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

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Tuesday, 11 January 2022

Dear Councillor

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

You are hereby summoned to attend a meeting of the Audit & Corporate Overview Scrutiny Committee of the Bolsover District Council to be held in the Council Chamber, The Arc, Clowne on Thursday, 20th January, 2022 at **14:00** 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



Solicitor to the Council & Monitoring Officer

Bolsover
District Council

We speak your language
Polish **Mówimy Twoim językiem**
Slovak **Rozprávame Vaším jazykom**
Chinese **我们会说你的语言**

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**AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE
AGENDA**

**Thursday, 20th January, 2022 at 14:00 hours taking place 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 25 th November 2021	4 - 13
5.	List of Key Decisions and items to be considered in private	14 - 21
	<i>(Members should contact the officer whose name appears on the List of Key Decisions for any further information. NB: If Members wish to discuss an exempt report under this item, the meeting will need to move into exempt business and exclude the public in accordance with the Local Government (Access to Information) Act 1985 and Local Government Act 1972, Part 1, Schedule 12a for that part of the meeting only).</i>	
6.	Report of External Auditor - Auditor's Annual Report - 2020/21	22 - 44
7.	Report of External Auditor - External Audit Progress Report	45 - 59
8.	Treasury Management Briefing - Arlingclose	Presentation
9.	Medium Term Financial Plan 2022/23 to 2025/26	60 - 99
10.	Treasury Strategy Reports 2022/23 - 2025/26	100 - 155

11. **Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22** 156 - 163
12. **Update from Scrutiny Chairs (Verbal report)**

Agenda Item 4

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit & Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Thursday, 25th November 2021 at 10:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors Donna Hales, Tom Kirkham (to Minute No ACO40-21/22), Graham Parkin, Peter Roberts and Ruth Jaffray (Coopted Member)(to Minute No. ACO42-21/22).

Officers:- Karen Hanson (Executive Director of Resources (from during Minute No **ACO42-21/22**), Theresa Fletcher Assistant Director - Finance & Resources/Section 151 Officer), Kath Drury (Improvement & Engagement Officer)(to Minute No. ACO42-21/22), Victoria Dawson (Head of Housing and Enforcement), Joanne Wilson (Scrutiny & Elections Officer) and Alison Bluff (Governance Officer).

Also in attendance at the meeting was Councillor Clive Moesby, Portfolio Holder for Finance.

ACO30-21/22 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillor Chris Kane and the Chairs and Vice Chairs of Scrutiny Committees: Councillors Rose Bowler and Rita Turner (Customer Services Scrutiny), Nick Clarke and Anne Clarke (Climate Change & Communities Scrutiny) and Jenny Wilson and Paul Cooper (Local Growth Scrutiny).

ACO31-21/22 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

ACO32-21/22 DECLARATIONS OF INTEREST

There were no declarations of interest made.

ACO33-21/22 MINUTES OF A MEETING HELD ON 14TH SEPTEMBER 2021

Moved by Councillor Graham Parkin and seconded by Councillor Peter Roberts
RESOLVED that the Minutes of an Audit & Corporate Overview Scrutiny Committee held on 14th September 2021 be approved as a correct record.

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ACO34-21/22 LIST OF KEY DECISIONS

Committee was advised that the List of Key Decisions and items to be considered in private document was part of the agenda for Members information only. Any queries relating to items would need to be directed to the officer whose name appeared at the side of the item. If Members wished to discuss an exempt report, the meeting would need to move into exempt business and exclude the public in accordance with the Local Government (Access to Information) Act 1985 and Local Government Act 1972, Part 1, Schedule 12a for that part of the meeting.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

RESOLVED that the List of Key Decisions and items to be considered in private document be noted.

ACO35-21/22 PROCUREMENT STRATEGY

Committee considered a report in relation to the Council's Procurement Strategy, which had been updated to take account of all legislative and operational changes to ensure it remained fit for purpose.

The Procurement Strategy outlined how the procurement of goods, works and services was achieved and described the Council's Contract Procurement Rules. These provided a corporate framework for the procurement of all goods, works and services to ensure that all procurement activity was conducted with openness, honesty and accountability.

The policy was to comply with the requirements of the legislation, applicable to local authorities, and these were set out in the report.

In response to a Member's query, the Assistant Director - Finance & Resources, noted that 'EU Thresholds' had to be referred to as in the report due to the UK still being in the transition period of leaving the EU.

Moved by Councillor Peter Roberts and seconded by Councillor Graham Parkin

RECOMMENDED that the Procurement Strategy be recommended to Executive for approval.

(Assistant Director - Finance & Resources/Governance Manager)

ACO36-21/22 BUDGET MONITORING REPORT - QUARTER 2 - JULY TO SEPTEMBER 2021

Committee considered a report which provided an update on the Council's financial position following the second quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity

In response to Members' questions, the Assistant Director - Finance & Resources advised the meeting of the following;

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- the Council would not know how the Government's reform proposals for national non domestic rates (NNDR), would affect the Council until details were released in late December 2021,
- the Council would receive monies from the Government in relation to their proposals to halve the cost of NNDR for the hospitality industry,
- the impact of HS2 had not been taken into the Council's accounts due to its uncertainty.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin

RESOLVED that 1) the monitoring position of the General Fund at the end of the second quarter as detailed in Appendix 1 to the report (a net favourable variance of £0.275m against the profiled budget), and the key issues highlighted in the report be noted,

2) the position on the Housing Revenue Account (HRA), the Capital Programme and Treasury Management, at the end of the second quarter as detailed in Appendices 3, 4 and 5 of the report, be noted.

ACO37-21/22 REVISED BUDGETS 2021/22

Committee considered a report provided as a presentation by the Assistant Director - Finance & Resources regarding the Council's revised budgets for 2021/22.

The presentation highlighted the following;

General Fund

- Savings made between the February 2021 report and the Q2 monitoring report, i.e. the current position.
- Changes to reflect the new calculations and forecasts – the revised budget
- Savings made to help to prepare the Council for the future.

Housing Revenue Account (HRA)

- HRA main changes for Revised Budgets (the main variances on the HRA).

Capital Programme

As part of the revised budget process the capital projects had been reviewed to estimate what level of spend would occur in 2021/22.

Where projects were unlikely to spend in 2021/22, the capital expenditure and matching financing would be moved to 2022/23 to avoid large under spends at 31st March.

In Summary for 2021/22, the revised budget estimate for the Housing Revenue Account was a surplus, this would be transferred to the HRA Development Reserve. Any underspend on General Fund would be transferred to the NNDR Growth Protection

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Reserve. The level of reserves was considered to be adequate to fund planned expenditure and potential issues/risks that the Council faced. The Capital Programme for 2021/22, was fully financed and did not include any borrowing where MRP was payable.

In response to a Member's query, the Assistant Director - Finance & Resources, advised Members that vacancy savings were in relation to the delay between a member of staff leaving and a new member of staff starting.

The Portfolio Holder for Finance advised the meeting that Housing were undertaking a piece of work in relation to getting void properties onto the market more quickly.

The Assistant Director - Finance & Resources advised the meeting that future years' budgets would be presented to Members at the February 2022 meeting of this Committee.

Members thanked the Assistant Director - Finance & Resources for her presentation and requested their thanks be passed on to the Finance team who had carried out a lot of work to get income in to the Council.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that the presentation be noted.

ACO38-21/22 SETTING OF COUNCIL TAX 2022/23

Committee considered a report provided as a slide presentation by the Assistant Director – Finance & Resources regarding the setting of Council Tax for 2022/2023.

Members were advised that financial information for 2022/23 – 2024/25 was currently being updated as part of the budget process and figures for 2025/26 were also being calculated for the first time.

Some big changes had been expected to local government finances over the last few years but these had been thrown into uncertainty by the Coronavirus pandemic.

With regard to changes to business rates retention, the introduction of the 'Fair Funding Review' and the 'Business Rates Reset' in particular, would affect the Council probably detrimentally, when or if they occurred.

The Government would again assume the Council had increased its Council Tax by the maximum allowed when they calculated any grants or limits payable to the Council.

If the Council increased Council Tax each year by the maximum allowed as per the Government assumption, the extra council tax raised by the end of the current Medium Term Financial Plan (2025/26) would be £(447,964).

Moved by Councillor Tom Munro and seconded by Councillor Peter Roberts
RESOLVED that the report be noted.

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ACO39-21/22 AUDIT & CORPORATE OVERVIEW COMMITTEE - SELF-ASSESSMENT FOR EFFECTIVENESS

Members agreed to defer the Self-Assessment for Effectiveness item to the next meeting.

Councillor Tom Kirkham left the meeting during the following item of business.

ACO40-21/22 STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS

Committee considered a report in relation to the Council's Strategic Risk Register.

The Portfolio Holder for Finance noted that the Strategic Risk Group were currently looking at cybercrime and ransom attacks. This was important as IT was an integral part of the Authority. He added that the Council viewed this type of crime seriously and took whatever mitigating steps possible.

It was noted that HS2 would be a subject for further discussion by Members given the Government's recent announcement that some planned areas for the provision of HS2 would now be abolished.

Moved by Councillor Tom Munro and seconded by Councillor Peter Roberts
RESOLVED that the report and the Strategic Risk Register as set out in Appendix 1 to the report be noted.

ACO41-21/22 CORPORATE AMBITIONS PERFORMANCE UPDATE - JULY TO SEPTEMBER 2021 (Q2 - 2021/22)

Committee considered a report which provided the Quarter 2 outturns for the Council's Ambition targets 2020-2024.

Out of the 31 targets;

- 20 (65%) were on track
- 1 (3%) continued to be affected by Covid 19
- 3 (10%) had been placed on alert (as unlikely to meet their outturns in 21/22)
- 1 (3%) achieved (partially) this quarter, and
- 6 (19%) achieved previously

Out of the 46 performance indicators;

- 27 (59%) had a positive outturn
- 9 (20%) had a negative outturn
- 7 (15%) continued to be affected by Covid 19
- 1 (2%) was within target
- 2 (4%) did not have data available

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Supplementary information on the following items was circulated at the meeting in relation to queries raised by the Chair and Vice Chair at the pre meeting;

SS03 – Undertake Local Environmental Quality Surveys Detritus

Q: Is there a time frame for delivery of these new road sweeping machines?

A: One of three new sweepers was delivered on 5th November 2021 and training was undertaken on 8th November. Anticipated delivery of the remaining two sweepers was scheduled for the week ending 25th November.

Housing Management 03 – Reduce the Percentage of Current Rent Arrears by 5% by early intervention

Q: A comprehensive explanation provided but has the relevant Government Department been advised and approached for support?

A: The government has recently launched the Household Support Fund Grant. The purpose of the grant is to “provide support to households who would otherwise struggle to buy food or pay essential utility bills or meet other essential living costs or housing costs”. BDC is to be awarded up to £200K to be spent by 31st March 2022. Having discussed with DCC this can be utilised to further support households facing financial hardship and/or threatened with homelessness. We have submitted a request for this money and specified we will be using this to in part to clear arrears for households experiencing financial hardship/threatened with homelessness across the private and social rented sectors. This can include our own housing stock and we have already done a piece of work to identify those households who qualify. This bid was submitted on 19th November and a response due w/c 22nd November.

In addition we have received approval from S151 officer to look at using some of the Covid grant to be able to take some proactive steps to tackle rent arrears. The preferred approach is some software which will help us prioritise the right tenants in terms of rent arrears payments. This is being explored further with procurement but an indicative business case suggests the software would pay for itself and help us cut arrears significantly in the first year alone.

Housing Management 04 – Reduce the level of Former Tenants Arrears (FTAs) by 5% through early intervention, Monitoring and Enforcement

Q: At what stage will we have to consider write-offs? What are the cost implications of write-offs and is there Central Government funding to compensate for the problem that they have created? Do we need to raise this with the Executive to pursue?

A: We actively pursue FTAs, however, if we consistently get no response (2 letters from rents and 1 legal letter) then we would look to submit for write off.

In addition, if we have no forwarding address and we have been unable to trace we would also look to write off.

Any debt under £2,500 goes to S151 for write off approval in conjunction with the Portfolio Holder for Finance, anything over this amount goes to Executive. We have

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a few high value amounts going through shortly, e.g., £6K and £10K which relate to deceased tenants.

One issue we have had recently is that when a tenant passes away the tenancy doesn't end. If there are no next of kin we need to serve on the public trustee a notice to quit which legally ends the tenancy. There has been a significant back log with them registering this which is creating new FTAs which will need to be submitted for write off.

Internally, as per the explanation given, the FTA Officer has been diverted elsewhere to provide resource to the current arrears team. We have however reviewed our internal procedure, amended letters so they look more like invoices, which neighbouring authorities have said are more effective. In addition, we have specifically stated in the letter that arrears mean a suspension from the housing list unless repayments are being maintained.

PLA 01. Determining 'Discharge of Condition' applications within national target deadlines and comparison with real time performance (Exec EoT Agreements)

Q: In terms of the Council's public image this is a significant issue. Once planning permission has been granted the public expect to see results in the form of buildings appearing, however, these delays mean they do not and this must impact on their perception of the Council.

A: The performance figures in respect of discharge of condition applications (DISCONs) are not figures which are monitored or reported on a national basis. This is a local performance indicator which was set alongside the publication of the Service Plan to start to gather figures about the turnaround of these types of applications because these types of applications are often to consider and discharge technical details / aspects of planning approvals that are reliant upon external / internal consultees' comments / expertise. These comments have been the subject of reported delays for a number of years, so in gathering this data we are able to highlight not the failing of the Council or of case officers; but more of a reliance on third parties contributions which causes delay beyond our control.

As a Council the planning team ensure that developers are kept up to date with any delay experienced or associated with these type of applications, and we continue to have a good working relationship and reputation with developers. They understand the delays are often out of our control but by setting this local performance indicator we can monitor and look to address the delays with the relevant consultees with evidence to try and improve the situation.

Committee was advised that further to Members previous concerns regarding outstanding Council Tax and Council Rent Arrears, a query had been raised by the Vice Chair of Climate Change & Communities Scrutiny Committee, Councillor Anne Clarke, in relation to Discretionary Housing Payments (DHPs), made by the Council. It had been noted that Bolsover had only spent around 51% of its allocation which would see future funding reduced and this seemed at odds with the fact that Bolsover was making a similar number of payments as other councils but for a lesser amount. The average payments for High Peak and Chesterfield Borough councils' were around £575, however, Bolsover's was £328. North East Derbyshire District Council had also underspent but all other Derbyshire councils had spent 100% or more.

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As data relating to DHPs did not form part of the quarterly performance reports the information had been sought separately by the Chair, Councillor Tom Munro, from the Assistant Director of Finance & Resources and the Revenues & Benefits Manager, and this was circulated at the meeting.

Response from the Assistant Director - Finance & Resources

Bolsover does underspend on its allocation for DHP and the balance is repaid to the Government, presumably to go back into the pot to be re-allocated to those authorities who have a greater need for it. However, Bolsover does pay a similar number of claimants but the amount paid is lower. This may be due to the difference in rent levels throughout Derbyshire and also because of the amount of scrutiny Bolsover carries out on these claims. When claims are received, they show just a figure for income, a figure for expenditure and the difference. Staff work with claimants to drill down into this information to check for reasonableness and to see if help and advice can be given as to how to make the financial situation of the tenant better.

DHP is meant to be a temporary fix until the claimant's financial situation improves and help is suggested to tenants such as whether moving to a property with less bedrooms is more appropriate or whether there may be other benefits that could be claimed.

It is often found when checking how much people spend for reasonableness that items such as full Sky TV packages or extravagant purchases are identified, and options to reduce this type of expenditure are advised - this would then be discounted from claims if advice wasn't heeded.

It also may be that other Council's aren't as thorough as the Council's Revenues and Benefits section and that may explain Bolsover's under spend. Simply paying all claims received without a level of scrutiny would not help claimants to sort out their financial situation or is a fair system for other potential claimants.

Response from the Revenues & Benefits Manager

The DHP scheme allowed councils the discretion to help people who were on a low income with their housing costs where housing benefit or the housing element of Universal Credit (UC) was in payment and it was deemed that additional financial support was required. DHP's should usually be seen as providing short-term financial assistance. Housing costs usually referred to rental liability, though it may also include rent in advance, deposits or other lump sums associated with a housing need, such as help with removal costs. DHP's could not be used to provide financial support with other forms of housing costs such as Council Tax liabilities or mortgages. It also could not cover certain housing costs because regulations specifically excluded them.

Excluded elements were:-

- service or support charges that were ineligible for Housing Benefit and the Universal Credit housing element,*
- increases in rent due to outstanding arrears,*
- any reduction in Housing Benefit or UC housing element as a result of a sanction (as defined by the Discretionary Financial Assistance Regulations)*

For ongoing housing support, DHP's could only cover an amount up to the shortfall

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*between the Housing Benefit award or UC Housing Element and the rental charge. For example, *a shortfall due to Under Occupancy rules for someone on maximum Housing Benefit with a rent of £90 per week, under occupied by one bedroom, the shortfall would be £12.60 per week.*

With regard to other local authority average spend being higher, if rent levels in Chesterfield and High Peak were higher, it was likely that there were larger shortfalls and therefore higher rates of DHP could be paid.

Customers applying for DHP would provide details of their income, expenditure and explanations of why they may currently be having difficulty meeting their rent. These details were considered, evidence obtained where appropriate to do so, and an assessment made on entitlement and period of award.

Significant efforts were made to engage with customers to ensure they were aware of DHP's and the Council directly invited customers to submit applications where records would suggest they may require this additional support.

The Council's spend had been limited by the number of applications it received from customers who had a genuine need for the additional support. Every effort would be made to maximise the application forms received and additional resources had been put on DHP's to ensure applications were assessed as timely as possible.

The Chair suggested that use of the Council's Bolsover TV could also assist with awareness of DHPs and local Members could inform the Revenues & Benefits Manager of anyone they knew in their community who would need this service. The Portfolio Holder agreed he was happy to consider further promotion to increase take-up. In addition, it was noted that the Derbyshire Unemployed Workers Centre would be aware of people who required the DHP service.

In response to a Member's query around the usefulness of reporting an indicator as continuingly on alert/covid-affected, the Scrutiny & Elections Officer noted that this was discussed at the Scrutiny pre meetings and officers would assess if any trend information could be added. This wasn't a feature of the current performance software so may not be fully achievable.

The Executive Director of Resources entered the meeting at this point.

The Chair noted that Members were keen to look at targets in relation to former tenancy arrears and how this was performing.

In response to a Member's query, the Head of Housing Management & Enforcement advised Committee that when a Council tenant died, the legal tenancy did not end automatically. Until a death was registered, the Council was not allowed to relet the property and in one case, this had taken up to 4 months. The Chair also noted that this was a sensitive issue as family members of a deceased tenant would usually have to empty a property.

Moved by Councillor Peter Roberts and seconded by Councillor Tom Munro
RESOLVED that the report be noted.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Coopted Member, Ruth Jaffray, and the Improvement & Engagement Officer left the meeting at this point.

The Executive Director of Resources entered the meeting during the following item of business.

ACO42-21/22 AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2021/22.

Committee considered their work programme for 2021/22.

The Chair noted that as previously mentioned, he was working with officers to develop more targeted performance analysis reports on areas not covered by the current corporate performance targets/indicators, to compare the council's performance to our CiPFA benchmarking group and/or other East Midlands District authorities. These were still in development but the aim was to ensure we were maintaining service performance at average or higher levels.

It was noted that all Members would be invited to the next meeting.

