	(20,700)	(20,700)	(20,700)
Supervision and Management	(300)	(300)	(300)	(300)	(300)
Special Services	(73,458)	(72,673)	(72,673)	(72,673)	(72,673)
Supporting People - Wardens	(518,719)	(416,431)	(303,448)	(143,898)	(147,783)
Supporting People - Central Control	(210,371)	(342,051)	(221,885)	(227,876)	(234,029)
Tenants Participation	(3,552)	0	0	0	0
New Bolsover Project	(32,300)	0	0	0	0
Leased Flats	(19,697)	(19,000)	(19,000)	(19,000)	(19,000)
Leased Shops	(7,980)	(7,980)	(7,980)	(7,980)	(7,980)
Total Income	**(21,163,547)**	**(21,567,689)**	**(21,917,048)**	**(22,361,732)**	**(22,986,161)**
Appropriations					
Depreciation	3,200,000	3,800,000	3,800,000	3,800,000	3,800,000
T/f to/(from) Major Repairs Reserve	984,241	308,249	308,249	908,249	908,249
Contribution to Insurance Reserve	50,000	40,000	40,000	40,000	40,000
Contribution to Development Reserve	1,500,000	1,500,000	1,800,000	1,500,000	2,000,000
Contribution to Vehicle Replacement Reserve	120,000	200,000	200,000	200,000	260,000
Use of HRA Reserves	(285,000)	0	0	0	0
Use of HRA Holding Account	(36,426)	0	0	0	0
Contribution to/(from) HRA Balance	154,775	(38,696)	(38,693)	(38,693)	(38,693)
	5,687,590	**5,809,553**	**6,109,556**	**6,409,556**	**6,969,556**
Net Operating (Surplus) / Deficit	**0**	**(106,367)**	**(46,517)**	**(87,342)**	**(46,992)**

HRA - Fees and Charges 2020/21

Weekly Charge over 48 Weeks unless otherwise specified

September 2019 Consumer Price Index was 1.7%

	Current	Proposed	Change	Change
	£	£	£	%
Garage (tenant)	12.52	12.86	0.34	2.7%
Garage - Direct Debit Payment	9.45	9.71	0.26	2.7%
Garage (in curtledge)	4.73	4.85	0.13	2.7%
(Set at 50% of garage DD payment)				
Garage plots	202.51	207.97	5.47	2.7%
(Billed annually)				
New Bolsover Service Charge	2.00	2.05	0.05	2.7%
(applies to new tenants only)				
Special Services Charge (See Note1)	16.38	16.83	0.44	2.7%
Reduced special service	10.92	11.22	0.29	2.7%
(Reduced special services for scheme other than Cat 2 who receive reduced service)				
Heating Service Charge (See Note 2)				
Bedsits	2.92	2.92	0.00	0.0%
1 bed flat	3.98	3.98	0.00	0.0%
2 bed flat	6.64	6.64	0.00	0.0%
3 bed flat	7.35	7.35	0.00	0.0%
1 bed bungalow	4.43	4.43	0.00	0.0%
2 bed bungalow	5.89	5.89	0.00	0.0%
Heating Charge (See Note 3)				
Bedsits	4.83	4.83	0.00	0.0%
1 bed flat	6.58	6.58	0.00	0.0%
2 bed flat	10.97	10.97	0.00	0.0%
3 bed flat	12.14	12.14	0.00	0.0%
1 bed bungalow	7.31	7.31	0.00	0.0%
2 bed bungalow	9.73	9.73	0.00	0.0%
Support Charges	13.98	14.35	0.38	2.7%
Mobile Warden	5.79	6.36	0.58	10.0%
(long term aim to reach cost, increase capped at 10% per year)				
Lifeline - bronze	4.84	4.97	0.13	2.7%
Lifeline - gold	7.44	7.65	0.20	2.7%
Lifeline - RSL	4.64	4.76	0.13	2.7%
Buggy Parking	3.94	4.05	0.11	2.7%
(including charging facilities)				

HRA - Fees and Charges 2020/21

Weekly Charge over 48 Weeks unless otherwise specified

September 2019 Consumer Price Index was 1.7%

	Current £	Proposed £	Change £	Change %
Choice Based Lettings Postage (suggested cost is twice the cost of a second class stamp)	1.16	1.22	0.06	5.2%

Note 1

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

The Heating Charge is split into two separate charges.

