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

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Friday, 13 January 2023

Dear Councillor

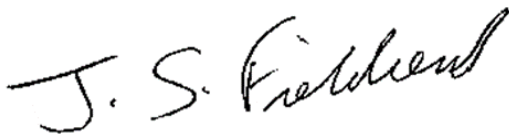
AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

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 Tuesday, 24th January, 2023 at 10:00 hours.

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

You will find the contents of the agenda itemised on page 3 onwards.

Yours faithfully

A handwritten signature in black ink, appearing to read "J. S. Fielden".

Solicitor to the Council & Monitoring Officer

Equalities Statement

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

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

Access for All statement

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

- **Phone:** [01246 242424](tel:01246242424)
- **Email:** enquiries@bolsover.gov.uk
- **BSL Video Call:** A three-way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need WiFi or mobile data to make the video call, or call into one of our Contact Centres.
- Call with [Relay UK](#) - a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real-time conversation with us by text.
- **Visiting** one of our [offices](#) at Clowne, Bolsover, Shirebrook and South Normanton

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE AGENDA

***Tuesday, 24th January, 2023 at 10:00 hours taking place in the
Council Chamber, The Arc, Clowne***

Item No.		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 - 30th September, 2022 To consider the Minutes of the meeting held on 30 th September, 2022.	5 - 12
5.	Minutes - 29th November, 2022 To consider the Minutes of the last meeting held on 29 th November, 2022.	13 - 18
6.	List of Key Decisions and Items to be Considered in Private <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>	19
7.	Summary of progress on the 2022/23 Internal Audit Plan	20 - 27
8.	Medium Term Financial Plan 2023/24 to 2026/27	28 - 56

9.	Treasury Strategy Reports 2023/24 - 2026/27	57 - 99
10.	Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	100 - 106
11.	Update from Scrutiny Chairs (Verbal report)	

AUDIT AND CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit and Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber on Friday 30th September 2022 at 1000 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors Chris Kane and Graham Parkin.

Officers:- Karen Hanson (Executive Director of Resources) (to Minute No. ACO33-22/23), Theresa Fletcher (Head of Finance & Resources/Section 151 Officer), Jim Fieldsend (Monitoring Officer) (Jenny Williams (Head of Internal Audit Consortium), Joanne Wilson (Scrutiny & Elections Officer), Amar Bashir (Improvement Officer) (to Minute No ACO39-22/23 and Alison Bluff (Interim Governance Manager).

Also in attendance at the meeting was Councillor Clive Moesby (Portfolio Holder for Finance) and Mark Surridge (MAZARS).

ACO23-22/23. APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Jane Bryson, Donna Hales, Peter Roberts and Ruth Jaffray (Coopted Member).

ACO24-22/23. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

ACO25-22/23. DECLARATIONS OF INTEREST

There were no declarations of interest made.

ACO26-22/23. MINUTES – 26TH JULY 2022

Moved by Councillor Graham Parkin and seconded by Councillor Tom Munro
RESOLVED that the Minutes of an Audit and Corporate Overview Scrutiny Committee held on 26th July 2022 be approved as a correct record.

ACO27-22/23. LIST OF KEY DECISIONS

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.

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ACO28-22/23.

REPORT TO THOSE CHARGED WITH GOVERNANCE – MAZARS AUDIT COMPLETED REPORT

Committee considered a detailed report presented by Mark Surridge from Mazars, the Council's external auditors, in relation to their audit work for the year ending 31st March 2022.

Mazars' work on the Council's financial statements was substantially complete and there were currently no matters of which they were aware that would require modification of their audit opinion, subject to the outstanding matters as detailed in their report. One of these matters was in relation to the Derbyshire Pension Fund as Mazars were yet to receive the final report from the pension fund auditor for consideration and completion of the testing required.

Mazars were pleased to report that there were no unadjusted misstatements identified during the course of the audit work to date above the trivial reporting threshold of £40k. Mazars would update the Committee if any reportable misstatements were identified as a result of the remaining work as summarised at page 7 of their report.

In relation to value for money, Mazars were yet to complete their work in respect of the Council's arrangements for the year ended 31st March 2022. However, at the time of their report, they had not identified any significant weaknesses in arrangements that required them to make a recommendation.

The Portfolio Holder for Finance noted the number of Covid grants issued and how staff had worked extremely hard and gone the extra mile to pay these out to eligible people. The Chair echoed this and agreed that the work of staff had been exceptional.

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

ACO29-22/23.

STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS

Committee considered a detailed report which provided an update on the Council's current position regarding its risk management arrangements.

The Council's Risk Management Strategy, which was approved by Executive in March 2020, had recently been reviewed and refreshed and was appended to the report along with the Council's Strategic Risk Register.

The Strategy detailed the work of the Risk Management Group (RMG), which was chaired by the Portfolio Holder for Finance, and provided a comprehensive oversight of risk throughout the organisation.

The RMG oversaw all Council operational and strategic risk registers ensuring they were up to date and accurate whilst offering challenge to the assessment process itself. The RMG was responsible for risk management reporting to stakeholder groups across the Council including the Audit and Corporate Overview Scrutiny Committee and supported the production of the Annual Governance Statement. The RMG led on the development and review of all risk related policies, plans and strategies across the

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Council and oversaw and championed the implementation of the Risk Management Strategy and associated action plan.

The refreshed action plan was contained within the Risk Management Strategy 2022, and the actions outlined for the Risk Management Group were as follows:

- Develop an annual programme of operational risk register reviews to ensure all are reviewed every 12 months
- Further develop project and partnership risk management arrangements and reporting to the RMG
- Develop and undertake refreshed risk management awareness training for all staff
- Develop and undertake risk management awareness training for all Members (as part of the induction training following the Elections in May 2023)

The Portfolio Holder for Finance noted that the RMG meetings were good meetings and he thanked the Executive Director of Resources for the work which had been done on the Register.

Further to a query from the Chair, it was agreed that he would attend any future Risk Management meetings as an observer.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the report be noted.

RECOMMENDED that the refreshed Risk Management Strategy be presented to Executive for approval.

(Executive Director of Resources/Interim Governance Manager)

ACO30-22/23.

ANNUAL CORPORATE GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE

Committee's approval was sought for the Annual Governance Statement which would be incorporated within the Council's Statement of Accounts for 2021/22 as the Council was required to do.

Preparation of the Statement needed to be undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework, which set out the fundamental principle of corporate governance that needed to be addressed.

Members were advised that some final changes may be required to the Annual Governance Statement before the Statement of Accounts was authorised for issue by the Section 151 Officer. It was therefore recommended that delegated powers be given to the Section 151 Officer, in consultation with the Chair or Deputy Chair of ACOSC, to agree any final changes which would relate to amendments agreed with the Council's external auditors Mazars.

Moved by Councillor Graham Parkin and seconded by Councillor Chris Kane

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RESOLVED that (1) the draft Annual Governance Statement as set out in Appendix 1 to the report be noted,

(2) having reviewed the effectiveness of the Governance Framework, Members are satisfied that the Council's governance and internal control arrangements are fit for purpose,

(3) delegated powers be granted to the Section 151 Officer, in consultation with the Chair or Deputy Chair of ACOSC, to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors Mazars, to ensure completion of the Statement of Accounts by the statutory deadline of 30th September 2022.

(Section 151 Officer)

ACO31-22/23.

REPORT OF INTERNAL AUDIT – SUMMARY OF PROGRESS ON THE INTERNAL AUDIT PLAN

Committee considered a detailed report which advised of the progress made on the 2022/23 Internal Audit Plan.

Appendix 1 to the report set out a summary of reports issued to date in respect of the 2022/23 Internal Audit Plan. Each report showed the level of assurance given and the number of recommendations made / agreed where a full response had been received.

The definitions of the assurance levels used were set out in the report and Committee was asked to note a new level of assurance that had been introduced which was 'inadequate assurance'. These assurance levels had now been linked to definitions of risk within the risk management strategy.

During this period 4 reports had been issued, 2 with substantial assurance and 2 with reasonable assurance. No issues relating to fraud were identified

Appendix 2 to the report provided full details of the audits completed and those in progress. Committee was asked to note that due to workloads in the Licensing section the taxi licensing audit had been deferred to November and treasury management and corporate targets would be looked at in its place. Further, to avoid any repetition of work, the audit of Homelessness was also on hold as the Housing section had recently received a visit from the Department for Levelling Up, Housing and Communities (DLHUC), who had provided feedback on the Homelessness section and procedures. The Internal Audit Consortium Manager requested Committee's agreement to defer the audit to 2023 where any recommendations made by the DLHUC would be picked up as well as any recommendations made from internal audit.

Committee was asked to note that progress against the plan had been impacted by the departure of a BDC auditor in May 2022. A new auditor had been appointed in August 2022, however, initially audits would take longer to complete as training took place.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the report be noted and the audit of Homelessness be deferred until 2023.

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(Internal Audit Consortium Manager)

ACO32-22/23. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a detailed report which provided a summary of internal audit recommendations made and implemented, for the financial years 2020/21, 2021/22 and 2022/23 to date.

Internal Audit made recommendations to improve the governance, risk and control processes in place. It was important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

Appendix 1 to the report provided an analysis of the number of recommendations made and implemented for the financial years 2020/21, 2022/23 to date, and summarised the number of recommendations that had been implemented and those that were outstanding.

Members were asked to note that there were no high priority recommendations outstanding, and only 2 medium priority and 3 low priority recommendations outstanding, all of which related to IT. Manager's updates in respect of the overdue recommendations were also detailed in the appendix.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the report be noted.

ACO33-22/23. REVIEW OF THE INTERNAL AUDIT CHARTER

Committee considered a detailed report which provided information on the results of a review of the Internal Audit Charter.

The Public Sector Internal Audit Standards (PSIAS), which took effect from the 1st April 2013, required that the purpose, authority and responsibility of internal audit must be formally defined in an Internal Audit Charter. The Internal Audit Charter was attached as Appendix 1 to the report.

The current Internal Audit Charter had been reviewed and it was felt that it was still fit for purpose. The only update made was to reflect a change of job title from Internal Audit Consortium Manager to Head of the Internal Audit Consortium.

In response to a query from the Chair regarding issues with recruitment to auditors' posts, the Head of the Internal Audit Consortium advised Members that agency staff would need to be taken on if necessary.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that (1) the outcome of the review be noted and the Internal Audit Charter be agreed,

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(2) the Internal Audit Charter be reviewed in 12 months or sooner in the event of any significant changes being made to the Public Sector Internal Audit Standards.

(Head of the Internal Audit Consortium)

ACO34-22/23.

BDC STATEMENT OF ACCOUNTS 2021/22

Committee's approval was sought for the audited Statement of Accounts for 2021/22 which was attached as Appendix 1 to the report.

Committee was asked to note that some changes to the Statement of Accounts may still be requested by the external auditor in completing the audit, however, it was anticipated that there would only be limited changes between the version in the appendix and the final Statement of Accounts for 2021/22.

Moved by Councillor Chris Kane and seconded by Councillor Graham Parkin

RESOLVED that (1) the Statement of Accounts as attached at Appendix 1 to the report in respect of 2021/22 be approved,

(2) delegated powers be granted to the Chief Financial Officer, in consultation with the Chair or Deputy Chair of ACOSC, to agree any changes agreed with the Council's external auditors Mazars, which may be necessary to ensure the completion of the Statement of Accounts by 30th November 2022.

(Section 151 Officer)

ACO35-22/23.

ASSESSMENT OF GOING CONCERN STATUS

Committee considered a detailed report which provided information on an assessment of the Council as a going concern for the purposes of producing the Statement of Accounts for 2021/22.

The concept of a going concern assumed that an authority's functions and services would continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflected the economic and statutory environment in which local authorities operated. These provisions confirmed that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

It was considered that having regard to the Council's arrangements and such factors as highlighted in the report that the Council remained a going concern and the Council's accounts for 2021/22 had appropriately been prepared on that basis. The report gave the assessment by the Council's Section 151 Officer in support of presenting the Accounts for approval and provided assurance to Mazars, the Council's external auditor.

Moved by Councillor Chris Kane and seconded by Councillor Graham Parkin

RESOLVED that the Committee accepts the outcome of the assessment of the Council's going concern status for the purposes of preparing the Statement of Accounts for 2021/22.

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ACO36-22/23. SCRUTINY ANNUAL REPORT 2021/22

Committee's approval was sought in relation to content to be included in the Scrutiny Annual Report 2021/22 regarding the work of the Committee.

The content to be included in the Scrutiny Annual Report 2021/22, provided an overview of work completed by Members of the Audit & Corporate Overview Scrutiny Committee during 2021/22, and also reviewed the impact of the work completed.

Moved by Councillor Tom Munro and seconded by Councillor Graham Parkin
RESOLVED that (1) the content regarding the work of the Committee is a true account and be approved for inclusion in the wider Scrutiny Annual Report 2021/22,

(2) other Members and senior officers of the Council to be encouraged to provide feedback to the Scrutiny & Elections Officer on the conduct and impact of the Committee as part of the Committee's Improvement Plan.

(Scrutiny & Elections Officer/ACOSC Members)

ACO37-22/23. ANTI FRAUD, BRIBERY AND CORRUPTION POLICY

Committee considered a detailed report in relation to the Council's Anti-Fraud, Bribery and Corruption policy.

The Council's Anti-Fraud, Bribery and Corruption policy had been updated to take account of all legislative and operational changes to ensure it was fit for purpose.

The policy aimed to help employees (including temporary and agency workers), Members and Co-opted Members to understand their roles in the Council regarding fraud, bribery and corruption. Employees must ensure they adhered to legal and contractual requirements and that all procedures and practices remained above reproach. The policy also aimed to help partners, contractors, suppliers, voluntary organisations and the public, to understand how and when to contact the Council with their concerns.

Training on the policy for new Members following an election would be carried out at inductions stage.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RECOMMENDED that the Anti-Fraud, Bribery and Corruption Policy be presented to Executive for approval.

(Section 151 Officer/Interim Governance Manager)

ACO38-22/23. CORPORATE AMBITIONS PERFORMANCE UPDATE – APRIL TO JUNE 2022 (QUARTER 1 – 2022/23)

Committee considered a report which provided the Quarter 1 outturns for the Council's Ambition targets 2020-2024.

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Out of the 31 Council plan targets, 22 were on track (71%), 1 achieved its outturn for 2021/22 (3%), 1 was on alert (3%) and 7 had been achieved previously (23%).