Moved by Councillor Tom Munro and seconded by Councillor Peter Roberts
RESOLVED that the Work Programme 2021/22 be noted.

The meeting concluded at 1151hours.



The Arc
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Key Decisions & Items to be Considered in Private

To be made under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Published on: 1 January 2022

INTRODUCTION

The list attached sets out decisions that are termed as “Key Decisions” at least 28 calendar days before they are due to be taken by the Executive or an officer under delegated powers.

Preparation of the list helps Executive to programme its work. The purpose of the list is to give notice and provide an opportunity for consultation on the issues to be discussed. The list is updated each month with the period of the list being rolled forward by one month and republished. The list is available for public inspection at The Arc, High Street, Clowne, S43 4JY. Copies of the list can be obtained from Sarah Sternberg, Joint Head of Service for Corporate Governance, Solicitor to the Council & Monitoring Officer at this address or by email to sarah.sternberg@bolsover.gov.uk. The list can also be accessed from the Council’s website at www.bolsover.gov.uk.

The Executive is allowed to make urgent decisions which do not appear in the list, however, a notice will be published at The Arc and on the Council’s website explaining the reasons for the urgent decisions. Please note that the decision dates are indicative and are subject to change.

Members of Executive are as follows:

Councillor Steve Fritchley - Leader and Portfolio Holder - Policy, Strategy, Resources and Media
Councillor Duncan McGregor - Deputy Leader and Portfolio Holder - Corporate Governance
Councillor Mary Dooley - Portfolio Holder - Partnerships and Leisure
Councillor Clive Moesby - Portfolio Holder - Finance and Resources
Councillor Sandra Peake Portfolio Holder - Housing
Councillor Nick Clarke - Portfolio Holder - Carbon Reduction Efficiencies
Councillor Deborah Watson - Portfolio Holder - Environmental Health and Licensing
Councillor Liz Smyth - Portfolio Holder - Economic Development

The Executive agenda and reports are available for inspection by the public five clear days prior to the meeting of the Executive. The papers can be seen at The Arc at the above address. The papers are also available on the Council’s website referred to above. Background papers are listed on each report submitted to the Executive and members of the public are entitled to see

these documents unless they contain exempt or confidential information. The report also contains the name and telephone number of a contact officer.

Meetings of the Executive are open to the public and usually take place in the Council Chamber at The Arc. Occasionally there are items included on the agenda which are exempt and for those items the public will be asked to leave the meeting. This list also shows the reports intended to be dealt with in private and the reason why the reports are exempt or confidential. Members of the public may make representations to the Joint Head of Corporate Governance & Monitoring Officer about any particular item being considered in exempt and why they think it should be dealt with in public.

The list does not detail all decisions which have to be taken by the Executive, only “Key Decisions” and “Exempt Reports”. In these Rules a “Key Decision” means an Executive decision, which is likely:

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(1) REVENUE

- (a) Results in the Council making Revenue Savings of £75,000 or more; or
- (b) Results in the Council incurring Revenue Expenditure of £75,000 or more

(2) CAPITAL

- (a) Results in the Council making Capital Income of £150,000 or more; or
- (b) Results in the Council incurring Capital Expenditure of £150,000 or more

- (3) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District.

In determining the meaning of “significant” the Council must have regard to any guidance for the time being issued by the Secretary of State. The Council has decided that revenue income or expenditure of £75,000 or more and capital income or expenditure of £150,000 or more is significant.

The dates for meetings of Executive can be found here:

<https://committees.bolsover.gov.uk/ieListMeetings.aspx?Committeeld=1147>

The Council hereby gives notice of its intention to make the following Key Decisions and/or decisions to be considered in private:

Matter in respect of which a decision will be taken	Decision Maker	Date of Decision	Documents to be considered	Contact Officer	Is this decision a Key Decision?	Is this key decision to be heard in public or private session
Additional Restrictions Grant 17	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Growth / Economic Development	Natalie Etches, Business Growth Manager	Key It is likely to result in the Council making revenue savings or incurring Revenue expenditure of £75,000 or more.	Fully exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)
RIPA/BOPS Project To inform members of a Government funded project to make better use of digital technology in the planning process.	Executive	31 Jan 2022	Report of the Portfolio Holder for Deputy Leader and Portfolio Holder - Corporate Governance	Chris Fridlington, Assistant Director of Development and Planning	Key It is likely to result in the Council making revenue savings or incurring Revenue expenditure of £75,000 or more.	Fully exempt Information relating to any individual.

Bolsover Homes Scheme - Market Close Cluster, Shirebrook	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Housing	Ian Barber, Assistant Director of Property Services & Housing Repairs	Key It is likely to result in the Council making capital savings or incurring capital expenditure of £150,000 or more.	Fully exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)
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81 Matter in respect of which a decision will be taken	Decision Maker	Date of Decision	Documents to be considered	Contact Officer	Is this decision a Key Decision?	Is this key decision to be heard in public or private session
Bolsover Homes Scheme - Moorfield Lane, Langwith	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Housing	Ian Barber, Assistant Director of Property Services & Housing Repairs	Key It is likely to result in the Council making capital savings or incurring capital expenditure of £150,000 or more.	Fully exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)

<p>Project Manager - Pleasley Mills To explain proposals to accelerate delivery of redevelopment if Pleasley Mills</p>	<p>Executive</p>	<p>31 Jan 2022</p>	<p>Report of the Portfolio Holder for Portfolio Holder - Growth / Economic Development</p>	<p>Chris Fridlington, Assistant Director of Development and Planning</p>	<p>Key It is likely to result in the Council making revenue savings or incurring Revenue expenditure of £75,000 or more.</p>	<p>Fully exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)</p>
<p>Medium Term Financial Plan 2022/23 - 2025/26 To seek approval of the proposed budget 2022/23 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering 2022/23 - 2025/26.</p>	<p>Executive</p>	<p>31 Jan 2022</p>	<p>Report of the Portfolio Holder for Portfolio Holder - Finance</p>	<p>Theresa Fletcher, Assistant Director of Finance and Resources & Section 151 Officer</p>	<p>Key It is significant in terms of its effects on communities living or working in an area comprising two or more wards in the District.</p>	<p>Open</p>

Matter in respect of which a decision will be taken	Decision Maker	Date of Decision	Documents to be considered	Contact Officer	Is this decision a Key Decision?	Is this key decision to be heard in public or private session
Revised Tenancy Agreement	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Housing	Victoria Dawson, Assistant Director of Housing Management and Enforcement	Key	
20 52 Week Rent Period	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Housing	Victoria Dawson, Assistant Director of Housing Management and Enforcement	Key	
Management of Corporate Debt - Write-off of Outstanding Amounts	Executive	7 Mar 2022	Report of the Portfolio Holder for Portfolio Holder - Finance	Theresa Fletcher, Assistant Director of Finance and Resources & Section 151 Officer	Key	Fully exempt Information relating to any individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

SERVICE LEVEL AGREEMENT – HOUSEHOLD SUPPORT FUND	Executive	31 Jan 2022	Report of the Portfolio Holder for Portfolio Holder - Housing	Head of Enforcement and Housing Management	Key It is likely to result in the Council making capital savings or incurring capital expenditure of £150,000 or more.	Fully exempt Information relating to the financial or business affairs of any particular person (including the authority holding that information)
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SCHEDULE 12A ACCESS TO INFORMATION: EXEMPT INFORMATION

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PART 1 DESCRIPTIONS OF EXEMPT INFORMATION: ENGLAND

- 1 Information relating to any individual.
- 2 Information which is likely to reveal the identity of an individual.
- 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 4 Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
- 5 Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
- 6 Information which reveals that the authority proposes –
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person;
 - or (b) To make an order or direction under any enactment.
- 7 Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

20th January 2022

Auditor's Annual Report - 2020/21

Report of the Council's External Auditor Mazars

<u>Classification:</u>	This report is public
<u>Report By:</u>	Assistant Director of Finance and Resources
<u>Contact Officer:</u>	Theresa Fletcher – 01246 242458 theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

The Committee is asked to consider the Auditor's Annual Report in respect of 2020/21 (**Appendix 1**) which has been prepared by Mazars for consideration by Elected Members of the council and other stakeholders.

1 Report Details

- 1.1 That Audit and Corporate Overview Scrutiny Committee consider **Appendix 1** from the Council's External Auditor, Mazars.

2 Reasons for Recommendation

- 2.1 To ensure that Audit and Corporate Overview Scrutiny Committee is able to effectively consider the outcomes of the work undertaken by the Council's external auditors.

3 Alternative Options and Reasons for Rejection

- 3.1 A copy of the Auditor's Annual Report is available on the Council's website and will be included on the Council agenda for 2nd February 2022. Together with inclusion on this Committee agenda these measures should help ensure an appropriate level of consideration by Elected Members and other stakeholders.

RECOMMENDATIONS

1. That the Committee considers and notes **Appendix 1**, the report from the Council's External Auditor, Mazars.
-

IMPLICATIONS

Finance and Risk: Yes No

Details: There are no additional financial implications arising from this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details: None arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details: None arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/></p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/></p> <p><input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	None directly
<p>Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Click here to enter text.</p> <p>Details: Click here to enter text.</p>
<p>Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.</p>	

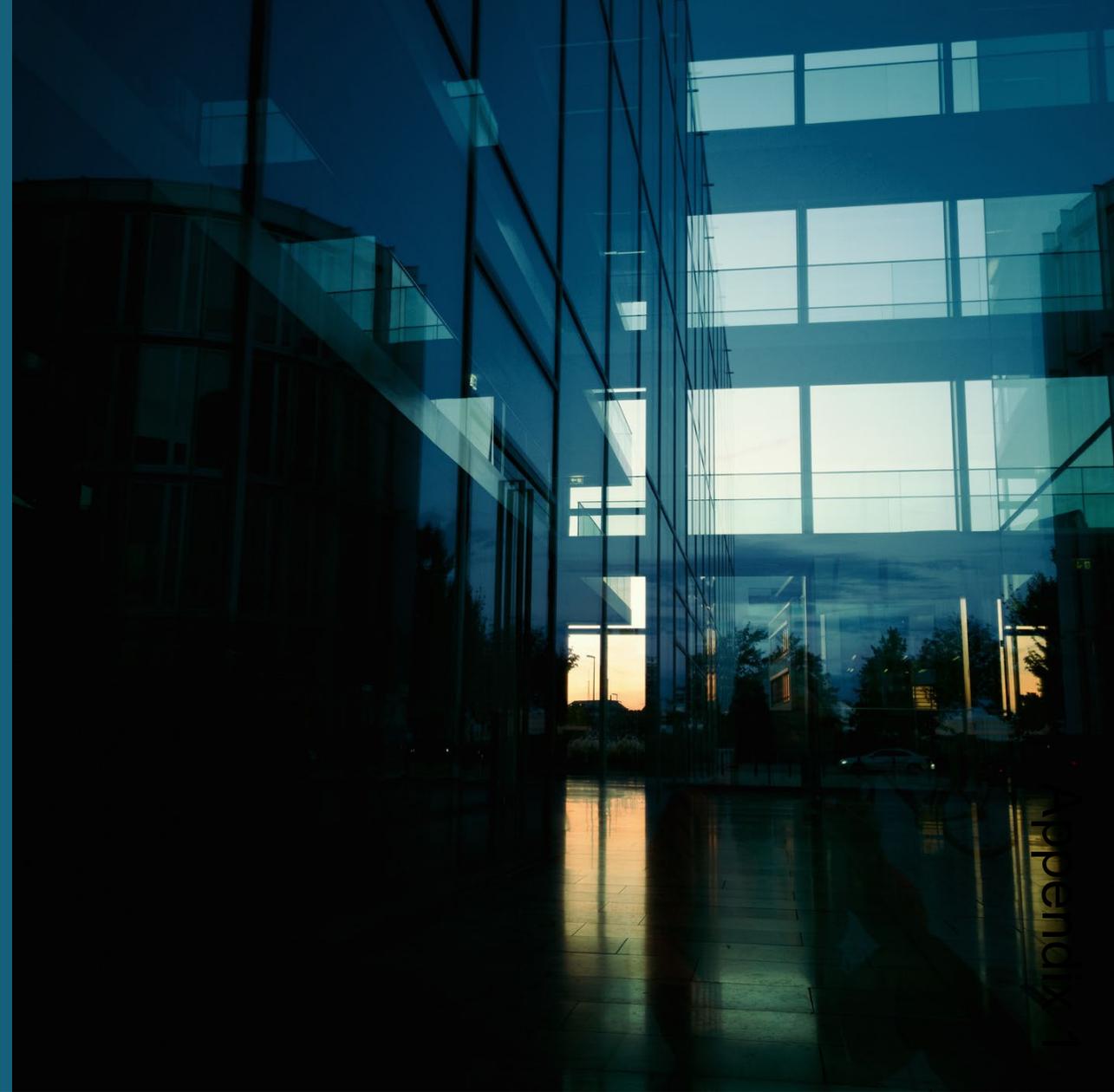
DOCUMENT INFORMATION

Appendix No	Title
1	Bolsover District Council – Annual Audit Letter 2020/21
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
Empty space for listing background papers	

Auditor's Annual Report

Bolsover District Council – year ended 31
25 March 2021

December 2021



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- 01** Introduction
- 02** Audit of the financial statements
- 03**²⁶ Commentary on VFM arrangements
- 04** Other reporting responsibilities

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

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Section 01: **Introduction**

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1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Bolsover District Council ('the Council') for the year ended 31 March 2021. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 30 September 2021. Our opinion on the financial statements was unqualified.



Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



Wider reporting responsibilities

We have not yet received group instructions from the National Audit Office confirming their requirements in relation to the Council's Whole of Government Accounts. We are unable to issue our audit certificate until this is formally confirmed.

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. We did not receive any questions or objections in respect of the Council's financial statements.

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Section 02:

Audit of the financial statements

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2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 30 September 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021.

Qualitative aspects of the Council's accounting practices

We reviewed the Council's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council well in advance of the revised statutory deadline and were of a good quality. The accounts were supported by high quality working papers and we received full cooperation from the Finance team in responding to our queries on a prompt basis.

Significant difficulties during the audit

During the course of the audit we had the full co-operation of management. The audit was again carried out remotely but there were no significant difficulties in carrying out our normal audit procedures and obtaining the audit evidence required to complete the audit. We are grateful for the co-operation and support provided by management.

Internal Control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. Based on the audit work carried out this year, we have not identified any significant control deficiencies in 2020/21

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Section 03:

Commentary on VFM arrangements

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3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council

has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Where our risk-based procedures identify actual significant weaknesses in arrangements, we are required to report these and make recommendations for improvement.

The table below summarises the outcomes of our work against each reporting criteria. We did not identify any risks of significant weakness, or actual significant weakness, in the Council's arrangements. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	9	No	No
Governance	11	No	No
Improving economy, efficiency and effectiveness	14	No	No

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3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to the Council’s operating environment in 2020/21

The Council entered 2020/21 at the start of the national lockdown, and faced a significant operational impact from the effects of the pandemic. In response to the Covid-19 pandemic, central government made a series of policy announcements, a number of which have impacted on local authorities such as Bolsover. During the 2020/21 year the Council dealt with a wide range of issues to support local residents and businesses.

Some of the government’s initiatives in response to the Covid-19 pandemic have been backed by additional funding, and the Council received a range of government grants during 2020/21 to either support local businesses/individuals or meet the Council’s own costs. The Council received £1.4m of emergency funding to cover the Council’s extra costs, with £0.4 paid over to local parish councils. The Council also received £0.7m relating to income compensation scheme for the sales, fees and charges income lost during the lockdown periods.

2020/21 Financial statement performance

We have carried out a high level analysis of the audited financial statements, including the Balance Sheet and Movement in Reserves Statement and the Balance Sheet.

The Council’s balance sheet does not give us cause for concern. Net current assets have remained around £30.6m, with cash and short term investments increasing from £36.9m to £38.9m. Short term creditors have increased from £8.5m to £11.5m, which is largely due to deferred Covid-19 government grants.

The most significant change in the balance sheet relates to movements in the Council’s share of the pension fund net liability (being a deficit position) of £55.2m, up from £35.4m in the prior year. It is not unusual to see material movements in the net pension liability and this is consistent with our experience at other local authorities. The deficit position is not unusual and is a recognised area of financial challenge for local authorities.

The Council’s useable reserves have increased from £44.3m to £50.4m in 2020/21, with:

- General Fund and Earmarked Reserves of £22.9m, up from £16.4m in 2019/20;
- Housing Revenue Account Balances of £17.5m, compared to £17.4m in 2019/20; and

- Capital Receipts and Grants Reserves of £6.6m, up from £5.4m in 2019/20.

These reserves provide some mitigation against future financial challenges, and include specific reserves (Transformation Reserve £6.8m, and NDR Growth Protection Reserve £6.2m) to address future volatility and support savings and efficiencies plans. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps.

Notwithstanding this, our work has not highlighted a risk of significant weakness in the Council’s arrangements for ensuring financial sustainability.

Financial planning and monitoring arrangements

In February 2020 the Council set balanced General Fund and Housing Revenue Account budgets for the 2020/21 financial year. During the year the Council reported its financial position through the quarterly financial performance reports, and carried out a thorough mid-year review before agreeing the revised budget in November 2020. We reviewed a sample of reports presented for 2020/21, which contain detail on any significant variances to budget and an update on performance against savings targets. The reports also contain information on progress against the approved capital programme and reasons for over or underspends against the budget profile to provide adequate scrutiny and oversight.

The Council reported the final revenue outturn position for the 2020/21 year as in-year saving of £681k against the budgeted total General Fund spend of £9,659k, and a Housing Revenue Account surplus which was £408k better than the revised budget forecast. The main General Fund savings totalled £267k in staff related budgets, with the main budget pressure being the £158k additional expenditure required to respond to changes in the recycling arrangements following the contractor’s default. The improved Housing Revenue Account outturn was mainly due to savings in staff, utilities and repairs costs. We have considered the arrangements in place in respect of budget management as part of the Governance criteria on page 11.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria (continued)

Arrangements for the identification, management and monitoring of funding gaps and savings

The Medium Term Financial Plan (MTFP) is a current plus four year plan which sets out the Council's commitment to provide services that meet the needs of people locally and that represent good value for money within the overall resources available to it. A key part of the strategy is to highlight the budget issues that will need to be addressed by the Council over the coming financial years, by forecasting the level of available resources from all sources and budget pressures relating to both capital and revenue spending as well as assessing sufficient reserves and provisions are held for past and unknown events which may impact on the Council's resources.

The MTFP is prepared alongside other plans and strategies (for example the workforce planning and Capital and Investment Strategies). There is a process in place for challenging any growth items and agreeing the achievability of planned savings.

Arrangements and approach to 2021/22 financial planning

The arrangements for the 2021/22 budget setting process have largely followed the arrangements in place for 2020/21 but with a better understanding based on the experiences during the year of the impact of Covid-19 on the Council's services. There were still though a number of unavoidable uncertainties regarding likelihood and impact of any future lifting of restrictions or lockdowns, and the availability of any further government support.

Balanced General Fund and Housing Revenue Account budgets for 2021/22 were approved at the February 2021 Council meeting with the initial £291k General Fund shortfall confidently expected to be covered by a combination of vacancy savings, council tax growth and a use of earmarked balances. The Executive approved the revised 2021/22 budget in December 2021. We reviewed the report and confirmed there were few significant changes on the original General Fund estimates, with most new growth items being accommodated within existing budgets and savings. The forecast Housing Revenue Account surplus was unchanged.