Note 2

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

Note 3

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

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

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
General Fund					
AMP - PV Mills	123,505	0	0	0	0
AMP - The Arc	92,107	0	0	0	0
AMP - Leisure Buildings	28,864	0	0	0	0
AMP - Riverside Depot	65,355	0	0	0	0
AMP - The Tangent	4,995	0	0	0	0
AMP - Investment Properties	9,712	0	0	0	0
AMP - Refurbishment Work	35,083	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500	0	0	0	0
Pleasley Vale Mill 1 - Dam Wall	36,493	78,332	0	0	0
Car Parking at Clowne - Additional	105,203	0	0	0	0
The Tangent - Phase 2	21,490	0	0	0	0
PV Mansafe System	29,229	0	0	0	0
PV Fire Compartmentation & Fire Doors	23,095	0	0	0	0
Rock Face Stabilisation Work	20,000	0	0	0	0
Can Ranger Expansion	14,532	0	0	0	0
	637,163	**338,332**	**260,000**	**260,000**	**260,000**
Project Horizon					
Clowne Campus - Refurbishment	23,077	0	0	0	0
	23,077	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	106,380	123,200	164,200	54,200	174,200
Payment Kiosks	57,000	0	0	0	0
Governance Software	14,000	0	0	0	0
Fleet Management System	32,500	0	0	0	0
	209,880	**123,200**	**164,200**	**54,200**	**174,200**
Leisure Schemes					
P Vale Outdoor Education Centre Ph 2	29,770	0	0	0	0
Clowne Leisure Facility	45,211	0	0	0	0
Go Active Equipment	15,000	15,000	0	0	0
Pool Cover	23,697	0	0	0	0
Replacement Astro Turf Pitch	0	50,000	0	0	0
Gym Equipment & Spin Bikes	0	0	365,000	0	0
Kitchen & Associated Equipment	0	0	20,000	0	0
	113,678	**65,000**	**385,000**	**0**	**0**
Private Sector Schemes					
Disabled Facility Grants	999,472	900,000	900,000	900,000	900,000
Group Repair (WT)	2,675	0	0	0	0
Station Road Shirebrook	1,341	0	0	0	0
	1,003,488	**900,000**	**900,000**	**900,000**	**900,000**
Joint Venture					
Dragonfly Joint Venture Shares	375,750	0	0	0	0
Dragonfly Joint Venture Loan	1,806,002	0	0	0	0
	2,181,752	**0**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	486,425	441,500	756,000	740,000	1,536,000
Vehicle Wash Area	94,707	0	0	0	0
	581,132	**441,500**	**756,000**	**740,000**	**1,536,000**
Total General Fund	**4,750,170**	**1,868,032**	**2,465,200**	**1,954,200**	**2,870,200**

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
Housing Revenue Account					
New Build Properties					
Recreation Close Clowne	168,430	0	0	0	0
Hilltop	56,354	0	0	0	0
Ash Close Pinxton	36,628	0	0	0	0
Beech Grove South Normanton	13,794	0	0	0	0
St Michaels Drive South Normanton	3,363	0	0	0	0
Highcliffe Ave Shirebrook	443	0	0	0	0
The Paddock Bolsover	1,969,381	0	0	0	0
Keepmoat Properties at Bolsover	850,908	0	0	0	0
	3,099,301	**0**	**0**	**0**	**0**
Vehicle Replacements	0	63,500	69,000	364,000	580,000
	0	**63,500**	**69,000**	**364,000**	**580,000**
Public Sector Housing					
Electrical Upgrades	129,149	120,000	0	0	0
Cavity Wall + Loft Insulation	4,692	0	0	0	0
External Door Replacements	109,235	100,000	0	0	0
Heating Upgrades	2,692	0	0	0	0
Environmental Works	50,000	0	0	0	0
Reactive Capital Works	190,000	150,000	0	0	0
Kitchen Replacements - Decent Homes	360,236	200,000	0	0	0
Safe and Warm	2,697,588	2,300,000	0	0	0
Regeneration Mgmt & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	807,663	750,000	0	0	0
Flat Roofing	25,000	25,000	0	0	0
Soffit and Fascia	112,431	0	0	0	0
Welfare Adaptations	480,000	300,000	0	0	0
Bramley Vale	200,000	0	0	0	0
House Fire Damage (Insurance)	50,000	0	0	0	0
Unallocated Major Repairs Reserve	0	34,529	4,038,929	4,638,929	4,638,929
	5,288,006	**4,048,849**	**4,108,249**	**4,708,249**	**4,708,249**
ICT Schemes					
Open Housing	56,269	59,400	0	0	0
	56,269	**59,400**	**0**	**0**	**0**
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	4,863,469	0	0	0	0
	4,863,469	**0**	**0**	**0**	**0**
Total HRA	**13,307,045**	**4,171,749**	**4,177,249**	**5,072,249**	**5,288,249**
TOTAL CAPITAL EXPENDITURE	**18,057,215**	**6,039,781**	**6,642,449**	**7,026,449**	**8,158,449**

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
Capital Financing					
General Fund					
Better Care Fund	(999,472)	(900,000)	(900,000)	(900,000)	(900,000)
Reserves	(3,541,455)	(708,362)	(1,285,200)	(769,200)	(765,700)
External Funding	(152,243)	(259,670)	0	0	0
Capital Receipts	(57,000)	0	(280,000)	(285,000)	(1,204,500)
	(4,750,170)	**(1,868,032)**	**(2,465,200)**	**(1,954,200)**	**(2,870,200)**
HRA					
Major Repairs Reserve	(9,395,999)	(4,108,249)	(4,108,249)	(4,708,249)	(4,708,249)
Prudential Borrowing	(2,293,801)	0	0	0	0
Vehicle Reserve	0	(63,500)	(69,000)	(364,000)	(580,000)
HRA Development Reserve	(500,000)	0	0	0	0
1-4-1 Capital Receipts	(805,500)	0	0	0	0
External Funding	(311,745)	0	0	0	0
	(13,307,045)	**(4,171,749)**	**(4,177,249)**	**(5,072,249)**	**(5,288,249)**
TOTAL CAPITAL FINANCING	**(18,057,215)**	**(6,039,781)**	**(6,642,449)**	**(7,026,449)**	**(8,158,449)**
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(5,271,050)	(59,292)	(59,292)	(59,292)	(59,292)
Amount due in Year	(4,184,241)	(4,108,249)	(4,108,249)	(4,708,249)	(4,708,249)
Amount used in Year	9,395,999	4,108,249	4,108,249	4,708,249	4,708,249
Closing Balance	**(59,292)**	**(59,292)**	**(59,292)**	**(59,292)**	**(59,292)**
HRA Development Reserve					
Opening Balance	(1,544,983)	(2,259,983)	(3,759,983)	(5,559,983)	(7,059,983)
Amount due in Year	(1,500,000)	(1,500,000)	(1,800,000)	(1,500,000)	(2,000,000)
Amount used in Year	785,000	0	0	0	0
Closing Balance	**(2,259,983)**	**(3,759,983)**	**(5,559,983)**	**(7,059,983)**	**(9,059,983)**
HRA Vehicle Reserve					
Opening Balance	(335,529)	(455,529)	(592,029)	(723,029)	(559,029)
Amount due in Year	(120,000)	(200,000)	(200,000)	(200,000)	(260,000)
Amount used in Year	0	63,500	69,000	364,000	580,000
Closing Balance	**(455,529)**	**(592,029)**	**(723,029)**	**(559,029)**	**(239,029)**
1-4-1 Capital Receipts Reserve					
Opening Balance	(1,250,276)	(586,985)	(586,985)	(586,985)	(586,985)
Amount due in Year	(142,209)	0	0	0	0
Amount used in Year	805,500	0	0	0	0
Closing Balance	**(586,985)**	**(586,985)**	**(586,985)**	**(586,985)**	**(586,985)**

