



Please ask for Frances Green
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The Chair and Members of Standards
and Audit Committee

6 February 2024

Dear Councillor,

Please attend a meeting of the STANDARDS AND AUDIT COMMITTEE to be held on WEDNESDAY, 14 FEBRUARY 2024 at 2.00 pm in Committee Room 1, Town Hall, Rose Hill, Chesterfield, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to Items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 8)
4. Treasury Management Strategy 2023/24 (including investment and capital strategy) (Pages 9 - 40)
5. Updates to Constitution (Pages 41 - 46)
6. Local Government Act 1972 - Exclusion of Public

To move "That under Section 100(A)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Act".

Part 2 (Non Public Information)

7. Internal Audit Progress Report February 2024 (Pages 47 - 100)

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Sandy', written in a cursive style.

Head of Regulatory Law and Monitoring Officer

STANDARDS AND AUDIT COMMITTEE

Wednesday, 6th December, 2023

Present:-

Councillor Caulfield (Chair)

Councillors Brock

Councillors Staton

*Matters dealt with under the Delegation Scheme

81 **DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

82 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Nicholls and Tidd.

83 **MINUTES**

RESOLVED –

That the Minutes of the meeting of the Standards and Audit Committee held on 11th October 2023 be approved as a correct record and be signed by the Chair.

84 **INTERNAL AUDIT PROGRESS REPORT - DECEMBER 2023**

The Head of the Internal Audit Consortium submitted a report for Members consideration. The report detailed progress against the 2023/24 Internal Audit Plan and provided assurance on the governance, risk and control processes in place in respect of the audits completed.

It was noted that since this committee had last met 2 reports have been issued, 1 with Substantial assurance and 1 with Reasonable assurance.

***RESOLVED –**

That the report be noted.

85 RIPA ANNUAL REPORT TO STANDARDS COMMITTEE

The Head of Regulatory Law and Monitoring Officer (and RIPA Senior Responsible Officer) presented the Regulation of Investigatory Powers Act 2000 (RIPA) Annual Report 2022 and reminded Members of the outcome of the routine RIPA inspection by the Investigatory Powers Commissioner's Office (IPCO) in 2022 and set out priorities for the coming year.

The Council has powers to conduct authorised directed surveillances and use of human intelligence sources in certain circumstances in connection with the conduct of certain criminal investigations.

The IPC oversees the exercise of surveillance powers and the IPCO carried out a three year inspection on 9 June, 2022 with the council's RIPA Senior Responsible Officer and the Data Protection Officer. The inspector was complimentary of the council's RIPA Policy and considered it one of the best they had seen.

***RESOLVED –**

1. That the report be noted.
2. That the proposed RIPA related activity for 2023/24 be progressed.

86 REPORT - LGO ANNUAL LETTER 2023

The Head of Regulatory Law and Monitoring Officer submitted a report informing Members of the Local Government and Social Care Ombudsman Annual Review Letter.

Each year, the Council receives an annual review letter from the Ombudsman summarising statistics about complaints received by the Ombudsman and their outcome. The latest annual letter, received in July

2023, related to the Council's performance in the year ending 31 March, 2023.

The Annual Letter, attached at Appendix 1 of the officer's report, showed that 13 complaints had been made about the Council to the Ombudsman in the period 1 April, 2022 to 31 March, 2023. The complaints related to benefits and tax (2), environmental services and public protection and regulation (4), planning and development (3), housing (3) and Corporate and Other Services (1). Five complaints were referred back for local resolution, five were closed after initial enquiries, and one complaint was incomplete/invalid.

Of the two complaints investigated (both Housing related) neither were upheld by the Ombudsman in the year. One found no fault over how the Council had dealt with a rehousing application. The other found no worthwhile outcome achievable by further investigation.

***RESOLVED –**

That the report be noted.

87 DELEGATION SCHEME AND CONSTITUTION - ACCEPTANCE OF GRANTS

The Head of Regulatory Law and Monitoring Officer presented recommendations for changes to the Constitution on the delegations relating to grants offered to the Council. These were shown at Appendix 1.

***RESOLVED –**

1. That the report be approved with the changes to the Constitution and agreement of the delegations proposed at Appendix 1 agreed, with any consequential amendments to the Constitution to be made by the Monitoring Officer.
2. That appropriate guidance be developed by officers for grants applications and receipt of them by the Council and for monitoring.

88 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF PUBLIC

RESOLVED –

That under Section 100(a)(4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 2 of Part 1 of Schedule 12A of the Act (Minute 89) and Paragraph 3 of Part 1 of Schedule 12A of the Act (Minute 90).

89 MANAGEMENT OF UNREASONABLE COMPLAINTS AND COMPLAINANTS - ANNUAL REPORT 2023

The Head of Regulatory Law and Monitoring Officer submitted a report on the use and application of the Council's Policy and Procedure on the Management of Unreasonable Complaints or Customers. The policy was reviewed annually by the Head of Regulatory Law Monitoring Officer and presented to the Standards and Audit Committee for approval.

The policy, attached at Appendix 1 of the officers' report, had been updated to ensure an effective Policy in the light of experience from its application.

***RESOLVED –**

1. That the report be noted.
2. That the Policy and Procedure on the Management of Unreasonable Complaints or Customers be updated as detailed in the Appendix of the officer's report.

90 I.T UPDATE (VERBAL REPORT)

The Head of Digital and Technology gave a verbal update to Members on the progress made against their recommendations from the Internal Audit Report relating to ICT, and how the team are working towards meeting all outstanding recommendations.

***RESOLVED –**

1. That the verbal update be noted.

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For publication

Treasury Management Strategy 2024/25

| | |
|---------------------------|--|
| Meeting: | Standards and Audit Committee Council |
| Date: | 14 th February 2024 28 th February 2024 |
| Cabinet portfolio: | Deputy Leader |
| Directorate: | Finance |

1.0 Purpose of report

- 1.1 To approve the Treasury Management Strategy Statement for the financial year 2024/25.
- 1.2 To approve the Capital Strategy Report for the financial year 2024/25.
- 1.3 To approve the Investment Strategy Report for the financial year 2024/25.
- 1.4 To approve the Minimum Revenue Provision (MRP) policy for the financial year 2024/25.