Out of the 47 service indicators, 29 had a positive outturn (62%), 14 had a negative outturn (29%) and 4 were within target (8%).

Two new KPI's had been introduced in Housing Management which were; HOU 03 - *Proportion of rent collected (inclusive of all charges e.g. heating, support charges etc)* and HOU04 – *Proportion of current tenants over 12 weeks in arrears*.

The Scrutiny and Elections Officer queried the commentary in the report in relation to HOUS 05 and noted that it appeared to incorporate non-standard voids. The Improvement Officer would look into this and ensure the commentary was clear for future reports.

The Chair referred to CSP 21 - *% Stage 3 complaints responded to in 20 working days (Quarterly)* and noted the outturn of 53% against a target of 100%. He queried if there would be any reassurance for an improved outturn in Quarter 2. The Improvement Officer noted that there had been a significant increase in reviews internally and also that a new officer was in the role of Corporate Complaints Officer. The Scrutiny and Elections Officer also advised that the outturns for Quarters 3 and 4 would be considered by the Customer Services Scrutiny Committee on Monday 10th October.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the quarterly outturns against the Council Ambition 2020-2024 targets and relevant performance indicators be noted.

The Improvement Officer left the meeting.

ACO39-22/23.

AUDIT AND CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2022/23

Committee considered their work programme 2022/23.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the work programme 2022/23 be noted.

The meeting concluded at 1142 hours.

AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE

Minutes of a meeting of the Audit and Corporate Overview Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Tuesday, 29th November, 2022, at 10:00 hours.

PRESENT:-

Members:-

Councillor Tom Munro in the Chair

Councillors: Chris Kane, Graham Parkin and Ruth Jaffray (Co-opted Member)

Also in attendance was Councillor Clive Moesby (Portfolio Holder for Finance) and Councillor Mark Hinman (Observer)

Officers: Theresa Fletcher (Section 151 Officer), Kath Drury (Information, Engagement and Performance Manager), Joanne Wilson (Scrutiny & Elections Officer) and Lindsay Harshaw (Governance & Civic Officer)

The Chair welcomed Councillor Mark Hinman, recently elected for the Pinxton Ward, as an Observer.

ACO40-22/23 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Jane Bryson and Donna Hales.

ACO41-22/23 URGENT ITEMS OF BUSINESS

The Chair advised that discussions would be taking place over the next few months regarding the future of the Audit & Corporate Overview Scrutiny Committee due to current CIPFA guidance recommending that Audit Committees should be stand alone committees. An update report would be submitted to a future meeting for consideration.

ACO42-22/23 DECLARATIONS OF INTEREST

There were no declarations of interest made.

ACO43-22/23 MINUTES – 30TH SEPTEMBER, 2022

Consideration of the Minutes of the Audit & Corporate Overview Scrutiny Committee meeting held on 30th September 2022, was deferred until the next meeting.

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ACO44-22/23 LIST OF KEY DECISIONS AND ITEMS TO BE CONSIDERED IN PRIVATE

Committee considered the List of Key Decisions and items to be considered in private document.

The Scrutiny and Elections Officer highlighted that the Bolsover Homelessness and Rough Sleeping Strategy would be considered by Executive at a meeting to be held on 5th December 2022.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the List of Key Decisions and items to be considered in private document be noted.

ACO45-22/23 BUDGET MONITORING REPORT

The Section 151 Officer referred to the Quarter 2 monitoring report and advised that a presentation had been prepared for the next item (see Minute ACO46-22/23) and she suggested that the Budget Monitoring Report be considered as part of the Medium Term Financial Plan – Revised Budgets 2022/23 agenda item, as that report is in effect an update on the Quarter 2 one.

The Section 151 Officer gave a presentation updating the Committee on the position of the General Fund, as at the end of the second quarter as well as the position of the Housing Revenue Account (HRA), the Capital Programme and Treasury Management.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that (1) the monitoring position of the General Fund at the end of the second quarter, be noted,
(2) the position of the Housing Revenue Account (HRA), the Capital Programme and Treasury Management at the end of the second quarter, be noted,
(3) consideration be given to the presentation prepared for the Medium Term Financial Plan – Revised Budgets 2022/23 agenda item.

ACO46-22/23 MEDIUM TERM FINANCIAL PLAN – REVISED BUDGETS 2022/23

The Section 151 Officer gave a presentation on current progress with the Revised Budgets for 2022/23 and copies of the presentation were circulated for information. It was noted that the General Fund revised budget position as at 31st March 2023, was £82,000. The salary budgets had been reviewed and savings that would not be used due to maternity leave and vacant posts had been identified. However, as a result of the recently agreed pay award for 2022/23, these savings had been added into the salary budgets. It was also noted that there had been an increase in interest receivable on investments due

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to the bank base rate increasing from 0.5% to 3% since the original budget was set in December 2021.

The Section 151 Officer highlighted that gas, electric and diesel budgets had been increased to take account of the inflated prices currently being charged.

The Section 151 Officer referred to the Housing Revenue Account and advised that as with the General Fund, the salary budgets had been reviewed and the savings identified added into these budgets to take account of the increase due to the pay award agreed for 2022/23. Budgets had also been adjusted as a result of the increased costs for gas, electric and stores costs. However, the budget for sub-contractors had been reduced as the painting contract was not required in 2022/23.

It was noted that the level of void properties remained higher than anticipated which had an effect on rental income and that there had been an increase in income on the Housing Related Support Schemes due to the Careline service contract being extended until March 2023.

The Section 151 Officer referred to the Capital Programme and advised that Appendix 4 provided a summary of the budget for information.

An update was also provided in relation to Reserves and Balances.

The Section 151 Officer reported that the Medium Term Financial Plan would be submitted to the Audit & Corporate Overview Scrutiny Committee in February 2023 for consideration and that this document would include estimates of the potential extra income from business rates, council tax and income generating schemes.

The Chair raised his concern at the number of void properties and the effect this had on the Housing Revenue Account, particularly in relation to the impact on general repairs to properties across the District. He queried whether anything could be done to assist the Housing Revenue Account in managing its finance in a more positive way. The Section 151 Officer advised that the Council had a legal duty to charge the Housing Revenue Account and General Fund for costs associated with Payroll, Legal, Finance etc. therefore the support service recharge that takes place between the two funds would have to stand and could not be reduced or postponed.

The Chair referred to Appendix 1, and queried whether the increase in Investment Interest was due to the significant increase in bank interest rates. The Section 151 Officer confirmed that this was the case.

The Chair queried the Business Rates deficit. The Section 151 Officer advised that the amount of business rates funding received from the Government was not known when the budget was set in January 2022 and that it had to be accounted for during 2022/23.

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The Chair referred to the significant increase in the cost of the Pest Control Service. The Section 151 Officer advised that the increase in cost was as a result of the pay award for 2022/23 and inflated fuel charges.

The Chair queried the revised budget for the Household Support Fund (G047). The Section 151 Officer advised that Derbyshire County Council allocated this funding from Government during 2022/23 and that the figure was not known beforehand when the budget was set.

The Chair referred to the increased costs for Housing Strategy (G143) and Enabling Housing (G144). The Section 151 Officer stated that these two budget codes were utilised for the joint work undertaken with North East Derbyshire District Council in relation to empty properties. However, it was intended to split this service in the near future and a Bolsover only service was now reflected in this cost centre.

The Chair referred to the increased costs for The Arc (G156). The Section 151 Officer advised that the increase was due to inflated charges for heating, lighting etc.

The Portfolio Holder for Finance commented that although the Council's finances were looking positive for the next couple of years, it would be necessary to monitor costs in order to ensure that a balanced budget was maintained.

Moved by Councillor Chris Kane and seconded by Councillor Graham Parkin
RESOLVED that the report be noted and any comments believed to be appropriate be given verbally at the Executive meeting on 5th December 2022.

ACO47-22/23 SETTING OF COUNCIL TAX

The Section 151 Officer gave a presentation which provided details in relation to options for setting of the Council Tax for 2023/24. Copies of the presentation were circulated for information.

The Chair queried whether recommendations would be considered by Executive. The Section 151 Officer confirmed that Executive would consider the options put forward and that it was anticipated that the proposed increase would remain at 2.99% as it was the Executive who had made the proposal informally.

The Portfolio Holder for Finance commented that he would be recommending the maximum amount suggested by Government as the income was required in order to deliver services to residents of the district.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the comments be noted.

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ACO48-22/23 **AMBITION PLAN TARGETS PERFORMANCE UPDATE – JULY TO SEPTEMBER 2022**

Committee considered an update report that provided details of progress against the targets contained within the Ambition Plan.

A brief historic overview of the Council's overall vision was provided for information.

A summary of performance was provided as follows:-

- *Ambition Plan*

21 targets were on track

1 target had been withdrawn

1 target continued to be on alert

1 target had been amended

7 targets achieved previously

- *Service Plan Indicators*

47 service indicators

36 service indicators had a positive outturn

11 service indicators had a negative outturn

It was noted that most of the Council's Ambition Plan targets were on track.

A brief explanation of the Council plan targets achieved and by exception was provided and the following highlighted:-

- ENV.03 – Achieve a combined recycling and composting rate of 50% by March 2024

This target had been amended. The UK Resource & Waste Strategy was awaited.

The Chair raised his concern about the level of recycling being undertaken throughout the District. An article had been included on Bolsover TV to inform residents of the items that could be recycled. He suggested that other ways of publicising recycling information be explored, e.g. Intouch, and requested that a report be provided on the measures being taken to encourage residents to recycle.

Mrs. Ruth Jaffray suggested that links be made with schools. The Information, Engagement & Performance Officer advised that Officers had been visiting local schools.

- ENV.08 – Bring 5 empty properties back into use per year through assistance and enforcement measures

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It was reported that the Portfolio Holder for Environmental Health & Licensing was considering another way of measuring this activity more effectively.

- CUS.07 – Reduce average re-let times for standard voids (Council properties) to 20 calendar days by March 2021 and maintain thereafter

The new Voids Officer was now in post and discussions were ongoing in relation to improving the void property process.

The Information, Engagement & Performance Manager referred to Appendix 2 and highlighted that the Service Manager was not overly concerned regarding LE 01 (Number of people participating in Council leisure, sport, recreational, health, physical and cultural activity each year), as he expected an increase in users due to the installation of the new 3G football pitch.

The Portfolio Holder for Finance referred to the collection of Council Tax and Rents and advised that residents were being encouraged to contact the Revenues and Benefits Section to make arrangements for payments.

The Chair thanked the Information, Engagement & Performance Manager for the report.

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane
RESOLVED that the quarterly outturns against the Council Ambition 2020-2024 targets and relevant performance indicators be noted.

Councillor Clive Moesby left the meeting at 11:01 hours

ACO49-22/23 AUDIT & CORPORATE OVERVIEW SCRUTINY COMMITTEE WORK PROGRAMME 2022/23

Committee considered the Work Programme 2022/23.

Moved by Councillor Chris Kane and seconded by Councillor Tom Munro
RESOLVED that the Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23 be noted.

The meeting concluded at 11:04 hours.



List of Key Decisions and items to be considered in private

The latest version of the Forward Plan can be found here:

<https://committees.bolsover.gov.uk/mgListPlans.aspx?RPId=1147&RD=0&bcr=1>

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.

Bolsover District Council

Meeting of the Audit and Corporate Overview Scrutiny Committee on 24th January 2023

Summary of Progress on the 2022/23 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Report By	Head of the Internal Audit Consortium
Contact Officer	Jenny Williams – 01246 959770 Jenny.williams@ne-derbyshire.gov.uk

PURPOSE/SUMMARY OF REPORT

To present, for members' information, a progress report in respect of the 2022/23 Internal Audit Plan.

REPORT DETAILS

1. Background

- 1.1 The Public Sector Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit and Corporate Overview Scrutiny Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

2. Details of Proposal or Information

- 2.1 Appendix 1 is a summary of reports issued between October 2022 and the beginning of January 2023 in respect of the 2022/23 Internal Audit Plan. The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen in the table below. The assurance levels have also now been linked to definitions of risk within the risk management strategy.

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
Reasonable Assurance	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
Limited Assurance	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
Inadequate Assurance	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

- 2.2 In this period 7 reports have been issued 4 with substantial assurance and 3 with reasonable assurance.
- 2.3 Appendix 2 provides full details of the audits completed and those in progress. Progress on the plan is good although the whole plan will not be completed by the year end. A new BDC Auditor started in August 2022 and a new BDC Senior Auditor is due to start on the 23rd January 2023 which has meant a loss of time due to vacancies and initial training / induction. There has also been a Senior Auditor vacancy at NEDDC for a number of months, this post has been filled internally and we are now recruiting for an NEDDC Auditor. Any outstanding audit areas will be considered for inclusion in the 2023/24 Internal Audit Plan on a risk basis.
- 2.4 No issues arising relating to fraud were identified.

3. Reasons for Recommendation

- 3.1 To inform Members of progress on the 2022/23 Internal Audit Plan and to provide details of the Audit Reports issued to date.
- 3.2 To comply with the requirements of the Public Sector Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

4.1 N/A

RECOMMENDATION

1. That the report be noted.

Approved by Councillor Clive Moesby Portfolio Holder for Finance

IMPLICATIONS:

Finance and Risk: Yes ☒ No ☐

Details:

Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.

On behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

Details:

The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On behalf of the Solicitor to the Council

Environment:

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

Details:

Staffing: Yes ☐ No ☒

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Details:

Links to Council Ambition: Customers, Economy and Environment.
Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

DOCUMENT INFORMATION	
Appendix No	Title
1	Summary of Internal Audit reports issued between October 2022 and early January 2023 in respect of the 2022/23 to date
2	Progress on the 2022/23 Internal Audit Plan

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

BOLSOVER DISTRICT COUNCIL

Internal Audit Consortium - Report to Audit and Corporate Overview Scrutiny Committee **Summary of Internal Audit Reports Issued October 2022 – early January 2023**

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B005	Recruitment and Selection	To ensure that there are appropriate processes and procedures in place	Reasonable	5/10/22	26/10/22	2 (1M 1L)	2
B006	Grounds Maintenance	To review the controls and procedures in place	Substantial	11/10/22	1/11/22	2L	2
B007	Pleasley Vale Business Centre	To ensure there are procedures in place in respect of new and departing tenants, rent reviews etc.	Reasonable	7/11/22	28/11/22	6 (2M 4L)	6
B008	The Tangent Business Centre	To ensure there are procedures in place in respect of new and departing tenants, rent reviews etc.	Reasonable	7/11/22	28/11/22	6 (2M 4L)	5
B009	Corporate Targets	To ensure that corporate targets are linked to the Council's ambition, that they are clearly defined and calculated correctly	Substantial	25/11/22	16/12/22	1L	1L

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B010	Treasury Management	To ensure there is an approved strategy in place that is adhered to and that there is a separation of duties in place	Substantial	30/11/22	21/12/22	0	0
B011	Creditors	To ensure that purchase orders are raised and that invoices are paid timely and accurately	Substantial	7/12/22	5/1/23	0	0

H = High Priority M = Medium Priority L = Low Priority

Bolsover District Council Internal Audit Plan 2022/23

	Complete
	In progress
	Ongoing throughout the year
	Defer

	Main Financial Systems	2022/23 Days
	Main Accounting / Budgetary Control / MTFP	15
	Creditor Payments	20
	Cash and Banking	18
	Debtors	10
	Treasury Management	10
	Council Tax	10
	NNDR	20
	Housing Benefits	20
	Housing Repairs	10
	Total Main Financial Systems	133
	Corporate / Cross Cutting	2022/23
	Corporate Governance / Assurance Statement	2
	Financial advice / working groups	20
	Corporate Targets	12
	Data Protection	12
	Risk Management	CFWD from 2021/22
	Total Cross Cutting	46
	Other Operational Audits	
	Committee Processes	12
	Members Expenses	10
	Recruitment and Selection	12
	Sickness Absence / Wellbeing	12

Taxi Licensing	12
Homelessness	12
Housing Lettings & Allocations	12
Housing Building Company	12
Pleasley Vale Outdoor Centre	12
Food Hygiene	12
Compliance Cncl Property, Gas Electric, legionella etc	12
Contract Accounts and Procedures	12
Final Accounts (contractors)	5
Pleasley Mills Property Rents	12
The Tangent	12
Grounds Maintenance	10
Transport / Vehicles / Fuel	13
Total Operational Areas	194
IT Related	
Cyber / network security / DR	15
Total IT	15
Special Investigations / Contingency/ emerging risks	40
NFI Key Contact	10
Apprenticeships / training	30
Audit Committee / Client Liaison	15
Grand Total	483

Reserve Areas

Right to Buy Sales
Sheltered Housing
Planning Fess

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

24th January 2023

MEDIUM TERM FINANCIAL PLAN 2023/24 to 2026/27

Report of the Portfolio Holder for Finance

Classification	This report is public
Report By	Assistant Director of Finance and Resources
Contact Officer	Assistant Director of Finance and Resources Theresa Fletcher 01246 242548 theresa.fletcher@bolsover.gov.uk

PURPOSE / SUMMARY

To enable the Committee to consider the proposed budget 2023/24 for the General Fund, Housing Revenue Account and Capital Programme as part of the Council's Medium Term Financial Plan covering the years 2023/24 to 2026/27, 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:

- 2022/23 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 2023.

- 2023/24 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 2023.
 - 2023/24 Original Budget, this includes proposed increases to rents and fees and charges for the next financial year for the Housing Revenue Account.
 - 2024/25 to 2026/27 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 1st February 2023 for Members' consideration and approval.

General Fund

2022/23 Current Budget

- 1.3 In February 2022, Members agreed a budget for 2022/23 to determine Council Tax. The original budget showed a funding deficit of £0.082m. 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 5th December 2022 and by the Audit and Corporate Overview Scrutiny Committee at its meeting on 29th 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 2022/23 as agreed in 2020/21 of £0.082m.
- 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, especially this year with inflation being as unpredictable as it currently is.
- 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.

2023/24 Original Budget and 2024/25 to 2026/27 Financial Plan

- 1.7 The financial projection for 2023/24 to 2025/26 was approved by Members in February 2022. The 2022/23 budget process has updated those projections and established a base for 2026/27.
- 1.8 The proposed budget for 2023/24 is a deficit of £0.018m. As in 1.4 above, this is the planned use of the general fund balance as approved in 2020/21. Based on current information, where there is a shortfall in funding for a particular year, that shortfall can be met from within the NNDR Growth Protection Reserve as discussed in paragraphs 1.29 – 1.33 of this report. The financial summary for

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

- 1.9 Table 1 below shows the updated figures resulting from the budget process together with estimates of future basic Council Tax increases. At this stage none of this income is realised and is therefore not yet included in our budgets.

Table 1

	2022/23 Revised Budget £000	2023/24 Forecast £000	2024/25 Forecast £000	2025/26 Forecast £000	2026/27 Forecast £000
Current Budget Shortfall	82	18	0	0	0
Pension costs to be funded by GF balance	(82)	(18)	0	0	0
Basic assumption for future Council Tax increases	0	(131)	(245)	(359)	(473)
Closing Budget Surplus	0	(131)	(245)	(359)	(473)

- 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 2022/23, was another roll-over settlement. Every Spending Review since 2019/20 has effectively been a roll-over of the four-year settlement that covered the period 2016/17 – 2019/20.
- 1.12 It was thought when the Chancellor announced the Autumn Statement in November 2022 that the Spending Review 2022 (SR22) would cover both 2023/24 and 2024/25. The Statement made no mention of the Fair Funding Review, nor did it give detail on New Homes Bonus or the Business Rates Reset. It was anticipated this may be part of the provisional settlement.
- 1.13 However, the provisional local government finance settlement announced on December 19th was a one-year settlement for 2023/24 only. There were no projected or indicative numbers for 2024/25 in lots of areas (although some were given). Therefore, the SR22 is again effectively a roll-over settlement and we have had to make assumptions for some areas in 2024/25 and beyond because they weren't covered by the provisional settlement.
- 1.14 As previously discussed many times, the early indicative results of the Fair Funding Review; the abolition of New Homes Bonus; the fundamental review of Business Rates and the baseline reset of Business Rates were all detrimental to us as a district Council who has seen much growth in recent years, both in

business rates and New Homes Bonus grant. 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. However, it does make it difficult to estimate future funding levels when there is so much uncertainty surrounding them.

- 1.15 A policy statement from 12th December 2022, announced the key principles that ministers intended to use in the provisional settlement, and they do remain unchanged in the provisional settlement. The provisional settlement is the best in cash terms that local government has received for many years with those responsible for adult social care doing particularly well.
- 1.16 The following paragraphs show our government funding for 2023/24 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 four 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 For 2023/24 we have received a roll-over of the current approach to New Homes Bonus with the delay of its abolition and a new allocation based on our property numbers. We have been able to include an extra £0.678m in grant income for 2023/24.
- 1.19 For 2024/25 we have assumed the same amount of grant will be received but that this will be the last year that New Homes Bonus will be received. This is based on commentary from our local government finance funding advisors about the expected timing of the results of the New Homes Bonus review.

Fair Funding Review

- 1.20 It is likely the wider local government reforms are now not going to be implemented until 2025/26 at the earliest. 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, there does seem to be some growing acknowledgement that authorities such as us with a low tax base, would lose out significantly under this method and particularly if changes to business rates were brought in as planned, at the same time.
- 1.21 With 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. Whatever changes occur there is likely to be some years where damping payments would be paid to

ensure authorities were eased into the new funding and for us that might be as much as £2m for each of the first 2 years.

Business Rates

- 1.22 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. The assumption is that there will not be any changes to the current system until at least 2025/26 as mentioned above.
- 1.23 This has resulted in considerable additional income for all future years of the MTFP. It has been assumed 2025/26 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.

Revenue Support Grant

- 1.24 The roll-over settlement has meant a further few years of receiving Revenue Support Grant. We will receive £1.473m in this first bonus year of receiving the grant and £1.582m in 2024/25. We have assumed the grant will reduce and no longer be received after 2026/27.

Lower Tier Services Grant

- 1.25 This grant was introduced in 2021/22 to provide damping to authorities with cash-terms reductions in Core Spending Power. It provided additional funding to District Councils who lost the most from the reduction in New Homes Bonus and gained the least from new grant increases and Council Tax increases. This grant has not continued into 2023/24.

2022/23 Services Grant

- 1.26 This was introduced for 2022/23 and was meant to be a one-off grant to support all services delivered by Councils. This was distributed to every authority using the 2013/14 SFA. This grant has continued into 2023/24 and 2024/25. The amount we are able to include as extra income for each of these years is £0.114m. Nothing has been included for future years.

3% Funding Guarantee Grant

- 1.27 The Funding Guarantee grant effectively replaces an element within the Lower Tier Services Grant and it ensures that no authority has a Core Spending Power increase of less than 3% without having to increase their Band D Council Tax. For 2023/24 only, we have been allocated £0.041m. This shows that damping as discussed earlier, is a policy intention of the government in the settlement.
- 1.28 To summarise, the Spending Review 2022 represented the largest increase in Core Spending Power that local government has received for more than a decade. This does depend however, on Council Tax increases being implemented at the maximum level allowed. Districts have the smallest average increase in the Core Spending Power at only 5% and the increase in government funding is only just larger than the increase we're allowed to increase Council Tax by.

Mitigating Losses in Government Funding

- 1.29 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.
- 1.30 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.
- 1.31 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.
- 1.32 The balance accumulated has meant we are able to use the reserve to even-out most of the government funding losses over the life of the current MTFP. A transfer from general fund to the reserve will be made in 2024/25 of £0.354m. Latest estimates for transfers back to the general fund are £0.275m 2023/24; £2.829m 2025/26 and £2.971m in 2026/27. This leaves a balance in the reserve of £4.607m for future years.
- 1.33 When savings are found from elsewhere or extra income is earned, the transfers from the reserve will be reduced.

Expenditure, income levels and efficiencies

- 1.34 In developing the financial projections covering the period 2023/24 to 2026/27, officers have made a number of assumptions. The major assumptions are:
- For 2023/24, 5% has been included in staffing budgets as an estimate for a pay award. For 2024/25 to 2026/27, 2% has been included.
 - Investment income as a result of treasury management decisions has been increased in all years of the MTFP as interest rates continue to rise. Current rates are 3.50% and it is thought they are not yet at their peak. Commentators are estimating it will be late 2024 before rates begin to fall. This is the assumption we have used for our investment income levels.
 - Inflation specific budgets such as energy costs and fuel have been amended to reflect anticipated price changes. We are estimating continued high prices throughout the 2023/24 financial year with a reduction in prices for future years, still above the original level for 2021/22 but in line with the 2022/23 level.
 - The Local Government Pension Scheme (LGPS) actuarial valuation was carried out at 31 March 2022. The results for the Derbyshire Pension Fund show an increased funding position. This has meant the deficit payment of £0.962m per year is no longer necessary but to ensure the fund continues to meet the needs of future pensioners, the contribution rate has been increased by the Pension Fund for employers from 14.9% to 20.8%. This currently makes no significant difference to us because the amounts are

- very similar and net each other off but should we suddenly get a tranche of new employees joining the scheme, we would face additional costs.
- With respect to planning fees, a base level for income has been included in the MTFP 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

- 1.35 In preparation for the budget, the Chief Financial Officer under delegated powers has determined the Tax Base at Band D for 2023/24 as 22,900.72. This is an increase on the 2022/23 Tax Base.

Council Tax Options

- 1.36 The Council's part of the Council Tax bill in 2022/23 was set at £191.28 for a Band D property. This was an increase of 2.68%
- 1.37 The Council has a range of options when setting the Council Tax but in calculating our funding allocation in the settlement, the government will assume we will increase Council Tax by the maximum allowed. The government indicate what upper limit they consider acceptable. For 2023/24 District Councils are permitted to increase their share of the Council Tax by the greater of 3% or £5 without triggering the need to hold a referendum.
- 1.38 The table below shows some of the options and the extra revenue generated.

Increase	New Band D £	Annual Increase £	Weekly Increase £	Extra Revenue £
2.00%	195.10	3.83	0.07	87,545
2.61%	196.28	5.00	0.10	114,441
2.99%	197.00	5.72	0.11	130,911

- 1.39 The level of increase each year affects the base for future years and the proposed increase for 2023/24 is 2.99%, generating additional revenue of £130,911. This ensures we do not accidentally trigger a referendum.
- 1.40 Members will recall that in our Medium Term Financial Strategy (MTFS) approved in August 2022, 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

- 1.41 The Council's main uncommitted Financial Reserves are the General Fund Working Balance of £2.001m, the uncommitted element of the Transformation

Reserve of £0.313m and the NNDR Growth Protection Reserve which has a balance of £4.607m after being used to fund the current MTFP. Due to the uncertainty surrounding local authority income and the fact that the Council has reduced budgets to a minimal level, it is important that the Council continues to review whether we have an acceptable General Fund Working Balance.

Housing Revenue Account (HRA)

2022/23 Current Budget

- 1.42 In February 2022, Members agreed a budget for 2022/23. Rent levels were set in line with government regulations with an increase of 4.1%, effective from 1st April 2022. HRA fees and charges were also set, effective from the same date.
- 1.43 The Revised Budget was considered by Executive at its meeting on the 5th December 2022 and by the Audit and Corporate Overview Scrutiny Committee at its meeting on 29th November. There have been no changes to the budget position since this time.
- 1.44 The HRA was in balance with neither a surplus or deficit estimated, which was in-line with the current budget.

2023/24 Original Budget and 2024/25 to 2026/27 Financial Plan

- 1.45 The proposed budget for 2023/24 currently shows the use of the HRA balance of £0.250m, this includes the planned use of the balance to cover the pension amount of £0.039m. Based on current information the position for 2024/25 is a contribution to the HRA balance of £0.211m and a transfer to HRA reserves of £0.500m. For future years there is a transfer to HRA reserves of £0.936m in 2025/26 and £1.380m in 2026/27 (**Appendix 3**). The proposal is to transfer any surplus that arises over these amounts into the HRA Revenue Reserve in all years.
- 1.46 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

- 1.47 On the 17th November 2022 when the Chancellor announced the Autumn Statement, included was the instruction that rents for social housing would be capped at 7% for 2023/24. This followed a government consultation during the summer on the affordability for Councils of a 5% rent cap, after the current government arrangements for rents to rise by Consumer Price Index (CPI) plus 1%, would've meant increases of around 11% for tenants, which was clearly likely to be unaffordable to most.
- 1.48 After careful consideration and in order to keep the HRA sustainable in light of the extra cost pressures, it is proposed to increase the income for dwelling rents by 5% for 2023/24 and this has been included in the budget. For future years it is unknown whether the government will revert back to the Department for Levelling Up, Housing and Communities (DLUHC) Policy Statement on rents

for social housing where CPI plus 1% is used. It has therefore felt appropriate to only include 2% as an estimate of the increase in income for the final 3 years of the MTFP.