Bolsover District Council

Budget Scrutiny

30th January 2020

Treasury Strategy Reports 2020/21 - 2023/24

Report of Head of Finance and Resources

This report is public

Purpose of the Report

To enable Budget Scrutiny Committee to consider the attached treasury strategies prior to them being taken to Council for approval.

1 Report Details

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

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

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 2020/21 to 2023/24. 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 Conclusions and Reasons for Recommendation

2.1 This report outlines the Authority's proposed suite of Treasury Strategies for the period 2020/21 to 2023/24 for consideration and approval by Council on 19th February 2020. 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 Consultation and Equality Impact

3.1 There are no equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

4.1 Alternative options are considered throughout the report

5 Implications

5.1 Finance and Risk Implications

5.1.1 These are considered throughout the report

5.2 Legal Implications including Data Protection

5.2.1 As part of the requirements of the CIPFA Treasury Management Code of Practice the 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.

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

5.3 Human Resources Implications

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

6 Recommendations

6.1 That the Budget Scrutiny Committee note this report and reviews the attached strategies and make any comments that they believe to be appropriate with regards to them.

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 2020/21

c) Approve the Prudential Indicators for 2020/21 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	*£126,688,662*
Operational Boundary	*£121,688,662*
Capital Financing Requirement	*£116,688,662*

*x3 It is recommended that Council approve the Corporate Investment Strategy as set out in **Appendix 3**.*

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC:* *Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC:* *Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All indirectly
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1 2 3	Treasury Management Strategy Capital Strategy 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 Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	

Report Author	**Contact Number**
Head of Finance and Resources Principal Accountant	01246 242458 01246 242459

Appendix 1

Bolsover
District Council

Treasury Management Strategy 2020/21 – 2023/24

Treasury Management Strategy 2020/21 - 2023/24

1 Strategy Details

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

1.2 The strategy outlines the Authority's Treasury Management Strategy for the years 2020/21 to 2023/24 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 UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2020/21. The General Election has removed some uncertainty within the market, however following the expected Withdrawal Bill, uncertainties around the future trading relationship with the EU remain.

1.7 Gross Domestic Product growth rose by 0.4% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.1% from 1.2%. Services, construction and production added positively to growth, by 0.5%, 1.2% and 0.1% respectively, while agriculture recorded a fall of 0.1%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly

Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

1.8 The headline rate of UK Consumer Price Inflation remained the same in November 2019 at 1.5% year-on-year, the same as October 2019, however continuing to fall from highs of 2.1% in July and April 2019 as accommodation services and transport continued to contribute to a level of inflation below the Bank of England target of 2%. Labour market data continues to be positive. The International Labour Office unemployment rate continues to hold at historic lows at 3.8%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.5% in November 2019 providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.9% in October 2019 and only likely to have a moderate impact on household spending.

1.9 Domestic inflationary pressures have abated, as domestic gas and electricity price freezes have taken effect until 2020. The price of oil has fallen through the year, despite a rise in prices in December 2019. The limited inflationary pressure from real wages will likely keep inflation below the Bank of England target of 2%. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the MPC. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

1.10 The US economy has continued to perform relatively well compared to other developed nations; however, the Federal Reserve has started to unwind its monetary tightening through 2019. The Federal Reserve has cut rates three times to 1.5% - 1.75%, to stimulate growth as GDP growth has started to fall (to 2.1%). The fallout from the US-China trade war continues, which risks contributing to a slowdown in global economic activity in 2019. Recent suggestions have been an initial compromise and potential unwinding of tariffs; however, this can change quickly. Slow growth in Europe, combined with changes in leadership at the European Central Bank and International Monetary Fund has led to a change of stance in 2019. Quantitative easing has continued and been extended.

1.11 **Credit outlook:** The recent Bank of England stress tests assessed all seven UK banking groups. The tests scenarios include deep simultaneous recessions in the UK and global economies that are more severe overall than the global financial crisis, combined with large falls in asset prices and a separate stress of misconduct costs. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis. Major banks have steadily increased their capital for many years now.

1.12 However, there are a number of shortcomings in the Bank's approach; timeliness as the results are over 11 months old when they are published, being based on end-2018 balance sheets; ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups and; coverage – the tests should be expanded to cover a wider range of UK banks and building societies.

1.13 The Bank of England will seek to address some of these issues in 2020, when Virgin Money/Clydesdale will be added to the testing group and separate tests will be included of ringfenced banks.