There was an acknowledgement that the roll over of the Local Government Funding Settlement meant that some of the expected changes the Fair Funding Review and in relation to New Homes Bonus and any Business Rates reset were not enforced. Changes in these areas were regarded as a risk through expected loss of funding so their deferral represented a gain to the Council's immediate financial position. The continuing uncertainty does make though strategic financial planning difficult for Councils, particularly in relation to General Fund services.

The MTFS approved in February 2021 forecast balanced budgets for each of the years from 2021/22 to 2023/24 but a possible shortfall for 2024/25. To mitigate any losses caused by funding changes the Council has, as described above, established reserves to support its planned transformation and savings process and to address volatility in funding.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to financial sustainability.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Risk management and monitoring arrangements

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. There is an updated and approved Risk Management Strategy which includes the Council's approach, guidance, the Council's risk appetite and roles and responsibilities. There is a Risk Management Group in place, chaired by the appropriate Cabinet member, which includes relevant senior managers. The group oversees all the Council's operational and strategic risk registers and provides challenge as part of the process. The Group provides regular reports to the Audit and Corporate Overview Scrutiny Committee to provide assurance on the risk management arrangements in place and confirm that they are regularly reviewed and are working effectively. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council's purposes.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council is a member of the Internal Audit Consortium which is a shared service with neighbouring councils. The Consortium Manager acts as Head of Internal Audit and the service has been externally assessed as meeting the Public Sector Internal Audit Standards. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit and Corporate Overview Scrutiny Committee prior to final approval.

The audit plan is based on an assessment of risks the Council faces and is designed to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented if necessary by ad hoc reviews in respect of suspected irregularities and other work commissioned by Officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2020/21 and 2021/22 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to each Audit and Corporate Overview Scrutiny Committee meeting including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2020/21 the Head of Internal Audit concluded that a reasonable level of assurance could be provided on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control.

Throughout the year we have attended Audit and Corporate Overview Scrutiny Committee meetings. Through attendance at these meetings we have confirmed that the committee receive regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the Committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. The framework includes:

- Clear responsibilities, including the role of the CFO in leading the budget setting process and providing professional advice, and the reservation of the approval of the Budget to the Council
- Budget setting guidance to managers, with the process normally starting in August to get an early understanding of the key relevant factors and future budget requirements. Although existing budgets are in most cases used as a basis determining the next year's estimates they are not merely rolled forward with early challenge to staff number assumptions and growth and savings proposals.
- Close working between the finance team and with external advisors and neighbouring councils to agree the key budget assumptions, which are challenged and agreed through the budget review process by the Senior Management Team, Audit and Corporate Overview Scrutiny Committee, Executive and Council.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced on a monthly basis and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and budget changes. The financial management system (FMS) has an e-purchasing module which ensures orders can only be placed where there is a budget in place. This 'commitment accounting' ensures as soon as an order is placed that the available budget is reduced.

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (continued)

There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting. The Treasury Strategy reports (encompassing the Treasury Management, Capital and Corporate Investment Strategies) are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

There are the rules in place regarding changes to the original budget, with Executive approval required for any revisions. The opportunity to review the budget was especially important in 2020/21 given the likely impact of Covid-19 was largely unknown at the time the original budget was approved, and the Executive approved the revised budget in November 2020.

Quarterly Financial performance monitoring reports are presented to the Executive and under the updated committee arrangements to the Audit and Corporate Overview Scrutiny Committee. The reports cover General Fund and Housing Revenue Account spend and income to date and forecast against budget, Capital Programme progress and Treasury Management activities. and forecast significant variations are investigated and reported on, together with any corrective action being taken. Our review of the relevant meeting minutes confirmed there was challenge and scrutiny of the process. The impact of Covid-19 on financial performance is apparent from the reports through 2020/21 and any material budget variances were identified and explained at an appropriate stage. There were no significant unexpected over or underspends reported at the year-end.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has published its Financial Management (FM) Code to provide guidance for good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The first full year of compliance with the FM code is 2021/22. The Audit and Corporate Overview Scrutiny Committee received in April 2021 a report from the Assistant Director of Finance and Resources summarising Internal Audit's assessment of the Council's compliance with the standards set out in the Code. Internal Audit found that the Council complied with the majority of the Code requirements already and management is working to address the small number of areas for improvement identified.

Decision making arrangements and control framework

The Council has an established governance structure in place which is set out within its Annual Governance Statement (AGS). We reviewed the AGS and observed the Audit and Corporate Overview Scrutiny Committee's review of the AGS and monitoring of actions throughout the year in relation to any significant governance issues.

The governance structure, as described in the AGS includes the Council's Local Code of Corporate Governance, the Constitution and the scheme of delegation which shows the levels of authority required for all key decisions.

The Council's Local Code of Corporate Governance sets out the governance principles which the Council are committed to and within which the Council conducts its business and affairs. The Local Code identifies the arrangements in place to enable the Council to meet the good governance principles identified.

The required Standards Committee arrangements are in place designed to promote and maintain high standards of conduct by members and co-opted Members of the District Council and of the Town and Parish Councils within the District. We have reviewed the Committee's minutes in the year and not identified any matters of concern.

The Constitution is kept under review and updated as required. The Constitution sets out how the Council operates, how decisions are made and the procedures to support the Council's aims of being transparent and accountable. The Constitution includes the Budget and Policy Framework, Financial Regulations and Contract Rules, Member and Officer codes of conduct. There are arrangements in place for the Scrutiny Committees to be made aware of 'Key Decisions' taken by the Executive or planned, as well as defining what a Key Decision is. The Constitution sets out the rules and process for Decisions to be 'called in' by Committees. No Key Decisions have been 'called in' during 2020/21.

The Scrutiny Committee arrangements have been reshaped with there being three themed Committees to support the work of the Executive and the Council as a whole. There was in 2020/21 a further separate Budget Scrutiny Committee which provided a forum for the Scrutiny members to review and challenge the Council's financial position. The role of the former Audit Committee has been extended through its establishment as the Audit and Corporate Overview Scrutiny Committee, with its functions now including a focus on budget setting and monitoring, and performance monitoring and management. The Scrutiny Committees have work programmes in place to steer their coverage of services and Executive key decisions. There is also a Shared Services Scrutiny Panel in place which scrutinises the joint working arrangements with neighbouring councils. We have reviewed the Scrutiny Committees' minutes throughout the year and not identified any concerns.

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3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria (continued)

Regulators

There are few external regulators for district councils and we have not identified any matters reported which indicate significant weaknesses in the Council’s governance arrangements. We reviewed the Local Government and Social Care Ombudsman’s (LGSCO) 2020/21 report to the Council. We also reviewed the report to the Standards Committee at its November 2021 meeting, which included benchmarking of the LGSCO report findings against neighbouring councils and did not highlight any specific concerns.

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Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to governance.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Performance Management

The Council agreed 2020-24 Ambition set out the Council's priorities in relation to Customers, Economy and the Environment. The Council has identified the key performance indicators, and target levels of performance, in relation to these priorities. The performance targets are informed by national standards, local benchmarking and experience and subject to initial challenge and confirmation.

The Council has in place a performance management framework which includes identified responsibilities of managers and processes for regular performance reporting and corrective action if required. Portfolio Holders meet regularly with Assistant Directors and Directors to discuss, amongst other things, the performance of services against targets. There is quarterly reporting to the Audit and Corporate Overview Scrutiny Committee and the Executive. These quarterly reports take the form of a dashboard and identify whether the performance is achieved or on/off track, including whether the performance is affected by Covid-19. The quarterly reports include an appropriate commentary to explain any significant factors which are affecting performance and actions being taken to correct performance.

On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key successes and risk areas. The Narrative Report also includes an agreed plan for subsequent years, including any areas for improvement. This provides the public with an overall assessment of the Council activities for the financial year

We have reviewed a sample of the managers' detailed performance reports and observed the Audit and Corporate Overview Scrutiny Committee's review and challenge of the quarterly reports. The quarterly reports demonstrate that performance has been managed throughout the 2020/21 year and any significant variances have been justified, with no major unexpected gaps in performance at the year end. The process has continued in the first half of 2021/22. Overall, we believe there is sufficient evidence to demonstrate adequate arrangements for performance monitoring and management at the Council.

Partnerships

There are a number of significant partnership arrangements in place, through which the Council works to deliver services in line with its ambitions and priorities. These include:

- The Strategic Alliance with North East Derbyshire District Council which saw the two Council's for a number of years sharing a number of senior manager posts. Although this has become less so in 2021/22 with both Council's appointing its own Corporate Directors and Head of Paid Service, the Monitoring Officer post continues to be a joint appointment.
- Shared service and joint arrangements with other local authorities covering Environmental Health, ICT, Payroll, Procurement, Internal Audit and the Chesterfield Crematorium.
- The Bolsover Partnership, which is a Local Strategic Partnership for the District and comprises partners from the public, private, community and voluntary sectors with the aim of promoting the social, economic and environmental well-being of the area.
- The Local Enterprise Partnership, D2N2.

There are relevant governance frameworks in place for these arrangements and the Council continues to keep its role in these activities under review. The Council has also since 2016/17 been party to a joint venture through Dragonfly Development Limited, with the objective of providing more social housing in the area. The Council's total investment in this venture at the end of 2020/21 was around £1m.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria (continued)

Procurement

The Council has a Procurement Strategy which outlines how the procurement of goods, works and services is achieved and describes the Council's Contract Procurement Rules. We considered the updated Strategy which went to the Audit and Corporate Overview Scrutiny Committee in November 2021 for review. The Strategy, which takes into account latest legislative and operational changes at the Council, provides a corporate framework for the procurement of goods, works and services. There are also controls in place designed to ensure that all procurement activity is conducted with openness, honesty and accountability.

There is a specialist Procurement unit which is a shared service with North East Derbyshire District Council as part of the strategic alliance arrangement. It also provides a service under a service level agreement to another Borough Council and supports parish council's in their procurement. The Council has specific arrangements through standing financial instructions and purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies in these areas.

Based on the above considerations we are satisfied there is not a significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness.

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Section 04:

**Other reporting responsibilities and
our fees**

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4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

We have not yet received group instructions from the National Audit Office confirming their requirements in relation to the Council's Whole of Government Accounts. We are unable to issue our audit certificate until this is formally confirmed.

4. Other reporting responsibilities and our fees

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum and Audit Completion Report presented to the Audit and Corporate Overview Scrutiny Committee in April and September 2021 respectively. Our current fees estimate is set out below. We will agree the final fee, and any further variations, with management prior to reporting to the Audit and Corporate Overview Scrutiny Committee.

Area of work	2019/20 fees	2020/21 fees
42 Scale fee in respect of our work under the Code of Audit Practice	£38,046	£38,046
Additional testing as a result of changes arising from increased audit quality expectations involving the work on the valuation of land and buildings and on the local government pension scheme	£7,067	£7,067
Additional testing as a result of the implementation of new auditing standards	-	£2,016
Other additional testing - new significant audit risks for 2020/21 (Covid-19 grant recognition) and additional testing and reporting in 2019/20 on uncertainties in key estimates as a result of Covid-19	£5,032	£1,188
Additional work as a result of the new Code of Audit Practice and VFM reporting	-	TBC*
Total fees	£50,145	£48,317*

* The original estimate reported in our Audit Strategy Memorandum for this work was at least £10,000 or 20% of the revised fee. The final fee estimate for the work, and total fees, have not yet been confirmed.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

4. Other reporting responsibilities and our fees

Fees for other work

We confirm that we undertook the following non-audit services for the Council in the year.

Certification of the 2019/20 Housing Benefit Subsidy Claim	£9,720
Pooling of Housing Capital Receipts Return	£4,000

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*where permitted under applicable country laws.

External Audit Progress Report

Bolsover District Council

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Audit and Corporate Overview Scrutiny Committee
January 2022



1. Audit Progress
2. National publications

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01

Section 01: **Audit Progress**

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Audit Progress

Purpose of this report

This report provides the Committee's January 2022 meeting with:

- an update on progress in delivering the 2020/21 audit and assurance work;
- the 2021/22 audit planning process; and
- a summary of recent relevant reports and publications for your information (Section 2).

2020/21 Audit

The position on the key elements of the audit are as follows:

- Financial Statements Audit – our Audit Completion Report was presented at the Committee's September 2021 meeting and we gave the audit opinion on the 30 September 2021.
- Value for Money – as summarised in our Audit Completion Report we have not identified any significant weaknesses in the Council's arrangements and our Value For Money Commentary is included in our Auditor's Annual Report which we are presenting at the Committee's January 2022 meeting.
- Other auditor responsibilities – we have not needed to take any action in relation to any of our broader auditor responsibilities.
- Assurance work – The work on target for completion by the end of January 2022 deadline

As explained in our Auditor's Annual Report we have not yet issued the Audit Certificate for 2020/21, which formally closes the audit. We expect the National Audit Office to confirm their requirements in January 2022 and will update the Committee at its meeting.

2021/22 Audit

At this stage we do not expect any significant changes to the audit risk profile and the overall audit approach, and we have not identified any significant changes to the financial reporting requirements under the 2021/22 CIPFA Code. The operating and financial environment for Councils continues though to be challenging and its important our audit plan is properly tailored to the risks and issues. We will hold further planning discussions with management in January 2022, including the normal wash up session on the current year's accounts audit to identify any opportunities for improvement or logistical issues. We will share our formal 2021/22 Audit Strategy Memorandum with the Audit Committee.

02

Section 02:

National publications

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National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountability (CIPFA)		
1.	New Prudential and Treasury Management Codes	These two statutory and professional codes are important regulatory elements of the capital finance framework within which local authorities operate.
2.	CIPFA launches value for money toolkit with the University of Oxford's GO Lab	Based on the UK National Audit Office's standard definition of value for money, the toolkit offers a consistent approach to programme evaluation.
Department for Levelling Up, Housing and Communities		
3	Consultation on changes to the capital framework: Minimum Revenue Provision	This consultation seeks views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.
4.	Measures to improve local audit delays and accounts and audit timetable confirmed	DLUHC have announced a new package of measure to support the improved timeliness of local audit. These include additional funds and an extension of the deadline for publishing accounts.
National Audit Office (NAO)		
5.	The Government's preparedness for the COVID-19 pandemic: lessons learned for government on risk management	The report sets out central government's risk analysis, planning, and mitigation strategies prior to the arrival of the COVID-19 pandemic, with the aim of drawing out wider learning for the government's overall approach.
6.	The Local Government finance system in England: Overview and Challenges	This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years. It draws on relevant findings from past NAO work.
7.	Departmental Overview 2020-21: Department for Levelling Up, Housing and Communities	This provides a summary of the Department's spending in 2020-21, its major areas of activity and performance, and the challenges it is likely to face in the coming year.
8.	Cyber and Information Security: Good practice guide	Audit committees should be scrutinising cyber security arrangements. This guidance complements government advice by setting out high-level questions and issues for audit committees to consider.
9.	Climate change risk: A good practice guide for Audit and Assurance Committees	This guide helps Committees recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.
Financial Reporting Council		
10.	Inspection findings into the quality of major local body audits	The findings show an improvement on the previous year but the timeliness of reporting was a concern.

NATIONAL PUBLICATIONS

CIPFA

1. CIPFA publishes new Prudential and Treasury Management Codes, December 2021

CIPFA has published the new Prudential Code for Capital Finance in Local Authorities (Prudential Code) and Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (the Treasury Management Code) following a consultation period. These two statutory and professional codes are important regulatory elements of the capital finance framework within which local authorities operate. Local authorities are required by regulation to 'have regard to' their provisions. Guidance notes will follow shortly in the new year.

The updated **Prudential Code** includes the following as the focus of the substantive changes:

- The provisions in the code, which present the approach to borrowing in advance of need in order to profit from additional sums borrowed, have been strengthened. The relevant parts of the code have augmented to be clear that borrowing for debt-for-yield investment is not permissible under the Prudential Code. This recognises that commercial activity is part of regeneration but underlines that such transactions do not include debt-for yield as the primary purpose of the investment or represent an unnecessary risk to public funds.
- Proportionality has been included as an objective in the Prudential Code. New provisions have been added so that an authority incorporates an assessment of risk to levels of resources used for capital purposes.

The main changes to the updated **Treasury Management Code** and the accompanying guidance for local authorities are as follows:

- Investment management practices and other recommendations relating to non-treasury investments are included within the Treasury Management Practices (TMPs) alongside existing TMPs.
- The guidance will recommend the introduction of the Liability Benchmark as a treasury management indicator for local government bodies (note that CIPFA has issued a toolkit to assist local authorities with the production of this indicator).
- Environmental, Social and Governance (ESG) risks are incorporated into TMP1 (Risk Management) rather than a separate TMP 13.
- The purpose and objective of each category of investments should be described within the Treasury Management Strategy.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-issues-new-prudential-and-treasury-management-codes>

NATIONAL PUBLICATIONS

CIPFA (continued)

2. CIPFA launches value for money toolkit with the University of Oxford's GO Lab, August 2021

CIPFA has partnered with the Government Outcomes Lab (GO Lab) from the University of Oxford's Blavatnik School of Government to develop the innovative GO Lab-CIPFA Value for Money (VfM) Toolkit.

Based on the UK National Audit Office's standard definition of value for money, the toolkit offers a consistent approach to programme evaluation and has been developed in response to recent trends towards the use of outcomes-based contracts (OBCs) and impact bonds.

The toolkit provides public managers with a framework to help assess the economic validity of public programmes, while also serving as a self-assessment instrument. The toolkit promotes thinking about the longer-term effects of interventions, such as outcomes and impacts, during the design and planning stage of public sector programmes.

The GO Lab-CIPFA VfM toolkit is available for free download on the CIPFA website.

<https://www.cipfa.org/services/go-lab-cipfa-value-for-money-toolkit>

Department for Levelling Up, Housing and Communities

3. Consultation on changes to the capital framework: Minimum Revenue Provision, December 2021

This consultation seeks views on proposed changes to regulations to better enforce the duty of local authorities to make prudent Minimum Revenue Provision each year.

Local authorities borrow and invest under the Prudential Framework (the Framework), which comprises legislation and 4 statutory codes that authorities must have regard to. Under this system, authorities have wide freedoms to borrow and invest without the need to seek the government's consent, provided that borrowing is affordable. The intent of the Framework is to make sure local decisions are prudent, affordable and sustainable.

The government is aware that some authorities employ practices that are not fully compliant with the duty to make a prudent revenue provision, resulting in underpayment of MRP. This was reported in the NAO's report Local Authority Investment in Commercial Property (February 2020) and the subsequent report by the Public Accounts Committee in July 2020, which recommended the government take steps to address the issue.

<https://www.gov.uk/government/consultations/changes-to-the-capital-framework-minimum-revenue-provision/consultation-on-changes-to-the-capital-framework-minimum-revenue-provision#excluding-specific-debt-from-mrp-determination>

4. A new package of measures to support the improved timeliness of local audit

This publication sets out a range of measures agreed with key partners to support the timely completion of local government audits and the ongoing stability of the local audit market. The measures include:

- Steps to increase the number of auditors with skills to carry out the work;
- Additional funding to support increases in audit fees; and
- Extension of the audit deadlines to 30 November 2022 and 30 September for 2023 onwards.

https://www.gov.uk/guidance/measures-to-improve-local-audit-delays?utm_medium=email&utm_campaign=govuk-notifications&utm_source=81365e1a-e6b1-4c1b-bce1-b5ef8fafef6f&utm_content=daily#section-4-longer-term-measures-to-help-stabilise-the-market-and-address-long-term-supply-issues

NATIONAL PUBLICATIONS

National Audit Office

5. The Government's preparedness for the COVID-19 pandemic: lessons learned for government on risk management, November 2021

In November 2021

This report sets out the facts on:

- the government's approach to risk management and emergency planning (Part One);
- the actions the government took to identify the risk of a pandemic like COVID-19 (Part Two);
- the actions the government took to prepare for a pandemic like COVID-19 (Part Three); and
- recent developments (Part Four).