- 1.49 The table below shows the average rent increases on a 52 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
5%	£86.14	£213.20	£4.10	£62.42 - £112.13
Average for Social Rent on a 52 week basis				
5%	£115.46	£286.00	£5.50	£81.21 - £199.78
Average for Affordable Rent on a 52 week basis				

Empty Property Levels - Voids

- 1.50 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.
- 1.51 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 2023/24 to 2026/27 the estimate for voids which has been included in the MTFP is 3%.

Fees and Charges

- 1.52 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.
- 1.53 A schedule of the proposed charges is set out at **Appendix 3, table 1**. For 2023/24 in most cases the charges are recommended to be increased by 5%.

Financial Reserves - HRA

- 1.54 The Council's main uncommitted Financial Reserves are the Housing Revenue Account Working Balance of £2.000m. 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

- 1.55 There will be three separate reports to Council on 1st February 2023 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.

2022/23 Current Budget

- 1.56 In February 2022, Members approved a Capital Programme in respect of 2022/23 to 2025/26. 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 2022/23 the equivalent amount of funding was not applied during 2021/22 and is therefore available in 2022/23 to meet the delayed payments.
- 1.57 The Revised Capital Programme was considered by Executive at its meeting on 5th December 2022 and by the Audit and Corporate Overview Scrutiny Committee at its meeting on 29th November. There have been no changes to the budget position since this time.

General Fund Capital Programme 2023/24 to 2026/27

- 1.58 The proposed Capital Programme for the General Fund totals £9.990m for 2023/24; £3.494m for 2024/25; £1.251m for 2025/26 and £2.299m for 2026/27 (**Appendix 4**).

Housing Revenue Account Capital Programme 2023/24 to 2026/27

- 1.59 The proposed Capital Programme for the Housing Revenue Account totals £15.843m for 2023/24; £14.057m for 2024/25; £10.488m for 2025/26 and £5.348m for 2026/27 (**Appendix 4**).
- 1.60 A list of all the schemes and associated funding are attached as **Appendix 4** to this report.

Robustness of the Estimates – Section 25 Local Government Act 2003

- 1.61 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.
- 1.62 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.
- 1.63 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 1st February 2023.

The Executive report recommendations are as follows:

- X1 That all recommendations below are referred to the meeting of Full Council on the 1st of February 2023.

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 2023/24 to 2026/27 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 2023/24 and future years.

GENERAL FUND

- X4 A Council Tax increase of £5.72 is levied in respect of a notional Band D property (2.99%).
- X5 The Medium Term Financial Plan in respect of the General Fund as set out in Appendix 1 of this report be approved as the Revised Budget 2022/23, as the Original Budget in respect of 2023/24, and the financial projection in respect of 2024/25 to 2026/27.
- X6 That any further under spend in respect of 2022/23 is transferred to the Council's General Fund Reserves.
- X7 On the basis that income from Planning Fees may exceed £0.500m in 2022/23, the Head of Paid Service in consultation with the Leader be granted delegated powers to authorise such additional resources as are necessary to effectively manage the resultant increase in workload.

HOUSING REVENUE ACCOUNT

- X8 That Council increases its rent levels by 5% to apply from 1st April 2023.
- X9 That the increases in respect of other charges as outlined in **Appendix 3 Table 1** be implemented with effect from, 1st April 2023.
- 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 2022/23, as the Original Budget in respect of 2023/24, and the financial projection in respect of 2024/25 to 2026/27.
- X11 That under spends in respect of 2022/23 to 2026/27 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 2022/23, and as the Approved Programme for 2023/24 to 2026/27.
- 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 Councillor Clive Moesby, Portfolio Holder 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

<u>Legal (including Data Protection):</u>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
<p>The Council is legally obliged to approve a budget prior to the commencement of the new financial year in April 2023. This report together with the associated budget timetable has been prepared in order to comply with our legal obligations.</p> <p>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.</p> <p>There are no Data Protection issues arising directly from this report.</p>		
On behalf of the Solicitor to the Council		
<u>Environment:</u>		
<p>Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.</p>		
Details:		
<p>Not applicable to this report</p>		
<u>Staffing:</u>		
Yes <input type="checkbox"/>		No <input checked="" type="checkbox"/>
Details:		
<p>These are covered in the main report and supporting Appendices where appropriate.</p>		
On behalf of the Head of Paid Service		

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Details: Portfolio Holder for Finance

Links to Council Ambition: Customers, Economy and Environment.

DOCUMENT INFORMATION	
Appendix No	Title
1	General Fund Summary
2	General Fund Detail
3	Housing Revenue Account Summary
3 table 1	HRA – Fees and Charges 2023/24
4	Capital Programme

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None

Rpttemplate/BDC/021122

**BOLSOVER DISTRICT COUNCIL
GENERAL FUND**

A

Description	Revised Budget 2022/23 £	Original Budget 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £
Resources	11,434,594	6,809,949	6,743,723	6,922,072
Strategy and Development	5,466,727	5,728,634	5,533,375	5,477,678
<u>S106 Expenditure</u>				
Resources	680,095	5,976	3,609	0
Strategy and Development	789,908	0	0	0
Net Cost of Services	18,371,324	12,544,559	12,280,707	12,399,750
Debt Charges	571,856	635,134	620,780	617,361
Investment Interest	(867,955)	(917,432)	(641,664)	(531,924)
Appropriations:				
Contributions to Reserves	1,729,500	1,661,746	1,728,667	523,667
Contribution from Earmarked Reserves	(3,434,756)	(255,033)	(184,727)	(130,588)
Contribution (from)/to NNDR Growth Protection Reserve	2,043,000	(274,591)	353,648	(2,828,562)
Contribution from Grant Accounts	(5,820)	(5,720)	(5,720)	(5,720)
Contribution from Revenue Grants	(8,517,568)	0	0	0
Contribution (from)/to Holding Accounts	(292,546)	(184,902)	(213,035)	(118,005)
Contribution from S106 Holding A/cs	(1,470,003)	(5,976)	(3,609)	0
TOTAL EXPENDITURE	8,127,032	13,197,785	13,935,047	9,925,979
Parish Precepts	3,645,990	3,645,990	3,645,990	3,645,990
TOTAL SPENDING REQUIREMENT	11,773,022	16,843,775	17,581,037	13,571,969
Revenue Support Grant	(1,231,521)	(1,473,016)	(1,582,000)	(377,000)
Business Rates Retention	(6,284,330)	(6,549,986)	(7,181,029)	(5,168,529)
Business Rates deficit due to Covid reliefs	1,940,350	0	0	0
New Homes Bonus Grant	(703,263)	(677,892)	(677,892)	0
Lower Tier Services Grant	(131,270)	0	0	0
2022/23 Services Grant	(201,739)	(113,676)	(113,676)	0
Funding Guarantee Grant	0	(40,837)	0	0
COUNCIL TAX - BDC precept	(4,292,893)	(4,380,450)	(4,380,450)	(4,380,450)
Council tax - Parish element from above	(3,645,990)	(3,645,990)	(3,645,990)	(3,645,990)
Council Tax Collection Fund (Surplus)/Deficit	(86,597)	0	0	0
Council Tax spread of 20/21 Covid loss	56,416	56,416	0	0
COVID-19 Related Support	2,889,884	0	0	0
TOTAL FUNDING	(11,690,953)	(16,825,431)	(17,581,037)	(13,571,969)

BOLSOVER DISTRICT COUNCIL

GENERAL FUND

A

Description	Revised Budget 2022/23 £	Original Budget 2023/24 £	Forecast 2024/25 £	Forecast 2025/26 £
FUNDING GAP / (SURPLUS)	82,069	18,344	0	0

BOLSOVER DISTRICT COUNCIL APPENDIX 1
GENERAL FUND

Description	Forecast 2026/27 £
Resources	7,146,189
Strategy and Development	5,598,554
<u>S106 Expenditure</u>	
Resources	0
Strategy and Development	0
Net Cost of Services	12,744,743
Debt Charges	590,511
Investment Interest	(529,438)
Appropriations:	
Contributions to Reserves	493,667
Contribution from Earmarked Reserves	(80,935)
Contribution (from)/to NNDR Growth Protection Reserve	(2,970,860)
Contribution from Grant Accounts	(5,720)
Contribution from Revenue Grants	0
Contribution (from)/to Holding Accounts	(62,518)
Contribution from S106 Holding A/cs	0
TOTAL EXPENDITURE	10,179,450
Parish Precepts	3,645,990
TOTAL SPENDING REQUIREMENT	13,825,440
Revenue Support Grant	(347,000)
Business Rates Retention	(5,452,000)
Business Rates deficit due to Covid reliefs	0
New Homes Bonus Grant	0
Lower Tier Services Grant	0
2022/23 Services Grant	0
Funding Guarantee Grant	0
COUNCIL TAX - BDC precept	(4,380,450)
Council tax - Parish element from above	(3,645,990)
Council Tax Collection Fund (Surplus)/Deficit	0
Council Tax spread of 20/21 Covid loss	0
COVID-19 Related Support	0
TOTAL FUNDING	(13,825,440)
	44

BOLSOVER DISTRICT COUNCIL

GENERAL FUND

APPENDIX 1

Description	Forecast 2026/27 £
FUNDING GAP / (SURPLUS)	0

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised	Original			
		Budget	Budget	Forecast	Forecast	Forecast
		2022/23	2023/24	2024/25	2025/26	2026/27
		£	£	£	£	£
G001	Audit Services	133,565	134,378	135,340	134,911	134,911
G002	I.C.T.	997,087	1,115,654	1,116,819	1,124,734	1,131,397
G007	Community Safety - Crime Reduction	65,097	72,148	73,767	75,414	77,093
G010	Neighbourhood Management	71,782	74,026	75,461	76,193	76,932
G013	Community Action Network	317,859	359,304	374,618	382,532	390,605
G014	Customer Contact Service	807,584	889,970	913,728	936,725	956,825
G017	Private Sector Housing Renewal	77,449	89,485	92,136	94,426	96,024
G018	Environmental Health Covid Team	40,617	117	117	117	117
G020	Public Health	(70,000)	(70,000)	(70,000)	(70,000)	(70,000)
G021	Pollution Reduction	249,713	245,679	254,661	261,817	266,778
G022	Env Health - Health + Safety	(239)	0	0	0	0
G023	Pest Control	54,399	36,278	37,638	38,681	41,255
G024	Street Cleansing	364,440	406,533	414,658	424,430	428,211
G025	Food, Health & Safety	125,121	132,740	137,090	141,605	143,712
G026	Animal Welfare	91,076	103,051	107,030	109,555	112,147
G028	Domestic Waste Collection	1,098,030	1,221,190	1,263,129	1,272,577	1,317,777
G030	Street Trading	(452)	0	0	0	0
G032	Grounds Maintenance	847,881	993,334	1,023,087	1,049,823	1,075,012
G033	Vehicle Fleet	1,152,961	1,106,368	1,139,135	1,168,793	1,191,711
G036	Environmental Health Mgmt & Admin	280,841	290,627	297,353	301,521	305,224
G038	Concessionary Fares & TV Licenses	(11,387)	(11,603)	(11,823)	(12,047)	(12,276)
G040	Corporate Management	183,881	227,667	233,683	234,688	241,066
G041	Non Distributed Costs	647,737	278,371	278,371	278,371	278,371
G043	Director of Resources	146,256	157,567	155,973	159,109	162,310
G044	Financial Services	334,896	375,575	374,928	382,114	390,593
G046	Homelessness	79,889	166,277	169,260	162,346	185,718
G047	Household Support Fund	104,923	0	0	0	0
G048	Town Centre Housing	(10,600)	(10,600)	(10,600)	(10,600)	(10,600)
G053	Licensing	34,411	44,398	48,471	50,847	52,964
G061	Bolsover Wellness Programme	89,737	45,803	51,723	56,281	59,370
G062	Extreme Wheels	(1,075)	4,223	5,506	6,814	8,149
G063	This Girl Can	1,908	0	0	0	0
G064	Bolsover Sport	132,667	158,721	162,204	165,516	168,895
G065	Parks, Playgrounds & Open Spaces	42,402	45,192	49,014	49,789	50,584
G069	Arts Projects	52,408	56,532	57,484	58,454	59,445
G070	Outdoor Sports & Recreation Facilities	53,133	48,071	40,911	41,545	40,147
G072	Leisure Services Mgmt & Admin	267,209	290,609	296,012	300,780	305,644
G097	Groundwork & Drainage Operations	82,042	101,160	103,789	106,375	108,619
G100	Benefits	339,088	426,231	469,659	510,853	547,950
G103	Council Tax / NNDR	379,453	472,614	486,854	506,025	526,287
G105	Council Tax Energy Rebate	5,327,550	0	0	0	0
G106	Housing Anti Social Behaviour	132,163	156,824	162,422	166,513	169,915
G113	Parenting Practitioner	38,822	43,689	44,829	45,987	47,168