1.14 Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers. Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

1.15 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

1.16 Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

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

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

<u>Local Context</u>

1.19 On 31st December 2019, the Authority held £99.1m of borrowing and £40.7m of treasury investments. This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in the balance sheet analysis in **table 1** below.

Table 1: Balance sheet summary and forecast

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	9.3	8.7	7.9	7.2	6.8	6.3
HRA CFR	106.5	108.7	108.7	108.7	108.7	108.7
Total CFR	**115.8**	**117.4**	**116.6**	**115.9**	**115.5**	**115.0**
Less: External borrowing **	(102.1)	(99.1)	(97.1)	(93.4)	(89.4)	(86.0)
Internal borrowing	**13.7**	**18.3**	**19.5**	**22.5**	**26.1**	**29.0**
Less: Usable reserves	(42.5)	(42.5)	(42.5)	(42.5)	(42.5)	(42.5)
Less: Working capital (balance)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)
Treasury Investments	**36.0**	**31.4**	**30.2**	**27.2**	**23.6**	**20.7**

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

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

1.21 The Authority has a decreasing CFR due to the decision to use £3.937m of funding from the Transformation Reserve to finance the capital programme rather than use borrowing for the period 20/21 to 22/23 to make savings through reduced debt charges.

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.

Table 2: Liability benchmark

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
CFR	**115.8**	**117.4**	**116.6**	**115.9**	**115.5**	**115.0**
Less: Usable reserves	(42.5)	(42.5)	(42.5)	(42.5)	(42.5)	(42.5)
Less: Working capital	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)	(7.2)
Plus: Minimum investments	10	10	10	10	10	10
Liability Benchmark	**76.1**	**77.7**	**76.9**	**76.2**	**75.8**	**75.3**

Borrowing Strategy

1.23 The Authority currently holds £99.1m of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority does not anticipate borrowing during the period 2020/21 to 2023/24. .

1.24 **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.

1.25 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

1.26 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.27 Alternatively, the Authority may arrange forward starting loans during 2020/21, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

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

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

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

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

1.31 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.

1.32 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a 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.

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

1.34 **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.

1.35 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Management Investment Strategy

1.36 The Authority holds an average of £39m 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 £31m and £43m, and similar levels are expected to be maintained in the forthcoming year.

1.37 **Objectives:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

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

1.39 **Negative interest rates:** If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

1.40 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and higher yielding asset classes during 2020/21. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, short term fixed deposits with local authorities and money market funds. This diversification will represent a substantial change in strategy over the coming year

1.41 **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

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

Table 3: Approved investment counterparties and limits

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

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

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

1.45 **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

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

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

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

1.49 **Pooled funds:** Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

1.50 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s investment objectives will be monitored regularly.

1.51 **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. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

1.52 **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.

1.53 **Risk assessment and credit ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

1.54 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.

1.55 **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.

1.56 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

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

Table 4: Investment limits

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

1.58 **Liquidity management**: The Authority uses its own cash flow forecasting techniques to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium-term financial plan and cash flow forecast.

Treasury Management Indicators

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

1.60 **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	£79,905
Upper limit on one-year revenue impact of a 1% fall in interest rates	(£79,905)

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

1.62 **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%

1.63 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.

1.64 **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Limit on principal invested beyond year end	£5m	£4m	£3m	£2m

Related Matters

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

1.66 **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).

1.67 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.

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

1.69 **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 current and new long-term loans (e.g. Premiums and discounts on early redemption) will be charged / credited to the respective revenue account based on the average CFR and consolidated interest rate calculated at the 31 March.

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

Appendix A

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2019

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.

- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.

- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitionary period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.

- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.

- The weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.

- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.

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

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast from the evolution of the global economy.

Arlingclose judges that the risks are weighted to the downside.

- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.

- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.21**
Arlingclose Central Case	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	**0.25**
Arlingclose Central Case	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**	**0.75**
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	**-0.73**
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	**0.23**
Arlingclose Central Case	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**	**0.85**
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	**-0.60**
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	**0.37**
Arlingclose Central Case	**0.50**	**0.50**	**0.50**	**0.55**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.60**	**0.57**
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	**-0.56**
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	**0.37**
Arlingclose Central Case	**0.75**	**0.75**	**0.80**	**0.80**	**0.85**	**0.85**	**0.90**	**0.90**	**0.95**	**0.95**	**1.00**	**1.00**	**1.00**	**0.88**
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.45**
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	**0.37**
Arlingclose Central Case	**1.20**	**1.20**	**1.25**	**1.25**	**1.25**	**1.30**	**1.30**	**1.30**	**1.35**	**1.35**	**1.35**	**1.40**	**1.40**	**1.30**
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	**-0.45**
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	**0.37**
Arlingclose Central Case	**1.20**	**1.20**	**1.25**	**1.25**	**1.25**	**1.30**	**1.30**	**1.30**	**1.35**	**1.35**	**1.35**	**1.40**	**1.40**	**1.30**
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	**-0.45**

- PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%
- PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix B

Existing Investment & Debt Portfolio Position

	31.12.19 Actual Portfolio £m	31.12.19 Average Rate %
External borrowing:		
Public Works Loan Board	99.1	3.57%
Total external borrowing	**99.1**	**3.57%**
Other long-term liabilities:		
Finance Leases	0	0
Total other long-term liabilities	**0**	**0**
Total gross external debt	**99.1**	**3.57%**
Treasury investments:		
Banks & building societies (unsecured)	0.0	0
Government (incl. local authorities)	22.9	0.84%
Money Market Funds	17.8	0.72%
Total treasury investments	**40.7**	**0.78%**
Net debt	**58.4**	

Appendix 2

Bolsover District Council

Capital Strategy

2020/21 - 2023/24

Capital Strategy 2020/21 - 2023/24

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 2020/21 to 2023/24 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. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

In 2020/21, the Authority is planning capital expenditure of £6.040m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m
General Fund services	1.458	2.568	1.868	2.465	1.954	2.870
Council housing (HRA)	13.728	13.307	4.172	4.177	5.072	5.288
Capital investments	1.321	2.182	0	0	0	0
TOTAL	16.507	18.057	6.040	6.642	7.026	8.158

1.8 The main General Fund capital projects for 2020/21 include Grants for Disabled Facilities £0.900m and the purchase of Vehicles and Plant £0.442m.