The report sets out central government's risk analysis, planning, and mitigation strategies prior to the arrival of the COVID-19 pandemic, with the aim of drawing out wider learning for the government's overall risk management approach.

The report concludes that this pandemic has exposed a vulnerability to whole-system emergencies – that is, emergencies that are so broad that they engage the entire system. Although the government had plans for an influenza pandemic, it did not have detailed plans for many non-health consequences and some health consequences of a pandemic like COVID-19. There were lessons from previous simulation exercises that were not fully implemented and would have helped prepare for a pandemic like COVID-19. There was limited oversight and assurance of plans in place, and many pre-pandemic plans were not adequate. In addition, there is variation in capacity, capability and maturity of risk management across government departments.

The pandemic also highlighted the need to strengthen the government's end-to-end risk management process to ensure that it addresses all significant risks, including interdependent and systemic risks. This will require collaboration on risk identification and management not only across government departments and local authorities, but also with the private sector and internationally. For whole-system risks NAO states that the government needs to define its risk appetite to make informed decisions and prepare appropriately so that value for money can be protected. NAO state that the pandemic has also highlighted the need to strengthen national resilience to prepare for any future events of this scale, and the challenges the government faces in balancing the need to prepare for future events while dealing with day-to-day issues and current events.

The full report can be seen at this link: <https://www.nao.org.uk/report/the-governments-preparedness-for-the-covid-19-pandemic/>

NATIONAL PUBLICATIONS

National Audit Office

6. The Local Government finance system in England: Overview and Challenges, November 2021

This overview looks at what local government in England spends, how this spending is funded and the effect of changes in recent years. It draws on relevant findings from past NAO work.

The overview aims to enhance financial transparency about local government in England. It covers:

- An introduction to local government funding
- Government policy and actions since 2010
- Some results or consequences of these changes.

The report headlines include the following in respect of the impact of the changes implemented by government on councils:

- Rising social care spending has squeezed funds available for non-social care services, yet rising spend has not prevented concerns about social care, and projections suggest continued cost and demand pressures.
- Local authorities have made substantial spending reductions in some services and sought to maximise revenue funding from other sources. Some local authorities have sought to maximise revenue available for services in ways that may reduce financial resilience. Commercial property investment strategies have increased some local authorities' exposure to risk. Local authorities now rely more on sources of income that are dependent on local economic conditions.
- A lack of short-term funding certainty hampers local authorities' ability to plan. Local authorities are also planning and delivering services amid medium-term financial uncertainty. Financial uncertainty does not support value-for-money decision-making.
- The governance mechanisms that support decision-making about financial sustainability are under strain. The financial resilience of the local government sector was being tested, even before the COVID-19 pandemic

The full report can be seen at this link: <https://www.nao.org.uk/report/the-local-government-finance-system-in-england-overview-and-challenges/>

NATIONAL PUBLICATIONS

National Audit Office

7. Departmental Overview 2020-21: Department for Levelling Up, Housing and Communities, November 2021

This provides a summary of the Department for Levelling Up, Housing and Communities' spending in 2020-21, its major areas of activity and performance, and the challenges it is likely to face in the coming year, based on the insights from NAO's financial audit and value for money work.

The full report can be seen at this link: <https://www.nao.org.uk/report/departmental-overview-2020-21-department-for-levelling-up-housing-and-communities/>

8. Cyber and Information Security: Good practice guide, October 2021

Audit committees should be scrutinising cyber security arrangements. To aid them, this guidance complements government advice by setting out high-level questions and issues for audit committees to consider.

The guide provides a checklist of questions and issues covering:

- The overall approach to cyber security and risk management;
- Capability needed to manage cyber security; and
- Specific aspects, such as information risk management, engagement and training, asset management, architecture and configuration, vulnerability management, identity and access management, data security, logging and monitoring and incident management.

The guidance is based on NAO previous work and our detailed systems audits, which have identified a high incidence of access-control weaknesses. It also provides links to other government guidance and NAO resources.

The full report can be seen at this link: <https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>

NATIONAL PUBLICATIONS

National Audit Office

9. Climate change risk: A good practice guide for Audit and Assurance Committees, August 2021

This guide will help ARACs recognise how climate change risks could manifest themselves and support them in challenging senior management on their approach to managing climate change risks.

The full report can be seen at this link: <https://www.nao.org.uk/report/climate-change-risk-a-good-practice-guide-for-audit-and-risk-assurance-committees/>

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NATIONAL PUBLICATIONS

Financial Reporting Council

10. Inspection findings into the quality of major local body audits, October 2021

The Financial Reporting Council (FRC) published in October 2021 its [inspection findings into the quality of major local body audits](#) in England (which includes large health and local government bodies) for the financial year ended 31 March 2020.

The FRC reviewed 20 major local audits performed by six of the largest audit firms and found 6 (30%) required improvements. This is an improvement on the prior year inspection results where 60% of audits inspected required either improvements or significant improvements.

The FRC found that the firms have taken action in response to previous findings, however, the timeliness of auditor reporting was disappointing.

The key areas requiring action by some of the audit firms included:

- strengthening the audit testing of expenditure;
- improving the evaluation and challenge of assumptions used in concluding over investment property valuations;
- improving the evaluation of assumptions used in property, plant and equipment valuations; and
- providing improved rationale supporting a modified audit opinion.

FRC found that all Value for Money arrangement conclusions inspected by the FRC required no more than limited improvements.

The full report can be seen at this link: <https://www.frc.org.uk/news/october-2021/frc-publishes-latest-major-local-audit-quality-ins>

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Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

20th January 2022

MEDIUM TERM FINANCIAL PLAN 2022/23 to 2025/26

Report of the Assistant Director of Finance and Resources

<u>Classification:</u>	This report is public
<u>Report By:</u>	Assistant Director of Finance and Resources
<u>Contact Officer:</u>	Theresa Fletcher – 01246 242458 theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

To enable the Committee to consider the proposed budget 2022/23 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2022/23 to 2025/26, prior to the report being taken to Council.

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

REPORT DETAILS

1 Introduction

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

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

In particular financial projections are provided for:

- 2021/22 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 2022.
- 2022/23 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 2022.

- 2022/23 Original Budget, this includes proposed increases to rents and fees and charges for the next financial year for the Housing Revenue Account.
 - 2023/24 to 2025/26 Financial Plan – In accordance with good practice the Council agrees its annual budgets within the context of a Medium Term Financial Plan (MTFP). This includes financial projections in respect of the next three financial years.
- 1.2 Recommendations agreed by Executive and Audit and Corporate Overview Scrutiny Committee will be referred to the Council meeting of 2nd February 2022 for Members’ consideration and approval.

General Fund

2021/22 Current Budget

- 1.3 In February 2021, Members agreed a budget for 2021/22 to determine Council Tax. The original budget showed a funding deficit of £0.291m. Throughout the year budgets have been actively managed with savings removed from the budget once they have been agreed.
- 1.4 The Revised Budget was considered by Executive at its meeting on the 6th December 2021 and by the Audit and Corporate Overview Scrutiny Committee at its meeting on 25th November. There have been no changes to the budget position since this time. The revised budget funding gap is the planned use of the general fund balance for 2021/22 as agreed in 2020/21 of £0.080m.
- 1.5 The final in-year position will be dependent on the actual financial performance out-turning in line with the revised budgets as there may be further costs and/or savings identified as the year progresses. Whilst these estimates reflect the position at the time of setting there can be some volatility from the budget to the outturn position.
- 1.6 It was agreed that any surplus on the Council’s two main revenue accounts be transferred to reserves in preparation for future expenditure and to protect services at a time of declining central government support.

2022/23 Original Budget and 2023/24 to 2025/26 Financial Plan

- 1.7 The financial projection for 2022/23 to 2024/25 was approved by Members in February 2021. The 2021/22 budget process has updated those projections and established a base for 2025/26.
- 1.8 The proposed budgets for 2022/23 and 2023/24 are deficits of £0.082m and £0.018m respectively. As in 1.4 above, this is the planned use of the general fund balance as approved in 2020/21. Based on current information the requirement to achieve financial savings for future years is 2025/26 £1.212m (**Appendix 1**). **Appendix 2** details the net cost of each cost centre by Directorate.
- 1.9 Table 1 on the following page shows the updated figures resulting from the budget process together with estimates of future basic council tax increases. Also included is an estimate of potential new income from current projects and plans known about by the Council. Some of these we are working on ourselves and

some are reliant on developers. At this stage none of this income is realised and is therefore not yet included in our budgets.

Table 1

	2021/22 Revised Budget £000	2022/23 Forecast £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000
Current Budget Shortfall	81	82	18	0	1,212
Pension costs to be funded by GF balance	(81)	(82)	(18)	0	0
Basic assumption for future council tax increases	0	(112)	(222)	(332)	(442)
Potential new income	0	(443)	(1,097)	(1,682)	(2,141)
Closing Budget Surplus	0	(555)	(1,319)	(2,014)	(1,371)

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 2021/22, was another roll-over settlement. The Spending Review 2020 was effectively a further one-year extension to the four-year settlement that covered the period 2016/17 – 2019/20. (The Spending Review 2019 also covered only one year – 2020/21).

1.12 The Spending Review 2021 was due to cover the years 2022/23 – 2024/25 and it was expected it would provide clarity on the impact of the Fair Funding Review; the abolition of the New Homes Bonus; the fundamental review of Business Rates and the baseline reset of Business Rates. It was anticipated the implications of the Levelling Up White Paper would also be made clearer in the announcement.

1.13 However, the provisional local government finance settlement announced on December 16th was a one-year settlement for 2022/23 only. There were no projected or indicative numbers for the remainder of the spending review period (2023/24 and 2024/25). Therefore, the SR21 is again effectively a roll-over settlement.

1.14 As previously discussed many times, the early indicative results of the above reforms were all detrimental to us as a district Council who has seen much growth in recent years, both in business rates and New Homes Bonus grant. The removal of these funding streams will have a major effect on our financial position. For this reason a delay in their implementation in their current form is not a bad thing for us.

1.15 In his letter of 16th December the Secretary of State for Levelling Up, Housing and Communities (DLUHC) wrote, “**Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013/14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes. As part of this, we will look at options to support local authorities through transitional protection.**”

1.16 The following paragraphs show our government funding for 2022/23 from what we have been told in the provisional settlement and the assumptions we have had to make for future years:

New Homes Bonus

1.17 We have been waiting for the results of the Government’s consultation on the future of New Homes Bonus Grant for at least three years. It is widely expected that the grant will be abolished but it is not yet known what, if anything, will replace it.

1.18 We have received a roll-over of the current approach to New Homes Bonus with the delay of its abolition and a new allocation for 2022/23 based on our property numbers. We have been able to include an extra £0.608m in grant income for 2022/23.

1.19 Nothing has been included in the MTFP for 2023/24 onwards as the assumption that New Homes Bonus will disappear completely was established last year when we removed all the income for future years.

Fair Funding Review

1.20 Although delayed for another year it is still not known with any clarity what the impact of the Fair Funding Review will be. 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. However, the 16th December letter states “**we want to take the time to fully consider its (SFA) future distribution in consultation with councils.**”

1.21 With this potential change of tact and the lack of any concrete figures for the likely impact of the Fair Funding Review we have once again not been able to attribute a value in our MTFP to any changes. Some commentators have even questioned whether the Fair Funding Review will be part of any changes to the funding of local government or whether it is just too complicated to implement.

Business Rates

1.22 In early November the government announced that plans to allow councils to retain 75% of Business Rates from April 2022, had been abandoned. It was said the policy would conflict with the government’s ‘levelling up agenda’ and that the government would now ‘proceed with caution’ on the issue. In fact the 25% extra

income was due to be paid to counties and districts were never going to benefit from this arrangement.

- 1.23 The implications on our Business Rates that follow reverting back to 50% instead of 75%, mean we have been able to include an extra £1.532m income for 2022/23. This change to our MTFP is not as a result of the 16th December announcement.
- 1.24 The figures in the MTFP for Business Rates have been updated for the latest assumptions around likely changes to our baseline funding level information, tariff amounts and the impact of a business rate reset. This was initially done last year at which time we reduced income by large amounts. This time we have been able to slightly increase the income figures for the inflation allowance which will be added onto our limits by government.
- 1.25 This has resulted in additional income of £0.006m for 2023/24 and £0.274m for 2024/25. It has been assumed 2023/24 is the year when the reset occurs and the income slowly increases each year as we build back the growth lost from the reset. No growth in these business rates figures has been included in any year to protect against further negative adjustments, an estimate of growth will however, be included in **table 1** above.

Revenue Support Grant

- 1.26 The roll-over settlement has meant a further year of receiving Revenue Support Grant. We will receive £1.232m in this bonus year of receiving the grant. We have assumed no grant will be received from 2023/24 onwards.

Lower Tier Services Grant

- 1.27 This grant was introduced in 2021/22 to provide damping to authorities with cash-terms reductions in Core Spending Power. It provides additional funding to district councils who are losing the most from the reduction in New Homes Bonus and gain the least from new grant increases and council tax increases.
- 1.28 We have been allocated another payment of this grant for 2022/23 which means we can include an extra £0.131m in the MTFP. Nothing has been included for future years.

2022/23 Services Grant

- 1.29 This is a new, one-off grant to support all services delivered by councils. This has been distributed to every authority using the 2013/14 SFA. The amount we are able to include as extra income for 2022/23 is £0.202m. Nothing has been included for future years.
- 1.30 The 2013/14 SFA uses 'deprivation' as the main driver for distribution, rather than 'need' that the more recent calculations were based on. As an area of high deprivation, in the past we've tended to benefit more from allocations based on this formula. It has been suggested by some that sharing this grant out using 'deprivation' rather than 'need' could be the start of the government's 'levelling up' or at least show their intent. If this were the case it could be good news for district councils like us but we might not find out about this with any certainty until the Spending Review 2022.

1.31 To summarise, the Spending Review 2021 was relatively good for local government compared to settlements received before. Districts received the lowest share of the extra government funding with the average increase for a district council of 4.6%, while Counties did better due to the Adult Social Care increases.

Mitigating Losses in Government Funding

1.32 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.

1.33 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.

1.34 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.

1.35 The balance accumulated has meant we are able to use the reserve to even out some of the government funding losses over the life of the current MTFP. A transfer from general fund to the reserve will be made in 2022/23 of £0.004m. Latest estimates for transfers back to the general fund are £3.262m 2023/24; £2.990m 2024/25 and the reserve balance of £1.802m in 2025/26.

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

Expenditure, income levels and efficiencies

1.37 In developing the financial projections covering the period 2021/22 to 2025/26, officers have made a number of assumptions. The major assumptions are:

- For 2022/23 to 2025/26 2.25% has been included in staffing budgets as an estimate for a pay award.
- Investment income as a result of treasury management decisions has been increased slightly (£0.020m) in all years of the MTFP as interest rates are expected to rise. Current rates are 0.25% and an increase is expected in December 2021.
- 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.

Council Tax Implications

Council Tax Base

- 1.38 In preparation for the budget, the Chief Financial Officer under delegated powers has determined the Tax Base at Band D for 2022/23 as 22,443.26. This is an increase on the 2021/22 Tax Base which was reduced from previous levels as the Covid pandemic affected individuals financially. The Tax Base for 2022/23 looks to be back on track to where it perhaps would've been if the pandemic had not occurred.

Council Tax Options

- 1.39 The Council's part of the Council Tax bill in 2021/22 was set at £186.28 for a Band D property. This was an increase of 2.75%
- 1.40 The Council has a range of options when setting the Council Tax. The Government indicate what upper limit they consider acceptable. For 2022/23 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.
- 1.41 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%	188.14	1.86	0.04	41,753
2.00%	190.00	3.73	0.07	83,560
2.68%	191.28	5.00	0.10	112,163

- 1.42 The level of increase each year affects the base for future years and the proposed increase for 2022/23 is 2.68%, generating additional revenue of £112,163.
- 1.43 Members will recall that in our Medium Term Financial Strategy (MTFS) approved in November 2021, we have the strategic intention '*to raise Council Tax by the maximum allowed in any given year, without triggering a Council Tax referendum, to endeavour to continue to deliver services*'.

Financial Reserves – General Fund

- 1.44 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.101m, the uncommitted element of the Transformation Reserve of £0.851m and the NNDR Growth Protection Reserve of £8.050m. 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)

2021/22 Current Budget

- 1.45 In February 2021, Members agreed a budget for 2021/22. Rent levels were set in line with Government regulations with an increase of 1.5%, effective from 1st April 2021. HRA fees and charges were also set, effective from the same date.
- 1.46 The Revised Budget was considered by Executive at its meeting on the 6th December 2021 and by the Audit and Corporate Overview Scrutiny Committee at its meeting on 25th November. There have been no changes to the budget position since this time.
- 1.47 A surplus of £0.006m was estimated, which was in-line with the current budget.

2022/23 Original Budget and 2023/24 to 2025/26 Financial Plan

- 1.48 The proposed budget for 2022/23 currently shows a surplus of £0.001m. Based on current information the surplus for future years is 2023/24 £0.004m; 2024/25 £0.004m; 2025/26 £0.011m. (**Appendix 3**). The proposal is to transfer the surplus into the HRA Revenue Reserve in all years.
- 1.49 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

- 1.50 The MHCLG (now Department for Levelling Up, Housing and Communities DLUHC) 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.'*
- 1.51 Therefore for 2022/23 the income for dwelling rents has been included in the budget at CPI rate 3.1% plus 1%. For future years it has been assumed the same policy will apply but 2% has been included as an estimate of the increase in income.
- 1.52 The table below shows the average rent increases on a 48 week basis, excluding service charges, for both Social Rent and Affordable Rent, which is charged on all new build properties.

Increase	New Rent Charge	Annual Increase	Weekly Increase	Range of New Rent Charge
4.1%	£88.92	£155.04	£3.23	£64.40 - £115.69
Average for Social Rent on a 48 week basis				
4.1%	£117.11	£204.00	£4.25	£83.79 - £206.12

Empty Property Levels - Voids

- 1.53 It is inevitable during a financial year that there will be occasion when properties are empty and therefore no income will be earned. This could be the gap in the tenancy between one tenant vacating and the next one taking up the property or could be part of a management decision to leave the property empty because it is part of a capital or repair scheme which is soon to commence.
- 1.54 An estimate of the number of void properties which may occur in each financial year needs to be made so that the dwelling rent income budget can be reduced to reflect this. For 2022/23 to 2025/26 the estimate for voids which has been included in the MTFP is 3%.

Fees and Charges

- 1.55 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.
- 1.56 A schedule of the proposed charges is set out at **Appendix 3, table 1**. For 2022/23 in most cases the charges are recommended to be increased by CPI 3.1% plus 1%.

Financial Reserves - HRA

- 1.57 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £2.077m. 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

- 1.58 There will be three separate reports to Council on 2nd February 2022 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.