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised	Original			
		Budget	Budget	Forecast	Forecast	Forecast
		2022/23	2023/24	2024/25	2025/26	2026/27
		£	£	£	£	£
G117	Payroll	78,583	132,693	138,980	144,010	146,956
G123	Riverside Depot	208,276	291,337	204,437	208,187	212,000
G124	Street Servs Mgmt & Admin	56,346	81,691	84,128	86,145	85,785
G125	S106 Percent for Art	30,985	0	0	0	0
G126	S106 Formal and Informal Recreation	216,971	5,976	3,609	0	0
G135	Domestic Violence Worker	78,404	50,149	51,114	52,094	53,096
G142	Community Safety - CCTV	4,937	2,000	2,000	2,000	2,000
G143	Housing Strategy	59,896	56,999	51,184	47,027	47,938
G144	Enabling (Housing)	41,414	42,266	43,136	44,027	44,938
G146	Pleasley Vale Outdoor Activity Centre	77,034	58,257	54,680	55,409	56,914
G148	Commercial Waste	(161,600)	(162,600)	(163,000)	(163,000)	(163,000)
G149	Recycling	117,277	358,979	374,492	382,907	390,767
G153	Housing Advice	15,107	15,734	16,054	14,625	18,616
G155	Customer Services	34,129	35,048	36,525	37,823	39,596
G161	Rent Rebates	(37,466)	(38,490)	(62,730)	(63,969)	(65,307)
G162	Rent Allowances	17,829	16,019	(9,644)	(18,749)	(27,854)
G164	Support Recharges	(4,810,563)	(5,202,089)	(5,215,482)	(5,333,916)	(5,425,893)
G168	Multifunctional Printers	37,600	37,600	37,600	37,600	37,600
G170	S106 Outdoor Sports	432,139	0	0	0	0
G176	Affordable Warmth	20,426	23,339	23,733	23,934	24,136
G177	Discretionary Housing Payments	20,000	0	0	0	0
G179	School Sports Programme	0	1,600	1,600	1,601	1,600
G182	Community Outreach Programmes	12,879	0	0	0	0
G197	Assistant Director of Finance + Resources	93,070	102,022	104,093	106,201	108,353
G198	Assistant Director of Housing (GF)	34,902	38,235	39,006	39,792	40,593
G199	Assistant Director of Street Scene	87,523	95,853	97,781	99,742	101,744
G228	Go Active Clowne Leisure Centre	197,417	494,104	278,599	333,968	356,936
G229	Housing Standards	(1,325)	0	0	0	0
G239	Housing + Comm Safety Fixed Penalty Acc	175	1,000	1,000	1,000	2,625
Total for Resources Directorate		12,114,689	6,815,925	6,747,332	6,922,072	7,146,189
G003	Communications, Marketing + Design	313,483	309,089	318,613	329,094	330,798
G006	Partnership, Strategy & Policy	425,189	427,640	442,542	450,124	455,254
G009	Dragonfly	(2,580)	0	0	0	0
G011	Assistant Director of Leader's Executive Team	86,523	94,853	96,781	98,742	100,744
G012	Community Champions	13,800	1,880	2,019	2,061	2,102
G015	Customer Service + Improvement	130,251	148,693	152,546	155,127	157,317
G016	Skills Audit	15,160	0	0	0	0
G027	Emergency Planning	17,071	17,392	17,720	18,073	18,432
G031	S106 - Biodiversity	14,679	0	0	0	0
G039	Children and YP Emotional Well-being	37,500	50,000	0	0	0
G052	Human Resources	205,017	218,079	224,011	230,937	233,125
G054	Electoral Registration	167,132	177,722	183,721	188,307	190,729
G055	Democratic Representation & Management	532,650	536,556	536,392	536,398	536,404

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised	Original			
		Budget	Budget	Forecast	Forecast	Forecast
		2022/23	2023/24	2024/25	2025/26	2026/27
		£	£	£	£	£
G056	Land Charges	16,112	20,653	21,775	22,884	24,012
G057	District Council Elections	33,250	53,000	0	0	25,000
G058	Democratic Services	196,358	246,847	257,572	265,592	269,383
G060	Legal Services	383,570	370,252	371,634	383,218	392,269
G073	Planning Policy	337,355	346,738	343,096	307,068	357,136
G074	Planning Development Control	8,219	96,770	107,392	84,602	95,377
G076	Planning Enforcement	103,330	141,818	123,615	110,094	112,282
G077	LGA Housing Advisers Programme (HAP)	25,000	0	0	0	0
G078	LGA Net Zero Innovation Programme (NZIP)	30,000	0	0	0	0
G079	Senior Urban Design Officer	22,384	63,372	64,664	65,979	67,322
G080	Engineering Services (ESRM)	97,506	97,936	102,134	103,441	104,749
G082	Tourism Promotion + Development	39,172	54,766	55,886	57,029	58,194
G083	Building Control Consortium	55,000	55,000	55,000	55,000	55,000
G085	Economic Development	53,387	29,425	29,425	29,425	29,425
G086	Alliance	5,250	5,250	5,250	5,250	5,250
G088	Derbyshire Economic Partnership	15,000	15,000	15,000	15,000	15,000
G089	Premises Development	(60,535)	(66,033)	(69,558)	(69,255)	(68,953)
G090	Pleasley Vale Mills	(153,110)	(158,939)	(154,784)	(152,532)	(150,253)
G092	Pleasley Vale Electricity Trading	(54,000)	(40,000)	(40,000)	(40,000)	(40,000)
G095	Estates + Property	552,026	612,858	629,319	643,960	659,884
G096	Building Cleaning (General)	109,240	114,376	116,481	118,675	116,747
G099	Catering	500	500	500	500	500
G109	Director of Strategy and Development	146,716	158,024	156,430	159,566	162,767
G110	Assistant Director of Development	93,910	97,484	96,778	98,739	100,741
G111	Shared Procurement	40,120	52,452	41,120	51,358	51,622
G114	Strategic Investment Fund	100,000	0	0	0	0
G129	Bolsover Apprenticeship Programme	(4,500)	0	0	0	0
G131	Bolsover Community Woodlands Project	(9,841)	5,852	8,112	10,000	10,000
G132	Planning Conservation	46,418	40,684	47,283	49,792	50,808
G133	The Tangent Business Hub	(39,314)	16,971	(32,899)	(30,839)	(28,744)
G138	Bolsover TC Regeneration Scheme	39,195	0	0	0	0
G139	Proptech Engagement Fund	167,391	0	0	0	0
G151	Street Lighting	55,506	108,880	56,516	57,546	58,597
G156	The Arc	236,731	395,288	250,341	256,164	262,061
G157	Controlling Migration Fund	14,620	14,621	24	25	25
G167	Facilities Management	10,571	11,838	10,442	11,838	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	33,218	42,445	34,881	35,385	35,893
G191	Bolsover Community Lottery	6,250	0	0	0	0
G192	Scrutiny	24,101	26,334	26,830	27,357	27,895
G193	Economic Development Management + Admin	420,411	461,521	478,391	471,461	446,180
G195	Assistant Director of Governance + Monitoring	92,229	102,474	104,545	106,653	108,805

APPENDIX 2

List of General Fund net budgets per cost centre per directorate

		Revised	Original			
		Budget	Budget	Forecast	Forecast	Forecast
		2022/23	2023/24	2024/25	2025/26	2026/27
		£	£	£	£	£
G200	Assistant Director of Property + Housing Repairs	16,153	12,229	9,788	9,984	10,184
G216	Raising Aspirations	51,250	0	51,250	0	0
G218	I-Venture/Namibia Bound	12,484	13,011	12,500	12,500	0
G220	Locality Funding	(19,950)	(1,269)	40,000	0	0
G226	S106 - Highways	569,000	0	0	0	0
G227	S106 - Public Health	205,113	0	0	0	0
G238	HR Health + Safety	115,278	98,480	101,312	103,492	104,685
G241	Community Rail	13,125	19,822	20,985	21,864	21,968
G244	Bolsover Business Growth Fund	38,445	0	0	0	0
Total for Strategy + Development Directorate		6,256,635	5,728,634	5,533,375	5,477,678	5,598,554
Total Net Cost of Services		18,371,324	12,544,559	12,280,707	12,399,750	12,744,743

Housing Revenue Account

APPENDIX 3

	Revised Budget 2022/23	Original Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27
Expenditure	£	£	£	£	£
Repairs and Maintenance	5,699,502	6,188,269	6,255,237	6,391,068	6,465,919
Rents, Rates, Taxes + Other Charges	213,542	225,802	209,673	211,843	214,012
Supervision and Management	6,609,260	6,529,792	6,517,078	6,722,420	6,834,171
Special Services	552,523	999,483	586,855	596,598	606,493
Housing Related Support - Wardens	688,789	775,953	792,342	806,362	820,105
Housing Related Support - Central Control	352,842	388,063	394,090	416,302	421,809
Tenants Participation	75,758	85,261	86,795	88,353	89,944
New Build Schemes Evaluations	750,000	400,000	0	0	0
New Bolsover Project	5,000	0	0	0	0
Leasehold Flats	4,834	0	0	0	0
Debt Management Expenses	8,562	9,158	9,888	10,498	10,710
Total Expenditure	14,960,612	15,601,781	14,851,958	15,243,444	15,463,163
Income					
Dwelling Rents	(21,522,170)	(22,982,750)	(24,256,279)	(24,983,967)	(25,733,486)
Non-dwelling Rents	(101,490)	(106,512)	(111,785)	(115,107)	(118,529)
Leasehold Flats and Shops Income	(19,295)	(7,000)	(7,000)	(7,000)	(7,000)
Repairs and Maintenance	(19,129)	(19,129)	(17,500)	(17,500)	(17,500)
Supervision and Management	(378)	0	0	0	0
Special Services	(21,732)	(21,732)	(21,732)	(10,000)	(10,000)
Housing Related Support - Wardens	(409,320)	(415,616)	(142,226)	(146,390)	(150,680)
Housing Related Support - Central Control	(277,000)	(286,650)	(212,783)	(219,166)	(225,741)
Tenants Participation	(5,005)	0	0	0	0
Total Income	(22,375,519)	(23,839,389)	(24,769,305)	(25,499,130)	(26,262,936)
Net Cost of Services	(7,414,907)	(8,237,608)	(9,917,347)	(10,255,686)	(10,799,773)
Appropriations:					
Increase in Bad Debt Provision	130,000	130,000	130,000	130,000	130,000
Capital Interest Costs	3,627,207	3,739,030	3,996,065	4,099,108	4,119,354
Investment Interest Income	(103,017)	(326,471)	(268,774)	(257,219)	(178,075)
Depreciation	4,274,630	5,348,200	5,348,200	5,348,200	5,348,200
Transfer to Major Repairs Reserve	725,370	0	0	0	0
Contribution to HRA Reserves	35,000	35,000	500,398	935,597	1,380,294
Use of HRA Earmarked Reserves	(1,235,590)	(438,000)	0	0	0
Contribution to / (from) HRA Balance	(38,693)	(250,151)	211,458	0	0
Net Operating (Surplus) /Loss	0	0	0	0	0
HRA Balance at 1st April	(2,077,386)	(2,038,693)	(1,788,542)	(2,000,000)	(2,000,000)
Contribution (to)/from Balances	38,693	250,151	(211,458)	0	0
HRA Balance at 31st March	(2,038,693)	(1,788,542)	(2,000,000)	(2,000,000)	(2,000,000)

HRA - Fees and Charges 2023/24**Weekly Charge over 52 Weeks unless otherwise specified****September 2022 Consumer Price Index was 10.1%**

	Current	Proposed	Change	Change
	£	£	£	%
Garages (tenant)	12.54	13.17	0.63	5.0%
Garage - Direct Debit Payment	9.47	9.94	0.47	5.0%
Garage (in curtilage)	4.73	4.97	0.24	5.0%
(Set at 50% of garage DD payment)				
Garage plots (billed annually)	219.75	230.74	10.99	5.0%
New Bolsover Service Charge	2.00	2.10	0.10	5.0%
(applies to new tenants only)				
Special Services Charge (See Note1)	16.41	17.23	0.82	5.0%
Reduced special service	10.94	11.49	0.55	5.0%
(Reduced special services for scheme other than Cat 2 who receive reduced service)				
Heating Service Charge (See Note 2)				
Bedsits	2.85	2.99	0.14	5.0%
1 bed flat	3.89	4.08	0.19	5.0%
Heating Charge (See Note 3)				
Bedsits	4.46	4.46	0.00	0.0%
1 bed flat	6.08	6.08	0.00	0.0%
Support Charges	14.00	14.70	0.70	5.0%
Mobile Warden	7.11	7.46	0.36	5.0%
(long-term aim to reach cost, increase capped at 10% per year)				
Lifeline - bronze	5.26	5.52	0.26	5.0%
Lifeline - gold	8.08	8.48	0.40	5.0%
Lifeline - RSL	5.03	5.29	0.25	5.0%
Buggy Parking	4.28	4.49	0.21	5.0%
(including charging facilities)				
Choice Based Lettings Postage	1.32	1.36	0.04	3.0%
(suggested cost is twice the cost of a second class stamp)				

HRA - Fees and Charges 2023/24**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 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
General Fund					
Asset Management Plan					
Investment Properties	4,008	0	0	0	0
Pleasley Vale Business Park	60,574	0	0	0	0
Riverside Depot	9,322	0	0	0	0
The Arc	47,893	0	0	0	0
The Tangent	15,000	0	0	0	0
Contact Centres	11,638	0	0	0	0
General	8,760	0	0	0	0
Asset Management Plan not yet allocated to an individual scheme	72,388	260,000	260,000	260,000	260,000
	229,583	260,000	260,000	260,000	260,000
Engineering Asset Management Plan					
Car Parks	27,986	25,000	25,000	25,000	25,000
Shelters	11,128	10,000	10,000	10,000	10,000
Lighting	15,000	15,000	15,000	15,000	15,000
	54,114	50,000	50,000	50,000	50,000
Assets					
Car Parking at Clowne	13,416	0	0	0	0
Pleasley Vale Mill - Dam Wall	100,410	0	0	0	0
Land at Portland Street	109,750	0	0	0	0
Shirebrook Crematorium	1,873,750	6,886,414	725,100	0	0
Cultural Business and Skills Hub	0	50,211	249,789	0	0
CISWO - former Creswell LC	166,000	0	0	0	0
	2,263,326	6,936,625	974,889	0	0
ICT Schemes					
ICT infrastructure	306,825	332,000	110,000	102,000	60,000
Digital Screens	31,970	0	0	0	0
Town Centre Regeneration	29,000	0	0	0	0
	367,795	332,000	110,000	102,000	60,000
Leisure Schemes					
Playing Pitch Improvements (Clowne)	440,284	0	0	0	0
Pleasley Vale - Leisure	20,000	0	0	0	0
Go Active Café Equipment	25,000	0	0	0	0
Go Active Equipment	15,000	15,000	15,000	15,000	15,000
Gym Equipment & Spin Bikes	0	0	0	0	392,100
Go-Active Gym flooring	0	0	0	0	40,000
Toning Tables (Leisure)	0	0	0	0	80,000
Houfton Rd Play Area (Insurance)	25,000	0	0	0	0
Community Assets (Leisure)	10,000	0	0	0	0
	535,284	15,000	15,000	15,000	527,100
Private Sector Schemes					
Disabled Facility Grants	650,000	650,000	650,000	650,000	650,000
	650,000	650,000	650,000	650,000	650,000
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	1,132,662	1,746,000	1,434,500	174,000	751,500
Vehicle Wash Area	1,000	0	0	0	0
Can Ranger's Equipment	14,231	0	0	0	0
	1,147,893	1,746,000	1,434,500	174,000	751,500

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Total General Fund	7,520,347	9,989,625	3,494,389	1,251,000	2,298,600