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.

1.10 **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 February each year.

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

1.11 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

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m
External sources	3.076	1.463	1.160	0.900	0.900	0.900
Own resources	8.451	14.300	4.880	5.742	6.126	7.258
Debt	4.980	2.294	0	0	0	0
TOTAL	**16.507**	**18.057**	**6.040**	**6.642**	**7.026**	**8.158**

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

Table 3: Replacement of debt finance

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m
MRP	0.706	0.757	0.712	0.716	0.454	0.376
Capital receipts	0.055	0	0	0	0	0
TOTAL	**0.761**	**0.757**	**0.712**	**0.716**	**0.454**	**0.376**

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

1.13 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 decrease by £0.712m during 2020/21. 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

	31.3.2019 actual £m	31.3.2020 forecast £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m	31.3.2024 budget £m
General Fund services	8.017	8.656	7.943	7.227	6.774	6.397
Council housing (HRA)	106.452	108.745	108.745	108.745	108.745	108.745
Capital investments	1.321	0	0	0	0	0
TOTAL CFR	**115.790**	**117.401**	**116.688**	**115.972**	**115.519**	**115.142**

1.14 **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

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

1.15 **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 has produced a Disposal and Acquisition Policy which documents the method and approval route for the disposal of an asset. The Authority has not identified any specific sites for disposal and does not set budgets for receipts due to the uncertain nature of disposals, but a target to receive £150,000 of capital receipts in the coming financial year has been set as follows:

Table 5: Capital receipts

	2018/19 actual £m	2019/20 forecast £m	2020/21 budget £m	2021/22 budget £m	2022/23 budget £m	2023/24 budget £m
Asset sales	0.055	0.150	0.150	0	0	0

Treasury Management

1.16 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.

1.17 Due to decisions taken in the past, the Authority currently has £99.1m borrowing at an average interest rate of 3.57% and £39.0m treasury investments at an average rate of 0.84%.

1.18 **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 (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).

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

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

	31.3.2019 actual £m	31.3.2020 forecast £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m	31.3.2024 budget £m
Debt	102.903	99.903	97.903	94.203	90.203	86.803
Capital Financing Requirement	115.790	117.401	116.688	115.972	115.519	115.142

1.20 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.

1.21 **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 is currently £77.7m and is forecast to drop to £75.3m over the next four years. The table below shows that the Authority expects to remain borrowed above its liability benchmark.

Table 7: Borrowing and the Liability Benchmark

	31.3.2019 actual £m	31.3.2020 forecast £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m	31.3.2024 budget £m
Outstanding PWLB borrowing	102.1	99.1	97.1	93.4	89.4	86.0
Liability benchmark	76.1	77.7	76.9	76.2	75.8	75.3

1.22 **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

	2019/20 limit £m	2020/21 limit £m	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m
Authorised limit	127.401	126.688	125.972	125.519	125.142
Operational boundary	122.401	121.688	120.972	120.519	120.142

- Further details on borrowing are in paragraphs 1.23 to 1.35 of the Treasury Management Strategy.

1.23 **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.

1.24 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

	31.3.2019 actual £m	31.3.2020 forecast £m	31.3.2021 budget £m	31.3.2022 budget £m	31.3.2023 budget £m	31.3.2024 budget £m
Near-term investments	36.0	31.4	30.2	27.2	23.6	20.7
Longer-term investments	0	0	0	0	0	0
TOTAL	**36.0**	**31.4**	**30.2**	**27.2**	**23.6**	**20.7**

Further details on treasury investments are in paragraphs 1.36 to 1.58 of the Treasury Management Strategy.

1.25 **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.

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

Investments for Service Purposes

1.27 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.

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

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

Commercial Activities

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

1.30 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.

1.31 **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

<u>Liabilities</u>

1.32 In addition to debt of £99.903m detailed above, the Authority is committed to making future payments to cover its net pension fund deficit (valued at £51.4m). It has also set aside £2.1m to cover risks of future legal costs and Business Rates Appeals. (All figures are as at 31/3/19).

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

- Further details on liabilities are in note 21 and 38 of the 2018/19 Statement of Accounts document, which is available on our website.

<u>Revenue Budget Implications</u>

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

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
Financing costs (£m)	0.678	0.552	0.541	0.580	0.357	0.323
Proportion of net revenue stream	8.63%	5.61%	4.78%	6.29%	3.87%	3.47%

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

Knowledge and Skills

1.36 The Authority employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Financial Officer is a qualified accountant, the Director of Development is a member of the Chartered Institute of Building (MCIOB)

1.37 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

1.38 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;

1.39 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review. It should be noted that the Authority has Arlingclose Ltd as external treasury management advisors, for a period of 3 years commencing October 2019.

1.40 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.