2.0 Recommendations

That the Standards and Audit Committee recommends to the full Council that:

- 2.1 That the Treasury Management Strategy Statement be approved.
- 2.2 That the Capital Strategy Report, including the Prudential Code Indicators be approved.
- 2.3 That the Investment Strategy Report be approved.
- 2.4 That the Minimum Revenue Provision policy be approved.

3.0 Reasons for recommendations

- 3.1 To keep Members informed about the Council's treasury management, capital and investment strategies and to comply with the CIPFA Code of Practice for Treasury Management in the Public Services.

4.0 Report Details

Background

- 4.1 The key aims of the CIPFA 'Code of Practice for Treasury Management in the Public Services' (the Code) are:
- a) Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities;
 - b) Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities;
 - c) They should acknowledge that the pursuit of best value in treasury management, and the use of suitable performance measures, are valid and important tools to employ.
- 4.2 CIPFA amended the Code in 2021 to reflect changes in an increasingly complex environment.
- 4.3 CIPFA also amended the Prudential Code for Capital Finance in Local Authorities in 2021, to include strengthened and clear provisions within the code for prudent investing, definitions and disclosures for service, treasury and commercial investments. Further developments for capital strategies have also been made following their introduction in 2017.
- 4.4 The Department of Levelling Up, Communities and Housing also require the Council to produce an Investment Strategy for non-treasury investments.

Treasury Management Strategy

- 4.5 The Treasury Management Strategy defines what categories of investments are to be used and the restrictions placed on their use. The primary objective is to protect capital and the maximisation of returns is secondary. However, the strategy allows sufficient flexibility for the Council to diversify into higher yielding asset classes where appropriate. The credit ratings of the approved counterparties for investments are regularly reviewed.
- 4.6 The Treasury Management Strategy Statement 2024/25 can be found at Appendix A.

Capital Strategy Report

- 4.7 The Prudential Code for Capital Finance in Local Authorities (the Code) is a professional Code that provides a framework for self- regulation of capital spending.

- 4.8 A requirement of the Code is for the Council to produce a capital strategy, with the purpose of demonstrating that capital expenditure and investment decisions are taken in line with service objectives, and take account of stewardship, value for money, prudence, sustainability and affordability. The Capital Strategy Report 2024/25 can be found at Appendix B.
- 4.9 To facilitate the decision-making process, the Code also requires the Council to agree and monitor a number of prudential indicators covering affordability, prudence, capital expenditure, debt levels and treasury management.
- 4.10 Capital Expenditure - This prudential indicator is a summary of the Council's capital expenditure plans:

| Capital Expenditure £millions | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|--------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| General Fund | 5.4 | 12.9 | 28.9 | 10.6 | 2.1 |
| HRA | 24.9 | 22.3 | 41.1 | 24.4 | 19.3 |
| Total | 58.2 | 35.2 | 70.0* | 35.0 | 21.4 |

*£11m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

- 4.11 The table below shows how these plans are being financed by external sources such as grants and contributions, internal sources such as reserves and capital receipts and debt:

| Capital Expenditure £millions | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|--------------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Financed by: | | | | | |
| External sources | 3.6 | 8.5 | 23.9 | 3.3 | 2.1 |
| Capital receipts | 5.4 | 2.8 | 5.6 | 2.5 | 2.1 |
| Revenue Resources | 17.0 | 14.0 | 14.4 | 16.7 | 13.5 |
| Debt | 4.3 | 9.9 | 26.1 | 12.5 | 3.7 |
| Total | 30.3 | 35.2 | 70.0 | 35.0 | 21.4 |

*£11m of debt financing in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

- 4.13 The Council's Borrowing Need (Capital Financing Requirement)- The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources and measures the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

- 4.14 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

| £millions | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|----------------------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General CFR – General Fund | 57.2 | 59.5 | 58.4 | 60.7 | 59.1 |
| Leases CFR – General Fund | 0 | 0 | 3.0 | 2.4 | 1.8 |
| General Fund CFR | 57.2 | 59.5 | 61.4 | 63.1 | 60.9 |
| General CFR – HRA | 125.7 | 131.9 | 143.5 | 150.0 | 151.5 |
| Leases CFR - HRA | 0 | 0 | 8.0 | 6.4 | 4.8 |
| HRA CFR | 125.7 | 131.9 | 151.5 | 156.4 | 156.3 |
| Total CFR | 182.9 | 191.4 | 212.9* | 219.5 | 217.2 |
| Movement in CFR | 1.8 | 8.5 | 21.5 | 6.6 | -2.3 |

* £11m of the CFR increase in 2024/25 arises from a change in the accounting for leases

| Movement in CFR represented by | | | | | |
|--|------------|------------|-------------|------------|-------------|
| Net financing need for the year (above) | 4.3 | 9.9 | 15.1 | 12.5 | 3.7 |
| Leases | 0 | 0 | 8.0 | 0 | 0 |
| Less MRP/VRP and other financing movements | (2.5) | (1.4) | (1.6) | (5.9) | (6.0) |
| Movement in CFR | 1.8 | 8.5 | 21.5 | 6.6 | -2.3 |

- 4.15 Affordability Ratio - Estimates of financing costs to net revenue stream shows the trend in the cost of capital based on the programme against the net revenue stream. The estimates of financing costs include current commitments and the proposals in the budget report.

| % | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|--------------|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund | 6.8 | 14.3 | 14.6 | 15.1 | 14.5 |
| HRA | 11.9 | 11.8 | 11.7 | 12.0 | 11.9 |

- 4.16 The General Fund ratio increases from 2022/23 to 2025/26 due to increased financing costs associated with the capital programme and an increase in the interest rate assumed for new borrowings. Following a change in the 2021 Prudential Code interest and investment income has been removed from the definition of financing costs and is therefore no longer netted off the financing costs when calculating this ratio.