APPENDIX 4

CAPITAL PROGRAMME SUMMARY	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Housing Revenue Account					
New Build Properties					
Alfreton Rd Pinxton	56,860	511,700	0	0	0
Ashbourne Extension	1,038,857	0	0	0	0
Bolsover Homes-yet to be allocated	1,068,931	4,233,880	8,500,000	5,000,000	0
Bolsover Homes Staffing Costs	272,506	272,506	0	0	0
Harlesthorne Ave Bungalow adaptation	125,000	0	0	0	0
Jubilee Court (Bungalows x2)	0	300,000	0	0	0
Keepmoat Properties at Bolsover	818,500	0	0	0	0
Market Close Shirebrook	3,926,144	1,753,072	0	0	0
Meadow View Homes - Glapwell	0	696,000	0	0	0
Moorfield Lane Whaley Thorns	126,688	1,393,565	0	0	0
Sandy Lane/Thorpe Ave Whitwell	299,340	0	0	0	0
The Whitwell Cluster	26,828	0	0	0	0
The Woodlands	3,000,000	0	0	0	0
Valley View (2 Bungalows & extension)	750,000	0	0	0	0
West Street Langwith	142,919	708,333	0	0	0
	11,652,573	9,869,056	8,500,000	5,000,000	0
Vehicle Replacements	477,600	625,500	209,000	140,000	0
	477,600	625,500	209,000	140,000	0
Public Sector Housing					
Bramley Vale	0	100,000	1,450,000	1,475,000	1,475,000
Electrical Upgrades	212,000	250,000	125,000	125,000	125,000
External Door Replacements	150,000	120,000	70,000	70,000	70,000
External Wall Insulation	506,211	0	0	0	0
Fencing	110,000	0	0	0	0
Flat Roofing	75,000	100,000	40,000	40,000	40,000
Heating Upgrades	78,740	80,000	100,000	100,000	100,000
Kitchen Replacements	335,000	220,000	200,000	200,000	200,000
Public Sector Housing - not yet allocated	0	0	0	1,927,534	1,924,870
Re Roofing	1,000,000	750,000	750,000	750,000	750,000
Property Services Mgmt. & Admin	99,846	125,496	128,056	130,666	133,330
Safe & Warm	2,305,993	2,922,704	1,955,144	0	0
Soffit and Facia	30,000	30,000	30,000	30,000	30,000
Unforeseen Reactive Capital Works	107,107	100,000	100,000	100,000	100,000
Welfare Adaptations	423,761	400,000	400,000	400,000	400,000
Wet Rooms (Bungalows)	150,000	150,000	0	0	0
Whaley Common - Air Source Heating	250,000	0	0	0	0
	5,833,658	5,348,200	5,348,200	5,348,200	5,348,200
ICT Schemes					
Open Housing	79,686	0	0	0	0
	79,686	0	0	0	0
New Bolsover Scheme (incl. HLF)					
New Bolsover-Regeneration Scheme	16,000	0	0	0	0
	16,000	0	0	0	0
Total HRA	18,059,517	15,842,756	14,057,200	10,488,200	5,348,200
TOTAL CAPITAL EXPENDITURE	25,579,864	25,832,381	17,551,589	11,739,200	7,646,800

APPENDIX 4

CAPITAL PROGRAMME SUMMARY

	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Capital Financing					
General Fund					
Better Care Fund	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Prudential Borrowing	0	(3,632,012)	(725,100)	0	0
Reserves	(4,309,759)	(2,403,000)	(1,869,500)	(601,000)	(1,648,600)
Capital Receipts	(1,984,334)	(3,254,402)	0	0	0
External Funding	(576,254)	(50,211)	(249,789)	0	0
	(7,520,347)	(9,989,625)	(3,494,389)	(1,251,000)	(2,298,600)
HRA					
Major Repairs Allowance	(5,833,658)	(5,348,200)	(5,348,200)	(5,348,200)	(5,348,200)
Prudential Borrowing	(2,085,281)	(8,264,471)	(8,500,000)	(5,000,000)	0
Reserves	(8,409,915)	(1,946,752)	(209,000)	(140,000)	0
Capital Receipts	0	(283,333)	0	0	0
External Funding	(1,730,663)	0	0	0	0
	(18,059,517)	(15,842,756)	(14,057,200)	(10,488,200)	(5,348,200)
TOTAL CAPITAL FINANCING	(25,579,864)	(25,832,381)	(17,551,589)	(11,739,200)	(7,646,800)

Bolsover District Council

Audit and Corporate Overview Scrutiny Committee

24th January 2023

TREASURY STRATEGY REPORTS **2023/24 – 2026/27**

Report of the Assistant Director of Finance and Resources

Classification	This report is Public
Report By	Assistant Director of Finance and Resources
Contact Officer	Assistant Director of Finance and Resources Theresa Fletcher 01246 242548 theresa.fletcher@bolsover.gov.uk

PURPOSE/SUMMARY OF REPORT

To enable the Committee to consider the Authority's suite of Treasury Strategies for 2023/24 to 2026/27, prior to the report being taken to Council.

REPORT DETAILS

1. Background

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2 CIPFA issued a revised Prudential Code and Treasury Management Code in late December 2021, these strategy reports include the full implementation of the revised Codes.
- 1.3 Since 2019/20 there has been a requirement to produce three separate treasury strategies. This report therefore, includes the strategy for Treasury Management, The Capital Strategy and the Corporate Investment Strategy.
- 1.4 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 2023/24 to 2026/27. 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 2023/24 to 2026/27 for consideration and approval by Council. It contains:
 - The Treasury Management Strategy which provides the framework for managing the Authority's cash flows, borrowing and investments for the period.
 - The Capital Strategy which is intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of the Authority's services.
 - The Corporate Investment Strategy which focuses on investments made for service purposes and commercial reasons, rather than those made for treasury management.

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

3 Alternative Options and Reasons for Rejection

- 3.1 Alternative options are considered throughout the report.

RECOMMENDATION(S)

1. That 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 1st February 2022.

The Council report recommendations are as follows:

X1 It is recommended that Council approve the Treasury Management Strategy at **Appendix 1** and in particular:

- a) Approve the Borrowing Strategy.
- b) Approve the Treasury Management Investment Strategy.
- c) Approve the use of the external treasury management advisors Counterparty Weekly List – or similar – to determine the latest assessment of the counterparties that meet the Authority's Criteria before any investment is undertaken.
- d) Approve the Prudential Indicators.

X2 It is recommended that Council approve the Capital Strategy as set out in **Appendix 2** and in particular:

- a) Approve the Capital Financing Requirement.
- b) Approve the Minimum Revenue Provision Statement for 2023/24.
- c) Approve the Prudential Indicators for 2023/24 detailed in the Capital Strategy, in particular:

Authorised Borrowing Limit	£139.500m
Operational Boundary	£134.500m
Capital Financing Requirement	£129.501m

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

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

Environment:

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

Details:

Not applicable to this report

Staffing: Yes ☐ No ☒

Details:

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

On behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No

District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <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: Customers, Economy and Environment.

DOCUMENT INFORMATION	
Appendix No	Title
1	Treasury Management Strategy
1A	Arlingclose Economic & Interest Rate Forecast
1B	Existing Investment & Debt Portfolio Position
2	Capital Strategy
2A	Capital Programme
2B	Annual Minimum Revenue Provision Statement
3	Corporate Investment Strategy

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None

Rpttemplate/BDC/021122

Bolsover District Council

Treasury Management Strategy 2023/24 - 2026/27

1 Strategy Details

- 1.1 Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Authority to approve a Treasury Management Strategy before the start of each financial year. This strategy fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2 The strategy outlines the Authority's Treasury Management Strategy for the years 2023/24 to 2026/27 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 the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.
- 1.7 The Bank of England (BoE) increased Bank Rate by 0.5% to 3.5% in December 2022. This followed a 0.75% rise in November which was the largest single rate hike since 1989 and the ninth successive rise since December 2021. The December decision was voted for by a 6-3 majority of the Monetary Policy Committee (MPC), with two dissenters voting for a no-change at 3% and one for a larger rise of 0.75%.

- 1.8 The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with Consumer Price Index (CPI) inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected to remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.
- 1.9 The UK economy contracted by 0.3% between July and September 2022 according to the Office for National Statistics, and the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.
- 1.10 CPI inflation is expected to have peaked at around 11% in the last calendar quarter of 2022 and then fall sharply to 1.4%, below the 2% target, in two years' time and to 0% in three years' time if Bank Rate follows the path implied by financial markets at the time of the November MPR (a peak of 5.25%). However, the BoE stated it considered this path to be too high, suggesting that the peak in interest rates will be lower, reducing the risk of inflation falling too far below target. Market rates have fallen since the time of the November MPR.
- 1.11 The labour market remains tight for now, with the most recent statistics showing the unemployment rate was 3.7%. Earnings were up strongly in nominal terms by 6.1% for both total pay and for regular pay but factoring in inflation means real pay for both measures was -2.7%. Looking forward, the November MPR shows the labour market weakening in response to the deteriorating outlook for growth, leading to the unemployment rate rising to around 6.5% in 2025.
- 1.12 Interest rates have also been rising sharply in the United States, with the Federal Reserve increasing the range on its key interest rate by 0.5% in December 2022 to 4.25%-4.5%. This rise follows four successive 0.75% rises in a pace of tightening that has seen rates increase from 0.25%-0.50% in March 2022. Annual inflation has been slowing in the US but remains above 7%. GDP grew at an annualised rate of 3.2% (revised up from 2.9%) between July and September 2022, but with official interest rates expected to rise even further in the coming months, a recession in the region is widely expected at some point during 2023.
- 1.13 Inflation rose consistently in the Euro Zone since the start of the year, hitting a peak annual rate of 10.6% in October 2022, before declining to 10.1% in November. Economic growth has been weakening with an upwardly revised expansion of 0.3% (from 0.2%) in the three months to September 2022. As with the UK and US, the European Central Bank has been on an interest rate tightening cycle, pushing up its three key interest rates by 0.50% in December, following two consecutive 0.75% rises, taking its main refinancing rate to 2.5% and deposit facility rate to 2.0%.
- 1.14 **Credit outlook:** Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

- 1.15 CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ring-fenced (retail) and non-ring-fenced (investment) banking entities once again. The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them to negative from stable.
- 1.16 There are competing tensions in the banking sector which could impact bank balance sheet strength in the future. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.
- 1.17 **Interest rate forecast:** The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.
- 1.18 While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite the looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remain persistently higher.
- 1.19 Yields are expected to remain broadly at current levels over the medium-term, with 5, 10 and 20-year gilt yields expected to average around 3.5%, 3.5%, and 3.85% respectively over the 3-year period to December 2025. The risks for short, medium and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 1.20 A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix 1A**.
- 1.21 For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 3.31%.

Local Context

- 1.22 On 31st December 2022, the Authority held £89.4m of borrowing and £37.0m 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

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
General Fund CFR	6.2	5.7	9.0	9.4	9.1	8.8
HRA CFR	110.1	112.2	120.5	129.0	134.0	134.0
Total CFR	116.3	117.9	129.5	138.4	143.1	142.8
Less: Actual External borrowing *	(93.4)	(89.4)	(86.0)	(78.8)	(76.8)	(73.8)
Internal borrowing	22.9	28.5	43.5	59.6	66.3	69.0
New external borrowing	0	0	0	(4.8)	(11.6)	(13.2)
Less: Balance sheet resources	(65.4)	(64.9)	(64.9)	(64.8)	(64.7)	(66.1)
Treasury Investments (net of new borrowing)	42.5	36.4	21.4	10.0	10.0	10.3

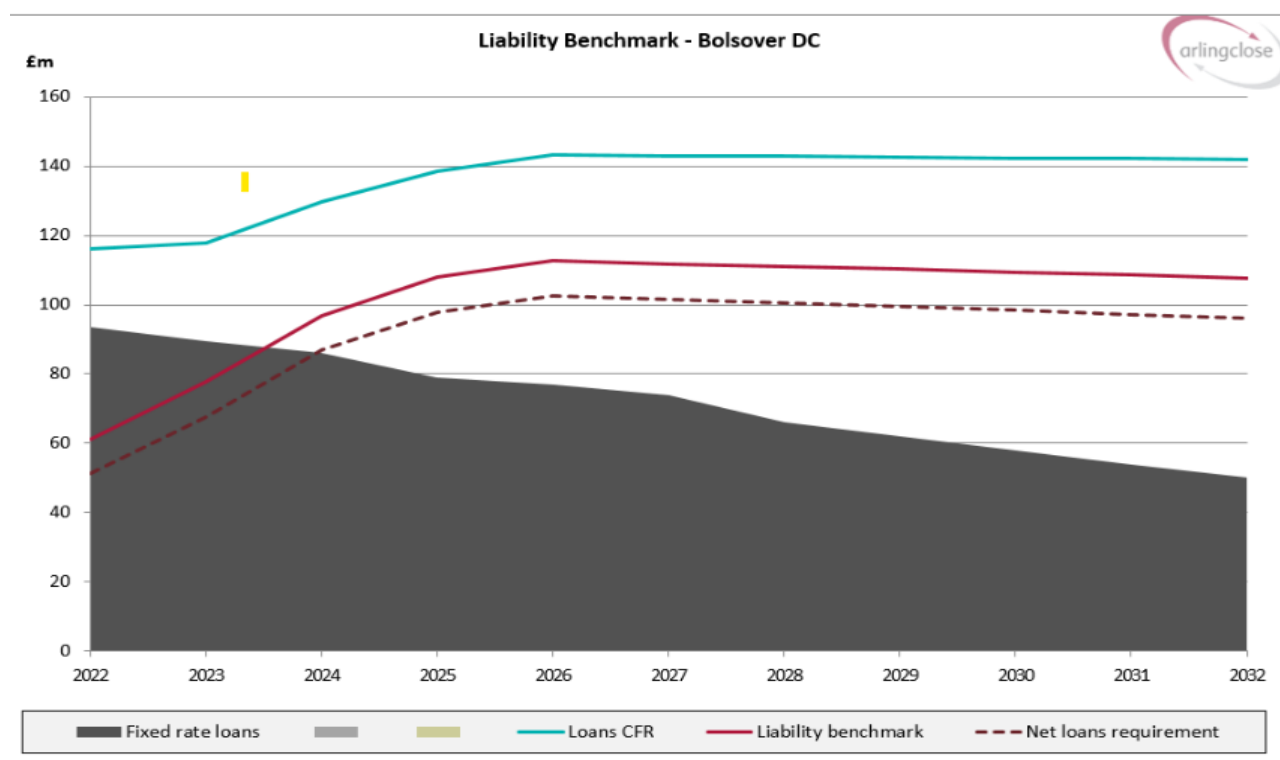
- 1.23 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying sums available for investment. The Authority has an increasing CFR due to the capital programme and will therefore be required to borrow up to £30m over the forecast period. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2023/24.
- 1.24 **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 (**table 2**). This assumes the same forecasts as **table 1** above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.
- 1.25 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Liability benchmark

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
CFR	116.3	117.9	129.5	138.4	143.1	142.8
Less: Balance sheet resources	(65.4)	(64.9)	(64.9)	(64.8)	(64.7)	(66.1)
Net loans requirement	50.9	53.0	64.6	73.6	78.4	76.7
Plus: Liquidity allowance	10.0	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	60.9	63.0	74.6	83.6	88.4	86.7

- 1.26 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £2.1m 22/23; £11.8m 23/24; £10m 24/25; £5m 25/26; minimum revenue provision on new capital expenditure based on a 5 to 50 year asset life and income, expenditure and reserves all increasing by inflation of 2.5% a year.