<u>Banking Contract</u>

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

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
General Fund					
AMP - PV Mills	123,505	0	0	0	0
AMP - The Arc	92,107	0	0	0	0
AMP - Leisure Buildings	28,864	0	0	0	0
AMP - Riverside Depot	65,355	0	0	0	0
AMP - The Tangent	4,995	0	0	0	0
AMP - Investment Properties	9,712	0	0	0	0
AMP - Refurbishment Work	35,083	260,000	260,000	260,000	260,000
Refurbishment - Oxcroft House	27,500	0	0	0	0
Pleasley Vale Mill 1 - Dam Wall	36,493	78,332	0	0	0
Car Parking at Clowne - Additional	105,203	0	0	0	0
The Tangent - Phase 2	21,490	0	0	0	0
PV Mansafe System	29,229	0	0	0	0
PV Fire Compartmentation & Fire Doors	23,095	0	0	0	0
Rock Face Stabilisation Work	20,000	0	0	0	0
Can Ranger Expansion	14,532	0	0	0	0
	637,163	**338,332**	**260,000**	**260,000**	**260,000**
Project Horizon					
Clowne Campus - Refurbishment	23,077	0	0	0	0
	23,077	**0**	**0**	**0**	**0**
ICT Schemes					
ICT infrastructure	106,380	123,200	164,200	54,200	174,200
Payment Kiosks	57,000	0	0	0	0
Governance Software	14,000	0	0	0	0
Fleet Management System	32,500	0	0	0	0
	209,880	**123,200**	**164,200**	**54,200**	**174,200**
Leisure Schemes					
P Vale Outdoor Education Centre Ph 2	29,770	0	0	0	0
Clowne Leisure Facility	45,211	0	0	0	0
Go Active Equipment	15,000	15,000	0	0	0
Pool Cover	23,697	0	0	0	0
Replacement Astro Turf Pitch	0	50,000	0	0	0
Gym Equipment & Spin Bikes	0	0	365,000	0	0
Kitchen & Associated Equipment	0	0	20,000	0	0
	113,678	**65,000**	**385,000**	**0**	**0**
Private Sector Schemes					
Disabled Facility Grants	999,472	900,000	900,000	900,000	900,000
Group Repair (WT)	2,675	0	0	0	0
Station Road Shirebrook	1,341	0	0	0	0
	1,003,488	**900,000**	**900,000**	**900,000**	**900,000**
Joint Venture					
Dragonfly Joint Venture Shares	375,750	0	0	0	0
Dragonfly Joint Venture Loan	1,806,002	0	0	0	0
	2,181,752	**0**	**0**	**0**	**0**
Vehicles and Plant					
Vehicle Replacements	486,425	441,500	756,000	740,000	1,536,000
Vehicle Wash Area	94,707	0	0	0	0
	581,132	**441,500**	**756,000**	**740,000**	**1,536,000**
Total General Fund	**4,750,170**	**1,868,032**	**2,465,200**	**1,954,200**	**2,870,200**

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
Housing Revenue Account					
New Build Properties					
Recreation Close Clowne	168,430	0	0	0	0
Hilltop	56,354	0	0	0	0
Ash Close Pinxton	36,628	0	0	0	0
Beech Grove South Normanton	13,794	0	0	0	0
St Michaels Drive South Normanton	3,363	0	0	0	0
Highcliffe Ave Shirebrook	443	0	0	0	0
The Paddock Bolsover	1,969,381	0	0	0	0
Keepmoat Properties at Bolsover	850,908	0	0	0	0
	3,099,301	**0**	**0**	**0**	**0**
Vehicle Replacements	0	63,500	69,000	364,000	580,000
	0	**63,500**	**69,000**	**364,000**	**580,000**
Public Sector Housing					
Electrical Upgrades	129,149	120,000	0	0	0
Cavity Wall + Loft Insulation	4,692	0	0	0	0
External Door Replacements	109,235	100,000	0	0	0
Heating Upgrades	2,692	0	0	0	0
Environmental Works	50,000	0	0	0	0
Reactive Capital Works	190,000	150,000	0	0	0
Kitchen Replacements - Decent Homes	360,236	200,000	0	0	0
Safe and Warm	2,697,588	2,300,000	0	0	0
Regeneration Mgmt & Admin	69,320	69,320	69,320	69,320	69,320
Re Roofing	807,663	750,000	0	0	0
Flat Roofing	25,000	25,000	0	0	0
Soffit and Fascia	112,431	0	0	0	0
Welfare Adaptations	480,000	300,000	0	0	0
Bramley Vale	200,000	0	0	0	0
House Fire Damage (Insurance)	50,000	0	0	0	0
Unallocated Major Repairs Reserve	0	34,529	4,038,929	4,638,929	4,638,929
	5,288,006	**4,048,849**	**4,108,249**	**4,708,249**	**4,708,249**
ICT Schemes					
Open Housing	56,269	59,400	0	0	0
	56,269	**59,400**	**0**	**0**	**0**
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	4,863,469	0	0	0	0
	4,863,469	**0**	**0**	**0**	**0**
Total HRA	**13,307,045**	**4,171,749**	**4,177,249**	**5,072,249**	**5,288,249**
TOTAL CAPITAL EXPENDITURE	**18,057,215**	**6,039,781**	**6,642,449**	**7,026,449**	**8,158,449**