- 4.17 External Debt - The Code specifies a number of prudential indicators in respect of external debt. These are described below:

Limits to Borrowing Activity

- ◆ Operational Boundary - this is an estimate of the probable external borrowing during the year, it is not a limit and actual borrowing can vary for short periods during the year.
- ◆ Authorised Limit - represents the limit beyond which borrowing is not permitted. It includes estimates for long and short-term borrowing. The limit must be set and can be revised by the Council.

| £millions | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| Loans Operational Boundary (£m) | 165.3 | 187.5 | 198.0 | 199.8 |
| Leases Operational Boundary (£m) | 1.5 | 12.0 | 12.0 | 12.0 |
| Total Operational Boundary (£m) | 166.8 | 199.5 | 210.0 | 211.8 |
| Loans Authorised Limit (£m) | 181.9 | 206.2 | 217.8 | 219.7 |
| Leases Authorised Limit (£m) | 2.0 | 13.5 | 13.5 | 13.5 |
| Total Authorised Limit (£m) | 183.9 | 219.7 | 231.3 | 233.2 |

- 4.18 Borrowing Strategy - The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. An appropriate mix of short and long -term borrowing will be maintained.

Investment Strategy

- 4.19 The Department of Levelling Up, Communities and Housing require the Council to produce an Investment Strategy for non-treasury investments.
- 4.20 The report focuses on non-treasury investments and sets out how these contribute towards the Council's core objectives to deliver services to residents, and the procedures for risk assessing potential investments.
- 4.21 The Investment Strategy Report 2024/25 can be found at Appendix C.

Minimum Revenue Provision (MRP) Policy

- 4.22 The Local Authorities (Capital Finance & Accounting) (England) Amendment Regulations 2008 require local authorities to agree a policy on the calculation of the Minimum Revenue Provision (MRP) for each financial year. The MRP is the amount the authority has to provide for the repayment of debt. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

4.23 The Minimum Revenue Provision (MRP) Policy 2024/25 can be found at Appendix D.

5.0 Alternative options

5.1 The strategies within this report have been prepared in accordance with legislation and external treasury management advice. No alternative options are proposed.

6.0 Implications for consideration – Financial and value for money

6.1 The report in its entirety deals with financial and value for money implications.

7.0 Implications for consideration – Legal

7.1 This report provides a framework for treasury management in accordance with legislation. There are no other legal implications.

8.0 Implications for consideration – Human resources

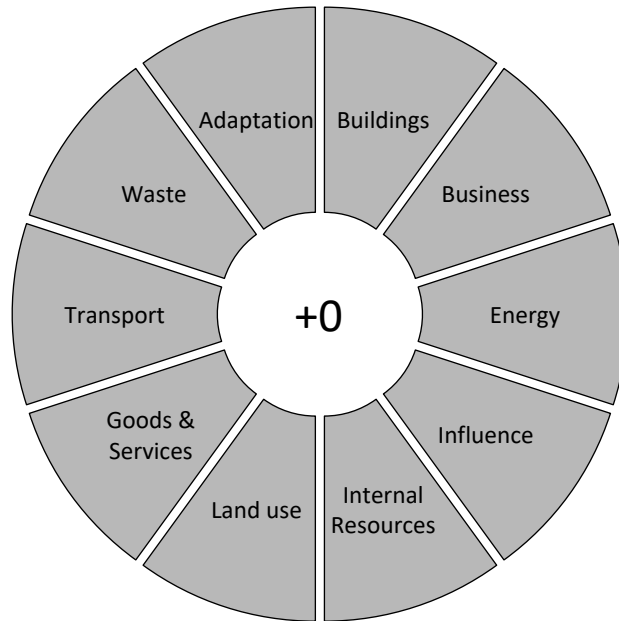
8.1 There are no human resource considerations arising from this report.

9.0 Implications for consideration – Council Plan

9.1 These arrangements enable the priorities set out in the Council Plan to be achieved.

10.0 Implications for consideration – Climate Change

10.1 A climate change impact assessment was undertaken for this report. There will be no direct change to service provision or delivery from this report. The outcome from this is detailed below



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (6 years and 10 months away).

11.0 Implications for consideration – Equality and diversity

11.1 There are no equality and diversity impact implications arising from this report.

12.0 Implications for consideration – Risk management

12.1 There are a number of risks inherent within any treasury management strategy, and these are covered in detail within the individual strategies appended to this report. The most significant risks at the moment include:

- Reporting is not compliant with statutory guidelines.
- Investment and borrowing activity is outside the approved TM framework.
- Long term borrowing is taken at rates that are not advantageous.
- Investment of principal sums with insecure counterparties.
- Investment returns are volatile and may not meet budgeted amounts.
- Borrowing is not affordable.

Decision information

| | |
|----------------------------|--|
| Key decision number | |
| Wards affected | |

Document information

| | |
|----------------------|-----------------------------|
| Report author | Contact number/email |
|----------------------|-----------------------------|

| | |
|--|---|
| Karen Ludditt | 01246 936276 Karen.ludditt@chesterfield.gov.uk |
| <p>Background documents</p> <p>These are unpublished works which have been relied on to a material extent when the report was prepared.</p> | |
| <p><i>This must be made available to the public for up to 4 years.</i></p> | |
| <p>Appendices to the report</p> | |
| Appendix A | Treasury Management Strategy 2024/25 |
| Appendix B | Capital Strategy 2024/25 |
| Appendix C | Investment Strategy 2024/25 |
| Appendix D | Minimum Revenue Provision (MRP) Policy 2024/25 |

Treasury Management Strategy Statement 2024/25

Introduction

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.

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.

Investments held for service purposes or for commercial profit are considered in Appendix C to this report, the Investment Strategy.

External Context

Economic background: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%.