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



Borrowing Strategy

- 1.27 The Authority currently holds £89.4m 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 both General Fund and HRA borrowing during the period 2023/24 to 2026/27 to fund Bolsover Homes and the Crematorium at Shirebrook.

- 1.28 **Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change, is a secondary objective.
- 1.29 **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. 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.
- 1.30 By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal 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 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 1.31 The Authority has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and may investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.
- 1.32 Alternatively, the Authority may arrange forward starting loans during 2023/24, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Authority may borrow short-term loans to cover unplanned cash flow shortages.
- 1.33 **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
 - 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
- 1.34 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

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

- 1.35 The Authority has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.
- 1.36 **Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Council.
- 1.37 **LOBOs:** The Authority doesn't hold or intend to hold any LOBO (Lender's Option Borrower's Option) loans.
- 1.38 **Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.
- 1.39 **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Management Investment Strategy

- 1.40 The Authority holds an average of £35m 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 £30.5m and £42.5m, and levels are expected to reduce in the forthcoming years.
- 1.41 **Objectives:** The CIPFA Code requires the Authority to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 1.42 Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority

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

- 1.43 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority may wish to diversify into more secure and higher yielding asset classes during 2023/24. This is especially the case for the estimated £10m that is available for longer-term investment. The majority of the Authority's surplus cash is currently invested in short-term unsecured bank deposits, short term fixed deposits with local authorities and money market funds. This diversification would represent a substantial change in strategy.
- 1.44 **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the United Nations Principles for Responsible Banking and funds operated by managers that are signatories to the United Nations Principles for Responsible Investment, the Net Zero Asset Manager's Alliance and/or the UK Stewardship Code.
- 1.45 **Business models:** Under IFRS 9, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.
- 1.46 **Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types in **table 3** below, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits

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

- 1.47 **Minimum Credit rating:** Treasury investments in the sectors marked with an asterisk (*) will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 1.48 **Government:** Loans, 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.
- 1.49 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.
- 1.50 **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 1.51 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- 1.52 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- 1.53 **Strategic pooled funds:** Bond, equity and property funds 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.

- 1.54 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- 1.55 **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk
- 1.56 **Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £5m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.
- 1.57 **Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made,
 - any existing investments that can be recalled or sold at no cost will be, and
 - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.
- 1.58 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.
- 1.59 **Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
- 1.60 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.

- 1.61 **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

- 1.62 **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 Prudential Indicators

- 1.63 The Authority measures and manages its exposures to treasury management risks using the following indicators:
- 1.64 **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	£303,412
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	(£303,412)

- 1.65 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.
- 1.66 **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%

- 1.67 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.
- 1.68 **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

- 1.69 The CIPFA Code requires the Authority to include the following in its treasury management strategy.
- 1.70 **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).
- 1.71 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.

- 1.72 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.
- 1.73 **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.
- 1.74 **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.
- 1.75 **Financial Implications:** The budget for investment income in 2023/24 is £655,443, based on an average investment portfolio of £25 million at an interest rate of 4.125%. The budget for debt interest paid in 2023/24 is £3.366 million, based on an average debt portfolio of £105.0 million at an average interest rate of 3.71%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.
- 1.76 **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

Alternative	Impact on income and expenditure	Impact on risk management
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 2022

Underlying assumptions:

- The influence of the mini-budget on rates and yields continues to wane following the more responsible approach shown by the new incumbents of Downing Street.
- Volatility in global markets continues, however, as investors seek the extent to which central banks are willing to tighten policy, as evidence of recessionary conditions builds. Investors have been more willing to price in the downturn in growth, easing financial conditions, to the displeasure of policymakers. This raises the risk that central banks will incur a policy error by tightening too much.
- The UK economy is already experiencing recessionary conditions and recent Gross Domestic Product (GDP) and Purchasing Managers' Index (PMI) data suggests the economy entered a technical recession in Q3 2022. The resilience shown by the economy has been surprising, despite the downturn in business activity and household spending. Lower demand should bear down on business pricing power – recent data suggests the UK has passed peak inflation.
- The lagged effect of the sharp tightening of monetary policy, and the lingering effects of the mini-budget on the housing market, widespread strike action, alongside high inflation, will continue to put pressure on household disposable income and wealth. The short- to medium-term outlook for the UK economy remains bleak.
- Demand for labour appears to be ebbing, but not quickly enough in the official data for most Monetary Policy Committee (MPC) policymakers. The labour market remains the bright spot in the economy and persisting employment strength may support activity, although there is a feeling of borrowed time. The MPC focus is on nominal wage growth, despite the huge real term pay cuts being experienced by the vast majority. Bank Rate will remain relatively high(er) until both inflation and wage growth declines.
- Global bond yields remain volatile as investors price in recessions even as central bankers push back on expectations for rate cuts in 2023. The United States (US) labour market remains tight and the Federal Reserve Board (Fed) wants to see persistently higher policy rates, but the lagged effects of past hikes will depress activity more significantly to test the Fed's resolve.
- While the Bank of England (BoE) appears to be somewhat more dovish given the weak outlook for the UK economy, the European Central Bank (ECB) seems to harbour (worryingly) few doubts about the short term direction of policy. Gilt yields will be broadly supported by both significant new bond supply and global rate expectations due to hawkish central bankers, offsetting the effects of declining inflation and growth.

Forecast:

- The MPC raised Bank Rate by 50 basis points (bps) to 3.5% in December as expected, with signs that some members believe that 3% is restrictive enough. However, a majority of members think further increases in Bank Rate might be required. Arlingclose continues to expect Bank Rate to peak at 4.25%, with further 25bps rises February, March and May 2023.

- The MPC will cut rates in the medium term to stimulate a stuttering UK economy, but will be reluctant to do so until wage growth eases. We see rate cuts being in the first half of 2024.
- Arlingclose expects gilt yields to remain broadly steady over the medium term, although with continued volatility across shorter time periods.
- Gilt yields face pressures to both sides from hawkish US/Euro Zone (EZ) central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales and high government borrowing will provide further underlying support for yields.

	Current	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Official Bank Rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25	1.25
Arlingclose Central Case	3.00	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.50	3.40	3.40	3.40
Downside risk	0.00	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.43	3.60	3.80	3.80	3.80	3.70	3.60	3.50	3.40	3.30	3.30	3.30	3.30
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.47	3.50	3.60	3.60	3.60	3.60	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.86	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60	3.60
Downside risk	0.00	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

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

UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Existing Investment & Debt Portfolio Position

	31.12.22 Actual Portfolio £m	31.12.22 Average Rate %
External borrowing:		
Public Works Loan Board	89.4	3.68%
Total external borrowing	89.4	3.68%
Other long-term liabilities:		
Finance Leases	0	0
Total other long-term liabilities	0	0
Total gross external debt	89.4	3.68%
Treasury investments:		
Banks & building societies (unsecured)	.0	1.83%
Government (incl. local authorities)	5.0	0.35%
Money Market Funds	32.0	3.19%
Total treasury investments	37.0	
Net debt	52.4	

Bolsover District Council

Capital Strategy 2023/24 - 2026/27

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 2023/24 to 2026/27 for consideration and approval by Council before the start of each financial year.
- 1.3 Investments held for service purposes or for commercial profit are considered in a different strategy, the Corporate Investment Strategy.
- 1.4 A further strategy, the Treasury Management Strategy, details the Authority's plans to invest cash surpluses and borrow to cover cash shortfalls.

Introduction

- 1.5 This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these sometimes technical areas.
- 1.6 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

Capital Expenditure and Financing

- 1.7 Capital expenditure is where the Authority spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In 2023/24, the Authority is planning capital expenditure of £25.832m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2021/22 actual £m	2022/23 forecast £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
General Fund services	2.453	5.248	9.989	3.494	1.251	2.299
Council housing (HRA)	13.093	18.060	15.843	14.057	10.488	5.348
Capital investments	0	2.272	0	0	0	0
TOTAL	15.546	25.580	25.832	17.551	11.739	7.647

- 1.8 The main General Fund capital projects for 2023/24 include Grants for Disabled Facilities £0.650m, Shirebrook Crematorium £6.886m and the purchase of Vehicles and Plant £1.746m.
- 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

	2021/22 actual £m	2022/23 forecast £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
External sources	2.257	2.957	0.700	0.899	0.650	0.650
Own resources	12.285	20.538	13.236	7.427	6.089	6.997
Debt	1.004	2.085	11.896	9.225	5.000	0
TOTAL	15.546	25.580	25.832	17.551	11.739	7.647

- 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

	2021/22 actual £m	2022/23 forecast £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
MRP	0.705	0.405	0.352	0.277	0.286	0.281
Capital receipts	0.571	0	0	0	0	0
TOTAL	1.276	0.405	0.352	0.277	0.286	0.281

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

- 1.14 The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £11.6m during 2023/24. 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

	31.3.2022 actual £m	31.3.2023 forecast £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
General Fund services	6.172	5.693	8.973	9.420	9.134	8.853
Council housing (HRA)	110.139	112.263	120.528	129.028	134.028	134.028
Capital investments	0	0	0	0	0	0
TOTAL CFR	116.311	117.956	129.501	138.448	143.162	142.881

- 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

	2021/22 actual £m	2022/23 forecast £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 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 £89.4m borrowing at an average interest rate of 3.68% and £37.0m treasury investments at an average rate of 1.79%.
- 1.19 **Borrowing strategy:** The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. The Authority does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.
- 1.20 Projected levels of the Authority's total outstanding debt are shown below, compared with the capital financing requirement (shown in table 4).

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

	31.3.2022 actual £m	31.3.2023 forecast £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
Debt	94.121	90.121	86.121	79.521	77.521	74.521
Capital Financing Requirement	116.311	117.956	129.501	138.448	143.162	142.881

- 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 £61.3m at 31st March 2022 and is forecast to increase to £112.7m 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

	31.3.2022 actual £m	31.3.2023 forecast £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
Actual Outstanding PWLB borrowing	93.4	89.4	86.0	78.8	76.8	73.8
Liability benchmark	60.9	63.0	74.6	83.6	88.4	86.7

- 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

	2022/23 limit £m	2023/24 limit £m	2024/25 limit £m	2025/26 limit £m	2026/27 limit £m
Authorised limit	127.956	139.500	148.448	153.162	152.881
Operational boundary	122.956	134.500	143.448	148.162	147.881

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

- 1.24 **Corporate Treasury Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.
- 1.25 The Authority's policy on treasury investments is to prioritise security and liquidity over yield. That is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including

in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Authority may request its money back at short notice.

Table 9: Treasury management investments

	31.3.2022 actual £m	31.3.2023 forecast £m	31.3.2024 budget £m	31.3.2025 budget £m	31.3.2026 budget £m	31.3.2027 budget £m
Near-term investments	42.5	36.4	21.4	10.0	10.0	10.3
Longer-term investments	0	0	0	0	0	0
TOTAL	42.5	36.4	21.4	10.0	10.0	10.3

Further details on treasury investments are in paragraphs 1.40 to 1.62 of the Treasury Management Strategy.

- 1.26 **Risk management:** The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. The treasury management prudential indicators are included in paragraphs 1.63 – 1.68 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

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

	2021/22 actual £m	2022/23 forecast £m	2023/24 budget £m	2024/25 budget £m	2025/26 budget £m	2026/27 budget £m
Total net income from service & commercial investments	0.306	0.322	0.346	0.345	0.343	0.341
Proportion of net revenue stream	2.74%	3.97%	2.62%	2.48%	3.46%	3.35%

Liabilities

- 1.33 In addition to debt of £86.121m detailed above, the Authority is committed to making future payments to cover its net pension fund deficit (valued at £41.7m). It has also set aside £2.1m to cover risks of future legal costs and Business Rates Appeals. (All figures are as at 31/3/22).

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 2021/22 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. 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

	2021/22 actual	2022/23 forecast	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
Financing costs (£m)	0.720	0.276	0.305	0.379	0.433	0.418
Proportion of net revenue stream	6.45%	3.40%	2.31%	2.72%	4.36%	4.11%

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.

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 31st August 2025.

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 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
General Fund					
Asset Management Plan					
Investment Properties	4,008	0	0	0	0
Pleasley Vale Business Park	60,574	0	0	0	0
Riverside Depot	9,322	0	0	0	0
The Arc	47,893	0	0	0	0
The Tangent	15,000	0	0	0	0
Contact Centres	11,638	0	0	0	0
General	8,760	0	0	0	0
Asset Management Plan not yet allocated to an individual scheme	72,388	260,000	260,000	260,000	260,000
	229,583	260,000	260,000	260,000	260,000
Engineering Asset Management Plan					
Car Parks	27,986	25,000	25,000	25,000	25,000
Shelters	11,128	10,000	10,000	10,000	10,000
Lighting	15,000	15,000	15,000	15,000	15,000
	54,114	50,000	50,000	50,000	50,000
Assets					
Car Parking at Clowne	13,416	0	0	0	0
Pleasley Vale Mill - Dam Wall	100,410	0	0	0	0
Land at Portland Street	109,750	0	0	0	0
Shirebrook Crematorium	1,873,750	6,886,414	725,100	0	0
Cultural Business and Skills Hub	0	50,211	249,789	0	0
CISWO - former Creswell LC	166,000	0	0	0	0
	2,263,326	6,936,625	974,889	0	0
ICT Schemes					
ICT infrastructure	306,825	332,000	110,000	102,000	60,000
Digital Screens	31,970	0	0	0	0
Town Centre Regeneration	29,000	0	0	0	0
	367,795	332,000	110,000	102,000	60,000
Leisure Schemes					
Playing Pitch Improvements (Clowne)	440,284	0	0	0	0
Pleasley Vale - Leisure	20,000	0	0	0	0
Go Active Café Equipment	25,000	0	0	0	0
Go Active Equipment	15,000	15,000	15,000	15,000	15,000
Gym Equipment & Spin Bikes	0	0	0	0	392,100
Go-Active Gym flooring	0	0	0	0	40,000
Toning Tables (Leisure)	0	0	0	0	80,000
Houfton Rd Play Area (Insurance)	25,000	0	0	0	0
Community Assets (Leisure)	10,000	0	0	0	0
	535,284	15,000	15,000	15,000	527,100
Private Sector Schemes					
Disabled Facility Grants	650,000	650,000	650,000	650,000	650,000
	650,000	650,000	650,000	650,000	650,000
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	1,132,662	1,746,000	1,434,500	174,000	751,500
Vehicle Wash Area	1,000	0	0	0	0
Can Ranger's Equipment	14,231	0	0	0	0
	1,147,893	1,746,000	1,434,500	174,000	751,500

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Total General Fund	7,520,347	9,989,625	3,494,389	1,251,000	2,298,600

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY

	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Housing Revenue Account					
New Build Properties					
Alfreton Rd Pinxton	56,860	511,700	0	0	0
Ashbourne Extension	1,038,857	0	0	0	0
Bolsover Homes-yet to be allocated	1,068,931	4,233,880	8,500,000	5,000,000	0
Bolsover Homes Staffing Costs	272,506	272,506	0	0	0
Harlesthorne Ave Bungalow adaptation	125,000	0	0	0	0
Jubilee Court (Bungalows x2)	0	300,000	0	0	0
Keepmoat Properties at Bolsover	818,500	0	0	0	0
Market Close Shirebrook	3,926,144	1,753,072	0	0	0
Meadow View Homes - Glapwell	0	696,000	0	0	0
Moorfield Lane Whaley Thorns	126,688	1,393,565	0	0	0
Sandy Lane/Thorpe Ave Whitwell	299,340	0	0	0	0
The Whitwell Cluster	26,828	0	0	0	0
The Woodlands	3,000,000	0	0	0	0
Valley View (2 Bungalows & extension)	750,000	0	0	0	0
West Street Langwith	142,919	708,333	0	0	0
	11,652,573	9,869,056	8,500,000	5,000,000	0
Vehicle Replacements	477,600	625,500	209,000	140,000	0
	477,600	625,500	209,000	140,000	0
Public Sector Housing					
Bramley Vale	0	100,000	1,450,000	1,475,000	1,475,000
Electrical Upgrades	212,000	250,000	125,000	125,000	125,000
External Door Replacements	150,000	120,000	70,000	70,000	70,000
External Wall Insulation	506,211	0	0	0	0
Fencing	110,000	0	0	0	0
Flat Roofing	75,000	100,000	40,000	40,000	40,000
Heating Upgrades	78,740	80,000	100,000	100,000	100,000
Kitchen Replacements	335,000	220,000	200,000	200,000	200,000
Public Sector Housing - not yet allocated	0	0	0	1,927,534	1,924,870
Re Roofing	1,000,000	750,000	750,000	750,000	750,000
Property Services Mgmt. & Admin	99,846	125,496	128,056	130,666	133,330
Safe & Warm	2,305,993	2,922,704	1,955,144	0	0
Soffit and Facia	30,000	30,000	30,000	30,000	30,000
Unforeseen Reactive Capital Works	107,107	100,000	100,000	100,000	100,000
Welfare Adaptations	423,761	400,000	400,000	400,000	400,000
Wet Rooms (Bungalows)	150,000	150,000	0	0	0
Whaley Common - Air Source Heating	250,000	0	0	0	0
	5,833,658	5,348,200	5,348,200	5,348,200	5,348,200
ICT Schemes					
Open Housing	79,686	0	0	0	0
	79,686	0	0	0	0
New Bolsover Scheme (incl. HLF)					
New Bolsover-Regeneration Scheme	16,000	0	0	0	0
	16,000	0	0	0	0
Total HRA	18,059,517	15,842,756	14,057,200	10,488,200	5,348,200
TOTAL CAPITAL EXPENDITURE	25,579,864	25,832,381	17,551,589	11,739,200	7,646,800

APPENDIX 2A

CAPITAL PROGRAMME SUMMARY

	Revised Budget 2022/23 £	Original Programme 2023/24 £	Forecast Programme 2024/25 £	Forecast Programme 2025/26 £	Forecast Programme 2026/27 £
Capital Financing					
General Fund					
Better Care Fund	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
Prudential Borrowing	0	(3,632,012)	(725,100)	0	0
Reserves	(4,309,759)	(2,403,000)	(1,869,500)	(601,000)	(1,648,600)
Capital Receipts	(1,984,334)	(3,254,402)	0	0	0
External Funding	(576,254)	(50,211)	(249,789)	0	0
	(7,520,347)	(9,989,625)	(3,494,389)	(1,251,000)	(2,298,600)
HRA					
Major Repairs Allowance	(5,833,658)	(5,348,200)	(5,348,200)	(5,348,200)	(5,348,200)
Prudential Borrowing	(2,085,281)	(8,264,471)	(8,500,000)	(5,000,000)	0
Reserves	(8,409,915)	(1,946,752)	(209,000)	(140,000)	0
Capital Receipts	0	(283,333)	0	0	0
External Funding	(1,730,663)	0	0	0	0
	(18,059,517)	(15,842,756)	(14,057,200)	(10,488,200)	(5,348,200)
TOTAL CAPITAL FINANCING	(25,579,864)	(25,832,381)	(17,551,589)	(11,739,200)	(7,646,800)

Annual Minimum Revenue Provision Statement 2023/24

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. The Council's Medium Term Financial Strategy 2023/24 – 2026/27 approved in August 2022 states that *'Borrowing costs will be incurred (on capital projects) only where the cost is covered by new income as part of a business case.'*

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2023, the budget for MRP for borrowing incurred in previous years' has been set as follows:

	31.03.2023 Estimated CFR £m	2023/24 Estimated MRP £
Capital expenditure before 01.04.2008	0.121	0.139
Unsupported capital expenditure incurred 31.03.2008 – 31.03.2019	0.284	0.213
Finance leases	0	0
Total General Fund	0.405	0.352
Assets in the Housing Revenue Account	0	0
HRA subsidy reform payment	0	0
Total Housing Revenue Account	0	0
Total	0.405	0.352

Bolsover District Council

Corporate Investment Strategy 2023/24 - 2026/27

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 2023/24 to 2026/27 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 £15m and £40m during the 2023/24 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 2023/24 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	31.3.2022 actual			2023/24
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Wholly owned company - Dragonfly	£0.290m	0	£0.290m	£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	£0.290m	0	£0.290m	

- 1.12 Accounting standards require the Authority to set aside a loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.
- 1.13 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by undertaking a comprehensive business case for each individual potential investment opportunity. This will include a market analysis focusing on competition, demand and current market trends. External advisors will be used where appropriate to ensure that the Authority has access to quality advice and expertise in specialist areas. Each potential investment will undergo qualitative and

quantitative appraisal to establish its suitability to the Authority's core values and the legal and financial implications of the purchase.

Service Investments: Shares

- 1.14 **Contribution:** The Authority invests in the shares of its wholly owned company, Dragonfly Development Limited to 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	31.3.2022 actual			2023/24
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Wholly owned company - Dragonfly	£0.108m	0	£0.108m	£1.000m
TOTAL	£0.108m	0	£0.108m	£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 2022/23 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 is in the process of reviewing its strategy for its wholly owned company Dragonfly Developments Limited, in light of the changes that have occurred during 2022/23. It is currently contractually committed to make up to £3.020m of loans to Dragonfly Development Limited should it request it but a future Council report will update this position should it prove necessary.

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 Officers, including legal and financial Officers will prepare a business case for each potential Commercial Investment.
- 1.29 **Corporate governance:** The Commercial Property Investment Strategy sets out a number of core principles the Authority will require in a commercial investment. All investments will need to align with Corporate Plan priorities.

Investment Indicators

- 1.30 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.
- 1.31 **Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 3: Total investment exposure

Total investment exposure	31.03.2022 Actual	31.03.2023 Forecast	31.03.2024 Forecast
Treasury management investments	£42.459	£21.800	£10.000
Service investments: Loans	£0.290	£2.000	£3.000
Service investments: Shares	£0.108	£0.199	£0.100
TOTAL INVESTMENTS	£42.857	£23.999	£13.100
Commitments to lend	£1.753	£1.753	0
TOTAL EXPOSURE	£44.610	£25.752	£13.100

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

Table 4: Investments funded by borrowing

Investments funded by borrowing	31.03.2022 Actual	31.03.2023 Forecast	31.03.2024 Forecast
Dragonfly Development Limited	0	0	3,000
TOTAL FUNDED BY BORROWING	0	0	3,000

- 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	2021/23 Actual	2022/23 Forecast	2023/24 Forecast
Treasury management investments	0.16%	1.50%	4.13%
ALL INVESTMENTS	0.16%	1.50%	4.13%

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

Bolsover District Council

Meeting of the Audit & Corporate Overview Scrutiny Committee on 24th January 2023

Scrutiny Committee Work Programme 2022/23

Report of the Scrutiny & Elections Officer

Classification	This report is Public
Report By	Joanne Wilson, Scrutiny & Elections Officer, 01246 242385, joanne.wilson@bolsover.gov.uk
Contact Officer	Joanne Wilson, Scrutiny & Elections Officer, 01246 242385, joanne.wilson@bolsover.gov.uk

PURPOSE/SUMMARY OF REPORT

- To provide members of the Scrutiny Committee with an overview of the meeting programme of the Committee for 2022/23.

REPORT DETAILS

1. Background

- 1.1 The main purpose of the report is to inform members of the meeting programme for the year 2022/23 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 2022/23 and the proposed agenda items for approval/amendment.

3. Reasons for Recommendation

- 3.1 This report sets the formal Committee Work Programme for 2022/23 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.

RECOMMENDATION(S)

- 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

Environment:

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

Details:

None from this report.

Staffing: Yes ☐ No ☒**Details:**

None from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i>	No
District Wards Significantly Affected	N/A
Consultation: Leader / Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <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: Customers, Economy and Environment.
All

DOCUMENT INFORMATION	
Appendix No	Title
1.	ACOSC Work Programme 2022/23

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
Previous versions of the Committee Work Programme.

Audit & Corporate Overview Scrutiny Committee

Work Programme 2022/23

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
Thursday 26 May 2022, 10am 104	• Report of External Audit	Mazars
	• Member Training 2022/23 – Member Discussion	Feedback from Committee Members on training requirements
	• Corporate Ambitions Performance Update – January to March 2022 (Q4 – 2022/23)	Information, Engagement and Performance Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23 – Approval of Programme	Scrutiny & Elections Officer
Tuesday 26 July 2022, 10am	• Budget Monitoring Report – Financial Outturn 2021/22	Treasurer and Section 151 Officer
	• Annual Corporate Debt Monitoring Performance Report 2021/22	Treasurer and Section 151 Officer
	• Budget Monitoring Report – Quarter 1 – April to June 2022/23	Treasurer and Section 151 Officer
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Head of Internal Audit Consortium
	• Internal Audit Consortium Annual Report 2021/22	Head of Internal Audit Consortium
	• Briefing on CIPFA Publication – Internal Audit Untapped Potential	Head of Internal Audit Consortium
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer

Date of Meeting	Items for Agenda	Lead Officer
Tues 13 Sept 10am	• Report to those charged with Governance – Mazars Audit Completion report	Mazars
	• Strategic Risk Register and partnership arrangements	Director of Corporate Resources
	• Annual Governance Statement and Local Code of Corporate Governance	Assistant Director of Governance/Monitoring Officer
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Head of Internal Audit Consortium
	• Implementation of Internal Audit Recommendations	Head of Internal Audit Consortium
	• Review of the Internal Audit Charter	Head of Internal Audit Consortium
	• BDC Statement of Accounts 2021/22	Treasurer and Section 151 Officer
	• Assessment of Going Concern Status	Treasurer and Section 151 Officer
	• Scrutiny Annual Report – Approval of Audit & Corporate Overview section	Treasurer and Section 151 Officer/ Scrutiny & Elections Officer
	• Anti-Fraud, Bribery and Corruption Policy	Treasurer and Section 151 Officer
	• Corporate Ambitions Performance Update – April to June 2022 (Q1 – 2022/23)	Information, Engagement and Performance Manager
Tues 29 Nov 10am	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer
	• Budget Monitoring Report – Quarter 2 – July to September 2022/23	Treasurer and Section 151 Officer
	• Revised Budgets 2022/23	Treasurer and Section 151 Officer
	• Setting of Council Tax 2023/24	Treasurer and Section 151 Officer
	• Corporate Ambitions Performance Update – July to September 2022 (Q2 – 2022/23)	Information, Engagement and Performance Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer

Date of Meeting	Items for Agenda	Lead Officer
Tues 24 Jan 2023, 10am	• Report of Internal Audit – Summary of progress on the Internal Audit Plan	Head of Internal Audit Consortium
	• Proposed Budget – Medium Term Financial Plan 2023/24 to 2026/27	Treasurer and Section 151 Officer
	• Treasury Strategy Reports 2023/24 – 2026/27 Including:	Treasurer and Section 151 Officer / Principal Accountant
	• Treasury Management Strategy	
	• Capital Strategy	
	• Corporate Investment Strategy	
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer
	• Update from Scrutiny Chairs (Verbal report)	Scrutiny & Elections Officer
Thurs 16 March 2023, 10am	• Report of External Auditor – Auditor's Annual Report 2021/22	Mazars
	• Report of External Auditor - External Audit Progress Report	Mazars
	• Strategic Risk Register and partnership arrangements	Executive Director of Resources
	• Report of Internal Audit – Summary of progress on the Internal Audit Plan 2022/23	Head of Internal Audit Consortium
	• Implementation of Internal Audit Recommendations	Head of Internal Audit Consortium
	• Report of Internal Audit – Internal Audit Plan 2023/24	Head of Internal Audit Consortium
	• Audit & Corporate Overview Committee – Self-assessment for effectiveness	Treasurer and Section 151 Officer
	• Accounting Policies 2022/23	Treasurer and Section 151 Officer
	• Corporate Ambitions Performance Update – October to December 2022 (Q3 – 2022/23)	Information, Engagement and Performance Manager
	• Audit & Corporate Overview Scrutiny Committee Work Programme 2022/23	Scrutiny & Elections Officer