APPENDIX A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2019/20 £	Original Programme 2020/21 £	Forecast Programme 2021/22 £	Forecast Programme 2022/23 £	Forecast Programme 2023/24 £
Capital Financing					
General Fund					
Better Care Fund	(999,472)	(900,000)	(900,000)	(900,000)	(900,000)
Reserves	(3,541,455)	(708,362)	(1,285,200)	(769,200)	(765,700)
External Funding	(152,243)	(259,670)	0	0	0
Capital Receipts	(57,000)	0	(280,000)	(285,000)	(1,204,500)
	(4,750,170)	**(1,868,032)**	**(2,465,200)**	**(1,954,200)**	**(2,870,200)**
HRA					
Major Repairs Reserve	(9,395,999)	(4,108,249)	(4,108,249)	(4,708,249)	(4,708,249)
Prudential Borrowing	(2,293,801)	0	0	0	0
Vehicle Reserve	0	(63,500)	(69,000)	(364,000)	(580,000)
HRA Development Reserve	(500,000)	0	0	0	0
1-4-1 Capital Receipts	(805,500)	0	0	0	0
External Funding	(311,745)	0	0	0	0
	(13,307,045)	**(4,171,749)**	**(4,177,249)**	**(5,072,249)**	**(5,288,249)**
TOTAL CAPITAL FINANCING	**(18,057,215)**	**(6,039,781)**	**(6,642,449)**	**(7,026,449)**	**(8,158,449)**
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(5,271,050)	(59,292)	(59,292)	(59,292)	(59,292)
Amount due in Year	(4,184,241)	(4,108,249)	(4,108,249)	(4,708,249)	(4,708,249)
Amount used in Year	9,395,999	4,108,249	4,108,249	4,708,249	4,708,249
Closing Balance	**(59,292)**	**(59,292)**	**(59,292)**	**(59,292)**	**(59,292)**
HRA Development Reserve					
Opening Balance	(1,544,983)	(2,259,983)	(3,759,983)	(5,559,983)	(7,059,983)
Amount due in Year	(1,500,000)	(1,500,000)	(1,800,000)	(1,500,000)	(2,000,000)
Amount used in Year	785,000	0	0	0	0
Closing Balance	**(2,259,983)**	**(3,759,983)**	**(5,559,983)**	**(7,059,983)**	**(9,059,983)**
HRA Vehicle Reserve					
Opening Balance	(335,529)	(455,529)	(592,029)	(723,029)	(559,029)
Amount due in Year	(120,000)	(200,000)	(200,000)	(200,000)	(260,000)
Amount used in Year	0	63,500	69,000	364,000	580,000
Closing Balance	**(455,529)**	**(592,029)**	**(723,029)**	**(559,029)**	**(239,029)**
1-4-1 Capital Receipts Reserve					
Opening Balance	(1,250,276)	(586,985)	(586,985)	(586,985)	(586,985)
Amount due in Year	(142,209)	0	0	0	0
Amount used in Year	805,500	0	0	0	0
Closing Balance	**(586,985)**	**(586,985)**	**(586,985)**	**(586,985)**	**(586,985)**

Appendix B

Annual Minimum Revenue Provision Statement 2020/21

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

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

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

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.

For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Council will make nil MRP, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement instead. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. While this is not one of the options in the MHCLG Guidance, it is thought to be a prudent approach since it ensures that the capital expenditure incurred in the loan is fully funded over the life of the assets.

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

The charge to revenue for MRP is not made until the year after which the capital expenditure is incurred.

During 2019/20 the Authority took steps to reduce the amount of MRP charged in 2020/21 and future years. By swapping the financing of the capital programme from borrowing to the use of reserves, no new borrowing costs are planned to be incurred.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2020, the budget for MRP for borrowing incurred in previous years' has been set as follows:

	31.03.2020 Estimated CFR £m	**2020/21 Estimated MRP £**
Capital expenditure before 01.04.2008	0.169	0.162
Unsupported capital expenditure incurred 31.03.2008 – 31.03.2019	0.588	0.550
Finance leases	0	0
Total General Fund	**0.757**	**0.712**
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	0	0
Total Housing Revenue Account	**0**	**0**
Total	**0.757**	**0.712**

Appendix 3

Bolsover District Council

Corporate Investment Strategy 2020/21 - 2023/24

Corporate Investment Strategy 2020/21 - 2023/24

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 2020/21 to 2023/24 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 £31m and £43m during the 2020/21 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 2020/21 for treasury management investments are covered in a separate document, the Treasury Management Strategy.

Service Investments: Loans

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

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

Table 1: Loans for service purposes

Category of borrower	31.3.2019 actual			2020/21
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Joint Ventures - Dragonfly	£1.259m	0	£1.259m	£6m
Business Partners	0	0	0	£5m
Parish / Town Councils	0	0	0	£5m
Local charities	0	0	0	£5m
Housing associations	0	0	0	£5m
Community Groups	0	0	0	£5m
TOTAL	**£1.259m**	**0**	**£1.259m**	

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 Joint Venture, Dragonfly Development Limited to support local public services and stimulate local economic growth by delivering housing and commercial developments whilst generating income for the Authority.