Office for National Statistics (ONS) figures showed CPI inflation was 3.9% in November 2023, down from a 4.6% rate in the previous month and, in line with the recent trend, lower than expected. The core CPI inflation rate declined to 5.1% from the previous month's 5.7%, again lower than predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

Credit outlook: Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

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.

Interest rate forecast (December 2023): Although UK inflation and wage growth remain elevated, the Authority’s treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England’s Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.75%, and that new long-term loans will be borrowed at an average rate of 5.25%.

Local Context

On 31st December 2023, the Authority held £133.9m of borrowing and £19.2m of treasury investments. This is set out in further detail at page 11. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast.

| | 31.3.23 Actual £000 | 31.3.24 Estimate £000 | 31.3.25 Forecast £000 | 31.3.26 Forecast £000 | 31.3.27 Forecast £000 |
|---------------------------------------|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| General Fund CFR | 57.2 | 59.5 | 61.4 | 63.1 | 60.9 |
| HRA CFR | 125.7 | 131.9 | 151.5 | 156.4 | 156.3 |
| Total CFR | 182.9 | 191.4 | 212.9* | 219.5 | 217.2 |
| Less: External borrowing | -135.4 | -158.1 | -170.2 | -180.7 | -182.5 |
| Less: Other debt liabilities (leases) | 0 | 0 | -11.0 | -8.8 | -6.6 |
| Internal borrowing | 47.5 | 33.3 | 31.7 | 30.0 | 28.1 |
| Less: Balance Sheet Resources | -62.6 | -43.3 | -41.7 | -40.0 | -38.1 |
| Treasury Investments | 15.1 | 10.0 | 10.0 | 10.0 | 10.0 |

* £11m of the CFR increase in 2024/25 arises from a change in the accounting for leases

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

The Authorities General Fund CFR increases in the financial years to 2025/26 due to expenditure on schemes within the capital programme. It then reduces in 2026/27 as the MRP contribution applied are greater than the new borrowing requirement. The HRA CFR increases from 23/24 due to expenditure on schemes within the HRA capital programme that will be funded by borrowing.

Investments are forecast to fall as useable reserves are utilised to finance the HRA and General Fund capital programmes, however a minimum of £10 million investments will be maintained in order to retain Professional Client status under MiFID 2.

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.

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

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: Prudential Indicator: Liability benchmark

| | 31.3.23 Actual £m | 31.3.24 Estimate £m | 31.3.25 Forecast £m | 31.3.26 Forecast £m | 31.3.27 Forecast £m |
|-------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Loans CFR | 182.9 | 191.4 | 201.9 | 210.7 | 210.6 |
| Less: Balance sheet resources | -62.6 | -43.3 | -41.7 | -40.0 | -38.1 |
| Net loans requirement | 120.3 | 148.1 | 160.2 | 170.7 | 172.5 |
| Plus: Liquidity allowance | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Liability benchmark | 130.3 | 158.1 | 170.2 | 180.7 | 182.5 |

The table above demonstrates that the Council expects to be a long-term borrower in the future.

Borrowing Strategy

The Authority currently holds £134 million of loans, a decrease of £4 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Authority expects to need to externally borrow in 2024/25 to fund both the GF and HRA capital programmes. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

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.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

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 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

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

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

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

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 Pension Fund)
- capital market bond investors.
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues.

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

The Authority has previously raised the majority 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, which may be available at more favourable rates.

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 full Council.

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. Financial derivatives may be used to manage this interest rate risk (see section below).

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. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Treasury Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority’s treasury investment balance has ranged between £15 and £33 million and similar levels are expected to be maintained in the forthcoming year.

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. 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.

Strategy: As demonstrated by the liability benchmark above, the Authority expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

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’s ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

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

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 | 2 years | £5m | Unlimited |

| | | | |
|------------------------------------|-----------|------|-----------|
| Secured investments * | 5 years | £5m | Unlimited |
| Banks (unsecured) * | 13 months | £5m | £10m |
| Building societies (unsecured) * | 13 months | £5m | £5m |
| Registered providers (unsecured) * | 2 years | £5m | £10m |
| Money market funds * | n/a | £10m | Unlimited |
| Strategic pooled funds | n/a | £10m | £10m |
| Real estate investment trusts | n/a | £5m | £10m |
| Other investments * | 5 years | £5m | £5m |

This table must be read in conjunction with the notes below.

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 considered.

For entities without published credit ratings, investments may be made where external advice indicates the entity to be of similar credit quality.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. 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.

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.

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

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.

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.

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.

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.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

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.

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 £50,000 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.

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

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

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.

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.

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.

Investment limits: The maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 4: Investment limits

| | Cash limit |
|---|-------------------|
| Any single organisation, except the UK Central Government | £5m each |
| UK Central Government | unlimited |
| Any group of organisations under the same ownership | £7.5m per group |
| Any group of pooled funds under the same management | £10m per manager |
| Negotiable instruments held in a broker’s nominee account | £15m per broker |
| Foreign countries | £10m per country |
| Registered providers and registered social landlords | £10m in total |
| Unsecured investments with building societies | £5m in total |
| Loans to unrated corporates | £5m in total |
| Money market funds | £10m per manager |

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

Treasury Management Indicators

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

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 |
|--|----------|
| Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates | £300,000 |
| Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates | £300,000 |

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

Maturity structure of borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

| Refinancing rate risk indicator | Upper limit | Lower limit |
|---------------------------------|-------------|-------------|
| Under 12 months | 25% | 0% |
| 12 months and within 24 months | 25% | 0% |
| 24 months and within 5 years | 30% | 0% |
| 5 years and within 10 years | 40% | 0% |
| 10 years and within 25 years | 70% | 20% |
| 25 years and above | 75% | 15% |

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.

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 | 2023/24 | 2024/25 | 2025/26 |
|---|---------|---------|---------|
| Limit on principal invested beyond year end | £10m | £10m | £10m |

Related Matters

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

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).

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 considered 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.

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.

Housing Revenue Account: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually, and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

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 Finance Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2024/25 is £713k based on an average investment portfolio of £15 million at an interest rate of 4.75%. For the General Fund, the budget for debt interest paid in 2024/25 is £921k, based on an average debt portfolio of £21.0 million at an average interest rate of 4.4%. For the HRA the budget for debt interest paid in 2024/25 is £5.1 million, based on an average debt portfolio of £136 million at an average interest rate of 3.65%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Service Director - Finance believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.

Existing Investment & Debt Portfolio Position

| | 31/12/23 Actual Portfolio £m | 31/12/23 Average Rate % |
|--------------------------------------|------------------------------------|-------------------------------|
| External borrowing: | | |
| Public Works Loan Board | 124.0 | 3.58 |
| Other Short-Term Loans | 10.0 | 4.98 |
| Total external borrowing | 134.0 | |
| Treasury investments: | | |
| Government (incl. local authorities) | 3.5 | 5.19 |
| Money Market Funds | 15.8 | 5.30 |
| Total treasury investments | 19.3 | |
| Net debt | 95.4 | |

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Capital Strategy Report 2024/25

Introduction

This capital strategy report 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.

Decisions made this year on capital and treasury management will have financial consequences for the Council 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

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

In 2024/25, the Council is planning capital expenditure of £49.9 as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|-----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| General Fund services | 5.4 | 12.9 | 28.9 | 10.6 | 2.1 |
| Council housing (HRA) | 24.9 | 19.3 | 41.1 | 24.4 | 19.3 |
| TOTAL | 30.3 | 35.2 | 70.0 | 35.0 | 21.4 |

£11m of capital expenditure in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

The main General Fund capital projects for 2024/25 include Stephenson Memorial Hall (£7.3m), Revitalising the Heart of Chesterfield (£7.0m), Staveley Town Deal schemes (£7.6m) and Disabled Facilities Grants (£2.2m).

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

Governance: The Finance and Performance Board appraises all requests for capital growth based on a comparison of service priorities against financing costs and ongoing revenue commitments. Approval at Finance and Performance Board allows new schemes to be added to the latest version of the capital programme which is presented to Council for approval. Copies of all Council reports can be found on the Authority's website.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt

(borrowing, leasing and Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|-------------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| External sources | 3.6 | 8.5 | 23.9 | 3.3 | 2.1 |
| Capital receipts | 5.4 | 2.8 | 5.6 | 2.5 | 2.1 |
| Revenue resources | 17.0 | 14.0 | 14.4 | 16.7 | 13.5 |
| Debt | 4.3 | 9.9 | 23.1 | 12.5 | 3.7 |
| TOTAL | 30.3 | 35.2 | 70.0 | 35.0 | 21.4 |

£11m of debt financing in 2024/25 arises from a change in the accounting for leases and does not represent cash expenditure.

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 in £ millions

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|--------------|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | 0.7 | 1.4 | 1.6 | 2.2 | 2.2 |
| HRA | 1.9 | 0.0 | 0.0 | 3.7 | 3.8 |

The Council's full minimum revenue provision statement can be found at Appendix D to this report.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The General Fund CFR is expected to increase by £2.3m during 2024/25 and the HRA CFR is expected to increase by £6.2m during the same period. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

| | 31.3.2023 actual | 31.3.2024 forecast | 31.3.2025 budget | 31.3.2026 budget | 31.3.2027 budget |
|-----------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund services | 57.2 | 59.5 | 61.4 | 63.1 | 60.9 |
| Council housing (HRA) | 125.7 | 131.9 | 151.5 | 156.4 | 156.3 |
| TOTAL CFR | 182.9 | 191.4 | 212.9 | 219.5 | 217.2 |

£11m of the CFR increase in 2024/25 arises from a change in the accounting for leases

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. The Authority is currently also permitted to spend capital receipts “flexibly” on service transformation projects until 2024/25. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £5.7m of capital receipts in the 2023/24 financial year as follows:

Table 5: Capital receipts in £ millions

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|--------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|
| General Fund Asset sales | 1.8 | 1.9 | 2.5 | 1.5 | 0 |
| Right to Buy Receipts | 5.4 | 2.6 | 2.0 | 1.7 | 1.7 |
| Other HRA Asset sales | 0.8 | 1.2 | 0.8 | 0.8 | 0.0 |
| TOTAL | 6.3 | 5.7 | 5.3 | 4.0 | 1.7 |

Treasury Management

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

Due to decisions taken in the past, the Council currently has £134m borrowing at an average interest rate of 3.68% and £20m treasury investments at an average rate of 5.25%.

Borrowing strategy: The Council’s main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans and long-term fixed rate loans where the future cost is known but higher.

The Council does not borrow to invest for the primary purpose of financial return and therefore retains full access to the Public Works Loans Board.

Projected levels of the Council’s total outstanding debt (which comprises borrowing and transfers from local government reorganisation) are shown below, compared with the capital financing requirement (see above).

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

| | 31.3.2023 actual | 31.3.2024 forecast | 31.3.2025 budget | 31.3.2026 budget | 31.3.2027 budget |
|-------------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| Debt | 135.4 | 158.1 | 170.2 | 180.7 | 182.5 |
| Capital Financing Requirement | 182.9 | 191.4 | 212.9 | 219.5 | 217.2 |

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

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

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

| | 2023/24 limit | 2024/25 limit | 2025/26 limit | 2026/27 limit |
|---|------------------|------------------|------------------|------------------|
| Authorised limit - External Borrowing | 181.9 | 206.2 | 217.8 | 219.7 |
| Authorised limit - Leases | 2.0 | 13.5 | 13.5 | 13.5 |
| Operational boundary - External Borrowing | 165.3 | 187.5 | 198.0 | 199.8 |
| Operational Boundary - Leases | 1.5 | 12.0 | 12.0 | 12.0 |

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.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, which 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 can be invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

| | 31.3.2023 actual | 31.3.2024 forecast | 31.3.2025 budget | 31.3.2026 budget | 31.3.2027 budget |
|-------------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|
| Near-term investments | 15.1 | 10.0 | 0 | 0 | 0 |
| Longer-term investments | 0 | 0 | 10.0 | 10.0 | 10.0 |
| TOTAL | 27.3 | 10.0 | 10.0 | 10.0 | 10.0 |

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.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Service Director - Finance and staff, who must act in line with the treasury management strategy approved by Council. Regular reports on treasury management activity are presented to Council. The Standards and Audit Committee is responsible for scrutinising treasury management decisions.

Investments for Service Purposes

The Council may from time to time make investments to assist local public services, including making loans to local service providers and local small businesses 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 generate a profit after all costs.

Governance: Decisions on service investments are made by the Service Director - Finance in consultation with the relevant Executive Directors, and must meet the criteria and limits laid down in the investment strategy. Most loans and shares are capital expenditure and purchases will therefore also be approved as part of the capital programme.

Commercial Activities

The Council invests in commercial properties which are held primarily for service purposes such as economic regeneration, but which in addition generate a profit that will be spent on local public services. With central government financial support for local public services declining, the Council may in the future decide to invest in commercial property purely or mainly for financial gain.

With financial return being the main objective, the Council would accept higher risk on commercial investment than with treasury investments. Further details can be found in the Investment Strategy at Appendix C to this report.

Table 9: Prudential indicator: Net income from commercial and service investments to net revenue stream in £millions

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|--|-------------------|---------------------|-------------------|-------------------|-------------------|
| Total net income from service and commercial investments | 2.2 | 2.0 | 2.0 | 2.0 | 2.0 |
| Proportion of net revenue stream | 16.1% | 15.6% | 16.2% | 16.1% | 16.0% |

Liabilities

In addition to debt of £135.4m detailed above, the Council is committed to making future payments to cover its pension fund deficit. This deficit is planned to be reduced to a break-even position over the next 18 years.

Revenue Budget Implications

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The 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. As a result of the 2021 changes to the Prudential Code interest and investment income has been removed from the definition of financing costs.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

| | 2022/23 actual | 2023/24 forecast | 2024/25 budget | 2025/26 budget | 2026/27 budget |
|---|-------------------|---------------------|-------------------|-------------------|-------------------|
| Financing costs General Fund (£000) | 952 | 1,832 | 1,797 | 1,879 | 1,818 |
| Financing costs HRA (£000) | 6,359 | 4,709 | 5,121 | 7,552 | 7,720 |
| Proportion of net revenue stream General Fund | 16.1% | 15.5% | 16.2% | 16.1% | 16.0% |
| Proportion of net revenue stream HRA | 11.9% | 11.8% | 11.8% | 12.0% | 12.0% |

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 40 years into the future.

Knowledge and Skills

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. The Council pays for staff to study towards relevant professional qualifications including CIPFA and AAT.

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

Investment Strategy Report 2024/25

Introduction

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 other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This 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

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 £30m and £10m during the 2024/25 financial year.

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

Further details: Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in Appendix A of this report.

Service Investments: Loans

Contribution: The Authority from time to time may lend money to local businesses, local charities or housing associations to support local public services and stimulate local economic growth.

The Council currently has four active service loans. The first two are loans to Staveley Town Council that were made in April 2020 and March 2023, which currently have outstanding balances of £30,000 and £371,000 respectively. The third is a loan to support the acquisition and operation of CFC 2001 Limited, trading as Chesterfield Football Club, which was made in July 2020, which has an outstanding balance of £402,000. The fourth is a loan to Baylight Properties in respect of Peak Resort which was provided in October 2022 to accelerate the development, de-risk the project and bring certainty to the proposals. This loan has a current outstanding balance of £500,000.

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.

Accounting standards require the Authority to set aside 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.

Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding service loans, on a case-by-case basis. A thorough examination of the borrowers' accounts and/or business plans is undertaken by the Service Director - Finance. The services of external advisors will be sought for any areas requiring specific expertise.

Commercial Investments: Property

Contribution: The Council owns local industrial and commercial properties which are held primarily for service purposes such as economic regeneration, but which in addition generate a profit that will be spent on local public services. These properties can be split into three main categories: industrial units and trading estates, retail and office and undeveloped land. The majority of these properties have been held for a substantial period of time, more than 30 years in the case of some assets.

Table 1: Property held for investment purposes in £ millions

| Type of Property | Value in accounts 31.03.2023 |
|--------------------------------------|---------------------------------|
| Industrial Units and Trading Estates | 26.3 |
| Retail and Office | 8.5 |
| Undeveloped Land | 2.7 |
| TOTAL | 37.5 |

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 / construction cost.

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 2023/24 year end accounts preparation and audit process value these properties below their purchase cost, then an updated 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.

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. As the main purpose of owning these properties is for service reasons, the Authority does not need to rely on selling these assets for investment purposes, for example to repay capital borrowed.

Income: The Authority is dependent on profit generating investment activity to achieve a balanced revenue budget. The net amount of investment income (after operating expenses) received in 2022/23 was £2.2m, this equated to 4.0% of all general fund income received. This amount is expected to reduce in 2024/25. Income received is monitored on a regular basis and any expected shortfall would be reported as part of the budget monitoring reports.

Risk assessment of future commercial investments: The Service Director - Finance will assess the risk of loss before entering into and whilst holding commercial property investments. Due consideration will be given to the risks relating to failure to create income/exposure to market

changes, ongoing maintenance/management of the asset, possibility of arrears and exposure in one sector or locality. External advice will be sought for any investments requiring specific expertise.

Commercial property investments will be evaluated on a case-by-case basis and it must be demonstrated that the level of risk is acceptable for the expected yield, including benchmarking against alternative investment products. Full contingency plans are required to be in place before entering into any commercial property investments, in the event that the investment will fail to meet the expected yield.

Capacity, Skills and Culture

Elected members and statutory officers: All investment and commercial decisions will be taken with the involvement of the Service Director - Finance, who will ensure that all elected members and other officers are fully aware of the risks involved and how the decision could change the overall risk exposure of the Authority. All decisions made will also have regard to the principles of the prudential framework and of the regulatory regime in which local authorities operate.

Investment Indicators

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.

Total risk exposure: The first indicator shows the Authority's total exposure to potential investment losses.

Table 2: Total investment exposure in £millions

| Total investment exposure | 31.03.2023 Actual | 31.03.2024 Forecast | 31.03.2025 Forecast |
|----------------------------------|------------------------------|--------------------------------|--------------------------------|
| Treasury management investments | 15.1 | 10.0 | 10.0 |
| Service investments: Loans | 1.6 | 1.7 | 1.4 |
| Commercial investments: Property | 37.5 | 37.5 | 37.5 |
| TOTAL EXPOSURE | 54.2 | 49.2 | 48.9 |

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. The Authority does not have any investments that could be described as being funded by borrowing. All of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

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 3: Investment rate of return (net of all costs)

| Investments net rate of return | 2022/23 Actual | 2023/24 Forecast | 2024/25 Forecast |
|---------------------------------------|---------------------------|-----------------------------|-----------------------------|
| Treasury management investments | 4.03% | 4.90% | 4.75% |
| Service investments: Loans | 3.31% | 4.97% | 4.97% |
| Commercial investments: Property | 5.86% | 5.86% | 5.86% |

Minimum Revenue Provision Statement 2024/25

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 former Ministry of 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 only incorporates options recommended in the Guidance.

For capital expenditure incurred before 1st April 2008, MRP will be determined by charging the remaining expenditure over 40 years as the principal repayment on an annuity with an annual interest rate of 2%.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate of 2%, 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 capital expenditure where MRP is to be met by a contribution from Enterprise Zone business rates, MRP will be determined by charging the expenditure over the remaining period of allowable business rates retention for the Enterprise Zone.

For assets acquired by leases MRP will be determined as being equal to the element of the 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.

Capital expenditure incurred during 2023/24 will not be subject to an MRP charge until 2024/25 or later.

The statutory requirement to make MRP contributions does not apply to the Housing Revenue Account, however the Council may, if it chooses, make a Voluntary Revenue Provision (VRP). Historically the Council has chosen to make a VRP contribution of 1.5% of the outstanding Housing Revenue Account Capital Financing Requirement in respect of housing assets.

However, as a result of ongoing pressures on the HRA such as unprecedented and unpredicted inflationary pressures around energy, fuel, contracts, building materials, interest rates (including the cost of borrowing), and pay budgets, and in order to allow greater flexibility to ensure that the HRA balance is maintained at an appropriate level to avoid the risk of a negative balance in the event of an exceptional cost arising, no VRP contribution in respect of housing assets will be made for the 2023/24 and 2024/25 financial year with an option to extend this if required into 2025/26

| | 31.03.2024 Estimated CFR £000 | 2024/25 Estimated MRP/VRP £000 |
|--|--|---|
| Capital expenditure before 01.04.2008 | 4,662 | 99 |
| Unsupported capital expenditure after 31.03.2008 | 54,838 | 1,334 |
| Total General Fund | 59,500 | 1,433 |
| Assets in the Housing Revenue Account | 131,900 | 0 |
| Total Housing Revenue Account | 131,900 | 0 |

For publication

Delegation Scheme and Constitution – various updates

| | |
|--------------------|--------------------------------|
| Meeting: | STANDARDS AND AUDIT COMMITTEE |
| Date: | 14 TH FEBRUARY 2024 |
| Cabinet portfolio: | GOVERNANCE |
| Directorate: | CORPORATE |

1.0 Purpose of report

1.1 To seek approval of updates to the Constitution to add delegations relating to a new:

- officer delegation to determine police objections to Temporary Event Notices where the objections are aimed at ensuring consistency with existing licence conditions
- Cabinet member delegation to receive reports and recommendations from a housing advisory body (to be established by the Council)
- officer delegation to authorise spending through the health and wellbeing partnership and community grants fund.

2.0 Recommendations

2.1 That members confirm the changes to Constitution, and agree the delegations, proposed at Appendix 1.

3.0 Reasons for Recommendation

3.1 To ensure effective and efficient operation of the Council.

4.0 Report Details

4.1 The Constitution is a key document, required by law, which sets out the principal powers, duties and procedures of the Council. It also sets out in Part 3 to whom decision making over the Council's various functions is delegated.

4.2 The current form of Constitution has been in place since the early 2000s, using a government model. Most council constitutions follow a similar format, though some are now moving away from it. The constitution is publicly available on the Council's website at

<https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx>

4.3 The Constitution needs to be changed and updated from time to time to ensure it reflects current legislation, practices, functions, structures and efficient working of the authority.

4.4 Full Council considers the main changes and other changes are delegated to Standards and Audit Committee. Any consequential amendments and general updates are the responsibility of the Monitoring Officer.

Police TEN objections

- 4.5 Currently all police TEN objections are determined by Licensing Committee. On occasion the police object to a Temporary Event Notice submitted in relation to licenced premises – the application would be to expand the licensed activity in relation to a specific event at the premises.
- 4.6 The police would be objecting to ensure that the same or similar relevant conditions are attached to the approval of the TEN as are attached to the premises licence. As these are administrative objections rather than substantive objections it is considered that an officer delegation is appropriate.
- 4.7 Objections to TEN applications have to be determined within the 10 clear days notice period (5 clear days in the case of statutory ‘late TENS’). This would create problems if a meeting of the Licensing Committee needed to be convened to consider such an objection. Officers have discussed this proposal with the Chair of Licensing Committee and they are in agreement to such an officer delegation, as without it additional decisions of the Committee would be necessary.

Housing advisory body reports and recommendations

- 4.7 As a result of new powers to be introduced in April 2024, the Regulator of Social Housing (the Regulator) will have new powers to regulate consumer standards in local authority and other social housing.
- 4.8 Local authorities are being encouraged to prepare for this change which is to ensure landlords are managed effectively and meeting regulatory requirements. Councillors and senior leaders must have clear sight of performance and effectively tackle under-performance, taking into account tenants’ views. The Regulator will carry out inspections of social landlords. This new regime is emerging with specific local authority guidance anticipated in the near future.
- 4.9 In addition, the Housing Ombudsman’s new complaint handling code takes effect in April 2024. This requires oversight at director and elected member level, with a nominated councillor taking the lead.
- 4.10 Some other local authorities are already on the path to putting in place appropriate arrangements. A governance model is being developed for adoption by the council, and it is anticipated that a new (non-decision-making) council advisory body will need to be established in the spring with councillor, officer and tenant’s representatives to consider performance and oversight.
- 4.11 It is currently considered that the body’s reports and recommendations should be considered by the executive via the Cabinet Member for Housing and a new delegation is necessary in anticipation of this.
- 4.12 As the final shape of the governance arrangements is not yet known, authority is also sought for the Head of Regulatory Law and Monitoring Officer to make any necessary changes to the new delegation to ensure effective operation and compliance with the Regulator’s requirements.

Health and wellbeing partnership and community grants

- 4.13 Various funds are available to the Council to distribute to community groups within the borough via the health and wellbeing partnership or through community grants schemes.

The partnership is not a formal council committee, but has councillor and officer representation, led by the Service Director - Leisure, Culture and Community Wellbeing.

- 4.14 These are usually low value award amounts for community projects and activities, but to a maximum of £50,000. On occasion they can be higher, potentially up to £100,000. At present there is no explicit delegation in place to permit such grant awards or spend. It is proposed that there is a delegation to the Service Director to approve these grants, after consultation with the Cabinet Member for Health and Wellbeing in the case of grants over £50,000.

Statements of Truth

- 4.15 Certain legal proceeding require a signed document called a ‘statement of truth.’ This is a statement, to be included in any statement of case, witness statement, expert’s report and certain other documents, that confirms that the facts stated in the document are true.
- 4.16 The Constitution, at Article 14.3.2 of Part 2, already contains a confirmation that the Chief Executive, each Executive Director, the Chief Finance Officer and each Service Manager (or any other officer authorised by any of them) is authorised to prepare and sign statements of truth in connection with any legal proceedings.
- 4.17 Under the court Civil Procedure Rules (CPRs) there is a requirement that such signatories should hold a senior position in the authority or be authorised by any of them. The above categories would seem to comply with this, though could usefully also include Service Director. In addition the CPRs permit a legal representative (solicitor, barrister, or authorised litigator) to sign statements of truth. The paragraph of the Constitution should be clarified to reflect this.

Document information

| Report author | Contact number/email |
|--|--|
| Gerard Rogers Monitoring Officer | 01246 936471 gerard.rogers@chesterfield.gov.uk |
| <p>Background documents</p> <p>The Council’s Constitution – on Council website https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx</p> | |
| <p><i>This must be made available to the public for up to 4 years.</i></p> | |
| <p>Appendices to the report</p> | |
| Appendix 1 | Proposed changes to Constitution |

Appendix 1

Constitution changes requiring approval by Standards and Audit Committee

Council Constitution:

<https://www.chesterfield.gov.uk/your-council/the-council/the-constitution.aspx>

Where appropriate changes are shown in red below.

1 Part 3 – Delegation Scheme – Determination of Police TEN objections

Current delegation:

Licensing Committee

...

Permitted Temporary Activities

LC310 To determine police objections to a temporary event notice.

OFFICER DELEGATIONS: to the Service Director - Leisure, Culture and Community Wellbeing:

LC320D To issue counter-notices where he considers that the permitted limits have been exceeded.

LC330D To acknowledge receipt of temporary event notices.

The following changes to LC310 are proposed with addition of a new delegation LC335D (see highlighting):

Permitted Temporary Activities

LC310 Subject to LC335D, to determine police objections to a temporary event notice.

OFFICER DELEGATIONS: to the Service Director – Leisure, Culture and Community Wellbeing:

LC320D To issue counter-notices where he considers that the permitted limits have been exceeded.

LC330D To acknowledge receipt of temporary event notices.

LC335D To determine a police objection to a temporary event notice for premises licensed under the 2003 Act where the objection seeks consistency with existing premise licence conditions for the same premises

2 Part 3 – Delegation Scheme – Cabinet Member for Housing

[name of housing advisory body yet to be decided]

HO### To receive reports and recommendations of [name of housing advisory body] and to determine the most appropriate response with a view to maintaining and improving housing performance and response to housing complaints.

2A That the Head of Regulatory Law and Monitoring Officer be authorised to amend this delegation as necessary to accord with governance measures put in place by the Council to comply with requirements and guidance from Regulator of Social Housing.

3 Part 3 – Delegation Scheme – health and wellbeing partnership / community grants

New proposed delegation:

health and wellbeing partnership / community grants

OFFICER DELEGATIONS: to the Service Director – Leisure, Culture and Community Wellbeing:

HW#####D To decide the award of community grants or award of grants to community groups arising from their consideration by the Health and Wellbeing Partnership up to a value of £50,000 and for grants between £50,000 and £100,000 after consultation with the Cabinet Member for Health and Wellbeing.

4 Part 2 – Article 14.3.2

Current wording:

14.3.2 Statements of Truth

The Chief Executive, each Executive Director, the Chief Finance Officer and each Service Manager (or any other officer authorised by any of them) is authorised to prepare and sign Statements of Truth in connection with any Legal Proceedings.

Proposed wording:

The Chief Executive, each Executive Director, the Chief Finance Officer, each Service Director, each Service Manager (or any other appropriate officer authorised by any of them) or any solicitor, barrister or a person under the Legal Services Act 2007 who is authorised to conduct litigation (or who is exempt under that Act) and employed by the Council is authorised to prepare and sign Statements of Truth in connection with any Legal Proceedings. For the avoidance of doubt such people are considered to be persons holding a senior position with the Council for the purposes of legal proceedings.

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of the Local Government Act 1972.

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