2021/22 Current Budget

- 1.59 In February 2021, Members approved a Capital Programme in respect of 2021/22 to 2024/25. 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 2021/22 the equivalent amount of funding was not applied during 2020/21 and is therefore available in 2021/22 to meet the delayed payments.
- 1.60 The Revised Capital Programme was considered by Executive at its meeting on 6th December 2021 and by the Audit and Corporate Overview Scrutiny Committee

at its meeting on 25th November. There have been no changes to the budget position since this time.

General Fund Capital Programme 2022/23 to 2025/26

- 1.61 The proposed Capital Programme for the General Fund totals £1.911m for 2022/23; £2.559m for 2023/24; £1.031m for 2024/25 and £0.941m for 25/26 (**Appendix 4**).

Housing Revenue Account Capital Programme 2022/23 to 2025/26

- 1.62 The proposed Capital Programme for the Housing Revenue Account totals £14.451m for 2022/23; £14.819m for 2023/24; £14.046m for 2024/25 and £5.387m for 2025/26 (**Appendix 4**).
- 1.63 A list of all the schemes and associated funding are attached as **Appendix 4** to this report.

Robustness of the Estimates – Section 25 to expand on this year!

- 1.64 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.
- 1.65 The Council's Section 151 Officer (The Assistant Director 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.
- 1.66 Likewise the Section 151 Officer is satisfied that the levels of reserves are considered to be adequate to fund planned expenditure and potential issues and risks that face the Council.

2 Reasons for Recommendation

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

3 Alternative Options and Reasons for Rejection

- 3.1 Alternative options are considered throughout the report.

RECOMMENDATIONS

1. That Audit and Corporate Overview Scrutiny Committee note the report and make any comments that they believe to be appropriate to be given verbally at the Council meeting on 2nd February 2022.

The Executive report recommendations are as follows:

- X1 That all recommendations below are referred to the meeting of Full Council on the 2nd of February 2022.

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 2022/23 to 2025/26 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 Audit and Corporate Overview 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 2022/23 and future years.

GENERAL FUND

- X4 A Council Tax increase of £5.00 is levied in respect of a notional Band D property (2.68%).
- 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 2021/22, as the Original Budget in respect of 2022/23, and the financial projection in respect of 2023/24 to 2025/26.
- X6 That any further under spend in respect of 2021/22 is transferred to the Council's General Fund Reserves.
- X7 On the basis that income from Planning Fees may exceed £0.500m in 2021/22, the Head of Paid Service in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

HOUSING REVENUE ACCOUNT

- X8 That Council sets its rent levels in line with government policy, increasing rent levels by CPI (3.1%) plus 1% to apply from 1st April 2022.
- X9 That the increases in respect of other charges as outlined in **Appendix 3 Table 1** be implemented with effect from, 1st April 2022.
- 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 2021/22, as the Original Budget in respect of 2022/23, and the financial projection in respect of 2023/24 to 2025/26.
- X11 That under spends in respect of 2021/22 to 2025/26 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 2021/22, and as the Approved Programme for 2022/23 to 2025/26.
- X13 That the Assistant Director of Property Services and Housing Repairs 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.

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

IMPLICATIONS

Finance and Risk: Yes No

Details:

The issue of Financial Risks is covered throughout the report.

In addition, the Council has a risk management strategy and associated framework in place and the Strategic Risk Register is regularly reviewed through the Council's performance management framework. Strategic risks along with the mitigation in place to ensure such risks are manageable are reported to the Audit and Corporate Overview Scrutiny 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.

Similarly the HRA needs to be carefully managed to ensure the HRA continues to be sustainable over the life of the 30 year business plan.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2022. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.

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

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

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

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

On behalf of the Head of Paid Service

DECISION INFORMATION

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 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	Yes
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	Yes
District Wards Significantly Affected	All
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Portfolio Holder

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

DOCUMENT INFORMATION

Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account
3 table 1	HRA – Fees and Charges 2022/23
4	Capital Programme

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

None

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND**
APPENDIX 1

Description	Revised	Original	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	Budget	Budget			
	2021/22	2022/23			
	£	£	£	£	£
Corporate Resources	3,466,499	3,016,469	2,996,599	3,053,951	3,074,245
Development	2,025,104	1,981,704	1,938,428	1,982,017	2,041,718
Environment and Enforcement	5,171,020	5,517,471	5,689,151	5,849,314	5,954,973
S106 Expenditure					
Corporate Resources	156,430	534,579	6,936	16,697	0
Development	(39,996)	789,479	0	0	0
Net Cost of Services	10,779,057	11,839,702	10,631,114	10,901,979	11,070,936
Debt Charges	925,686	562,762	467,663	278,030	251,725
Investment Interest	(89,167)	(97,944)	(92,463)	(88,111)	(105,082)
Appropriations:					
Contributions to Reserves	910,740	1,411,667	220,667	156,667	156,667
Contribution from Earmarked Reserves	(4,374,323)	(320,005)	(102,768)	(48,572)	(32,978)
Contribution (from)/to NNDR Growth Protection Reserve	1,818,693	3,921	(3,261,972)	(2,989,781)	(1,801,896)
Contribution from Grant Accounts	(5,320)	(5,320)	(5,320)	(5,320)	(5,320)
Contribution (from)/to Holding Accounts	(444,444)	(271,038)	(81,326)	(112,865)	(60,890)
Contribution from S106 Holding A/cs	(117,434)	(1,324,058)	(6,936)	(16,697)	0
TOTAL EXPENDITURE	9,403,488	11,799,687	7,768,659	8,075,330	9,473,162
Parish Precepts	3,294,344	3,294,344	3,294,344	3,294,344	3,294,344
TOTAL SPENDING REQUIREMENT	12,697,832	15,094,031	11,063,003	11,369,674	12,767,506
Revenue Support Grant	(1,194,913)	(1,231,521)	0	0	0
Business Rates Retention total	(5,754,814)	(5,325,514)	(3,626,000)	(3,894,600)	(4,080,400)
Business Rates deficit due to Covid reliefs	3,196,936	0	0	0	0
New Homes Bonus Grant total	(495,861)	(703,263)	0	0	0
Lower Tier Services Grant 21/22	(228,904)	(131,270)	0	0	0
2022/23 Services Grant	0	(201,739)	0	0	0
COUNCIL TAX - BDC precept	(4,103,006)	(4,180,730)	(4,180,730)	(4,180,730)	(4,180,730)
Council tax - Parish element from above	(3,294,344)	(3,294,344)	(3,294,344)	(3,294,344)	(3,294,344)
Council Tax Collection Fund Surplus	53,620	0	0	0	0
Council Tax spread of 20/21 Covid loss	56,416	56,416	56,416	0	0
COVID-19 Related Support	(852,291)	0	0	0	0
TOTAL FUNDING	(12,617,161)	(15,011,965)	(11,044,658)	(11,369,674)	(11,555,474)
FUNDING GAP / (SURPLUS)	80,671	82,066	18,345	0	1,212,032

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

	Revised	Original			
	Budget	Budget	Forecast	Forecast	Forecast
	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
G001 Audit Services	123,903	128,660	128,660	128,660	128,660
G002 I.C.T.	869,366	966,750	978,481	989,336	989,122
G003 Communications, Marketing + Design	285,944	273,771	280,750	287,069	291,760
G006 Partnership, Strategy + Policy	453,250	422,600	427,377	444,014	458,486
G011 Head of Leader's Executive Team	71,219	86,903	88,892	90,921	92,995
G012 Community Champions	126,077	597	597	597	597
G014 Customer Contact Service	760,440	781,188	803,265	823,942	842,342
G015 Customer Service + Improvement	117,015	130,942	133,863	136,868	139,308
G016 Skills Audit	34,840	15,160	0	0	0
G038 Concessionary Fares + TV Licenses	(10,283)	(10,380)	(10,478)	(10,578)	(10,689)
G040 Corporate Management	170,565	185,183	187,158	193,229	193,804
G041 Non Distributed Costs	685,609	664,737	664,737	664,737	664,737
G044 Financial Services	303,739	325,785	330,935	339,072	352,527
G052 Human Resources	220,635	224,490	228,631	233,898	237,236
G054 Electoral Registration	182,130	190,775	194,459	197,778	201,173
G055 Democratic Representation + Management	534,284	521,076	521,083	520,921	520,929
G056 Land Charges	1,099	(1,378)	(300)	743	1,806
G057 District Council Elections	16,688	25,000	53,000	0	0
G058 Governance	307,729	332,525	346,499	361,498	372,947
G060 Legal Services	254,969	243,175	239,495	245,752	251,233
G061 Bolsover Wellness Programme	120,549	64,921	45,126	48,307	51,560
G062 Extreme Wheels	(6,758)	26,407	(2,135)	(835)	496
G064 Bolsover Sport	140,734	139,395	143,645	146,959	150,349
G065 Parks, Playgrounds + Open Spaces	39,832	41,364	41,262	45,065	45,830
G069 Arts Projects	49,930	51,157	52,108	53,080	54,075
G070 Outdoor Sports + Recreation Facilities	19,849	19,663	20,021	20,383	20,757
G072 Leisure Services Mgmt + Admin	261,096	263,237	268,810	273,458	278,158
G084 AD of Transformation + Organisation	37,638	0	0	0	0
G086 Alliance	5,250	5,250	5,250	5,250	5,250
G094 Director of Corporate Resources	18,954	0	0	0	0
G100 Benefits	317,857	406,470	450,312	488,712	485,607
G103 Council Tax / NNDR	222,077	384,537	397,236	408,756	420,897
G111 Shared Procurement	46,779	49,171	50,597	51,933	53,295
G115 One Public Estate Shirebrook		0	0	0	0
G117 Payroll	73,228	75,160	76,647	78,151	79,689
G125 S106 Percent for Art	1,815	20,970	0	0	0
G126 S106 Formal + Informal Recreation	45,858	153,067	6,936	16,697	0
G129 Bolsover Apprenticeship Programme	(2,000)	0	0	0	0
G146 Pleasley Vale Outdoor Activity Centre	54,218	56,107	52,671	50,016	50,903
G155 Customer Services (Complaints)	36,596	37,655	33,166	33,935	34,723
G157 Controlling Migration Fund	121,469	1,733	137	138	139
G161 Rent Rebates	(112,204)	(134,349)	(131,783)	(129,443)	(127,321)
G162 Rent Allowances	24,701	38,352	25,493	15,824	7,185

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

	Revised Budget 2021/22 £	Original Budget 2022/23 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £
G164 Support Recharges	(4,020,859)	(4,393,307)	(4,486,758)	(4,606,410)	(4,697,383)
G168 Multifunctional Printers	39,900	37,600	37,600	37,600	37,600
G170 S106 Outdoor Sports	108,757	360,542	0	0	0
G175 Leisure Outdoor Activity Events	0	0	0	0	0
G179 School Sports Programme	(5,377)	0	0	0	1
G180 Special Events	(317)	0	0	0	0
G191 Bolsover Community Lottery	(2,290)	0	0	0	0
G192 Scrutiny	22,626	23,308	23,760	24,283	24,818
G195 AD of Governance + Monitoring	39,192	94,105	96,246	98,430	100,665
G197 AD of Finance + Resources	72,077	93,665	95,806	97,990	100,225
G204 Construction Skills for the Unemployed	4,000	4,000	0	0	0
G207 Balanceability	1,586	0	0	0	0
G218 I-Venture/Namibia Bound	(9,516)	34,484	(9,516)	22,000	0
G220 Locality Funding	(20,665)	0	0	0	0
G228 Go Active Clowne Leisure Centre	171,289	(3,091)	23,091	47,140	72,714
G238 HR Health + Safety	96,763	91,918	90,714	94,766	95,044
G241 Community Rail	(26,025)	0	0	0	0
G244 Bolsover Business Growth Fund	125,102	0	0	0	0
Total for Corporate Resources Directorate	3,622,929	3,551,050	3,003,546	3,070,642	3,074,249
G031 S106 - Biodiversity	0	15,035	0	0	0
G073 Planning Policy	295,092	261,622	267,471	262,734	269,293
G074 Planning Development Control	(97,232)	23,352	14,549	27,463	36,468
G076 Planning Enforcement	115,994	130,039	133,741	114,620	101,008
G079 Senior Urban Design Officer	22,698	23,174	23,706	24,245	24,796
G080 Engineering Services (ESRM)	98,081	99,280	101,091	102,957	104,877
G082 Tourism Promotion + Development	17,025	42,816	45,796	48,976	52,373
G083 Building Control Consortium	55,000	55,000	55,000	55,000	55,000
G085 Economic Development	97,130	29,425	29,425	29,425	29,425
G088 Derbyshire Economic Partnership	15,000	15,000	15,000	15,000	15,000
G089 Premises Development	(38,122)	(44,030)	(42,621)	(41,336)	(40,117)
G090 Pleasley Vale Mills	(56,388)	(164,659)	(162,082)	(159,494)	(156,839)
G091 CISWO Duke St Building	7,000	0	0	0	0
G092 Pleasley Vale Electricity Trading	(62,000)	(67,312)	(72,515)	(73,510)	(73,501)
G095 Estates + Property	526,123	551,714	568,458	583,125	597,416
G096 Building Cleaning (General)	103,546	104,222	106,299	108,360	110,364
G099 Catering	500	500	500	500	500
G109 Director of Development	114,231	141,401	144,615	147,893	151,248
G110 AD of Planning + Development	71,718	86,888	88,877	90,906	92,980
G114 Strategic Investment Fund	30,984	100,000	0	0	0
G128 S106 - Community Facilities	(58,460)	0	0	0	0
G131 Bolsover Community Woodlands Project	0	0	0	5,000	10,000
G132 Planning Conservation	82,885	29,231	35,365	36,174	37,002
G133 The Tangent Business Hub	(54,356)	(54,528)	(52,032)	(49,493)	(46,882)

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

	Revised Budget 2021/22 £	Original Budget 2022/23 £	Forecast 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £
G138 Bolsover TC Regeneration Scheme	19,745	0	0	0	0
G151 Street Lighting	37,625	38,604	39,612	40,650	41,720
G156 The Arc	142,717	155,374	160,874	166,451	172,184
G167 Facilities Management	13,724	9,669	11,838	10,442	11,838
G169 Closed Churchyards	10,000	10,000	10,000	10,000	10,000
G172 S106 Affordable Housing	1,116	0	0	0	0
G188 Cotton Street Contact Centre	29,745	31,007	31,692	32,393	33,014
G193 Business Growth Management + Admin	391,165	365,227	374,883	384,446	393,253
G200 AD of Housing Repairs + Property Services	7,049	8,688	8,886	9,090	9,298
G226 S106 - Highways	0	599,463	0	0	0
G227 S106 - Public Health	18,348	174,981	0	0	0
G237 Joint Venture (LLP)	27,425	0	0	0	0
Total for Development Directorate	1,985,108	2,771,183	1,938,428	1,982,017	2,041,718
G007 Community Safety - Crime Reduction	52,179	62,755	64,366	66,007	67,684
G010 Neighbourhood Management	65,268	66,885	67,544	68,211	68,883
G013 Community Action Network	291,881	295,367	314,594	329,705	337,727
G017 Private Sector Housing Renewal	83,845	85,378	86,576	87,797	89,447
G018 Environmental Health - Covid Team	(91,770)	0	0	0	0
G020 Public Health	(98,000)	(70,000)	(70,000)	(70,000)	(70,000)
G021 Pollution Reduction	202,492	234,844	240,221	245,820	251,293
G022 Env Health - Health + Safety	(470)	0	0	0	0
G023 Pest Control	45,594	33,314	34,282	35,279	36,307
G024 Street Cleansing	319,979	330,528	338,305	344,553	352,453
G025 Food, Health & Safety	133,331	133,397	136,695	140,196	143,216
G026 Animal Welfare	99,136	98,632	100,015	102,735	105,531
G027 Emergency Planning	135,172	16,447	16,447	16,447	16,447
G028 Domestic Waste Collection	979,449	1,020,138	1,058,902	1,090,473	1,118,444
G032 Grounds Maintenance	694,635	717,796	739,264	758,523	779,193
G033 Vehicle Fleet	973,410	1,031,204	1,047,892	1,086,643	1,102,522
G036 Environmental Health Mgmt & Admin	239,970	261,162	265,302	268,342	271,431
G043 Director of Environment + Enforcement	95,291	141,306	144,520	147,798	151,153
G046 Homelessness	159,170	156,600	159,036	161,519	134,056
G048 Town Centre Housing	(10,600)	(10,600)	(10,600)	(10,600)	(10,600)
G053 Licensing	25,591	34,049	36,906	39,525	41,506
G097 Groundwork + Drainage Operations	69,693	72,914	74,601	76,305	78,047
G106 Housing Anti Social Behaviour	120,379	137,313	142,674	148,264	152,423
G113 Parenting Practitioner	35,481	37,779	38,929	40,098	41,292
G123 Riverside Depot	153,407	164,981	168,882	172,962	177,149
G124 Street Servs Mgmt + Admin	44,984	46,078	47,137	48,212	49,307
G135 Domestic Violence Worker	43,468	44,737	45,701	46,680	47,684
G142 Community Safety - CCTV	6,407	0	0	0	0
G143 Housing Strategy	52,441	37,731	34,182	22,650	22,853
G144 Enabling (Housing)	34,402	19,249	19,449	19,650	19,853

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

	Revised	Original			
	Budget	Budget	Forecast	Forecast	Forecast
	2021/22	2022/23	2023/24	2024/25	2025/26
	£	£	£	£	£
G148 Commercial Waste	(145,758)	(141,600)	(142,600)	(143,000)	(143,000)
G149 Recycling	254,178	298,950	326,471	340,430	352,365
G153 Housing Advice	15,295	15,927	16,292	16,664	17,044
G176 Affordable Warmth	21,124	21,631	21,813	21,997	22,182
G198 AD of Enforcement + Housing Management (GF)	28,362	35,049	35,846	36,657	37,486
G199 AD of Street Scene	39,851	86,530	88,507	90,529	92,595
G229 Housing Standards	(2,500)	0	0	0	0
G239 Housing + Comm Safety Fixed Penalty Acc	4,253	1,000	1,000	2,243	1,000
Total for Environment + Enforcement Directorate	5,171,020	5,517,471	5,689,151	5,849,314	5,954,973
Total Net Cost of Services	10,779,057	11,839,704	10,631,125	10,901,973	11,070,940

Housing Revenue Account

APPENDIX 3

	Revised Budget 2021/22	Original Budget 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	£	£	£	£	£
Expenditure					
Repairs and Maintenance	5,283,929	5,886,947	5,706,500	5,814,150	5,891,347
Rents, Rates, Taxes + Other Charges	302,766	295,675	297,774	249,061	250,349
Supervision and Management	5,499,360	5,852,044	5,999,780	6,144,831	6,258,595
Special Services	426,341	436,940	450,330	458,044	465,991
Housing Related Support - Wardens	611,483	639,755	658,795	671,358	684,178
Housing Related Support - Central Control	306,714	343,721	355,227	362,089	369,553
Tenants Participation	84,405	71,055	72,594	91,162	75,763
New Build Schemes Evaluations	600,000	600,000	250,000	250,000	250,000
New Bolsover Project	4,808	5,000	0	0	0
Leasehold Flats	6,606	0	0	0	0
Debt Management Expenses	8,146	8,250	8,498	8,752	9,015
Total Expenditure	13,134,558	14,139,387	13,799,498	14,049,447	14,254,791
Income					
Dwelling Rents	(20,541,465)	(21,768,926)	(22,204,310)	(22,648,390)	(23,101,360)
Non-dwelling Rents	(112,812)	(117,402)	(119,735)	(122,110)	(124,538)
Leasehold Flats and Shops Income	(14,480)	(14,480)	(14,480)	(14,480)	(14,480)
Repairs and Maintenance	(17,538)	(17,708)	(17,500)	(17,500)	(17,500)
Supervision and Management	(562)	0	0	0	0
Special Services	(32,145)	(32,145)	(32,145)	(32,145)	(32,145)
Housing Related Support - Wardens	(404,924)	(129,906)	(132,436)	(135,017)	(137,649)
Housing Related Support - Central Control	(304,466)	(210,767)	(214,982)	(219,281)	(223,666)
New Bolsover Project	(808)	0	0	0	0
Total Income	(21,429,200)	(22,291,334)	(22,735,588)	(23,188,923)	(23,651,338)
Net Cost of Services	(8,294,642)	(8,151,947)	(8,936,090)	(9,139,475)	(9,396,547)
Appropriations:					
Increase in Bad Debt Provision	180,000	130,000	130,000	130,000	130,000
Capital Interest Costs	3,170,593	3,095,942	3,006,373	2,795,098	2,633,063
Investment Interest Income	(1,335)	(1,985)	(1,985)	(1,985)	(1,985)
Depreciation	4,274,630	4,274,630	4,274,630	4,274,630	4,274,630
Transfer to Major Repairs Reserve	1,112,070	725,370	1,112,070	1,112,070	1,112,070
Contribution to HRA Reserves	430,000	566,000	800,000	1,076,000	1,388,000
Use of HRA Earmarked Reserves	(838,906)	(600,000)	(350,000)	(250,000)	(150,000)
Contribution from HRA Balance	(38,693)	(38,693)	(38,693)	0	0
Net Operating (Surplus)	(6,283)	(683)	(3,695)	(3,662)	(10,769)

HRA - Fees and Charges 2022/23

Weekly Charge over 48 Weeks unless otherwise specified
September 2021 Consumer Price Index was 3.1%

	Current £	Proposed £	Change £	Change %
Garages (tenant)	13.05	13.59	0.54	4.1%
Garage - Direct Debit Payment	9.85	10.26	0.40	4.1%
Garage (in curtleidge) (Set at 50% of garage DD payment)	4.93	5.13	0.20	4.1%
Garage plots (billed annually)	211.09	219.75	8.65	4.1%
New Bolsover Service Charge (applies to new tenants only)	2.08	2.17	0.09	4.1%
Special Services Charge (See Note1)	17.08	17.78	0.70	4.1%
Reduced special service (Reduced special services for scheme other than Cat 2 who receive reduced service)	11.39	11.85	0.47	4.1%
Heating Service Charge (See Note 2)				
Bedsits	2.97	3.09	0.12	4.1%
1 bed flat	4.04	4.21	0.17	4.1%
2 bed flat	6.74	7.02	0.28	4.1%
3 bed flat	7.46	7.77	0.31	4.1%
1 bed bungalow	4.49	4.68	0.18	4.1%
2 bed bungalow	5.98	6.22	0.25	4.1%
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	14.57	15.17	0.60	4.1%
Mobile Warden (long term aim to reach cost, increase capped at 10% per year)	7.00	7.70	0.70	10.0%
Lifeline - bronze	5.05	5.26	0.21	4.1%

HRA - Fees and Charges 2022/23

Weekly Charge over 48 Weeks unless otherwise specified
September 2021 Consumer Price Index was 3.1%

	Current	Proposed	Change	Change
	£	£	£	%
Lifeline - gold	7.76	8.08	0.32	4.1%
Lifeline - RSL	4.84	5.03	0.20	4.1%
Buggy Parking (including charging facilities)	4.11	4.28	0.17	4.1%
Choice Based Lettings Postage (suggested cost is twice the cost of a second class stamp)	1.32	1.32	0.00	0.0%

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 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
General Fund					
Asset Management Plan					
Investment Properties	4,799	0	0	0	0
Leisure Buildings	30,359	0	0	0	0
Pleasley Vale Business Park	105,078	0	0	0	0
Riverside Depot	7,159	0	0	0	0
The Arc	103,774	0	0	0	0
The Tangent	15,000	0	0	0	0
Asset Management Plan not yet allocated to an individual scheme	78,531	260,000	260,000	260,000	260,000
	344,700	260,000	260,000	260,000	260,000
Engineering Asset Management Plan					
Car Parks	25,000	25,000	25,000	25,000	25,000
Shelters	10,000	10,000	10,000	10,000	10,000
Lighting	15,000	15,000	15,000	15,000	15,000
Church yards	16,758	0	0	0	0
	66,758	50,000	50,000	50,000	50,000
Assets					
Car Parking at Clowne	13,416	0	0	0	0
Pleasley Vale Mill - Dam Wall	3,796	96,614	0	0	0
Electric Charging Points	27,828	0	0	0	0
Commercial Buildings on Portland St	120,000	0	0	0	0
Shirebrook Crematorium	242,000	0	0	0	0
	407,040	96,614	0	0	0
ICT Schemes					
ICT infrastructure	217,333	198,000	156,000	122,000	52,000
	217,333	198,000	156,000	122,000	52,000
Leisure Schemes					
Playing Pitch Improvements (Clowne)	762,500	0	0	0	0
Go Active Café Equipment	0	25,000	0	0	0
Gym Equipment & Spin Bikes	392,100	0	0	0	0
Go Active Equipment	15,000	15,000	15,000	15,000	15,000
Go Active Gym Flooring	40,000	0	0	0	0
Toning Tables	80,000	0	0	0	0
	1,289,600	40,000	15,000	15,000	15,000
Private Sector Schemes					
Disabled Facility Grants	500,000	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000	500,000
Financial Schemes					
Economic Loan Fund - Capital	10,000	0	0	0	0
	10,000	0	0	0	0
Joint Venture					
Dragonfly Joint Venture Shares	519,150	0	0	0	0
Dragonfly Joint Venture Loan	1,753,202	0	0	0	0
	2,272,352	0	0	0	0
Vehicles and Plant					
Vehicle Replacements	1,222,256	766,000	1,578,000	84,000	64,000
Vehicle Wash Area	1,000	0	0	0	0
Can Rangers Equipment	14,231	0	0	0	0
	1,237,487	766,000	1,578,000	84,000	64,000
Total General Fund	6,345,270	1,910,614	2,559,000	1,031,000	941,000

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
Housing Revenue Account					
New Build Properties					
Avant Creswell	583,736	0	0	0	0
Ashbourne Extension	100,000	1,000,000	0	0	0
Bolsover Homes-yet to be allocated	1,500,000	3,325,000	8,700,000	8,500,000	0
Jubilee Court (2 Bungalows)	0	0	300,000	0	0
Keepmoat Properties at Bolsover	194,267	0	0	0	0
Langwith/Shirebrook Architects	90,000	0	0	0	0
Sandy Lane/Thorpe Ave Whitwell	3,226,650	0	0	0	0
The Whitwell Cluster	1,456,998	0	0	0	0
The Woodlands	0	3,000,000	0	0	0
Valley View (2 Bungalows & extension)	0	750,000	0	0	0
West Street Langwith	40,540	800,000	0	0	0
Harlethorpe Ave Bungalow adaptation	0	125,000	0	0	0
	7,192,191	9,000,000	9,000,000	8,500,000	0
Vehicle Replacements	288,000	351,000	432,000	159,000	0
	288,000	351,000	432,000	159,000	0
Public Sector Housing					
Bramley Vale	50,000	0	1,500,000	0	0
Electrical Upgrades	125,000	125,000	125,000	0	0
Environmental Works	85,976	50,000	50,000	0	0
External Door Replacements	128,741	20,000	20,000	0	0
External Wall Insulation	1,954,000	400,000	0	0	0
Fencing	0	70,000	0	0	0
Flat Roofing	40,000	40,000	40,000	0	0
Heating Upgrades	120,000	0	0	0	0
House Fire Damage	109,723	0	0	0	0
Kitchen Replacements	200,000	200,000	200,000	0	0
Public Sec Housing - not yet allocated	332,000	0	1,190,000	5,284,318	5,281,956
Re Roofing	1,000,000	750,000	750,000	0	0
Regeneration Mgmt. & Admin	94,888	97,810	100,070	102,382	104,744
Safe & Warm	2,066,664	2,400,000	750,000	0	0
Soffit and Facia	30,000	30,000	30,000	0	0
Unforeseen Reactive Capital Works	137,827	217,190	231,630	0	0
Welfare Adaptations	415,425	400,000	400,000	0	0
Wet Rooms (Bungalows)	0	200,000	0	0	0
	6,890,244	5,000,000	5,386,700	5,386,700	5,386,700
ICT Schemes					
Careline Upgrade	46,000	0	0	0	0
Rent Arrears Management System	0	50,000	0	0	0
Open Housing	118,233	50,000	0	0	0
	164,233	100,000	0	0	0
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	1,478,696	0	0	0	0
	1,478,696	0	0	0	0
Total HRA	16,013,364	14,451,000	14,818,700	14,045,700	5,386,700
TOTAL CAPITAL EXPENDITURE	22,358,634	16,361,614	17,377,700	15,076,700	6,327,700

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
Capital Financing					
General Fund					
Better Care Fund	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reserves	(5,230,400)	(964,000)	(1,734,000)	(206,000)	(116,000)
Capital Receipts	0	(446,614)	(325,000)	(325,000)	(325,000)
External Funding	(614,870)	0	0	0	0
	(6,345,270)	(1,910,614)	(2,559,000)	(1,031,000)	(941,000)
HRA					
Major Repairs Allowance	(6,229,217)	(5,000,000)	(5,386,700)	(5,386,700)	(5,386,700)
Prudential Borrowing	(1,155,885)	(1,248,882)	(9,000,000)	(8,500,000)	0
Vehicle Reserve	(452,233)	(451,000)	(432,000)	(159,000)	0
Development Reserve	(1,608,615)	0	0	0	0
Bolsover Homes Capital Reserve	(4,331,107)	(7,751,118)	0	0	0
Capital Receipts	(670,501)	0	0	0	0
External Funding	(1,565,806)	0	0	0	0
	(16,013,364)	(14,451,000)	(14,818,700)	(14,045,700)	(5,386,700)
TOTAL CAPITAL FINANCING	(22,358,634)	(16,361,614)	(17,377,700)	(15,076,700)	(6,327,700)

Medium Term Financial Plan 2022/23 to 2025/26

Introduction to the report



- Finances for the Council for the years 2022/23 to 2025/26.
- Includes revenue and capital expenditure.
- Includes General Fund (GF) and Housing Revenue Account (HRA) expenditure and income.
- Council Tax implications are discussed.
- HRA dwelling rents are proposed.
- Capital Programme detailed.

- The report contains:
 - Appendix 1 is GF summary
 - Appendix 2 gives the GF detail.
 - Appendix 3 is HRA summary
 - Appendix 3 table 1 gives HRA fees and charges
 - Appendix 4 gives the capital programme detail

Revenue or Capital?



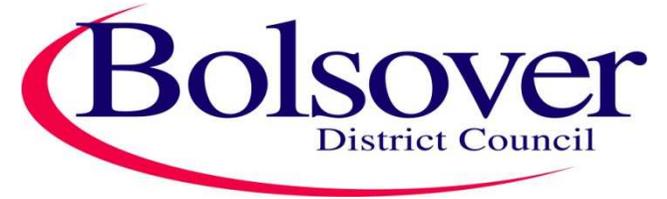
- The revenue budget is the term used to describe the amount spent on the Council's day-to-day running of services.
- In addition to the costs of running services, we also have to fund the costs of borrowing money to pay for capital assets.
- The capital budget covers the money the Council spends on investing in or the construction of buildings, infrastructure and expensive pieces of plant or equipment.
- It also includes grants and advances made to the private sector for capital purposes, such as grants for disabled adaptations.
- As a Council we have decided anything costing less than £10,000 is automatically revenue, unless a number of the same item are purchased such as photocopiers.

What is the HRA?



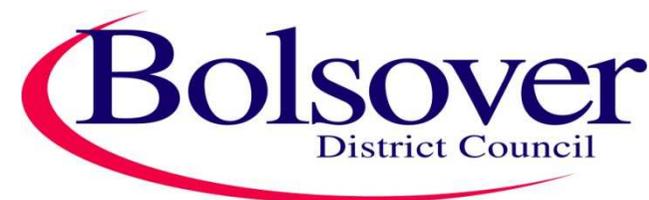
- Housing Revenue Account
- 'Councils with more than 50 properties are required to maintain a separate account that contains all the income and expenditure necessary to manage and maintain their housing stock.'
- This is a ring-fenced account and all transactions must be kept separate from other Council income and expenditure.
- The Council must balance the HRA each year, they must not budget for a deficit after the working balance is taken into account.
- Housing rents provide the income for the HRA and this must not be used to pay for general fund items.
- The main area of expense is the repair and maintenance of properties and interest and debt repayments.
- Separation applies to revenue and capital expenditure.

What is the GF?



- Any transaction that is not housing is automatically general fund!
- The main sources of income are business rates, council tax and a small amount of government grant.
- The main cost for GF is salaries.
- GF income must not be used to pay for HRA expenditure.
- Again, we have to keep separate, revenue and capital expenditure.

The proposed General Fund revenue budgets



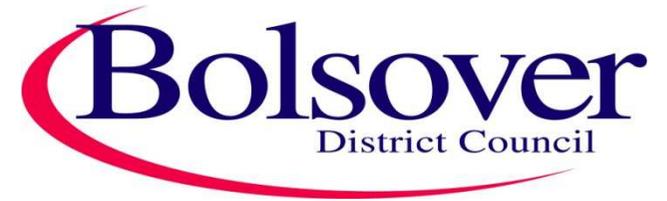
06

	2022/23 Original Budget £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000
Current Budget Shortfall	82	18	0	1,212
Pension costs to be funded by GF balance	(82)	(18)	0	0
Basic assumption for future council tax increases	(112)	(222)	(332)	(442)
Potential new income	(443)	(1,097)	(1,682)	(2,141)
Closing Budget Surplus	(555)	(1,319)	(2,014)	(1,371)

Government Funding

- Yet again a delay to the 'real' Spending Review 2021.
- 2019/20 was rolled over into 2020/21 and then 2021/22 and now it's been rolled into 2022/23.
- New homes bonus extra £0.608m
- Business rates £1.532m
- Revenue support grant £1.232m
- Lower Tier Services grant £0.131m
- 2022/23 Services grant £0.202m
- **These are only a one year benefit!**
- 2023/24 onwards reverts to previous assumptions.
- The Spending Review 2022 is expected to introduce the changes to Local Government funding that we've been waiting for.

NNDR Growth Protection Reserve



- Established a few years ago from business rates income.
- A savings pot to fund GF for when the growth is taken from us.
- In recent years any excess government income has been transferred in.
- Contributions to and use of, the reserve:

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	2022/23 £'m	2023/24 £'m	2024/25 £'m	2025/26 £'m
Movement (to)/from reserve	(0.004)	3.262	2.990	1.802

Council Tax implications – Band D

- The Council's part of the bill in 2021/22 was increased by 2.75%.
- This year we are again limited to 2% or £5 whichever is greater.

£3

Increase	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
1%	188.14	1.86	0.04	41,753
2%	190.00	3.73	0.07	83,560
2.68%	191.28	5.00	0.10	112,163

- For 2022/23, 2.68% is proposed, which is £5 for a band D property.

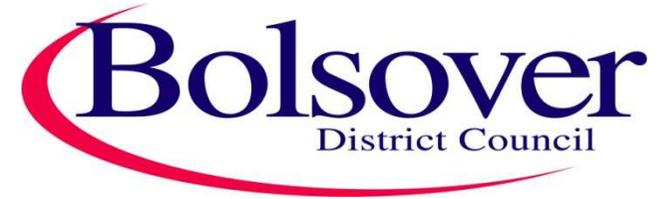
The proposed Housing Revenue Account revenue budgets



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	2022/23 Original Budget £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000
Expenditure	14,139	13,799	14,049	14,255
Income	(22,291)	(22,735)	(23,189)	(23,651)
Net Cost of Service	(8,152)	(8,936)	(9,140)	(9,396)
Depreciation	4,275	4,275	4,275	4,275
Net t/f to reserves and balances	3,877	4,657	4,861	5,111
Net (Surplus)	(0)	(4)	(4)	(10)

Proposed HRA dwelling rents and fees and charges



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- In 2021/22 rents were set in line with Government regulations with an increase of Consumer Price Index (CPI) plus 1% = 1.5%.
- For 2022/23 – 2025/26 we are still allowed CPI plus 1%.
- For 2022/23 the increase is 4.1%.
- 2% has been assumed for all future years of the plan.
- Voids (empty property levels) for 2022/23 – 2025/26, 3% has been included. Rents reduced by £673k in 2022/23.
- In 2022/23, 1% of the dwelling rent income means £224k.
- Fees and Charges increased by 4.1% where an increase has been applied.

Proposed Dwelling Rents

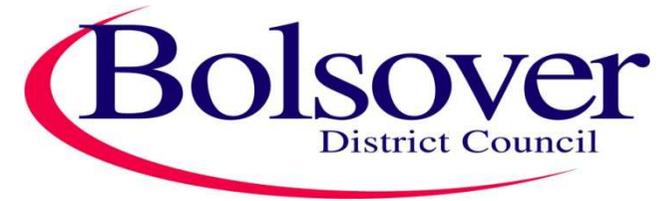


- Average rent increases on a 48 week basis, excluding service charges are:

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Increase	New Rent Charge	Annual Increase	Weekly Increase	Range of New Rent Charge
4.1%	£88.92	£155.04	£3.23	£64.40 - £115.69
Average for Social Rent properties				
4.1%	£117.11	£204.00	£4.25	£83.79 - £206.12
Average for Affordable Rent properties				

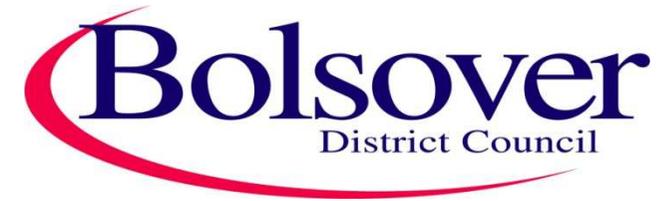
The GF Capital Programme



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	2022/23 Original Programme £'000	2023/24 Forecast Programme £'000	2024/25 Forecast Programme £'000	2025/26 Forecast Programme £'000
Building Assets	406	310	310	310
IT Schemes	198	156	122	52
Leisure Schemes	40	15	15	15
Disabled Facilities Grants	500	500	500	500
Vehicles and Plant	766	1,578	84	64
GF Total	1,910	2,559	1,031	941

The HRA Capital Programme



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	2022/23 Original Programme £'000	2023/24 Forecast Programme £'000	2024/25 Forecast Programme £'000	2025/26 Forecast Programme £'000
New Build Properties	9,000	9,000	8,500	0
Vehicles	351	432	159	0
Public Sector Housing Schemes	5,000	5,387	5,387	5,387
IT Schemes	100	0	0	0
HRA Total	14,451	14,819	14,046	5387

Any Questions?

Bolsover District Council

Audit & Corporate Overview Scrutiny Committee

20th January 2022

TREASURY STRATEGY REPORTS

2022/23 – 2025/26

Report of the Portfolio Holder for Finance

Classification: This report is public

Report By: Assistant Director of Finance and Resources

Contact Officer: Theresa Fletcher – 01246 242458
theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

To provide Council with the necessary information to approve the Authority's suite of Treasury Strategies for 2022/23 to 2025/26.

REPORT DETAILS

1 Background

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 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 CIPFA issued a revised Prudential Code and Treasury Management Code in late December 2021. Due to the lateness the Codes were released, CIPFA are allowing a 'soft launch' of the Codes. This means the 2022/23 strategies are not based on the new Codes but The Council needs to be aware of the principals in the revised Codes and ensure that we adhere to them in all our activities. The 2023/24 strategy reports will include the full implementation of the revised Codes.
- 1.3 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 then 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.

- 1.4 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 2022/23 to 2025/26. 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)**.
- 1.5 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)**.
- 1.6 The Corporate Investment Strategy focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management. Investments covered by this strategy include earning investment income through commercial investments or by supporting local services by lending to or buying shares in, other organisations **(Appendix 3)**.

2. Reasons for Recommendation

- 2.1 This report outlines the Authority's proposed suite of Treasury Strategies for the period 2022/23 to 2025/26 for consideration and approval by Council. It contains:
- The Treasury Management Strategy which provides the framework for managing the Authority's cash flows, borrowing and investments for the period.
 - The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Authority's services.
 - The Corporate Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

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

3 Alternative Options and Reasons for Rejection

- 3.1 Alternative options are considered throughout the report.

RECOMMENDATIONS

1. It is recommended that Council approve the Treasury Management Strategy at **Appendix 1** and in particular:
 - a) Approve the Borrowing Strategy.

- b) Approve the Treasury Management Investment Strategy.
 - c) Approve the use of the external treasury management advisors Counterparty Weekly List – or similar – to determine the latest assessment of the counterparties that meet the Authority’s Criteria before any investment is undertaken.
 - d) Approve the Prudential Indicators.
2. It is recommended that Council approve the Capital Strategy as set out in **Appendix 2** and in particular:
- a) Approve the Capital Financing Requirement.
 - b) Approve the Minimum Revenue Provision Statement for 2022/23.
 - c) Approve the Prudential Indicators for 2022/23 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£127.888m
Operational Boundary	£122.888m
Capital Financing Requirement	£117.888m

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

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

IMPLICATIONS

Finance and Risk: Yes No

Details:

Financial implications are covered throughout this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes No

Details:

As part of the requirements of the CIPFA Treasury Management Code of Practice the Authority is required to produce every year a Treasury Management Strategy and Capital Strategy which requires approval by full Council prior to the commencement of each financial year. This report is prepared in order to comply with these obligations. There are no data protection implications arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing: Yes No

Details:

There are no human resource implications arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

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 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	All
Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Portfolio Holder

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Strategy
2	Capital Strategy
3	Corporate Investment Strategy
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)	
None	

Bolsover District Council

Treasury Management Strategy 2022/23 - 2025/26

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 2022/23 to 2025/26 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 ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.
- 1.7 The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain

the asset purchase programme. Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however due to the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

- 1.8 UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% year-on-year from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%. In October 2021, the headline 3-month average annual growth rates for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.
- 1.9 Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% quarter-on-quarter rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.
- 1.10 GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% year-on-year in November, the fourth month of successive increases from July's 0.7% year-on-year. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.
- 1.11 The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continued to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

- 1.12 **Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.
- 1.13 The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign rating as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.
- 1.14 Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.
- 1.15 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates. Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.
- 1.16 Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.
- 1.17 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix 1A**.
- 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 0.25%.

Local Context

1.19 On 31st December 2021, the Authority held £93.4m of borrowing and £44.9m of treasury investments. This is set out in further detail at **Appendix 1B**. Forecast changes in these sums are shown in the balance sheet analysis in **table 1** below.

Table 1: Balance sheet summary and forecast

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
General Fund CFR	7.5	6.7	6.3	5.9	5.7	5.5
HRA CFR	109.1	110.3	111.6	120.6	129.1	129.1
Total CFR	116.6	117.0	117.9	126.5	134.8	134.6
Less: Actual External borrowing *	(97.1)	(93.4)	(89.4)	(86.0)	(78.8)	(76.8)
Less: Approved External borrowing **	0	0	0	(9.0)	(17.5)	(17.5)
Internal borrowing	19.5	23.6	28.5	31.5	38.5	40.3
Less: Balance sheet resources	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)	(50.4)
Less: Working Capital	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)	(7.1)
Treasury Investments	38.0	33.9	29.0	26.0	19.0	17.2

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

**shows loans which the Authority has approval to undertake to fund Bolsover Homes

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. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2022/23.

1.21 The Authority has a decreasing General Fund 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 2020/21 to 2022/23 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

	31.3.21 Actual £m	31.3.22 Estimate £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
CFR	116.6	117.0	117.9	126.5	134.8	134.6
Less: Balance sheet resources & Working Capital	(57.5)	(57.5)	(57.5)	(57.5)	(57.5)	(57.5)
Net loans requirement	59.1	59.5	60.4	69.0	77.3	77.1
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	69.1	69.5	70.4	79.0	87.3	87.1

Borrowing Strategy

1.23 The Authority currently holds £93.4m of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority may utilise the approval to undertake HRA borrowing during the period 2022/23 to 2025/26 to fund Bolsover Homes, as an alternative to the development reserve, as approved.

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 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.27 The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local

authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

1.28 Alternatively, the Authority may arrange forward starting loans during 2022/23, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- 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 issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.

- 1.33 **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 £41m 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 £35m and £45m, and similar levels are expected to be maintained in the forthcoming year.
- 1.37 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 1.38 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:** The COVID-19 pandemic has increased the risk that the Bank of England will 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. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. 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 may wish to diversify into more secure and higher yielding asset classes during 2022/23. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, short term fixed deposits with local authorities and money market funds. This diversification would represent a substantial change in strategy.

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

1.42 **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

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

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

1.44 **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 Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

1.45 **Secured investments:** Investments secured on the borrower’s assets, which limits the potential losses in the event of insolvency. The amount and quality of the security

will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- 1.46 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 1.47 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 1.48 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 1.49 **Strategic pooled funds:** Bond, equity and property funds that 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.
- 1.50 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 1.51 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk

- 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. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 1.54 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 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office

or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

1.57 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 entities under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Additional Investment limits

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

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

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% <u>rise</u> in interest rates	£149,730

Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£149,730)
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1.61 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at new market rates.

1.62 **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	2022/23	2023/24	2024/25	2025/26
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, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit. In line with the CIPFA code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.
- 1.69 **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 long-term loans which existed prior to this settlement (e.g. Premiums and discounts on early redemption) will be charged / credited to the respective revenue account based on the average CFR of the General Fund and HRA. Loans taken out as part of the self-financing settlement are assigned to the HRA loans pool and interest and other costs are payable from the HRA. Any new long-term loans borrowed will be assigned in their entirety to either the General Fund or HRA, there will be no single loans pool.
- 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.
- 1.71 **Financial Implications:** The budget for investment income in 2022/23 is £88,998, based on an average investment portfolio of £36 million at an interest rate of 0.25%. The budget for debt interest paid in 2022/23 is £3.2 million, based on an average debt portfolio of £116.3 million at an average interest rate of 2.81%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 1.72 **Other Options Considered:** The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

Appendix 1A – Arlingclose Economic & Interest Rate Forecast – December 2021

Underlying assumptions:

- The global recovery from the pandemic has entered a more challenging phase. The resurgence in demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. The advent of the Omicron variant of coronavirus is affecting activity and is also a reminder of the potential downside risks.
- Despite relatively buoyant activity survey data, official GDP data indicates that growth was weakening into Q4 2021. Other data, however, suggested continued momentum, particularly for November. Retail sales volumes rose 1.4%, PMIs increased, and the labour market continued to strengthen. The end of furlough did not appear to have had a significant impact on unemployment. Wage growth is elevated.
- The CPI inflation rate rose to 5.1% for November and will rise higher in the near term. While the transitory factors affecting inflation are expected to unwind over time, policymakers' concern is persistent medium term price pressure.
- These factors prompted the MPC to raise Bank Rate to 0.25% at the December meeting. Short term interest rate expectations remain elevated.
- The outlook, however, appears weaker. Household spending faces pressures from a combination of higher prices and tax rises. In the immediate term, the Omicron variant has already affected growth – Q4 and Q1 activity could be weak at best.
- Longer-term government bond yields remain relatively low despite the more hawkish signals from the BoE and the Federal Reserve. Investors are concerned that significant policy tightening in the near term will slow growth and prompt the need for looser policy later. Geo-political and coronavirus risks are also driving safe haven buying. The result is a much flatter yield curve, as short-term yields rise even as long-term yields fall.
- The rise in Bank Rate despite the Omicron variant signals that the MPC will act to bring inflation down whatever the environment. It has also made clear its intentions to tighten policy further. While the economic outlook will be challenging, the signals from policymakers suggest their preference is to tighten policy unless data indicates a more severe slowdown.

Forecast:

- The MPC will want to build on the strong message it delivered this month by tightening policy despite Omicron uncertainty.

- Arlingclose therefore expects Bank Rate to rise to 0.50% in Q1 2022, but then remain there. Risks to the forecast are initially weighted to the upside, but becoming more balanced over time. The Arlingclose central forecast remains below the market forward curve.
- Gilt yields will remain broadly flat from current levels. Yields have fallen sharply at the longer end of the yield curve, but expectations of a rise in Bank Rate have maintained short term gilt yields at higher levels.
- Easing expectations for Bank Rate over time could prompt the yield curve to steepen, as investors build in higher inflation expectations.
- The risks around the gilt yield forecasts vary. The risk for short and medium term yields is initially on the upside but shifts lower later. The risk for long-term yields is weighted to the upside.

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
3-month money market rate													
Upside risk	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
Downside risk	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
5yr gilt yield													
Upside risk	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
Arlingclose Central Case	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
Downside risk	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
10yr gilt yield													
Upside risk	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
Arlingclose Central Case	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
Downside risk	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
20yr gilt yield													
Upside risk	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
50yr gilt yield													
Upside risk	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
Downside risk	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Existing Investment & Debt Portfolio Position

	31.12.21 Actual Portfolio £m	31.12.21 Average Rate %
External borrowing:		
Public Works Loan Board	93.4	3.73%
Total external borrowing	93.4	3.73%
Other long-term liabilities:		
Finance Leases	0	0
Total other long-term liabilities	0	0
Total gross external debt	93.4	3.73%
Treasury investments:		
Banks & building societies (unsecured)	5.0	0.12%
Government (incl. local authorities)	15.4	0.34%
Money Market Funds	24.5	0.03%
Total treasury investments	44.9	0.16%
Net debt	48.5	

Bolsover District Council

Capital Strategy 2022/23 - 2025/26

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 2022/23 to 2025/26 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 2022/23, the Authority is planning capital expenditure of £16.362m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
General Fund services	1.368	4.063	1.911	2.559	1.031	0.941
Council housing (HRA)	10.286	16.014	14.451	14.819	14.046	5.387
Capital investments	0	2.282	0	0	0	0
TOTAL	11.654	22.359	16.362	17.378	15.077	6.328

1.8 The main General Fund capital projects for 2022/23 include Grants for Disabled Facilities £0.500m and the purchase of Vehicles and Plant £0.766m.

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

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

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

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

Table 2: Capital financing

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
External sources (Better Care Fund for 22/23 onwards)	0.757	2.681	0.500	0.500	0.500	0.500
Own resources	8.921	18.522	14.613	7.878	6.077	5.828
Debt	1.976	1.156	1.249	9.000	8.500	0
TOTAL	11.654	22.359	16.362	17.378	15.077	6.328

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

Table 3: Replacement of prior years' debt finance

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
MRP	0.700	0.705	0.443	0.365	0.218	0.212
Capital receipts	0	0	0	0	0	0
TOTAL	0.700	0.705	0.443	0.365	0.218	0.212

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

1.14 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to decrease by £0.443m during 2022/23. 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

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m
General Fund services	7.428	6.742	6.300	5.934	5.717	5.505
Council housing (HRA)	109.136	110.339	111.588	120.588	129.088	129.088
Capital investments	0	0	0	0	0	0
TOTAL CFR	116.564	117.081	117.888	126.522	134.805	134.593

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

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

1.16 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority 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

	2020/21 actual £m	2021/22 forecast £m	2022/23 budget £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m
Asset sales	0.197	0.800	0.150	0.150	0.150	0.150

Treasury Management

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

1.18 Due to decisions taken in the past, the Authority currently has £93.4m borrowing at an average interest rate of 3.73% and £44.9m treasury investments at an average rate of 0.16%.

1.19 **Borrowing strategy:** The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.10%) and long-term fixed rate loans where the future cost is known but higher (currently 1.5 to 2.5%).

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

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

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m
Debt	97.706	94.291	90.291	86.891	79.691	77.691

Capital Financing Requirement	116.564	117.081	117.888	126.522	134.805	134.593
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1.21 Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from **table 6**, the Authority expects to comply with this in the medium term.

1.22 **Liability benchmark:** To compare the Authority’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. This benchmark was £69.1m at 31.3.21 and is forecast to increase to £87.1m 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

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m
Actual Outstanding PWLB borrowing	97.1	93.4	89.4	86.0	78.8	76.8
Approved External borrowing	0	0	0	9.0	17.5	17.5
Total predicted External Borrowing	97.1	93.4	89.4	95.0	96.3	94.3
Liability benchmark	69.1	69.5	70.4	79.0	87.3	87.1

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

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

	2021/22 limit £m	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m
Authorised limit	127.081	127.888	136.522	144.805	144.593
Operational boundary	122.081	122.888	131.522	139.805	139.593

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

- 1.24 **Corporate Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.25 The Authority's policy on treasury investments is to prioritise security and liquidity over yield. That is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments

	31.3.2021 actual £m	31.3.2022 forecast £m	31.3.2023 budget £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m
Near-term investments	38.0	33.9	29.0	26.0	18.7	17.2
Longer-term investments	0	0	0	0	0	0
TOTAL	38.0	33.9	29.0	26.0	18.7	17.2

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

- 1.26 **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. The treasury management prudential indicators are on pages 11 and 12 of the treasury management strategy
- 1.27 **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 and Corporate Overview Scrutiny committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

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

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

1.30 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.

1.31 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.

1.32 **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

Liabilities

1.33 In addition to debt of £90.291m detailed above, the Authority is committed to making future payments to cover its net pension fund deficit (valued at £55.2m). It has also set aside £1.7m to cover risks of future legal costs and Business Rates Appeals. (All figures are as at 31/3/21).

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

- Further details on liabilities are in notes 21 and 38 of the 2020/21 Statement of Accounts document, which is available on our website.

Revenue Budget Implications

- 1.35 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

	2020/21 actual	2021/22 forecast	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget
Financing costs (£m)	0.764	0.877	0.465	0.375	0.190	0.147
Proportion of net revenue stream	5.59%	6.91%	3.08%	3.39%	1.67%	1.15%

- 1.36 **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

- 1.37 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 Executive Director of Strategy and Development is a member of the Chartered Institute of Building (MCIOB).
- 1.38 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

- 1.39 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;

- 1.40 Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Authority. This service is subject to regular review. It should be noted that the Authority has Arlingclose Ltd as external treasury management advisors until 22nd August 2022.
- 1.41 It is important that both Members and Officers dealing with treasury management are trained and kept up to date with current developments. This Authority has addressed these requirements by:
- a. Members' individual training and development needs are addressed by a Member Development Programme.
 - b. Officers attend training seminars held by the external treasury management advisors and CIPFA.

Banking Contract

- 1.42 The contract with the Authority's banking provider Lloyds Bank, has been reviewed and extended to 9th February 2025.

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY

	Revised Budget 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
General Fund					
Asset Management Plan					
Investment Properties	4,799	0	0	0	0
Leisure Buildings	30,359	0	0	0	0
Pleasley Vale Business Park	105,078	0	0	0	0
Riverside Depot	7,159	0	0	0	0
The Arc	103,774	0	0	0	0
The Tangent	15,000	0	0	0	0
Asset Management Plan not yet allocated to an individual scheme	78,531	260,000	260,000	260,000	260,000
	344,700	260,000	260,000	260,000	260,000
Engineering Asset Management Plan					
Car Parks	25,000	25,000	25,000	25,000	25,000
Shelters	10,000	10,000	10,000	10,000	10,000
Lighting	15,000	15,000	15,000	15,000	15,000
Church yards	16,758	0	0	0	0
	66,758	50,000	50,000	50,000	50,000
Assets					
Car Parking at Clowne	13,416	0	0	0	0
Pleasley Vale Mill - Dam Wall	3,796	96,614	0	0	0
Electric Charging Points	27,828	0	0	0	0
Commercial Buildings on Portland St	120,000	0	0	0	0
Shirebrook Crematorium	242,000	0	0	0	0
	407,040	96,614	0	0	0
ICT Schemes					
ICT infrastructure	217,333	198,000	156,000	122,000	52,000
	217,333	198,000	156,000	122,000	52,000
Leisure Schemes					
Playing Pitch Improvements (Clowne)	762,500	0	0	0	0
Go Active Café Equipment	0	25,000	0	0	0
Gym Equipment & Spin Bikes	392,100	0	0	0	0
Go Active Equipment	15,000	15,000	15,000	15,000	15,000
Go Active Gym Flooring	40,000	0	0	0	0
Toning Tables	80,000	0	0	0	0
	1,289,600	40,000	15,000	15,000	15,000
Private Sector Schemes					
Disabled Facility Grants	500,000	500,000	500,000	500,000	500,000
	500,000	500,000	500,000	500,000	500,000
Financial Schemes					
Economic Loan Fund - Capital	10,000	0	0	0	0
	10,000	0	0	0	0
Joint Venture					
Dragonfly Joint Venture Shares	519,150	0	0	0	0
Dragonfly Joint Venture Loan	1,753,202	0	0	0	0
	2,272,352	0	0	0	0
Vehicles and Plant					
Vehicle Replacements	1,222,256	766,000	1,578,000	84,000	64,000
Vehicle Wash Area	1,000	0	0	0	0
Can Rangers Equipment	14,231	0	0	0	0
	1,237,487	766,000	1,578,000	84,000	64,000
Total General Fund	6,345,270	1,910,614	2,559,000	1,031,000	941,000

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY

	Revised Budget 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
Housing Revenue Account					
New Build Properties					
Avant Creswell	583,736	0	0	0	0
Ashbourne Extension	100,000	1,000,000	0	0	0
Bolsover Homes-yet to be allocated	1,500,000	3,325,000	8,700,000	8,500,000	0
Jubilee Court (2 Bungalows)	0	0	300,000	0	0
Keepmoat Properties at Bolsover	194,267	0	0	0	0
Langwith/Shirebrook Architects	90,000	0	0	0	0
Sandy Lane/Thorpe Ave Whitwell	3,226,650	0	0	0	0
The Whitwell Cluster	1,456,998	0	0	0	0
The Woodlands	0	3,000,000	0	0	0
Valley View (2 Bungalows & extension)	0	750,000	0	0	0
West Street Langwith	40,540	800,000	0	0	0
Harlethorpe Ave Bungalow adaptation	0	125,000	0	0	0
	7,192,191	9,000,000	9,000,000	8,500,000	0
Vehicle Replacements	288,000	351,000	432,000	159,000	0
	288,000	351,000	432,000	159,000	0
Public Sector Housing					
Bramley Vale	50,000	0	1,500,000	0	0
Electrical Upgrades	125,000	125,000	125,000	0	0
Environmental Works	85,976	50,000	50,000	0	0
External Door Replacements	128,741	20,000	20,000	0	0
External Wall Insulation	1,954,000	400,000	0	0	0
Fencing	0	70,000	0	0	0
Flat Roofing	40,000	40,000	40,000	0	0
Heating Upgrades	120,000	0	0	0	0
House Fire Damage	109,723	0	0	0	0
Kitchen Replacements	200,000	200,000	200,000	0	0
Public Sec Housing - not yet allocated	332,000	0	1,190,000	5,284,318	5,281,956
Re Roofing	1,000,000	750,000	750,000	0	0
Regeneration Mgmt. & Admin	94,888	97,810	100,070	102,382	104,744
Safe & Warm	2,066,664	2,400,000	750,000	0	0
Soffit and Facia	30,000	30,000	30,000	0	0
Unforeseen Reactive Capital Works	137,827	217,190	231,630	0	0
Welfare Adaptations	415,425	400,000	400,000	0	0
Wet Rooms (Bungalows)	0	200,000	0	0	0
	6,890,244	5,000,000	5,386,700	5,386,700	5,386,700
ICT Schemes					
Careline Upgrade	46,000	0	0	0	0
Rent Arrears Management System	0	50,000	0	0	0
Open Housing	118,233	50,000	0	0	0
	164,233	100,000	0	0	0
New Bolsover Scheme (inc HLF)					
New Bolsover-Regeneration Scheme	1,478,696	0	0	0	0
	1,478,696	0	0	0	0
Total HRA	16,013,364	14,451,000	14,818,700	14,045,700	5,386,700
TOTAL CAPITAL EXPENDITURE	22,358,634	16,361,614	17,377,700	15,076,700	6,327,700

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2021/22 £	Original Programme 2022/23 £	Forecast Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £
Capital Financing					
General Fund					
Better Care Fund	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
Reserves	(5,230,400)	(964,000)	(1,734,000)	(206,000)	(116,000)
Capital Receipts	0	(446,614)	(325,000)	(325,000)	(325,000)
External Funding	(614,870)	0	0	0	0
	(6,345,270)	(1,910,614)	(2,559,000)	(1,031,000)	(941,000)
HRA					
Major Repairs Allowance	(6,229,217)	(5,000,000)	(5,386,700)	(5,386,700)	(5,386,700)
Prudential Borrowing	(1,155,885)	(1,248,882)	(9,000,000)	(8,500,000)	0
Vehicle Reserve	(452,233)	(451,000)	(432,000)	(159,000)	0
Development Reserve	(1,608,615)	0	0	0	0
Bolsover Homes Capital Reserve	(4,331,107)	(7,751,118)	0	0	0
Capital Receipts	(670,501)	0	0	0	0
External Funding	(1,565,806)	0	0	0	0
	(16,013,364)	(14,451,000)	(14,818,700)	(14,045,700)	(5,386,700)
TOTAL CAPITAL FINANCING	(22,358,634)	(16,361,614)	(17,377,700)	(15,076,700)	(6,327,700)
Capital Reserves					
Major Repairs Reserve					
Opening Balance	(1,334,019)	(491,502)	(491,502)	(491,502)	(491,502)
Amount due in Year	(5,386,700)	(5,000,000)	(5,386,700)	(5,386,700)	(5,386,700)
Amount used in Year	6,229,217	5,000,000	5,386,700	5,386,700	5,386,700
Closing Balance	(491,502)	(491,502)	(491,502)	(491,502)	(491,502)
HRA Development Reserve					
Opening Balance	(2,503,941)	(1,095,326)	(1,545,326)	(2,045,326)	(2,895,326)
Amount due in Year	(200,000)	(450,000)	(500,000)	(850,000)	(850,000)
Amount used in Year	1,608,615	0	0	0	0
Closing Balance	(1,095,326)	(1,545,326)	(2,045,326)	(2,895,326)	(3,745,326)
HRA Vehicle Reserve					
Opening Balance	(596,065)	(323,832)	(168,832)	(88,832)	(205,832)
Amount due in Year	(180,000)	(296,000)	(352,000)	(276,000)	(288,000)
Amount used in Year	452,233	451,000	432,000	159,000	0
Closing Balance	(323,832)	(168,832)	(88,832)	(205,832)	(493,832)
1-4-1 Capital Receipts Reserve					
Opening Balance	(519,589)	(49,088)	(249,088)	(449,088)	(649,088)
Amount due in Year	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
Amount used in Year	670,501	0	0	0	0
Closing Balance	(49,088)	(249,088)	(449,088)	(649,088)	(849,088)

Annual Minimum Revenue Provision Statement 2022/23

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.

In 2019/20 the Authority took steps to reduce the amount of MRP charged by swapping the financing of the capital programme from borrowing to the use of reserves. No new general fund borrowing costs are planned to be incurred.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2022, the budget for MRP for borrowing incurred in previous years' has been set as follows:

	31.03.2022 Estimated CFR £m	2022/23 Estimated MRP £
Capital expenditure before 01.04.2008	0.153	0.148
Unsupported capital expenditure incurred 31.03.2008 – 31.03.2019	0.552	0.295
Finance leases	0	0
Total General Fund	0.705	0.443
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	0	0
Total Housing Revenue Account	0	0
Total	0.705	0.443

Bolsover District Council

Corporate Investment Strategy 2022/23 - 2025/26

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 2022/23 to 2025/26 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 £35m and £45m during the 2022/23 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 2022/23 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	31.3.2021 actual			2022/23
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Joint Ventures - Dragonfly	£0.867m	0	£0.867m	£6m
Business Partners	0	0	0	£5m
Parish / Town Councils	0	0	0	£5m
Local charities	0	0	0	£5m
Housing associations	0	0	0	£5m
Community Groups	0	0	0	£5m
TOTAL	£0.987m	0	£0.987m	

- 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	31.3.2021 actual			2022/23
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Joint Venture - Dragonfly	£0.108m	0	£0.108m	£1.000m
TOTAL	£0.122m	0	£0.122m	£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 2021/22 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 Executive Directors / Assistant Directors, 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	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Treasury management investments	£37.956	£33.900	£29.000
Service investments: Loans	£0.867	£1.100	£1.053
Service investments: Shares	£0.108	£0.137	£0.131
TOTAL INVESTMENTS	£38.931	£35.137	£30.184
Commitments to lend	£1.753	£1.520	£1.000
TOTAL EXPOSURE	£40.684	£36.657	£31.184

- 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.

Table 4: Investments funded by borrowing

Investments funded by borrowing	31.03.2021 Actual	31.03.2022 Forecast	31.03.2023 Forecast
Joint Venture - Dragonfly	0	0	0
TOTAL FUNDED BY BORROWING	0	0	0

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

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

Investments net rate of return	2020/21 Actual	2021/22 Forecast	2022/23 Forecast
Treasury management investments	0.39%	0.10%	0.25%
ALL INVESTMENTS	0.39%	0.10%	0.25%

- 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.

Strategy Reports 2022/23

Introduction

- Conducted within the framework of Cipfa's Treasury Management in the Public Services: Code of Practice 2017.
- Authority to approve a Treasury Management Strategy before 1st of April.
- In the past Treasury Management Strategy contained all the information.
- Now produce 3 separate strategies.
- In February all will be reported to Council for approval.
- Here for you to consider and pass on any comments to Council.

The Treasury Management Strategy – Appendix 1

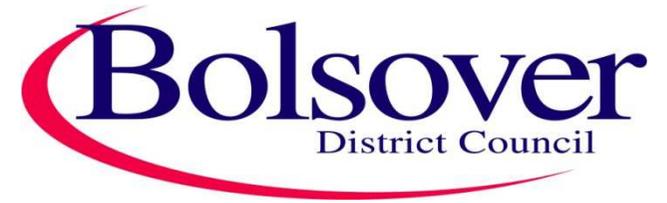
- Treasury Management is the management of the Authority's cash flows borrowing and investments and the associated risks.
 - The Authority is exposed to financial risks due to its investments and borrowing.
 - The identification, monitoring and control of financial risk are central to the Authority's financial management.

The Treasury Management Strategy contains:



- 1.6 – 1.22 External / local context.
- 1.23 – 1.35 The Borrowing strategy.
- 1.36 – 1.58 The Treasury Management Investment strategy.
- 1.59 – 1.64 Treasury management indicators.
- 1.65 onwards Information about derivatives and related matters.

The Capital Strategy - Appendix 2



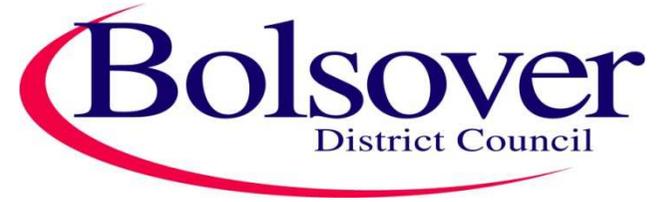
- Introduced by 2017 edition of the Prudential Code.
- Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year.
- Assets below £10,000 are not capitalised.

Capital Financing



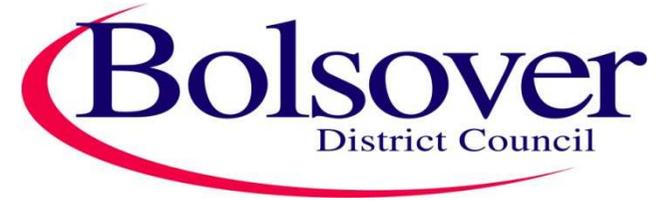
- All capital expenditure must be financed either from:
- External sources such as government grants and other contributions.
- The Council's own resources (revenue, reserves and capital receipts) or
- Debt, which is borrowing and leasing.

Public Works Loans Board (PWLB)



- The Council has previously raised all of its long term borrowing from the PWLB.
- The PWLB will no longer lend to Council's that are planning to buy investment assets primarily for yield.
- The Council intends to avoid this activity in order to retain access to PWLB loans for capital projects such as Bolsover Homes.

When Capital is Financed by Debt



- Debt is only a temporary source of finance, since loans must be repaid.
- 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 the debt.
- The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR).
- This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

The Capital Strategy contains:



- Table 1 Capital expenditure plans – summary.
- Appendix 2A Capital expenditure plans – detail.
- Table 2 how the capital expenditure will be financed – summary.
- Table 3 at 1.13 has the revenue implications of capital debt.
- Table 4 at 1.14 is estimated capital financing requirements.
- Appendix 2B The minimum revenue provision statement.

The Corporate Investment Strategy – Appendix 3



- Introduced by the 2018 edition of the Government's Guidance on Local Government Investments.
- Focuses on service investments and commercial investments.
- We've already covered the Treasury Management Investments in the TM Strategy.

The Investment Strategy contains:



- 1.10 – 1.18 Loans and shares for service.
- 1.19 - 1.23 Property held for investment purposes.
- 1.24 – 1.25 Loan commitments and financial guarantees.
- 1.30 – 1.33 Investment indicators.

Our Commercial Investments are



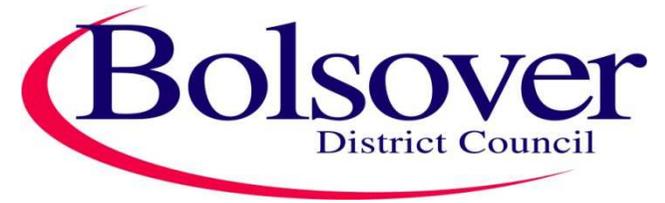
- **Property** - The Council invests in local, commercial and residential property with the intention of making a profit that will be spent on local public services.
- The Ministry for Housing Communities and Local Government, defines property to be an investment if it is held primarily or partially to generate a profit.

Service Investments



- **Loans** - The Council lends money to support local public services and to stimulate local economic growth.
- **Shares** - The Council invests in the shares of Dragonfly Development Limited.

Revised Prudential and Treasury Management Codes



- CIPFA has recently issued both a revised Prudential Code and a revised Treasury Management Code.
- The 2022/23 strategy is not based on these new codes.
- CIPFA has announced that the implementation of these revised codes needs to be included in the 2023/24 strategy reports.

Any Questions?

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

20th January 2022

Scrutiny Committee Work Programme 2021/22

Report of the Scrutiny & Elections Officer

Classification: This report is public.

Report By: Scrutiny & Elections Officer

Contact Officer: Joanne Wilson, joanne.wilson@bolsover.gov.uk

PURPOSE / SUMMARY

- To provide members of the Scrutiny Committee with an overview of the meeting programme of the Committee for 2021/22.
-

REPORT DETAILS

1 Background *(reasons for bringing the report)*

- 1.1 The main purpose of the report is to inform members of the meeting programme for the year 2021/22 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 Review Scopes submitted will be agreed within Informal Session in advance of the designated meeting for Member approval to ensure that there is sufficient time to gather the information required by Members and to enable forward planning of questions.
- 1.4 Members may raise queries about the programme at the meeting or at any time with the Scrutiny & Elections Officer should they have any queries regarding future meetings.
- 1.5 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.
- 1.6 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.

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

2. Details of Proposal or Information

2.1 Attached at Appendix 1 is the meeting schedule for 2021/22 and the proposed agenda items for approval/amendment.

3 Reasons for Recommendation

3.1 This report sets the formal Committee Work Programme for 2021/22 and the issues identified for review.

3.2 The Scrutiny Programme enables challenge to service delivery both internally and externally across all the Council Ambitions.

3.3 The Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

4 Alternative Options and Reasons for Rejection

4.1 There is no option to reject the report as the Scrutiny functions outlined in Part 3.6(1) of the Council's Constitution requires each Scrutiny Committee to set an annual work plan.

RECOMMENDATIONS

1. That Members review this report and the Programme attached at Appendix 1 for approval and amendment as required. All Members are advised to contact the Scrutiny & Elections Officer should they have any queries regarding future meetings.

IMPLICATIONS

Finance and Risk: Yes No

Details:

None from this report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes

No

Details:

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.

On Behalf of the Solicitor to the Council

Staffing: Yes

No

Details:

None from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

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 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	N/A
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Committee Members

Links to Council Ambition (BDC)/Council Plan (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

All

DOCUMENT INFORMATION

Appendix No	Title
1.	Work Programme 2021/22
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.	

Audit & Corporate Overview Scrutiny Committee

Work Programme 2021/22

Formal Items – Report Key

Treasury Management	Capital	Borrowing & Investment	Budget Monitoring	Audit/Risk	Performance	Update from Scrutiny Chairs

Date of Meeting	Items for Agenda	Lead Officer
27 July 2021, 2pm	• Budget Monitoring Report – Financial Outturn 2020/21	Head of Finance & Resources/ S151 Officer
	• Annual Corporate Debt Monitoring Performance Report 2020/21	Head of Finance & Resources/ S151 Officer
	• Budget Monitoring Report – Quarter 1 – April to June 2021	Head of Finance & Resources/ S151 Officer
	• Strategic Risk Register and partnership arrangements	Director of Corporate Resources
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Internal Audit Consortium Manager
	• Implementation of Internal Audit Recommendations	Internal Audit Consortium Manager
	• Internal Audit Consortium Annual Report 2020/21	Internal Audit Consortium Manager
	• Report of Internal Audit – Internal Audit Plan 2021/22	Internal Audit Consortium Manager
	• Results of the External Review of Internal Audit	Internal Audit Consortium Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 – Approval of Programme	Scrutiny & Elections Officer
14 September 2021, 2pm	• Corporate Ambitions Performance Update – April to June 2021 (Q1 – 2021/22)	Information, Engagement and Performance Manager
	• Report to those charged with Governance – Mazars Audit Completion report	Mazars
	• BDC Statement of Accounts 2020/21	Head of Finance & Resources/ S151 Officer

Date of Meeting	Items for Agenda	Lead Officer
	<ul style="list-style-type: none"> Assessment of Going Concern Status 	Head of Finance & Resources/ S151 Officer
	<ul style="list-style-type: none"> Report of Internal Audit – Summary of progress on the Internal Audit Plan 	Internal Audit Consortium Manager
	<ul style="list-style-type: none"> Review of the Internal Audit Charter 	Internal Audit Consortium Manager
	<ul style="list-style-type: none"> Annual Corporate Governance Statement and Local Code of Corporate Governance 	Head of Corporate Governance/Monitoring Officer
	<ul style="list-style-type: none"> Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 	Scrutiny & Elections Officer
	<ul style="list-style-type: none"> Update from Scrutiny Chairs (Verbal report) <i>POSTPONED</i> 	Scrutiny & Elections Officer
25 November 2021, 9am	<ul style="list-style-type: none"> Procurement Strategy 	Assistant Director of Finance and Resources – Chief Financial Officer/ Procurement Manager
	<ul style="list-style-type: none"> Budget Monitoring Report – Quarter 2 – July to September 2021 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Revised Budgets 2021/22 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Setting of Council Tax 2022/23 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Audit & Corporate Overview Committee – Self-assessment for effectiveness 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Strategic Risk Register and partnership arrangements 	Executive Director of Resources
	<ul style="list-style-type: none"> Corporate Ambitions Performance Update – July to September 2021 (Q2 – 2021/22) 	Information, Engagement and Performance Manager
	<ul style="list-style-type: none"> Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 	Scrutiny & Elections Officer
20 January 2022, 2pm	<ul style="list-style-type: none"> Report of External Auditor – Auditor’s Annual Report 2020/21 	Assistant Director of Finance and Resources – Chief Financial Officer/ Mazars
	<ul style="list-style-type: none"> Report of External Auditor - External Audit Progress Report 	Assistant Director of Finance and Resources – Chief Financial Officer/ Mazars

Date of Meeting	Items for Agenda	Lead Officer
162	<ul style="list-style-type: none"> Treasury Management Briefing 	Assistant Director of Finance and Resources – Chief Financial Officer and Arlingclose
	<ul style="list-style-type: none"> Proposed Budget – Medium Term Financial Plan 2021/22 to 2024/25 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Treasury Management Strategy 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Capital Strategy 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Corporate Investment Strategy 	Assistant Director of Finance and Resources – Chief Financial Officer
	<ul style="list-style-type: none"> Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 	Scrutiny & Elections Officer
	<ul style="list-style-type: none"> Update from Scrutiny Chairs (Verbal report) 	Scrutiny & Elections Officer
15 February 2022, 2pm	<ul style="list-style-type: none"> Report of Internal Audit – Summary of progress on the Internal Audit Plan 	Internal Audit Consortium Manager
26 April 2022, 10am	<ul style="list-style-type: none"> Report of Internal Audit – Internal Audit Plan 2022/23 	Internal Audit Consortium Manager
26 May 2022, 10am	<ul style="list-style-type: none"> Corporate Ambitions Performance Update – October to December 2021 (Q3 – 2021/22) 	Information, Engagement and Performance Manager
26 April 2022, 10am	<ul style="list-style-type: none"> Implementation of Internal Audit Recommendations 	Internal Audit Consortium Manager
26 May 2022, 10am	<ul style="list-style-type: none"> Accounting Policies 2021/22 	Assistant Director of Finance and Resources – Chief Financial Officer
26 May 2022, 10am	<ul style="list-style-type: none"> Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22 	Scrutiny & Elections Officer
26 May 2022, 10am	<ul style="list-style-type: none"> Report of Internal Audit – Internal Audit Plan 2022/23 	Internal Audit Consortium Manager
26 May 2022, 10am	<ul style="list-style-type: none"> Report of Internal Audit – Summary of progress on the Internal Audit Plan 	Internal Audit Consortium Manager

Date of Meeting	Items for Agenda	Lead Officer
	• CIPFA Fraud and Corruption Tracker Survey 2021	Internal Audit Consortium Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2021/22	Scrutiny & Elections Officer