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

Table 2: Shares held for service purposes

Category of company	31.3.2019 actual			2020/21
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Joint Venture - Dragonfly	£0.169m	0	£0.169m	£1.000m
TOTAL	**£0.169m**	**0**	**£0.169m**	**£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 2019/20 year end accounts preparation and audit process value these properties below their purchase cost, then an updated Corporate Investment Strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

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

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

Loan Commitments and Financial Guarantees

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

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

Borrowing in Advance of Need

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

Capacity, Skills and Culture

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

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

1.29 **Corporate governance:** The Commercial Property Investment Strategy sets out a number of core principles the 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	31.03.2019 Actual	31.03.2020 Forecast	31.03.2021 Forecast
Treasury management investments	£34.561	£31.400	£30.200
Service investments: Loans	£1.259	£0.150	£1.571
Service investments: Shares	£0.169	£0.02	£0.157
TOTAL INVESTMENTS	**£35.989**	**£31.570**	**£31.928**
Commitments to lend	£1.721	£1.571	£0
TOTAL EXPOSURE	**£37.710**	**£33.141**	**£31.928**

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	31.03.2019 Actual	31.03.2020 Forecast	31.03.2021 Forecast
Joint Venture - Dragonfly	£1.321	0	0
TOTAL FUNDED BY BORROWING	**£1.321**	**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	2018/19 Actual	2019/20 Forecast	2020/21 Forecast
Treasury management investments	0.76%	0.79%	0.75%
ALL INVESTMENTS	**0.76%**	**0.79%**	**0.75%**

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

Bolsover District Council

Budget Scrutiny Committee

30th January 2020

Budget Scrutiny Committee Work Programme 2019/20

Report of the Scrutiny & Elections Officer

This report is public

Purpose of the Report

- To provide members of the Scrutiny Committee with an overview of the meeting programme of the Committee for 2019/20.

1 Report Details

1.1 The main purpose of the report is to inform members of the meeting programme for the year 2019/20 and planned agenda items (Appendix 1).

1.2 This programme may be subject to change should additional reports/presentations be required, or if items need to be re-arranged for alternative dates.

1.3 Members may raise queries about the programme at the meeting or at any time with the Head of Finance & Resources or the Scrutiny & Elections Officer should they have any queries regarding future meetings.

2 Conclusions and Reasons for Recommendation

2.1 This report sets the formal Committee Work Programme for 2019/20 and the items identified for review.

2.2 The Scrutiny Programme enables challenge to service delivery both internally and externally across all the Corporate Plan Ambitions.

2.3 Part 3.6(2) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

3 Consultation and Equality Impact

3.1 All Scrutiny Committees are committed to equality and diversity in undertaking their statutory responsibilities and ensure equalities are considered as part of all Reviews. The selection criteria when submitting a topic, specifically asks members to identify where the topic suggested affects particular population groups or geographies.

3.2 The Council has a statutory duty under s.149 Equality Act 2010 to have due regard to the need to advance equality of opportunity and to eliminate discrimination.

3.3 As part of the scoping of Reviews, consideration is given to any consultation that could support the evidence gathering process.

4 Alternative Options and Reasons for Rejection

4.1 There is no option to reject the report as Part 3.6(2) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

5 Implications

5.1 Finance and Risk Implications

5.1.1 None from this report.

5.2 Legal Implications including Data Protection

5.2.1 In carrying out scrutiny reviews the Council is exercising its scrutiny powers as laid out in s.21 of the Local Government Act 2000 and subsequent legislation which added to/amended these powers e.g. the Local Government and Public Involvement in Health Act 2007.

5.3 Human Resources Implications

5.3.1 None from this report.

6 Recommendations

6.1 That Members note this report and the Programme attached at Appendix 1. All Members are advised to contact the Scrutiny & Elections Officer should they have any queries regarding future meetings.

7 Decision Information

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: *BDC: Revenue - £75,000* ☐ *Capital - £150,000* ☐ *NEDDC: Revenue - £100,000* ☐ *Capital - £250,000* ☐ ☑ *Please indicate which threshold applies*	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	N/A
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

8 Document Information

Appendix No	**Title**
1.	Work Programme 2019/20
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
Previous versions of the Committee Work Programme.	

Report Author	**Contact Number**
Joanne Wilson, Scrutiny & Elections Officer	2385

Agenda Item No. 7
Appendix 1

Budget Scrutiny Committee

Work Programme 2019/20

Formal Items – Report Key

Treasury Management Strategy	Capital Strategy	Borrowing & Investment Strategy	Budget Monitoring Reports	Update from Scrutiny Chairs

Date of Meeting	Items for Agenda	Lead Officer
6th June 2019	• Q4 Budget Monitoring/Financial Outturn 2018/19	Chief Accountant/ S151 Officer
	• Q4 Corporate Debt Monitoring – Performance Report	Chief Accountant/ S151 Officer
	• Budget Scrutiny Committee Work Programme 2019/20	Scrutiny & Elections Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer
1st August 2019	• Q1 Budget Monitoring/Outturn	Chief Accountant/ S151 Officer
	• Q1 Corporate Debt Monitoring – Performance Report (Postponed to November meeting)	Chief Accountant/ S151 Officer
	• Reduction in debt charges through use of reserves	Chief Accountant/ S151 Officer
	• Budget Scrutiny Committee Work Programme 2019/20	Scrutiny & Elections Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer
28th November 2019	• Treasury Management Briefing	Head of Finance & Resources/ S151 Officer and Arlingclose
	• Budget Monitoring Report – Quarter 2 – July to September 2019	Head of Finance & Resources/ S151 Officer
	• Revised Budgets 2019/20	Head of Finance & Resources/ S151 Officer
	• Setting of Council Tax 2020/21	Head of Finance & Resources/ S151 Officer
	• Budget Scrutiny Committee Work Programme 2019/20	Scrutiny & Elections Officer

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Date of Meeting	Items for Agenda	Lead Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer
30th January 2020	• Proposed Budget – Medium Term Financial Plan 2020/21 to 2023/24	Head of Finance & Resources/ S151 Officer
	• Treasury Management Strategy	Head of Finance & Resources/ S151 Officer
	• Capital Strategy	Head of Finance & Resources/ S151 Officer
	• Corporate Investment Strategy	Head of Finance & Resources/ S151 Officer
	• Budget Scrutiny Committee Work Programme 2019/20	Scrutiny & Elections Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer