BOROUGH OF CHESTERFIELD

You are summoned to attend a Meeting of the **Council** of the **Borough of Chesterfield** to be held in the **Council Chamber, Town Hall, Rose Hill, Chesterfield S40 1LP** on **Wednesday, 28 February 2024** at **5.00 pm** for the purpose of transacting the following business:-

1. To approve as a correct record the Minutes of the meeting of the Council held on 13 December, 2023 (Pages 5 - 14)

2. Mayor's Communications

3. Apologies for Absence

4. Declarations of Members' and Officers' Interests relating to items on the Agenda.

5. Public Questions to the Council

   To receive questions from members of the public in accordance with Standing Order No. 12.

   Question submitted by James Allsop;

   Given the current climate crisis does the Council still feel its support, promotion and financial assistance for a development at Peak resort in Unstone that so many oppose, and that if successful, despite multiple failures over multiple decades will generate pollution, congestion and disruption for the residents is appropriate when none of the proclaimed thousands of jobs have been created and when so many other potential backers have pulled out of some of the other schemes proposed on this site?

   Question submitted by Chris Allsop;

   Will there be new environmental studies done on the land and air pollution as if the project goes ahead and we end up with a carpark what penalties/ consequences will there be for the developer and/or the Council that has passed the planning if the environment suffers in any way?

6. Petitions to Council

   To receive petitions submitted under Standing Order No. 13

7. Questions to the Leader

To receive questions submitted to the Leader under Standing Order No.14

8. Treasury Management Strategy 2024/25 (including investment and capital strategy) (Pages 15 - 46)

9. HRA Budget 2024/25 (Pages 47 - 66)

10. HRA Capital Programme 2024/25 (Pages 67 - 92)

11. General Fund Capital Programme 2024/25 (Pages 93 - 104)

12. Budget and Medium Term Financial Plan 2024/25 (Pages 105 - 168)

13. Council Tax 2024/25

    - Report to Follow

14. Senior Pay Policy Statement (Pages 169 - 182)

15. Derby and Derbyshire Strategic Leadership Board (Pages 183 - 216)

16. Civic Arrangements for 2024/25 (Pages 217 - 220)

17. Changes to Outside Body Appointments (Pages 221 - 222)

18. Minutes of Committee Meetings (Pages 223 - 224)

    To receive for information the Minutes of the following meetings:-

    - Appeals and Regulatory Committee
    - Employment and General Committee
    - Licensing Committee
    - Planning Committee
    - Standards and Audit Committee

19. To receive the Minutes of the meetings of Cabinet of 12 December, 2023, 16 January and 5 February, 2024 (Pages 225 - 258)

20. To receive the Minutes of the meeting of the Joint Cabinet and Employment and General Committee of 19 September, 2023 (Pages 259 - 262)

21. To receive and adopt the Minutes of the meetings of the Scrutiny Select Committee - Economic Growth and Communities of 26 October, 7 December, 2023, 11 January and 18 January, 2024 (Pages 263 - 288)

22. To receive and adopt the Minutes of the meetings of the Scrutiny Select Committee - Resilient Council of 9 November, 2023 and 25 January, 2024 (Pages 289 - 298)

23. Questions under Standing Order No. 19

    To receive questions from Councillors in accordance with Standing Order No.19.

By order of the Council,

Chief Executive

Chief Executive’s Unit,
Town Hall,
Chesterfield

20 February 2024

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COUNCIL

Wednesday, 13th December, 2023

Present:-

Councillor Brady (Chair)

Councillors	Bagley	Councillors	Kellman
	B Bingham		McLaren
	Blakemore		Miles
	Brittain		Niblock
	Brock		Ogle
	Callan		Perkins
	Caulfield		Redihough
	Culley		Ridgway
	Davenport		Sarvent
	Davies		Serjeant
	Dyke		Snowdon
	Falconer		Staton
	Flood		Stone
	Gilby		Thompson
	Hollingworth		Thornton
	Holmes		Twigg
	J Innes		Wheeldon
	P Innes		Yates
	Jacobs		

*Matters dealt with under the Delegation Scheme

45 **TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 18 OCTOBER, 2023**

RESOLVED –

That the Minutes of the meeting of Council held on 18 October, 2023 be approved as a correct record and be signed by the Chair.

46 **MAYOR'S COMMUNICATIONS**

The Mayor referred with sadness to the recent deaths of former Councillor, Alderwoman June Beckingham and longstanding staff member Tony Devereux. Members observed a minute's silence in their honour.

The Mayor informed Council of the following events which he and the Mayoress had attended:

- Commemorative events over the remembrance period including services at Chesterfield Parish Church, Eastwood Park and Christ Church and the 11th Hour Act of Remembrance at the Town Hall;
- Hosting pupils from Spire Infant School, Brockwell Infant School and St Mary's Primary School at the Town Hall for Local Democracy events;
- Derbyshire's Coronation Tree Planting Ceremony on the date of His Majesty's birthday; and
- Chesterfield's Christmas Lights Switch On, alongside the stars of this year's pantomime and Paddington Bear.

The Mayor invited members to join him and the Mayoress in committee rooms 1 and 2 for a festive drink and mince pie after the conclusion of the council meeting and wished everyone a happy and healthy Christmas and New Year.

47 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Baldauf-Good and J Bingham.

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

No declarations were received.

49 PUBLIC QUESTIONS TO THE COUNCIL

Under Standing Order No. 12, the following question was asked by Max Kerley, in relation to Rufford Close:

At the Council meeting on 18 October Cllr Gilby in response to a question from Cllr Falconer informed the Council that the matter had been settled by arbitration and that the final adjudication had been received in May

2022. My question is which parties were involved in this arbitration and what financial settlements formed part of the adjudication?

Councillor Tricia Gilby provided a verbal response as follows:

- Legal proceedings had not been completed, nor had the matter been settled by arbitration.

- A written reply had been sent to Cllr Falconer and all members of Council in response to the question that Cllr Falconer had asked at October's council meeting.

- The dispute between the Council and one of the contractors had been referred to adjudication and the decision received in May 2022.

- The adjudication decision hadn't addressed all elements of the dispute to the Council's satisfaction and therefore the Council was contemplating bringing further legal proceedings through arbitration or the courts.

- The adjudication decision, other documents relating to it and the parties involved were all legally privileged and therefore could not be disclosed.

The following supplementary question was asked by Max Kerley;

Is the Leader's reluctance to answer the first question, in the hope that the Council can get more monies in legal proceedings or is it an attempt to protect and shield Derbyshire Building Control Partnership and the Chief Executive of Chesterfield Borough Council?

Councillor Tricia Gilby provided a verbal response stating that she wasn't able to disclose any further information than that shared in response to Mr Kerley's original question.

50 PETITIONS TO COUNCIL

In accordance with Standing Order No.13, Council debated the following petition from Support Keeping Chesterfield Visitor Information Centre Open, which was received on 24 November, 2023.

The petition said “We support keeping Chesterfield Visitor Centre open. We oppose the proposed closure of the Visitor Information Centre which is a valued resource for local people and visitors to the area.”

The petition contained in excess of 1,000 signatures; therefore, it was referred to Council to be debated in accordance with the Council’s petition scheme and Standing Order No.13.

Carole Garmory, a representative of the petition organisers for Support Keeping Chesterfield Visitor Information Centre Open presented the petition and answered member’s questions.

RESOLVED –

1. That the ‘Support Keeping Chesterfield Visitor Information Centre Open’ petitioners be thanked for submitting the petition to Chesterfield Borough Council.

2. That Chesterfield Borough Council notes the petition and the matters raised in the petition debate by both the petition organiser and members of Council.

3. That Council officers ensure that appropriate reference is made to the petition and matters raised in the petition debate within any final report prepared for the Council’s Cabinet on the future of the Chesterfield Visitor Information Centre.

4. That the Council’s Cabinet, as the decision-making body with responsibility for such matters, take note of the petition and the matters raised in the petition debate when making any final decision on the future of the Chesterfield Visitor Information Centre.

51 QUESTIONS TO THE LEADER

Under Standing Order No. 14 Members asked the following questions:

Councillor Niblock asked if the Leader could estimate the drop in the numbers of visitors to Chesterfield that would result if the Council withdrew its annual funding of 15K towards the running costs of Visit Peak District and Derbyshire?

The Leader advised that in July 2023, the Council had adopted a Budget Strategy and in November 2023 Cabinet had agreed a Budget Strategy Implementation Plan. There were plans to review many areas of Council expenditure, and that in due course reports would be prepared for Cabinet consideration and approval. The Leader stated that she did not have an estimate.

Councillor Flood asked the Leader if she could share with the Council information on all the support given and services provided to residents and businesses affected by the recent floods?

The Leader thanked Councillor Flood for her recognition of all the hard work Council staff had put in to helping the flood victims. Over 800 homes and businesses had been affected by Storm Babet.

In the immediate response phase, Environmental Services staff had responded to calls from residents for sandbags and aqua sacks, Homelessness staff had sourced temporary accommodation, and staff at Queen’s Park Sports Centre had worked in support of Derbyshire County Council to open an emergency rest centre.

From the next day onwards, all Council services were engaged, assessing the impact on residents and businesses and leading the clean-up operations.

218 households were now in receipt of community recovery grants and 98 businesses had applied for business recovery grants.

The Leader also expressed her thanks to Gussie’s Kitchen and the Lifehouse Church who had both offered hot meals and support to those helping out or affected by the floods.

Councillor Hollingworth asked the Leader if she could clarify what was meant by ‘Review and Reduce the costs of Town Centre Events’

The Leader referred Cllr Hollingworth to the Budget Strategy Implementation Plan where further detail could be found on the scope of the Review.

Councillor Dyke asked the Leader for an update on the 22 council homes that were being built at Middlecroft / Staveley.

The Leader was pleased to advise that the Council had overseen the development of 100 plus new council homes over the past four years. The 22 new homes planned for Middlecroft / Staveley were a mixture of bungalows and houses, 2 bed and 3 bed. Adaptations were also being made to one of the new homes to accommodate the needs of the tenant who would be moving in. All 22 would be green homes, heated by air source heat pumps, with solar panels fitted as standard alongside electric charging points to help the Council deliver on its climate change commitments.

Councillor Snowdon asked the Leader to clarify what was meant by ‘Reviewing residents free town centre parking’, does it mean reducing the hours or ending free parking altogether? Should we extend this and remove free car parking passes from Councillors too?

The Leader stated that the Monitoring Officer might be better placed to answer his question. As councillors could legitimately claim expenses when carrying out their duties, it would in all likelihood cost the Council more to reimburse councillors for the cost of parking their cars rather than meeting the cost of providing free parking passes.

Councillor Ogle asked the Leader for an update on how the Staveley Town Deal Construction Skills Hub project.

The Leader was delighted to inform Council that she had recently visited the construction skills hub site at Mastin Moor with the first intake of students recruited by Chesterfield College. The students would be able to gain experience and hone their practical skills in a live setting alongside their time in a College classroom, learning to build new homes and about new modern methods of construction. Given its location, it was also hoped that the Hub would encourage the young people of Staveley to ‘Start, Stay and Grow’ in the area.

Councillor Jacobs asked the Leader what support would be offered to people who have no access to internet banking or cannot use a cashless system?

The Leader informed Council that there were numerous alternative locations to the Customer Service Centre where residents could pay their bills. Many of these locations were more convenient than making the journey to the Town Hall. Residents could also contact the Customer Service Centre by phone to make payments.

52 EAST MIDLANDS INVESTMENT ZONE

Pursuant to Cabinet Minute No. 46 (2023/2024) the Service Director – Economic Growth submitted a report seeking approval for two development sites within the borough of Chesterfield to be part of an East Midlands submission to Government for Investment Zone (IZ) status and for the Chesterfield sites to be designated as Business Rates Retention areas.

RESOLVED –

1. That the submission of an East Midlands Investment Zone proposal to Government, to include two development sites (as identified by the plan in Appendix A) within the borough of Chesterfield be supported.

2. That it be agreed in principle for the 2no. development sites to be designated as Business Rates Retention areas in line with Government policy, subject to:

   a) The formal establishment of the East Midlands Mayoral Combined County Authority (EMMCCA) in May 2024

   b) The Council being satisfied with the final terms of the Business Rates Retention Policy applicable to the East Midlands Investment Zone

   c) The Council being satisfied with the final terms of the Reinvestment Strategy developed by EMMCCA to guide the reinvestment of the retained Business Rates within the East Midlands area

   d) The Council being satisfied with the governance arrangements for the East Midlands Investment Zone, when finalised, and the Council's role within them.

3. That, given the need for the Council to be able to advise EMMCCA and Government in a timely manner of its position ahead of the final Gateway submissions, authority be delegated to the Chief Executive, in consultation with the Service Director for Finance and the Leader of the Council to consider the final proposals and

arrangements for the East Midlands Investment Zone and conclude the terms of the Council's involvement.

4. That an update report be submitted to Cabinet on the East Midlands Investment Zone as and when the outcome of EMMCCA's submission to Government is known.

5. That the Council reserves it's right to review its position in relation to the two development sites being designated as Business Rates Retention areas should there be a change in Government policy and / or a change in the Council's relationship with EMMCCA.

53 INDEPENDENT REMUNERATION PANEL REVIEW OF MEMBERS ALLOWANCES

Pursuant to Cabinet Minute No. 48 (2023/2024) the Head of Regulatory Law & Monitoring Officer submitted a report for Council to consider the report and recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme.

Councillor Holmes proposed an amendment to the recommendations relating to the IRP report on the members' allowances scheme as follows:

1. That the recommended increases in the Basic Allowance and in the Special Responsibility Allowances be frozen between now and the end of the 2024/25 financial year, in view of the unprecedented and deep £4million of cuts, savings and fee increases that are being implemented.

2. The issue should be reconsidered for 2025/26 in the context of whatever measures are being proposed to deal with the predicted deficit for that financial year.

The amendment was voted on by members and was not approved.

RESOLVED –

1. That Full Council approves the report and recommendations of the IR Panel for implementation from 1 April 2024.

2. That the IR Panel's report be published in the press and on the Council's website.

3. That a supplementary estimate to meet the additional costs outlined in paragraph 6.4 be approved for the financial year 2024/25.

4. That Full Council expresses both its appreciation and thanks to the members of the IR Panel for the thorough and efficient way in which they carried out the review.

5. That the basic allowance, special responsibility allowances, subsistence allowance and Mayoral Allowance are updated annually in line with the annual percentage pay increase given to Chesterfield Borough Council employees (or by a percentage equivalent to that of the mean/median pay increase, in the event of a flat rate increase) as agreed for each financial year by the National Joint Council for Local Government Staff until 31 March, 2027 unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

54 MINUTES OF COMMITTEE MEETINGS

RESOLVED –

That the Minutes of the following Committees be noted:

- Appeals and Regulatory Committee of 4 and 11 October, 1, 8 and 29 November, 2023.

- Employment and General Committee of 20 November, 2023.

- Licensing Committee of 13 November, 2023.

- Planning Committee of 2 and 23 October and 13 November, 2023.

- Standards and Audit Committee of 11 October, 2023.

55 TO RECEIVE THE MINUTES OF THE MEETINGS OF CABINET OF 17 OCTOBER AND 14 NOVEMBER, 2023

RESOLVED –

That the Minutes of the meetings of Cabinet of 17 October and 14 November, 2023 be noted.

56 QUESTIONS UNDER STANDING ORDER NO. 19

There were no questions.

For publication

Treasury Management Strategy 2024/25

Meeting:	Council
Date:	28th 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

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

This report was considered by the Standards and Audit Committee at its meeting on 14 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

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

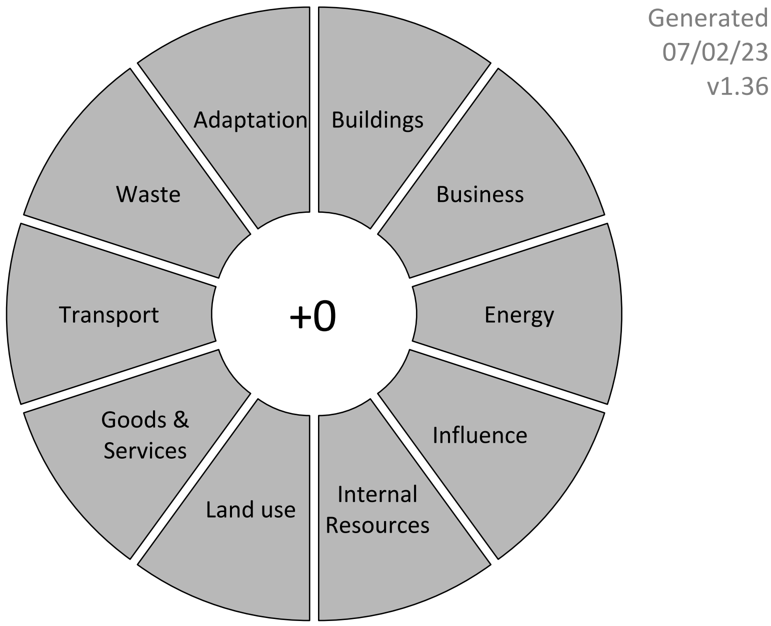
8.1 There are no human resource considerations arising from this report.

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.

<u>Decision information</u>

Key decision number	
Wards affected	

<u>Document information</u>

Report author	**Contact number/email**

Karen Ludditt	01246 936276 Karen.ludditt@chesterfield.gov.uk

Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.
This must be made available to the public for up to 4 years.

Appendices to the report	
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% rise in interest rates	£300,000
Upper limit on one-year revenue impact of a 1% fall 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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Appendix B

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

Housing Revenue Account (HRA) – Budget 2024/25 to 2028/29

Meeting:	Council
Date:	28th February 2024
Cabinet portfolio:	Housing
Directorate:	Finance Housing

1.0 Purpose of report

1.1 To consider the forecast outturn for the Housing Revenue Account (HRA) for the current financial year, 2023/24.

1.2 To consider the draft HRA budget for 2024/25 and the Medium-Term Financial Plan (MTFP) for the years 2024/25 to 2028/29.

2.0 Recommendations

2.1 That the forecast outturn for the Housing Revenue Account for the current financial year, 2034/24 be noted.

2.2 The draft estimates for the Housing Revenue Account for 2024/25 and future financial years be approved.

2.3 That delegated authority is given to the Service Director – Housing, in consultation with the Cabinet Member for Housing and the Service Director – Finance, within the total funding provision of £700k to identify and progress service transformation projects and spend to save initiatives, and to respond to possible in-year changes in legislation or national housing policy to ensure that the authority continues to meet its statutory obligations and has a social housing offer which is fit for purpose.

2.4 That delegated authority is given to the Service Director – Housing, in consultation with the Cabinet Member for Housing, within the total funding provision of £1m (£750k revenue and £250k capital), to progress the immediate procurement of contractors to undertake the work on void properties as set out in **paragraph 4.18** of the report.

3.0 Reasons for recommendations

3.1 To provide an updated assessment of the Council's Housing Revenue Account forecast outturn for the financial year 2023/24 and report on the progress made in addressing a number of financial challenges facing the council's Housing Service.

3.2 To provide the necessary authority for the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the social housing sector.

3.3 To present a balanced Housing Revenue Account for the financial year 2024/25 for recommendation to full Council.

4.0 Report Details

This report was considered by Cabinet at its meeting on 27 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

Background and Context

4.1 The Council is required to keep a separate account for its activities as a housing landlord. This is called the Housing Revenue Account (HRA). The HRA is closely governed by the Local Government and Housing Act 1989 and by Determinations made under this Act by the Department of Levelling up, Housing and Communities (DLUHC). The account is ring-fenced and does not receive any subsidy from the Government or from Council Tax, and nor is it allowed to subsidise the General Fund.

4.2 As a result of the introduction of self-financing in April 2012 the Council is required to produce a 30-year HRA Business Plan that is financially viable, delivers a reasonable standard of housing for tenants and maintains homes to at least the minimum Decent Homes Standard.

4.3 Self-financing has, in the main, improved the financial position of the HRA. The Council can determine its own financial future and can also borrow to finance improvements. Initially the level of borrowing was limited by the Government (the £156m debt ceiling for Chesterfield). However, the borrowing cap was removed by the Government in October 2018 to encourage councils to build new homes. Any extra borrowing must be affordable within the HRA 30-year Business Plan. The debt ceiling provides a useful guide to the extent of borrowing that is affordable within the HRA.

4.4 Social rents are usually set according to the Government's National Social Rent Policy and the Welfare Reform and Work Act 2016. In accordance with that policy, rents are allowed to increase by CPI plus 1% until April 2024. The basis for annual rent increases is the September Consumer Price Inflation (CPI) i.e., 6.7% in September 2023. The maximum rent increase for 2024/25 is therefore 7.7%.

4.5 On 16th January 2024, Cabinet considered the rent and service charge levels for 2024/25 and agreed a rent increase of 7.7% (based on the latest Government policy highlighted above) and various service charge increases. These changes have been built into the 2024/25 budget forecast.

4.6 Government rent policy has resulted in significant reductions in the resources available to the Council's Housing Service in recent years. The mandated rent cap of 7% in 2023/24 (which was 4.1% less than inflation), had the cumulative impact of removing **£1.5m** of annual income (after voids) in perpetuity, with an estimated loss over the business plan period in terms of income of **£61m**. This is in addition to the impact of the four-year rent reductions imposed by Government between 2016 and 2020, which further reduced the amount of income available to the 30-year Business Plan.

4.7 Whilst increasing rent by 7.7% in 2024/25 will provide additional income to the HRA, it falls short of covering off a range of additional cost pressures impacting the Council's Housing Service. Like the General Fund, the HRA has been significantly impacted by the rapid increase in inflation. This has resulted in additional costs relating to pay awards, utilities and contracts, due to material, fuel, and labour cost increases, both in the current financial year, as well as across the MTFP.

4.8 The position across the timeframe of the MTFP remains challenging and the Council will have to make difficult decisions to ensure the long-term viability and robustness of the HRA, including reviewing the efficiency of services but also how investment is prioritised. Given the uncertainty of Government policy direction as well as the wider economic climate, this is going to make future investment decisions very challenging.

4.9 Given the size and scale of the challenges it is advised that a fundamental review of the HRA Medium Term Financial Plan and 30-year Business Plan be undertaken during 2024, to review the assumptions informing their construct, the finances needed to maintain the Council's housing stock at least to the minimum Decent Homes Standard and achieve compliance with new regulatory standards, and identify the savings and efficiencies that will need to be made over the medium term to maintain a balanced, risk-adjusted and financially resilient Housing Revenue Account.

Financial Position at Year End 2023/24

4.10 The deficit for 2023/24 is forecast to be **£858k** (as at period 8), which is an improved position of **£2.223m** against the original budget, primarily due to a number of funding and financing adjustments such as removing the planned **£3.389m** revenue contribution to fund the capital programme and pausing the voluntary repayment of debt (**£1.841m**). Table 1 summarises the forecast outturn for 2023/24 against the original budget:

Table 1: Original Budget 23/24 - Forecast/ Revised Estimate (P8) 2023/24 Movement			
Description	Original Budget 2023/24 £'000	Forecast Estimate 2023/24 £'000	Variance £'000
Net rents	(39,536)	(39,007)	529
Non-Dwelling Rents	(960)	(960)	0
Service Charges and other income	(1,163)	(1,163)	0
Total Income	(41,659)	(41,130)	529
Expenditure			
Supervision and Management -General	9,274	9,402	128
Supervision and Management -Special	2,858	2,879	21
Rent, taxes and other charges	245	548	303
Repairs and Maintenance	10,196	10,716	520
Depreciation and contribution to Major Repairs Reserve	12,132	13,656	1,524
Interest and Debt Management Expenses	4,215	4,186	(29)
Provision for the repayment of debt	1,841	0	(1,841)
Bad Debt Provision	589	600	11
Direct Revenue Financing	3,389	0	(3,389)
Total Expenditure	44,740	41,988	(2,752)
Deficit / (Surplus)	**3,081**	**858**	**(2,223)**
HRA working balance B/F	(6,937)	(6,657)	280
HRA working balance C/F	**(3,856)**	**(5,799)**	**(1,943)**

4.11 The main variances are set out below:

- **Rents** are forecast to reduce by **£529k** due to an increase in the level of void properties. The percentage of void properties currently stands at 3.57%.
- **Supervision and Management** costs are forecast to overspend by **£149k**. This is after allowing for the pay award for 2023/24 of £1,925 on all staff salaries and the impact of an-year pension increase (£210k). The Housing Service has also been faced with increased costs for dealing with disrepair legal claims (£157k), higher costs for dealing with antisocial behaviour (£78k) and higher than budgeted IT software and hardware costs (£187k). There have however been underspends on utility bills and other costs. The 2023/24 budget also included £300k for transformation activities, which has not been fully spent and will be carried forwards into 2024/25.
- **Rent, tax and other charges** are forecasting an overspend of **£303k** mainly due to council tax charged on void properties.

- **Repairs and Maintenance** budgets have been reviewed and the forecast outturn is **£520k** above the original budget. This is due to increased employee costs from the above budgeted pay award (averaging 5.6% against a budgeted 4%) and an increase in the costs of dealing with housing disrepair claims. This has been partially offset by an underspend on materials within Housing Property Services. The full cost of providing these services is retained within the Housing Revenue Account.
- **Depreciation charges** have increased by **£1.524m** to reflect the increase in valuation of the housing stock. This has been transferred to the Major Repairs Reserve and used to fund the Capital Programme.
- **Provision for the Repayment of Debt**. As agreed by Council on 18th October 2023, the voluntary provision for debt repayment **(£1.841m**) has been paused for 2023/24 and 2024/25 to provide funds to enable the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the Service and the social housing sector more widely.
- **Direct Revenue Financing**. Direct Revenue Financing relates to the funding of the Council's capital programme. The planned direct revenue financing contribution of **£3.389m** towards the Capital Programme in 2023/24 is not currently deemed affordable due to the scale and nature of the in-year pressures on the Housing Revenue Account.

Financial Strategy 2024/25

4.12 The financial strategy for the HRA is to deliver a balanced and sustainable budget which is self-financing in the longer term, and which reflects both the requirements of tenants and the strategic vision and priorities of the Council.

4.13 The HRA is not permitted to run at an overall deficit and risks must continue to be identified and managed effectively. A minimum working balance of **£3.5m** (increased annually by inflation) is maintained to avoid the risk of the HRA moving into a position of negative balance in the event of an exceptional cost(s) arising.

4.14 It is important to note that the budget projections shown in this report assume that the loss of rental income through bad debt (rent arrears written off) and void (empty) properties continues to be minimised through robust management and control procedures. Should these losses increase above the assumptions contained in the budget there is the real risk that HRA balances will move towards and potentially below the afore mentioned minimum working balance, which is not a sustainable position.

4.15 The Medium-Term Financial Plan at **Appendix 1** show that the HRA balance is anticipated to fall to **£5.071m** in 2024/25, primarily due to the increased pressures set out later in the report. The impact of these additional costs has been partially mitigated by the removal of any direct revenue financing contribution to fund the Capital Programme and pausing the voluntary repayment of debt (£1.841m) for a further financial year. Without these measures to reduce costs, the working balance would be below the minimum required level for 2024/25.

Core Planning Assumptions

4.16 The following budget assumptions have been used to produce the draft Housing Revenue Account Budgets.

- Rent levels for 2024/25 have been increased by 7.7% (CPI +1%)
- Rent levels for 2025/26 have been increased by 2.8%
- Rent levels for 2025/26 onwards have been increased by 2%
- The pay award for 2024/25 has been estimated at 3%
- Pay awards for 2025/26 onwards have been estimated at 2%
- General expenditure for 2025/26 has been increased by 2.8%
- General expenditure for 2026/27 onwards has been increased by 2%
- The Void rate to be reduced to 2% by 2025/26
- Debt Repayment (1.5% of balance) at £1.8m per annum to resume from 2025/26

4.17 Details of service pressures and savings proposals are set out in the following paragraphs:

Service Pressures

4.18 New pressures of **£3.673m** have been included within the budget for 2024/25, some of which are one off, whilst **£1.625m** are ongoing and have been built into budgets from 2025/26. These pressures are essential activities but in the short-term represent costs over and above the base budget. However, many of the activities will deliver savings in future financial years. A fuller breakdown of the service pressures is set out in **Appendix 2** but summarised below:

- **New Social Regulator £65k** (one off) – All social landlords are required to pay an annual fee to the new Social Housing Regulator, relative to their stock holding and while we are still awaiting determination of the final figure this represents a prudent estimate of the cost for 2024/25 and future financial years. Whilst the introduction of new standards and requirements are greatly welcomed by the social housing sector, they are placing additional financial burdens on the HRA, which were not contemplated when the self-financing regime was introduced in 2012.

- **Derbyshire Law Centre £22k** (ongoing) - The Derbyshire Law Centre project has proved to be successful in securing better outcomes for tenants who have submitted disrepair claims, and the Council's continuing financial support for the project will help to mitigate the rising costs of dealing with disrepair claims, specifically the fees paid to external solicitors.

- **Local Plan Contribution £15k** (one off) - The strategic housing assessment is a key element of the Local Plan, requiring an annual HRA contribution of £15k towards the costs of refreshing the Local Plan.

- **Void Properties £750k** (one off) – A range of activity is underway to improve the Council's performance in dealing with voids (empty council homes) – reducing the number and speeding up the relet process. It is recommended that £1m of additional funding be allocated in 2024/25 (£750m from revenue and £250k has been included with the capital programme) for the procurement of external contractors to undertake this work and reduce the backlog of void properties.

  The current rate of void properties is 3.57% and it is estimated that this commission will bring 200 empty homes back into use within 2024/25, reducing the void rate to 2.5%. These assumptions have been built into our medium-term financial plan and will deliver substantial savings in lost rent and reduced council tax payments from 2024/25.

  Pending the procurement of the external contractors, there will however be additional costs associated with the current levels of void properties in 2024/25; an additional **£427k** in lost rental income and **£267k** in additional council tax payments. The approval of the activity set out above to reduce the level of voids will however mitigate this pressure from 2025/26.

- **Disrepair Claims £250k** (ongoing) **-** Disrepair claims continue to be a major challenge with case numbers continuing to increase. Whilst the Derbyshire Law Centre project has proven to be successful in terms of improved outcomes for the tenant and reduced expenditure on external solicitors' legal fees, a budget provision of **£250k** is viewed as needed for the foreseeable future.

- **Corporate Health and Safety Reshape (HRA contribution) £82k** (ongoing). Additional resources are required to support the council's Housing Service to be fully health and safety compliant, undertake a fundamental review of health and safety policies and procedures, and deliver health and safety improvements.

- **Creation of key posts to deal with compliance, decarbonisation, and other key priorities £427k** (ongoing) – Permanent additional staff are now needed within the Housing Assets and Compliance team , to ensure we can continue to maintain our performance in relation to multiple areas of landlord compliance and keep our tenants safe, as well as attracting inward investment for and coordinating the Council's stock decarbonisation programme. Funding has been included within the budget for 2024/25 but its allocation will be subject to a separate report to the Council's Joint Cabinet and Employment and General Committee.

- **Temporary staff to improve customer care and address repairs delays, pending reshape £290k** (one off) – Provision has also been made for the funding of some additional temporary staff, pending a re-structure of the Housing Property Services team. These staff will concentrate on improving customer care, handling complaints more effectively and swiftly, and increasing capacity within the trades' workforce to deal with repairs delays.

- **Legal costs to tackle Antisocial Behaviour £50k** (ongoing). This pressure is based on experience from the current financial year where the Housing Service has had to incur additional legal support costs to enable it to take a robust approach to enforcement action in relation to the anti-social behaviour of a minority of tenants.

- **Lone Worker Devices £25k** (one off) – The purchase of additional lone worker devices is required to keep our officers safe when working alone in tenants' properties.

- **New Fleet Costs £722k** (ongoing) **-** As set out in the July 2023 report to Cabinet on replacing the Council's vehicle fleet, there is an additional cost to the HRA for the purchase of new vehicles, which will allow the Council to progress plans to decarbonise the fleet, in line with the Council's climate change strategy.

- **Apprentices £80k** (ongoing) **–** Additional salary costs associated with five new trades apprentices until they have secured permanent posts within the service following completion of required training.

- **Transformation Activities £200k** (one off) – a range of transformation activity is underway to develop a more efficient and effective model of delivering repairs and maintenance services, implement better ICT systems, and undertake a review of red-book staff payment arrangements / terms and conditions.

  An additional provision of £500k (£300k in 2023/24 and £200k in 2024/25) was included within the budget as part of the MTFP which was approved in February 2023. This was to allow for investment in service transformation projects, spend to save initiatives and better enable the Council to respond to changes in legislation, or major changes in national housing policy.

  The provision for 2023/24 remains unspent and will be carried forward into 2024/25. The total funding for transformation activity in 2024/25 will therefore be £700k.

  It is recommended that responsibility for identification of suitable projects and approval of funding for them, is delegated to the Service Director - Housing, in consultation with the Cabinet member for Housing and the Service Director - Finance, who are responsible for ensuring that the Council continues to meet its statutory obligations and has a housing offer which is fit for purpose.

This programme of activity will lead to HRA savings and efficiencies moving forwards. No corresponding savings arising from the transformation programme have been built into the budget at this time as it is not possible to accurately quantify the level of savings that will be delivered from these activities until the reviews have been undertaken and the details have been confirmed. However, there is an expectation that significant savings will be achieved and built into future budgets as part of the 2025/26 MTFP process.

Savings Proposals

4.19 Savings in 2024/25 include:

- **Savings from Vacant Post (£34k)** – This saving arises as a result of a reduction in General Fund staffing, where the Housing Revenue Account has paid for a proportion of the costs of the vacant post that has been removed.

- **Phasing out Voluntary Sector Advice Agency Grants (£35k** in 2024/25 rising to **£81k** in 2027/28). The Council currently provides four community and voluntary sector organisations with core grant funding of £217.7k (64% (£139k) from the General Fund and 36% from the Housing Revenue Account). This proposal is subject to a 12-week consultation period. A further report will be presented for Cabinet consideration and decision on 19 March.

- **Changes to Careline (£260k) –** Cabinet approved the changes to the delivery of the Council's Careline service on 5 February 2024. The reduction in budget reflects the reduced proportion of Careline customers who are also council tenants. This a net saving as there remains am annual HRA contribution to the costs of running the Careline service of £145k.

Budget 2024/25 and Medium-Term Financial Plan

4.20 Table 2 summarises the budget estimates for 2024/25 and compares the movements to the original budget estimates for 2023/24. The MTFP is attached at **Appendix 1** and evidences a working balance, over and above the minimum of £3.5m (updated by inflation), in all years through 2028/29. However, the 2024/25 budget has a gap of **£729k** which has been covered by an allocation from the working balance and, whilst the deficits over the MTFP reduce year on year, it is not until 2028/29 that the MTFP does not rely on the use of the working balance to achieve a balanced budget position.

Table 2: Original Estimate 23/24 - 24/25 Movement			
Description	Original Estimate 2023/24 £'000	Original Estimate 2024/25 £'000	Variance £'000
Net rents	(39,536)	(43,247)	(3,711)
Non-Dwelling Rents	(960)	(1,009)	(49)
Service Charges and other income	(1,163)	(1,010)	153
Total Income	(41,659)	(45,266)	(3,607)
Expenditure			
Supervision and Management -General	9,274	11,000	1,726
Supervision and Management -Special	2,858	2,819	(39)
Rent, rates, taxes and other charges	245	513	268
Repairs and Maintenance	10,196	12,660	2,464
Depreciation and contribution to Major Repairs Reserve	12,132	13,656	1,524
Bad Debt Provision	589	656	67
Interest and Debt Management Expenses	4,215	4,692	476
Provision for the repayment of debt	1,841	0	(1,841)
Direct Revenue Financing	3,389	0	(3,389)
Total Expenditure	44,739	45,995	1,256
Deficit / (Surplus)	**3,081**	**729**	**(2,351)**
HRA working balance B/F	(6,937)	(5,799)	1,138
HRA working balance C/F	**(3,856)**	**(5071)**	**(1,213)**

4.21 The original 2023/24 budget estimates were approved on the basis of there being a forecast in-year deficit of **£3.081m**. The original 2024/25 budget shows a decrease in the deficit to **£729k** and an overall HRA working balance of **£5.071m**, which is in line with the financial strategy. The main variances are set out below:

- Rental Income has increased by **£3.711m**, this is the net effect of the agreed 7.7% rent increase and the additional work proposed to reduce the percentage of void properties to 2.5% of the current stock holding.
- There is a small uplift in the bad debt provision contribution of **£67k** to £656k. This will be reviewed periodically, as more tenants transition to Universal Credit and the impact of the current cost of living crisis becomes clearer.
- Supervision and management costs have increased overall by **£1.726m**. Included within this figure is an estimated 3% pay award for 2024/25, £427k for the creation of new posts to deal with compliance, decarbonisation and other priorities, £272k to cover the costs of dealing with disrepair claims, and an £82k contribution towards the costs of the corporate Health and Safety reshape.

This expenditure line also includes the additional provision of £700k (£300k carry forward from 2023/24 and £200k in the existing base 2024/25 plus a £200k new pressure) to allow investment in service transformation projects.

- Repairs and maintenance costs have also increased by **£2.464m**. This sum includes the proposed £750k revenue contribution towards the costs of commissioning external contractors to bring 200 void properties back into use in 2024/25. It also includes £1.2m of new pressures, including provision for the estimated 3% pay award for Housing Property Services staff in 2024/25 and inflationary costs in relation to supplies and materials.
- Depreciation is charged on HRA properties, with the sum calculated (**£13,656**) re-invested in the Capital Programme. The level of depreciation has increased in proportion to the increase in valuation of the Council's stock holding.
- Provision for the Repayment of Debt **£1.841m**. As agreed by Council on 18th October 2023 the provision for the voluntary repayment of debt has been paused for 2023/24 and 2024/25 to enable the council's Housing Service to take forward a number of transformation projects and other response measures to address the ongoing financial challenges facing the Service and the social housing sector more widely.
- Direct Revenue Financing is capital expenditure funded from revenue balances. As is the case for 2023/24, it is not deemed affordable for a direct revenue financing contribution to be made towards the Capital Programme in 2024/25 due to the scale and nature of the current pressures on the Housing Revenue Account.

30-year Business Plan and Working Balance

4.22 There is a requirement for the Housing Revenue Account (HRA) Business Plan to forecast over a 30-year period. This provides a financial assessment of the affordability and viability of the Council's vision and priorities for the borough's housing service. The aims of the Business Plan should be to ensure:

- That the HRA working balance does not go into a negative position (there is a legal requirement for the working balance to remain in a surplus position)
- That HRA loans can be repaid as they fall due (or be refinanced)
- That interest on the loans is affordable.
- That there is sufficient funding available to ensure that the stock can be maintained as a minimum to the level of the Decent Homes Standard.
- That the Plan is sufficiently well resourced to ensure that compliance with regulatory standards can be achieved.

4.23 The Business Plan measures the expected cashflows coming into the Housing Service and those going out on an annual basis. The Business Plan combines the HRA, which accounts for revenue cashflows, and the Capital

Programme, which provides for investment in the existing stock and funding to meet the Council's development aspirations. Taking the two together, we are able to estimate whether there are sufficient revenue balances to fund both the Council's revenue and capital plans for its housing stock.

4.24 The increase in costs set out in the MTFP, lower than inflationary increases in income and the need for increased spending on the Capital Programme, has and will continue to have a detrimental impact on HRA balances and reduce the HRA's ability to provide a direct revenue contribution towards capital spending. This will necessitate the requirement for additional borrowing (if within the parameters of the Business Plan) or for spending to be scaled back either on service provision or on the Capital Programme.

4.25 Given the uncertainty of Government policy direction as well as the wider economic climate, future investment decisions will be very challenging, given these are significant, long-term investments and how critically important it is for the Council to be able to ensure the long-term viability of the HRA.

4.26 The Business Plan has been refreshed based on the assumptions set out in this report to take account of the increased cost pressures, the cost-of-living challenges facing tenants, the enhanced focus on compliance and regulation, and the time for planned transformation activities to deliver the required efficiencies. Whilst the working balance is above the minimum requirement the Business Plan is showing signs of distress over the medium-term.

4.27 As is evidenced in **paragraph 4.18**, there are a range of service pressures and investment requirements, especially service transformation activities, totalling **£3.672m** in 2024/25 and **£1.625m** ongoing, which have had a detrimental financial impact on the Business Plan. The HRA Business Plan is a long-term forecast based on a multitude of assumptions, where even minor changes in the core assumptions can have a material impact on the viability of the Plan. Whilst there is an expectation that the planned transformation activities will lead to savings and efficiencies, these have not been able to be built into the Business Plan as it is not possible to accurately quantify the level of savings that will be delivered until the necessary work has been undertaken.

4.28 Over the 5-year MTFP, there is a requirement to deliver balanced budgets. However, for 2023/24 there is a forecast deficit of **£858k** which will need to be wholly covered by the HRA working balance. The 2024/25 budget currently shows a gap of **£729k** and, whilst the forecast deficits over the MTFP reduce year on year, it is 2028/29 before there is no reliance on the use of the HRA working balance to deliver a balanced budget.

4.29 The HRA working balance is a statutory reserve that should hold sufficient revenue funds to meet unexpected, unplanned expenditure and / or shortfalls in income. The level of the working balance has been reviewed based on a thorough assessment of budget risks and uncertainties and whilst it is sufficient for 2024/25, this position has only been achieved by the removal of Direct Revenue Financing, as this is no longer deemed affordable, and the pausing of voluntary debt repayment for a second year.

5 Alternative options

5.1 There are no alternative options to consider.

6 Implications for consideration – Financial and value for money

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

7 Implications for consideration – Legal

7.1 The HRA is governed by requirements of the Local Government and Housing Act 1989 and by Determinations made by the Department for Levelling-up, Housing and Communities under the terms of the Act.

8 Implications for consideration – Human resources

8.1 There are no human resource implications to consider in this report.

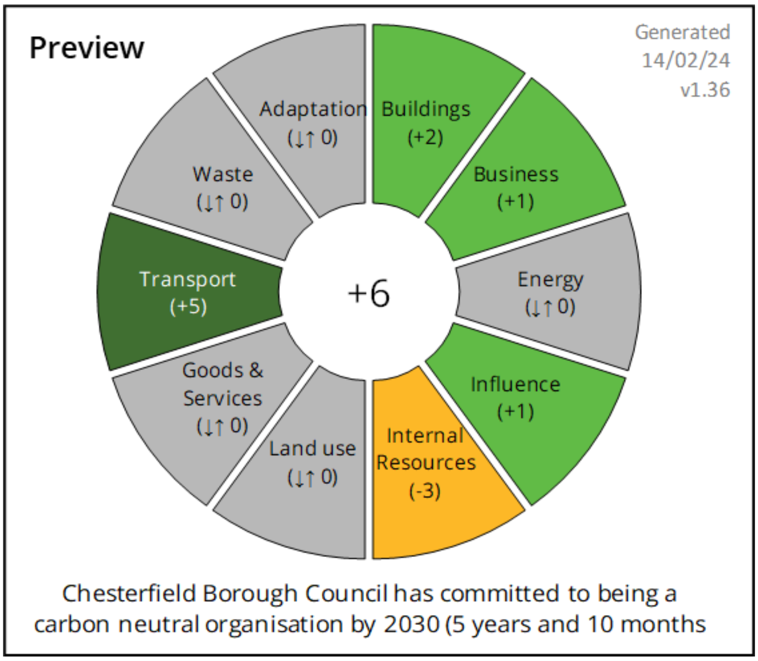
9 Implications for consideration – Council Plan

9.1 In preparing the HRA for 2024/25 and updating the MTFP, detailed consideration has been given to the need for the resourcing levels to be suitable and sufficient for the Council to deliver in full on the priorities and objectives that it has set out within the Council Plan in relation to its statutory responsibilities as a social housing landlord.

9.2 The preparation of sustainable and balanced HRA budgets over the medium term is also a key activity in contributing to delivery of the second Council Plan priority 'improving the quality of life for local people.'

10 Implications for consideration – Climate Change

10.1 Climate Change has been a key consideration during the development of the HRA budget for 2024/25 and the MTFP. Climate Change Impact Assessments are undertaken for specific spending options and activities and form a key part of informed decision making. The MTFP makes appropriate allocations to provide the required staffing resources and project funds needed to support the Climate Change Strategy and the delivery of the Climate Change Action Plan and 2030/2050 targets.



11 Implications for consideration – Equality and diversity

11.1 Equality and diversity has been a key consideration during the development of the HRA for 2024/25 and the MTFP. Individual equality and diversity impact assessments are undertaken as part of the decision-making processes for specific spending options.

12 Implications for consideration – Risk management

12.1 There are a number of significant risks inherent in any budget forecasting exercise and the risks increase as the period covered increases. The key budget risks for the HRA are detailed below:

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
2023/24 overspending	High	Medium	Enhanced monitoring in place during the latter part of 2023/24. Forecasting tool rolled out to budget managers. Weekly meeting between Housing and Finance.	Medium	High
Future economic changes / accuracy of the budget assumptions / Budget assumptions do not cover	High	High	All budget assumptions reviewed as part of the budget process. Inflation for pay at 3% and materials and contract inflation built into the MTFP. Maintaining a	High	Medium

inflationary impact			minimum working balance of £3.5m. Active monitoring and management of in-year budgets to identify cost pressures and income shortfalls at the earliest opportunity.		
Capital programme slippage relating to in Housing Property Services. Non recovery of costs will impact on revenue account	High	Medium	Monthly review of recharge account. Capital programme on track as at period 9. 2023/24 budgets adjusted to take account of current activity.	Medium	High
The impact of the cost-of-living crisis on bad debts	Medium	High	Active monitoring and management of debt levels and collection rates. Ensuring sufficient provision to cover the writing off of bad debt	Medium	High
The impact of Universal Credit on bad debts	Medium	Medium	Active monitoring and management of debt levels and collection rates. Ensuring sufficient provision to cover the writing off of bad debt	Medium	Medium
Ability to deliver the capital programme and maintain Decent Homes standard	High	High	Regular meetings with both internal & external contractors to identify any slippage at the earliest stage and to put in place mitigating actions to recover slippage and prevent any further slippage.	Medium	Low
Repayment of Right to Buy receipts if the new build programme is not completed as planned	High	Medium	New legislation means that the repayment of right to buy receipts is only triggered if they are not used within 5 years. The Council's new build plans will ensure that the receipts are all used within the extended timescale.	Low	Low
Policy changes including future limits on rent increases	High	High	Increasing rents to the maximum allowance possible	Medium	Medium

			will protect income for future years. Funding built into the MTFP for transformation activity including creation of key posts to deal with compliance, decarbonisation, and other key priorities. In addition, funding for investment in service transformation projects, spend to save initiatives and to better enable the Council to respond to changes in legislation, or major changes in national housing policy.		

Decision information

Key decision number	
Wards affected	**All**

Document information

Report authors	**Contact number/email**
Theresa Channell Cynthia. Shumba	Theresa.channell@chesterfield.gov.uk 01246 936275 Cynthia.shumba@chesterfield.gov.uk
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
This must be made available to the public for up to 4 years.	
Annexes to the report	
Appendix 1	Statutory HRA Operating Account
Appendix 2	Pressures

Appendix 1

HRA Medium Term Financial Plan 2024/25 to 2028/29

Detail	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000	2028/29 Budget £'000
INCOME					
Net Rents	(43,247)	(43,828)	(44,694)	(45,569)	(46,513)
Non-Dwelling Rents	(1,009)	(1,036)	(1,055)	(1,074)	(1,094)
Service Charges and Other Income	(1,010)	(1,033)	(1,069)	(1,069)	(1,078)
Total Income	**(45,266)**	**(45,897)**	**(46,818)**	**(47,712)**	**(48,685)**
EXPENDITURE					
Supervision and Management -General	11,000	10,522	10,697	10,911	11,129
Supervision and Management -Special	2,819	2,885	2,943	3,002	3,062
Rent, rates, taxes and other charges	513	253	258	263	268
Repairs and Maintenance	12,660	11,798	12,034	12,274	12,520
Depreciation and contribution to Major Repairs Reserve	13,656	13,620	13,528	13,528	13,528
Interest and Debt Management Expenses	4,692	5,284	5,290	5,408	5,550
Provision for the repayment of debt	0	1,841	1,813	1,786	1,759
Bad Debt Provision	656	536	547	558	569
Direct Revenue Financing	0	0	0	0	0
Total Expenditure	45,995	46,739	47,110	47,730	48,385
Deficit/ (Surplus)	**729**	**842**	**310**	**17**	**(299)**
HRA working balance B/F	(5,799)	**(5,071)**	**(4,228)**	**(3,919)**	**(3,902)**
HRA Balance CF	**(5,071)**	**(4,229)**	**(3,919)**	**(3,902)**	**(4,201)**

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Appendix 2

Housing Revenue Account Pressures

Detail	2024/25 £	2025/26 £	2026/27 £	2027/28 £
New Social Housing Regulator	65,500	67,334	68,681	70,054
Derbyshire Law Centre project	22,000	22,616	23,068	23,530
Local Plan Contribution	15,000	0	0	0
Void Properties to external contractor	750,000	0	0	0
Lost rent on Voids	427,088	0	0	0
Council Tax on void properties	267,228	0	0	0
Disrepair Claims (£100k within HPS)	250,000	257,000	262,140	267,383
Corporate H&S reshape - HRA Contribution	81,509	83,791	85,467	87,176
Creation of key posts to deal with compliance, decarbonisation and other key priorities	427,000	438,956	447,735	456,690
Temporary staff to improve customer care and address repairs delays, pending reshape (HPS)	290,000	0	0	0
Legal costs to tackle Antisocial behaviour	50,000	51,400	52,428	53,477
Lone Worker Devices	25,000	0	0	0
New Vehicle Fleet	722,639	621,426	633,855	646,532
Apprentices	80,000	82,240	83,885	85,562
Transformation Activities	200,000	0	0	0
Total Pressures and Growth	**3,672,964**	**1,624,763**	**1,657,259**	**1,690,404**

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For publication

Housing Capital Programme: New Programme for 2024/25 through to 2028/29 (HC000)

Meeting:	Council
Date:	28 February 2024
Cabinet portfolio:	Housing
Directorate:	Housing
For publication	

1.0 Purpose of the report

1.1 To seek approval for the Housing Capital Programmes for 2023/24 and 2024/25 and to provide an indicative programme for 2025/26 to 2028/29.

2.0 Recommendations

2.1 That the Housing revised Capital Programme for 2023/24 be approved.

2.2 That the Housing Capital Programme for 2024/25 be approved and its procurement, as necessary, be authorised.

2.3 That the Housing CapitalProgramme for 2025/26 to 2028/29 be provisionally approved.

2.4 That delegated authority is given to the Service Director – Housing, in consultation with the Cabinet Member for Housing and the Service Director – Finance, to vire between programmes and budgets as necessary, to manage and deliver the Capital Programme for 2024/25 as set out in the report.

3.0 Reason for recommendations

3.1 The Council as a social landlord has a legal duty to ensure that all its properties are fully compliant and maintained to Decent Homes standards.

4.0 Report details

This report was considered by Cabinet at its meeting on 27 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

Capital Programme – 2023/24

4.1 The 2023/24 Programme has been revised to recognise changes during the year. The principal change is the delayed start of major new build schemes at Staveley and Middlecroft, due to the Covid pandemic and a main contractor going into liquidation. The delayed works have been incorporated into the revised 2023/24 and 2024/25 Programmes (please see Appendix 1).

Capital Programme – 2024/25 to 2028/29

Investment in existing housing stock

4.2 The 2022 Stock Condition Survey was carried out by Savills, identifying that the condition of the housing stock had improved since the previous survey in 2017. This demonstrates that the Council has directed expenditures from its previous Programmes into the right areas with significant investment being made in relation to typical decent homes works, such as kitchens, bathrooms, electrical installations, heating renewals and external doors and windows.

4.3 The proposed 2024/25 Programme has been designed to ensure stock achieves and maintains 100% decency. Currently, 99.7% of the housing stock meets the Decent Homes Standard (as of December 2023) and we fully anticipate this to reach 100% during 2024/25.

4.4 One of the main focusses of the programme remains the modernisation of properties to maintain the Decent Homes Standard, with the balance of activity over the next 12 months concentrating on building elements such as kitchens, heating renewals, roofs and windows, and further improvements to external estate environments.

4.5 The work programmes for 2024/25 until 2028/29 continue to be prioritised in line with the level of investment needed according to the 2022 stock condition survey, and the amount of recent expenditure on repairs and maintenance. The areas with the highest level of need and expenditure will receive work in the first year, reducing to year 5, with the work being packaged into four distinct types, with routine decent homes internal work e.g. kitchens, bathrooms, heating, rewires continuing on a year-by-year basis depending on whether that work is required to ensure the property continues to meet the Decent Homes Standard. The other packages include:

- Externals – Works to the exterior of a property for example windows, doors, roofs, pointing and external wall insulation
- Blocks – Exterior work as described above to blocks and communal areas of flats
- Environmental – Fencing, gates, footpaths

4.6 The fire risk improvement works to blocks (identified in the Compliance Review undertaken by Savills in December 2019) are progressing well and will continue to reflect the recommendations of the planned programme of Fire Risk Assessments to be undertaken on a 5 yearly cycle; and stratified in accordance with risk priority.

4.7 The Stock Condition Survey in 2022 identified that approximately 6% of the housing stock surveyed was experiencing issues with damp and mould, although a recent exercise showed that this has reduced by approximately half to 2.7%. This is due to recent focused activity and prioritisation of repairs to address damp and mould problems. Significant investment has been ringfenced in the Capital Programme to deal with these cases, which are expected to rise again due to fuel poverty and the cost-of-living crisis.

4.8 Investment in blocks will continue through the block refurbishment programme, with the next scheme to complete being Newland Dale (expected in February 2024) and Loundsley Green commencing in2024/25.

4.9 The refurbishment of Aston Court, changing the use to general needs housing accommodation is due to complete in February 2024, and the construction of three new traditional build terraced properties will start on completion of the refurbishment project.

4.10 Based on the prior approval of the indicative Programmes for future years in 2023/24, some of the programmes of work for 2024/25 have already been procured, to ensure timely delivery.

- The Central Heating Programme, to remove the risk of large-scale heating failures as a result of the age of the boilers and non-availability of the required parts.

- The kitchen and window replacement programmes, the largest areas of works to ensure that properties maintain the Decent Homes Standard.

- The roofing programme, in conjunction with the renewal of chimneys, soffits, fascias and rainwater goods, to minimise the need to scaffold, although this will be a much-reduced programme due to the extensive roofing works undertaken over the past few years.

- The replacement programme for aging UPVC windows and doors.

- Programmes of external work to blocks of flats, in conjunction with estate environmental improvements, garage site improvements and the renewal of fences, gates, footpaths and drives for general needs properties. The indicative Blocks Refurbishment Programme is attached at Appendix 3.

4.11 The investment proposed in the Programme will make a significant contribution to improving the energy efficiency of the Council's housing stock. In delivering programmes of work, for example the block refurbishment programmes, specific consideration will be given to energy efficiency and the components used in window replacements. Heating replacement systems will also be regularly reviewed to ensure improved SAP ratings (the calculation that is required in order to produce a Predicted Energy Assessment and an Energy Performance Certificate) and make positive reductions to tenants' utility bills whilst also contributing to the Council's decarbonisation targets.

4.12 A decarbonisation feasibility study has been undertaken for a pilot scheme at one of the sheltered schemes, Brocklehurst Court to work towards meeting the 2030 Council Climate Change target and a feasibility study is planned for 2024/25 to identify options available to enable Housing Services to meet the 2050 target.

4.13 The Programme has been developed in accordance with the funding profile set out in the stock condition survey. By ensuring that work is planned and procured in accordance with this survey, the unit prices identified within the survey should be achievable and not pose any substantial risk of increase due to rising building cost inflation.

Investment in new build

4.14 The Council's new build programme will continue with Middlecroft and Westwood Avenue due to complete in 2024/25. An additional new site at Mastin Moor has been identified and the designs submitted to planning. Development is planned to start in 2024/25. All existing and proposed new build schemes are tabulated below:

Project Title	Proposed In-Year Start	Project Duration (Years)	Number of units
Aston Court	2024	1	3
Barrow Hill	2025	2	25
Belmont Drive	2025	1	6
Mastin Moor (2 sites)	2024	2	17
Middlecroft Cluster	2022 (restart 2023)	2	10
Westwood Avenue	2024	1	9
New sites to be identified	2026-2028		24
Total Units in Plan			**94**

4.15 Business cases for the additional projects identified at Barrow Hill, Belmont Drive and any new sites will be submitted for approval at a later date.

4.16 All new housing projects are being designed and built to standards that exceed the minimum standards set out in Part L Conservation of Fuel and Power of the current building regulations, through installation of energy efficient boilers and increased levels of insulation in floors, walls, and ceilings. The developments will also include cycle stores, electric car charging points and rainwater recycling through collection points in gardens, to improve sustainability; and water usage will be calculated and features such as perforated taps and low flow baths introduced to reduce consumption.

Investment in acquisitions

4.17 It is also proposed that the council's successful programme of strategic housing acquisitions continues, to allow the purchase of properties which meet housing need, thus increasing the Council's housing stock. Seven new units were acquired at Newhall Road in August 2023.

4.18 All future proposed acquisitions are tabulated below:

Project Title	Proposed In-Year Start	Project Duration (Years)	Number of units
Linacre	2026/2027	4	28
Total units in Plan			**28**

5.0 Alternative options

5.1 Various options have been considered in terms of the content and scale of the Programme, but in order to ensure the Council's housing stock remains in a decent condition, and to achieve the necessary balance between affordability and ambition, the Programme attached as Appendix 1 is recommended as the best option.

6.0 Implications for consideration – Financial and value for money

6.1 The table below shows the level of planned investment in the council's housing stock, over the 5-year Programme to 2028/29. This has been informed by the stock condition survey carried out in 2022 by Savills.

Public Sector Housing Capital Programme							
Programme	**Revised 2023/24 £**	**2024/25 £**	**2025/26 £**	**2026/27 £**	**2027/28 £**	**2028/29 £**	**Total £**
Works to existing stock	17,678,810	18,341,430	15,426,371	15,057,534	15,222,248	15,246,872	**96,973,265**

Other programmed works & compliance	2,011,301	2,419,057	2,244,153	2,222,023	2,205,406	2,281,083	**13,383,023**
New build and acquisition	2,637,750	9,362,061	6,750,000	2,050,000	4,050,000	4,050,000	**28,899,811**
Total	**22,327,861**	**30,122,548**	**24,420,524**	**19,329,557**	**21,477,654**	**21,577,955**	**139,256,097**
Financed by							
Direct Revenue Financing	0	0	0	0	0	0	0
Borrowing	6,200,927	11,615,506	8,662,442	3,758,857	4,783,492	5,097,109	40,118,331
Capital Receipts	2,470,826	4,850,934	2,138,244	2,042,452	3,165,914	2,952,598	17,620,968
Major Repairs Reserve	13,656,108	13,656,108	13,619,838	13,528,248	13,528,248	13,528,248	81,516,798
Total Financing	**22,237,861**	**30,122,548**	**24,420,524**	**19.329,555**	**21,477,654**	**21,577,955**	**139,256,097**

6.2 The overall financial strategy continues to focus on the maintenance of the Decent Homes Standard, delivering improvements to estate environments, our climate change ambitions and increasing the development programme of new council housing.

6.3 The proposed financing arrangements are shown in the above table. The Programme will be financed from the Major Repairs Reserve, capital receipts and borrowing. Given the challenging financial position of the Housing Revenue Account (HRA) a direct revenue financing contribution towards the Programme is not currently feasible.

6.4 The Council is able to borrow to fund the Programme. Until October 2018 the amount of borrowing was limited to the HRA debt cap, which was a specific maximum amount of borrowing that a council was permitted. For Chesterfield, the notional debt cap is £155m. The debt cap was abolished by the government to allow councils to increase house building. However, although there is no longer a limit on borrowing, all programmes of work will need to comply with the principles of the Prudential Code. In simple terms, this means that all debt must be affordable and sustainable within the rental income of the HRA over the 30-year business plan. New build schemes will, therefore, need to be supported by a robust business plan. The balance of debt at the end of the 5-year Programme is estimated to be £159m, which is above the notional debt cap limit.

6.5 The Council is able to utilise receipts from the sale of council houses to support the Programme. The Council has sold 38 houses to date during 2023/24 (down from the 63 homes sold last year). Additional receipts from Right to Buys, exceeding those in the self-financing assumptions, can be retained in Chesterfield for the provision of new affordable housing. This money must be spent within five years and will require a funding contribution of 60% from HRA resources. The receipts accumulated to date have been spent on delivery of the new build council house programme and property acquisitions.

6.6 The HRA Business Plan has been refreshed based on the assumptions set out in this report and those contained within the HRA Medium Term Financial Plan. In developing the Business Plan, a number of assumptions have been made around future rent increases, inflation, and interest rates, as well as the levels of voids and right-to-buy. The Business Plan is sensitive to the assumptions made and small changes in any of these variables can, particularly over time, have a significant effect on the sustainability of the Plan.

6.7 Further work will need to be undertaken to review the Business Plan and to further review the assumptions, which may require amendments to both the capital and revenue budgets. The Business Plan will be kept under review as part of ongoing revenue and capital budget monitoring processes.

6.8 The Council is required to demonstrate value for money for all areas of expenditure including for the Housing Capital Programme. The ways in which value for money will be demonstrated include:

- Commissioning work packages from external contractors if they provide overall Value for Money (VFM) to the Council
- Market testing work when and where appropriate through corporately agreed procurement arrangements.

6.9 A value for money exercise was undertaken on the 2023/24 Capital Programme to compare external contractors and internal services, to test commercial competitiveness and ensure the unit values are appropriate. It is recommended that this exercise be repeated in 2024/25 and expanded to include the revenue funded repairs and maintenance work programme.

7.0 Implications for consideration – Legal

7.1 The Council's failure to maintain its homes and comply with legislation could result in risks to tenants' safety and adverse legal implications, including Health and Safety Executive and Regulator of Social Housing investigation and prosecution.

8.0 Implications for consideration – Human resources

8.1 The sustained value of the Programme means that some of the work packages will be available to local contractors, subject to their winning the work in competition.

82. The Council's in-house Housing Property Services will however continue to deliver a good proportion of the Decent Homes programmes of work.

9.0 Implications for consideration – Council plan

9.1 Delivery of the Housing Capital Programme contributes to the Council Plan priority of *improving the quality of life for local people*.

9.2 The Council continues through the Housing Capital Programme to invest in major improvements in our council homes including new kitchens, bathrooms, heating systems, windows and rewiring, contributing towards reduced energy usage and costs.

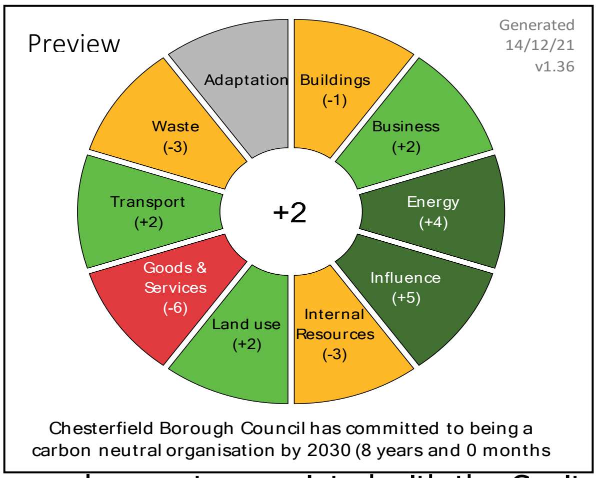
9.3 Housing Services continue to take a key role in the council's corporate arrangements for the procurement of contracts and their management. A clause will be included in all contracts to ensure a proportion of the labour employed by external contractors is from the local area alongside apprentice opportunities.

9.4 The Council also continues to improve access to and the quality of public spaces and parking through the completion of estate improvements, e.g. those at Newland Dale.

10.1 **Implications for consideration – Climate change**

10.1 A climate change impact assessment has been completed. This is attached at Appendix 4.

10.2 The estimated climate impact score of the Capital Programme is +2.



10.3 Whilst there are clear costs associated with the Capital Programme, the benefits outweigh the costs and steps are being taken to minimise the impact on climate change whilst ensuring our buildings are sustainable and fit for purpose in the future.

11.0 Implications for consideration – Equality and diversity

11.1 A full Equality Impact Assessment is attached at Appendix 2.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Failure to maintain Decent Homes Standard targets / invest in stock in a timely manner	Medium	Medium	The Programme has been set based on the outcomes from the most recent 2022 stock condition survey in order to ensure that the Decent Homes Standard is met. Resources will be targeted to areas at risk of Decent Homes Standard failure.	Low	Low
Worsening Tenant Satisfaction due to re-phased Capital Programme	Medium	Medium	Ensure that tenants and elected members are involved in any future reviews of the Capital Programme. Publicise the 5-year programme of works to tenants so they	Low	Low

			can see when homes in their community will benefit from improvement work.		
Declining Stock Condition	Medium	Medium	A new stock condition survey will continue to be carried out on a 3 yearly basis to inform the HRA Business Plan and to ensure future investment needs are met. This will include a further detailed survey of the non-traditional housing stock in 2026/27.	Low	Low
Managing slippage on programmes which may result in an underspend on the overall Capital Programme and work being carried forward into future years.	High	High	A 5-year programme of works will allow sufficient time for growth in the workforce to have the capacity to undertake the programmes of work. The 5-year programme will also allow for sufficient planning time to undertake design work, prepare specifications and seek any permissions, undertake any consultations and necessary procurements prior to works starting as soon as possible in any financial year. Regular contract progress meetings with Housing Property Services and external contractors to identify any slippage at the earliest stage and to	Medium	Low

			put in place mitigating actions to prevent any further slippage.		
Health Impacts on occupants	Medium	Medium	Ensure Capital Programme continues to prioritise investment in the non-traditional housing stock, which exhibit the most issues linked with poor health e.g., cold and damp conditions.	Low	Low
Loss of council homes through Right To Buy	High	High	RTB assumptions are made within the HRA Business Plan to reflect this loss of stock.	Medium	High
Additional investment in Fire Risk Works	High	High	Further investment over the period of the 5-year Capital Programme may be required on the blocks accommodation to meet the new regulations and requirements of fire safety.	Medium	Medium

Decision information

Key decision number	*All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.*
Wards affected	All

Document information

Report author
Vanessa Watson Interim Head of Investment, Assets & Property Operations Housing Services

Cathy Jones Interim Asset Management & Programmed Works Manager Housing Services	
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	
Appendix 1	Capital Programme
Appendix 2	Equality Impact Assessment
Appendix 3	Blocks Refurbishment Programme
Appendix 4	Climate Change Impact Assessment

HOUSING CAPITAL PROGRAMME - 2024/25 + 4 Year plan	Assumed at revised prices										
PROPOSED INVESTMENT PLAN:	**HPS unit rate (from 30yr plan)**	**2024/25 Provisional**	**Required Units for Decent Homes**	**2025/26 Provisional**	**Required Units for Decent Homes**	**2026/27 Provisional**	**Required Units for Decent Homes**	**2027/28 Provisional**	**Required Units for Decent Homes**	**2028/29 Provisional**	**Required Units for Decent Homes**
Compliance:											
Smoke detectors	98	84,240	860	84,240	860	65,000	663	34,020	347	36,600	373
CO detectors	98	64,380	657	76,500	781	38,700	395	16,260	166	40,680	415
Communal Lighting Replacement to blocks	5,530	50,000	9	50,000	9	50,000	9	50,000	9	50,000	9
Asbestos Removal Works	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a
Asbestos Management / R&D Surveys	N/a	120,000	N/a	120,000	N/a	120,000	N/a	120,000	N/a	120,000	N/a
Fire Risk Works	N/a	3,000,000	N/a	3,000,000	N/a	2,000,000	N/a	1,500,000	N/a	1,500,000	N/a
Fire Risk Assessments	N/a	100,000	N/a	100,000	N/a	100,000	N/a	100,000	N/a	100,000	N/a
Decent Homes works											
Kitchens	8,180	2,895,720	354	3,202,527	392	3,525,104	431	4,918,256	601	5,041,212	616
Bathrooms + WC	3,689	405,790	110	419,181	114	429,661	116	440,402	119	451,412	122
Decarbonisation / heating solutions	4,000	1,576,000	394	2,256,072	564	2,888,475	722	4,315,135	1,079	4,111,534	1,028
Rewiring	3,500	700,000	200	578,480	165	604,060	173	486,212	139	471,113	135
Property Improvements (External contractor)	N/a	2,000,000	N/a	0	N/a	0	N/a	0	N/a	0	N/a
Roof Renewals inc loft insulation, S&F's, hanging tiles and metal roofs plus chimneys	6,900	1,271,500	184	1,033,517	150	1,059,354	154	1,085,838	157	1,154,255	167
DPC/Damp Works and Pointing General plus render	3,000	249,000	83	309,900	103	317,648	106	260,471	87	100,119	33
Windows	8,000	2,584,000	323	2,010,218	251	1,728,532	216	1,758,722	220	1,989,578	249
Doors	900	190,800	212	135,736	151	81,000	90	86,932	97	30,369	34
Major Refurbishment works											
Blocks Refurbishments inc. environmental works	N/a	3,000,000	N/a	2,000,000	N/a	2,000,000	N/a	0	N/a	0	N/a
Other programmed works											
Internal Soil Stacks	N/a	25,000	N/a	25,000	N/a	25,000	N/a	0	N/a	0	N/a
Structural Works	N/a	300,000	N/a	300,000	N/a	300,000	N/a	300,000	N/a	300,000	N/a
Fences + gates, footpaths + drives inc. new off street parking	1,400	95,350	68	95,350	68	95,350	68	95,350	68	165,350	118
Footpath Proactive Maintenance	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a
Disabled Adaptations	N/a	750,000	N/a	750,000	N/a	750,000	N/a	750,000	N/a	750,000	N/a
Capital Administration Fees											
Fees @ 6%	N/a	1,173,707	N/a	998,803	N/a	976,673	N/a	985,056	N/a	990,733	N/a
Acquisitions & New build											
New Build - site to be identified	N/a	0	N/a	0	N/a	0	N/a	3,000,000	N/a	3,000,000	N/a
New Build Construction - Barrow Hill	N/a	500,000	N/a	3,700,000	N/a	1,000,000	N/a	0	N/a	0	N/a
New Build Construction - Belmont Drive	N/a	0	N/a	2,000,000	N/a	0	N/a	0	N/a	0	N/a
New Build construction - Fortem Solutions Limited Infill Site Contract	N/a	4,611,280	22	0	N/a	0	N/a	0	N/a	0	N/a
New Build construction - Henry Boot Mastin Moor Site	N/a	4,200,781	18	0	N/a	0	N/a	0	N/a	0	N/a
New Build feasibility (fees)	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a	50,000	N/a
Property Acquisitions	N/a	0	N/a	1,000,000	N/a	1,000,000	N/a	1,000,000	N/a	1,000,000	N/a
Management and ICT											
Stock condition survey	N/a	25,000	N/a	25,000	N/a	25,000	N/a	25,000	N/a	25,000	N/a
TOTAL		***30,122,548***		***24,420,524***		***19,329,557***		***21,477,654***		***21,577,955***	

FINANCED BY	2024/25	2025/26	2026/27	2027/28	2028/29
Revenue Financing	0	0	0	0	0
Borrowing	11,615,506	8,662,442	3,758,855	4,783,492	5,097,109
1-4-1 RTB Receipts	3,724,824	1,171,507	76,124	0	0
Useable Capital Receipts	1,126,109	966,737	1,966,328	1,965,915	1,752,599
Grants and Contributions	0	0	0	1,200,000	1,200,000
Major Repairs Reserve	13,656,108	13,619,838	13,528,248	13,528,248	13,528,248
TOTAL RESOURCES AVAILABLE	**30,122,548**	**24,420,524**	**19,329,555**	**21,477,655**	**21,577,956**

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Chesterfield Borough Council Equality Impact Assessment - Full Assessment Form

Title of the policy, project, service, function or strategy:		Housing Capital Programme for 2024/25 through to 2028/29
Service Area:	Housing	
Section:	Business, Planning & Strategy	
Lead Officer:	Jane Davies	
Date of assessment:	11/23	
Is the policy, project, service, function or strategy:		
Existing	☐	
Changed	☐	
New / Proposed	☐x	

Section 1 – Clear aims and objectives

1. What is the aim of the policy, project, service, function or strategy?
A brief description of the aims of the policy – use a bullet point list if appropriate
The Housing Capital Programme finances the major repair and improvements to the Council housing stock. Capital Improvement works include kitchen and bathroom replacements, central heating upgrades, roof/chimney replacements, rewiring, window/door replacements, disabled adaptations, health and safety related works.

2. Who is intended to benefit from the policy and how?
Eg. specific sections of the community, employees
The Capital Programme is for the benefit of all Council tenants and in certain instances leaseholders of ex council flats.

3. What outcomes do you want to achieve?

A brief summary of the anticipated outcomes as explained in the accompanying Cabinet/Council report.– use a bullet point list if appropriate
For all tenants to have the opportunity of a Decent Home, which is accessible and suitable for their needs.

4. What barriers exist for both the Council and the groups/people with protected characteristics to enable these outcomes to be achieved?
Eg. conflicting interests, budget limitations etc. Some tenants have specific cultural requirements e.g. Male workers where only a female Muslim is present, carrying out improvements during specific religious festivals (Ramadam), however work can be planned to meet the requirements of the tenant.

5. Any other relevant background information
Eg. related and/or pre-existing projects and EIAs, cumulative impact, scope etc.

Section 2 – Collecting your information

6. What existing data sources do you have to assess the impact of the policy, project, service, function or strategy?
Eg. information about the workforce affected by the profile, report from prior engagement activity, for example, Are You Being Served. The ongoing Tenant Participation programme and in particular the consultation activities which take place with tenants before capital improvement works begin, help us to develop programmes of work tailored to the individual needs of tenants with protected characteristics. We also have data available from previous capital improvement works which can give us an indication of future needs.

Section 3 – Additional engagement activities

7. Please list any additional engagement activities undertaken when developing the proposal and completing this EIA. Have those who are anticipated to be affected by the policy been consulted with?		
Date	Activity	Main findings

		Brief description of key themes and outcomes of related engagement activity eg. concerns raised and/or how the activity helped to develop the proposal.
Ongoing	Tenant Participation Programme	Range of individual requirements identified with tenants.

Section 4 – What is the impact?

8. Summary of anticipated impacts. *Please tick at least one option per protected characteristic. Think about barriers people may experience in accessing services, how the policy is likely to affect the promotion of equality, knowledge of customer experiences to date. You may need to think about sub-groups within categories eg. older people, younger people, people with hearing impairment etc.*			
	Positive impact	Negative impact	No disproportionate impact
Age	x☐	☐	☐
Disability and long term conditions	x☐	☐	☐
Gender and gender reassignment	☐	☐	☐
Marriage and civil partnership	☐	☐	☐
Pregnant women and people on parental leave	☐	☐	☐
Sexual orientation	☐	☐	☐
Ethnicity	☐	☐	☐
Religion and belief	☐	☐	☐

9. Details of anticipated <u>positive</u> impacts.								
a)	*Please provide details of any positive impacts identified in the summary table above and tick the group/s the impact applies to. Delete or add rows below as required.* Capital improvements work can include adaptations related to age and disability.							
	☐x Age	☐x Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ Ethnicity	☐ Religion
b)								
	☐ Age	☐ Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ Ethnicity	☐ Religion
c)								
	☐ Age	☐ Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ Ethnicity	☐ Religion

Page 85

10. Details of anticipated <u>negative</u> impacts.									
a)	*Negative impact:*	*Please provide details of any negative impacts identified in the summary table above and tick the group/s the impact applies to below. Delete or add rows below as required.* A negative impact could arise where tenants have specific cultural requirements e.g. Male workers where only a female Muslim is present, carrying out improvements during specific religious festivals (Ramadan).							
	Mitigating action:	*If action has been identified to mitigate against the negative impact, please provide details* Actions are already in place to mitigate these negative impacts, our Customer Liaison Officers work with the tenants to support them through the improvement work and as the work is planned it can be scheduled in to meet the requirements of the tenant.							
	☐ Age	☐ Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ x Ethnicity	☐ Religion	
b)	*Negative impact:*	As above in Ethnic Groups.							
	Mitigating action:	As above in Ethnic Groups.							
	☐ Age	☐ Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ Ethnicity	☐ x Religion	
c)	*Negative impact:*								
	Mitigating action:								
	☐ Age	☐ Disability	☐ Gender	☐ Marriage	☐ Pregnancy	☐ Sexual orientation	☐ Ethnicity	☐ Religion	

11. Have all negative impacts identified in the table above been mitigated against with appropriate action?			
☐ x*Yes*	☐ *No*	☐ N/A	*If no, please explain why:*

Section 5 – Recommendations and monitoring

12.	How has the EIA helped to shape the policy, project, service, function or strategy or affected the recommendation or decision?
	A brief description of how the proposal has been developed to take into consideration protected groups, outcomes of consultation etc. The EIA highlighted the importance for strong Tenant participation at an early stage in improvement planning and additional permanent resources for this purpose are part of the report.

13.	How are you going to monitor the policy, project, service, function or strategy, how often and who will be responsible?
	Include review date etc if applicable The Housing Capital Improvement Programme is monitored annually.

Section 6 – Knowledge management and publication

Please note the draft EIA should be reviewed by the appropriate Service Manager and the Policy Service **before** WBR, Lead Member, Cabinet, Council reports are produced.

Reviewed by Head of Service/Service Manager	Name:	Vanessa Watson
	Date:	05/02/24
Reviewed by Policy Service	Name:	
	Date:	DD/MM/YY
Final version of the EIA sent to Policy Service	☐	
Decision information sent to Policy Service	☐	

Appendix 3 Blocks Refurbishment Programme

	Block	Ward	Commencement / completion date
	Ashcroft Court 1 block	Old Whittington	Completed 2021/22
	Seaton Court 1 block	Dunston	Completed 2021/23
	Dixon /Brearley Court 2 blocks	Old Whittington	Completed 2022/23
	Willow Garth Road Newbold 5 blocks	Dunston	Completed 2022/23
	Newland Dale 11 blocks	St.Helens	Project expected to complete January 2024
	Aston Court	Staveley	Project expected to complete March 2024
	White Edge Close & Masson Close 7 blocks	Loundlsey Green	Project started November 2023, due to complete November 2024
	Loundsley Green Flats Phase 2 6 blocks	Newbold	Work to be scoped and planned from 2025 onwards

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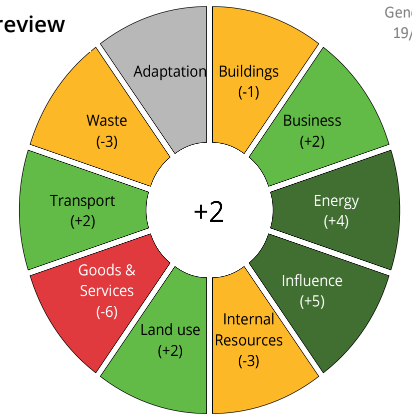
Climate Change Impact Assessment Tool (v1.36)

Developed by Chesterfield Borough Council 2022

Report Name	Housing Capital Programme 2024/25
Report date	14/11/23
Report author	Vanessa Watson
Project Notes	Housing Capital Programme including new build, refurbishments, adaptations and programmed works.
Export filename	*Housing Capital Programme 2024/25 CCIA 14.11.2023* .png

Preview

Generated 19/02/24 v1.36



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (5 years and 10 months

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Category	Impact	Notes / justification for score / existing work (see guidance sheet or attached notes for more information)	Score (-5 to +5)
Buildings	Building construction	Large building programme	-5
Buildings	Building use	Adding ev points, insulation etc.	+2
Buildings	Green / blue infrastructure	Small amount of landscaping / suds / habitat creation, net biodiveristy gain	+2
Buildings			
Business	Developing green businesses	Local contactors - will include new green technologies	+2
Business	Marketable skills & training		
Business	Sustainability in business		
Business			
Energy	Local renewable generation capacity	solar panels where appropriate	+1
Energy	Reducing energy demand	good insulation, low ebnergy light fittings heat reclamation	+2
Energy	Switching away from fossil fuels	no GCH or gas cookers	+1
Energy			
Influence	Communication & engagement	PR and storytelling re energy efficiency etc	+2
Influence	Wider influence		
Influence	Working with communities	consultations and contractors community events	+2
Influence	Working with partners	improve ability to work with partners on issues like fuel poverty	+1
Influence			
Internal Resources	Material / infrastructure requirement	Major internal resource use	-3
Internal	Staff time requirement		
Internal	Staff travel requirement		

Internal	External funding		
Internal			
Land use	Carbon storage	small amount of tree planting	+1
Land use	Improving biodiversity adaptation	small amount of meadow planting	+1
Land use	Natural flood management	SUDS - no net change	
Land use			
Goods & Services	Food & Drink		
Goods & Services	Products	building supplies	-5
Goods & Services	Single-use plastic	packaging	-1
Goods & Services	Services		
Goods & Services			
Transport	Decarbonising vehicles		
Transport	Improving infrastructure	EV points, active travel included in design	+2
Transport	Supporting people to use active travel		
Transport			
Waste	End of life disposal / recycling	Steps to recycle materials where possible	+1
Waste	Waste volume	short term waste from building projects	-4
Waste			
Adaptation	Drought vulnerability		
Adaptation	Flooding vulnerability		
Adaptation	Heatwave vulnerability		
Adaptation			
Other	Other 1		
Other	Other 2		
Other	Other 3		
Other	Other 4		

For publication

General Fund Capital Programme 2024/25

Meeting:	Council
Date:	28th February 2024
Cabinet portfolio:	Deputy Leader
Directorate:	Finance

1.0 Purpose of report

1.1 To approve the General Fund Capital Programme for the financial year 2024/25.

2.0 Recommendation

2.1 The updated General Fund Capital Programme expenditure and financing be approved (**Appendix A**).

3.0 Reasons for recommendation

3.1 To ensure the Council is able to make capital investments to support delivery of its stated vision and priorities, as set out within the Council Plan 2023 – 2027, and to evidence that such expenditure is appropriately funded.

4.0 Report Details

This report was considered by Cabinet at its meeting on 27 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

Background

4.1 This report sets out the draft General Fund Capital Programme, incorporating capital expenditure and financing arrangements for the financial years 2023/24 through 2027/28. The Capital Programme is aligned to the Capital Strategy and presents, in financial terms, the Council's plans for investment related purchasing, building and improvement of capital assets.

4.2 The Capital Programme is an ambitious one evidencing investment of £12.9m in 2023/24 and plans for a further £39.4m of investment from 2024/25 through 2027/28, enabling substantial regeneration to take place in and around the Borough and allowing the council to meet all necessary capital expenditure requirements to support delivery of its vision and priorities.

4.3 The Capital Programme for 2023/24 was approved as part of the budget setting process for that financial year, in February 2023. An update to the Programme was included in the budget monitoring report to Cabinet on 19th September 2023.

4.4 The Capital Programme is dependent in part on financing from borrowing. The revenue implications of any such borrowing are considered before schemes are included in the Capital Programme.

Updated Expenditure Forecasts

4.5 **Updated Programme** - An updated Capital Programme forecast (expenditure and financing) is included at Appendix A. The Programme covers the current financial year and the following four financial years. A commentary on the most significant schemes in the Programme is provided below.

4.6 **New Schemes** - the updated programme includes the following schemes that have already been approved by Cabinet and added to the Capital Programme during the financial year:

- Relocation of Customer Service Centre (£157k), approved by Cabinet on 20th June 2023. Relocation of the Customer Service Centre to Chesterfield Town Hall will enable the Council to maximise the use of its operational assets whilst also reducing liability for ongoing maintenance and operational running costs. It will also enable the council to continue to modernise service delivery, providing access for the borough's residents and businesses to a greater number of public services from Chesterfield Town Hall.

- Various Play Area schemes (£271k), approved by Cabinet on 14th March 2023. The schemes involve a range of improvements and enhancements to the Borough's play areas and open spaces, and are funded from a mixture of UK Shared Prosperity Fund (UKSPF) grant funding, Viridor grant funding and Community Infrastructure Levy contributions.

Progress on Current Major Schemes

4.7 Hollis Lane Link Road **–** the new Jewson depot on Sheffield Road was officially opened in May 2022. Construction work on Phase 1 of the Hollis Lane Link Road is expected to commence later this financial year.

4.8 Revitalising the Heart of Chesterfield – the public realm works to Packers Row were completed in December 2022. Scheme designs have now been completed and invitations to tender for the main contract packages have recently been released to the market.

4.9 Stephenson Memorial Hall – the main contractor started works on site in November 2023. Works are progressing well, and completion is scheduled for 2025.

4.10 Staveley Town Deal –Derbyshire Rail Industry Innovation Vehicle (DRIIVe) – the council has recently granted planning consent for the scheme. The scheme will now be progressed to the next RIBA stage ahead of the release of invitations to tender for the main contract packages.

Recurring Schemes

4.11 Disabled Facilities Grants (DFGs) – Derbyshire County Council (DCC), who hold the Better Care Fund, confirmed an initial allocation of £1.4m for the 2023/24 financial year, of which £250k will be used to fund Home Repairs Assistance Grants plus an additional in-year allocation of £0.12m. The Capital Programme in future financial years includes DFG expenditure of £3.1m from allocations carried forward from previous financial years. This carry forward has arisen due to delays in DFG processing systems which are outside of the council’s control and mirrored across all other Derbyshire districts. The council is currently working closely with DCC and the other Derbyshire districts on a transformation programme aimed at speeding up the processing of DFG applications and the delivery of adaptations in people’s homes.

4.12 Green Homes Grants – it has been confirmed that the council has been allocated additional Green Homes Grant of £550k in 2023/24 and £848k in 2024/25. The council is currently working with its partner EON to deliver these grants within the specified timeframes.

Capital Financing

4.13 Financing Resources – The main sources of capital finance and how they are being used to fund the current Capital Programme are shown in Appendix A and summarised below:

- Borrowing – capital expenditure can be financed from borrowing provided the borrowing is deemed value for money and meets the criteria set out in the Prudential Code i.e., affordable, prudent, and sustainable. The current Capital Programme includes borrowing that the Council has previously approved of £8.1m. As the new additions to the capital programme are to be funded from grant or reserves no further borrowing will be required.

- Grants and contributions – these are external funds that are either provided by the Government and ring-fenced for specific activities or secured from other sources to deliver specific projects. Grant funding, of £38.7m, is a significant element of how the General Fund Capital Programme is currently resourced. Further details are set out below:

    - 2023/24 - £8.5m in total including £4.7m Levelling Up Fund grant, £1.4m Staveley Town Deal grant and £1.7m Better Care Fund grant (for DFGs).

    - 2024/25 - £23.9m in total including £13.0m Levelling Up Fund grant, £6.8m Staveley Town Deal grant and £2.2m Better Care Fund grant (for DFGs).

    - 2025/26 - £3.3m in total including £2.1m Better Care Fund grant (for DFGs).

    - 2026/27 - £2.1m of Better Care Fund grant (for DFGs).

    - 2027/28 - £0.8m of Better Care Fund grant (for DFGs).

- Reserves – these are contributions from earmarked reserves towards vehicle and plant replacements and match funding contributions towards other grant funded schemes, including £3.1m in respect of Stephenson Memorial Hall and £0.8m in respect of DRIIVe.

4.14 Capital Receipts Flexibility – the general rule is that capital receipts can only be used either to repay debt or to finance new capital expenditure. However, the Government allows the use of capital receipts to fund revenue expenditure, provided that the expenditure is on transformation projects which are designed to deliver on-going savings. This is known as capital receipts flexibility and the Government has confirmed that this flexibility will remain in place until 31st March 2030. Consultation on options for extending this flexibility to allow capital receipts to be used for other purposes has recently taken place and further details on the outcome of this consultation are expected shortly.

4.15 To take advantage of the current rules relating to the use of capital receipts flexibility, full Council must first approve a strategy setting out details of any projects to be funded in this manner, the level of revenue savings expected and the impact of the use of such receipts on our prudential indicators. All spend would have to be incurred by 31st March 2030.

4.16 The council is using capital receipts flexibility to part fund its current ICT Transformation programme and also plans to use the flexibility to fund the redundancy costs associated with implementation of the corporate VR/VER scheme.

4.17 Further information on the council's use of capital receipts flexibility, including the Flexible Use of Capital Receipts Strategy Revised 2023/24 & 2024/25, can be found in the 2024/25 General Fund Revenue Budget report.

4.18 Capital receipts – these are only included once potential land and property assets have been identified for disposal and the assets concerned are being actively marketed. When identifying potential assets for disposal, priority is given to disposing of land and property that are surplus to requirements and/or from which the council is unable to achieve a reliable and sustainable revenue stream. The following capital receipts are identified in the Programme at Appendix A:

- 2023/24 – this mainly comprises the receipt achieved in respect of council land sold at Linacre Road. Total forecast receipts for 2023/24 are £1.8m.

- 2024/25 – receipts of £3.8m have been assumed.

- 2025/26 – receipts of £1.5m have been assumed.

- 2026/27 – no capital receipts have yet been identified for 2026/27 or 2027/28.

4.19 Capital receipts forecasts are continually changing as delays are encountered in relation to some disposals whilst opportunities arise to accelerate others.

4.20 Any capital receipts received in excess of the levels required to fund the current capital programme will either be earmarked for re-investment in the council's operational and non-operational assets over the next four years or utilised to fund transformational activities in line with the terms of the Capital Receipts Flexibility permissions detailed in paragraph 4.14.

Revenue Implications

4.21 All capital expenditure which is not financed through grants, capital receipts or reserves will need to be financed over time by making a Minimum Revenue Provision (MRP). A MRP is a revenue cost to the General Fund Revenue Budget.

4.22 MRP contributions generally commence from the financial year after the asset becomes operational, for example, the additional MRP required in respect of the Stephenson Memorial Hall project will commence in the financial year 2026/27.

4.23 The revenue implications for the General Fund Revenue Budget of any additional MRP contributions are considered before schemes are included in the Capital Programme, and no starts on any scheme will be permitted until the council's Cabinet has approved the detailed business case.

4.24 Further information on matters relating to the MRP can be found in the Treasury Management Strategy Report 2024/25.

5.0 Alternative options

5.1 The option exists to decommission one or more of the schemes included within the proposed Capital Programme. However, this is not recommended on the basis that all of the current schemes align with Council Plan priorities for the period 2023 through 2027, and appropriate sources of funding have been identified to support delivery.

6.0 Implications for consideration – Financial and value for money

6.1 The financial and value for money implications of the council's Capital Programme are considered in section 4 of the report.

7.0 Implications for consideration – Legal

7.1 There is a legal requirement for the Council to set a balanced budget before the start of each financial year. The recommended Capital Programme does not fetter the council's ability to comply with this legal obligation.

8.0 Implications for consideration – Human resources

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

9.0 Implications for consideration – Council Plan

9.1 The ability for the council to appropriately manage and fund its Capital Programme is critical to the continued delivery of the full range of council facilities and services, and also the council's vision and priorities, as set out in the Council Plan. The relationship of individual schemes to the Council Plan are considered in detail when the schemes come forward to the council's Cabinet for appraisal and approval.

10.0 Implications for consideration – Climate Change

10.1 A climate change impact assessment is not required for the overall Capital Programme. These assessments are included within the reports prepared for the council's Cabinet in relation to each scheme prior to their inclusion in the Capital Programme and will differ from scheme to scheme.

11.0 Implications for consideration – Equality and diversity

11.1 An equality and diversity impact assessment is not required for the overall Capital Programme. These assessments are included within the reports prepared for the council's Cabinet in relation to each scheme prior to their inclusion in the Capital Programme and will differ from scheme to scheme.

12.0 Implications for consideration – Risk management

12.1 The perceived risks relating to the overall Capital Programme are set out in the table below. For each individual capital scheme the risks are considered in detail when the schemes come forward to the council's Cabinet for appraisal and approval.

Description of the Risk	**Current Risk**		**Mitigating Action(s)**	**Target Risk**	
	Impact	**Likelihood**		**Impact**	**Likelihood**
Overspends on schemes	H	M	Effective scheme planning, delivery oversight and monitoring	M	L
Slippage on schemes	M	M	Effective scheme planning, delivery oversight and monitoring	M	L
Capital receipts – disposals delayed or unable to complete	H	M	Control starts on schemes until finance in place. Include only planned disposals in receipts forecasts. Borrow internally from reserves or take out short- term prudential borrowing.	H	L
Reductions in Government Grants to support future projects	H	H	Pursue other external funding options. Look to generate capital receipts.	H	M
Lack of capacity to deliver several major schemes / projects at the same time	H	H	Carefully manage the number of schemes and hence risks in play at any one time.	M	L

Ongoing Covid-19 Implications – increased materials costs, increased interest rates and the risk that pre-pandemic business case assumptions may not be realised.	H	H	Ensure adequate contingency sums are included within scheme business cases. Effective delivery oversight and monitoring.	M	M
Negative effects on exempt VAT recovery – a number of current schemes / projects have exempt VAT implications.	H	M	Starts on schemes delayed until VAT issues resolved. Effective monitoring. VAT planning for several years ahead. Obtain expert external advice.	H	L

Decision information

Key decision number	
Wards affected	

Document information

Report author	**Contact number/email**
Karen Ludditt	01246 936276 Karen.ludditt@chesterfield.gov.uk
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
This must be made available to the public for up to 4 years.	
Appendices to the report	
Appendix A	Capital Programme 2024/25

APPENDIX A

GENERAL FUND CAPITAL PROGRAMME 2024/25

Code	CAPITAL SCHEME	Original 23/24 £'000	Revised Jan 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
8295	Home Repairs Assistance	775	250	250	250	250	250
8292	Disabled Facilities Grants	2,225	1,490	2,000	1,875	1,875	500
8296	Green Homes Grants	0	550	848	0	0	0
8968	Waterside Office Space	0	1,399	0	0	0	0
8973	Northern Gateway - Public Realm	0	54	0	0	0	0
8974	Northern Gateway - Enterprise Centre	0	230	0	0	0	0
8991	IT Project	1,028	1,028	180	75	0	0
8969	Hollis Lane Link Road Phase 1	0	1,318	0	0	0	0
8530	LUF - Stephenson Memorial Hall	8,934	4,057	7,326	6,846	0	0
8531	Staveley Town Deal - DRIIVe	2,500	800	3,504	0	0	0
8532	Staveley Town Deal - Construction Skills Hub	67	155	52	0	0	0
8533	Staveley Town Deal - Staveley 21 (Town Centre)	2,557	400	4,068	256	0	0
8534	LUF - Revitiling the Heart of Chesterfield	2,815	604	7,015	1,300	0	0
8547	UK Shared Prosperity Fund (unallocated)	85	18	343	0	0	0
8995	Calow Lane Industrial Units	357	0	349	0	0	0
8925	Tennis Courts King George V	0	123	0	0	0	0
8943	Relocation of Customer Service Centre	0	157	0	0	0	0
8978	Cottage Close Play Area	0	120	0	0	0	0
8989	Devonshire Avenue North Play Area	0	42	0	0	0	0
8989	Thirlmere Road Play Area	0	42	0	0	0	0
8989	Tapton Park Play Area	0	67	0	0	0	0
	Total Expenditure	**21,343**	**12,904**	**25,935**	**10,602**	**2,125**	**750**

CAPITAL FINANCING	Original 23/24 £'000	Revised Jan 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
Borrowing	1,385	3,745	529	3,833	0	0
Capital Receipts	0	284	689	365	0	0
Contributions from Revenue/Reserves	1,000	347	790	3,077	0	0
Grants and Contributions	18,958	8,528	23,927	3,327	2,125	750
TOTAL FINANCING	**21,343**	**12,904**	**25,935**	**10,602**	**2,125**	**750**

CAPITAL GRANTS	Original 23/24 £'000	Revised Jan 23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000
Disabled Facilities Grants (BCF / Derbys PCT)	3,000	1,740	2,250	2,125	2,125	750
Green Homes Grants	0	550	848	0	0	0
Business Rate Growth Grant - Revitilising the Heart of Chesterfield	0	0	0	946	0	0
Level Up Funding (Stephenson Memorial Hall)	7,859	4,057	5,968	0	0	0
Level Up Funding (RHOC)	2,815	604	7,015	0	0	0
Arts Council Grant (Stephenson Memorial Hall)	75	0	669	0	0	0
UK Shared Prosperity Fund - Unallocated	85	18	343	0	0	0
UK Shared Prosperity Fund - Play Area Schemes	0	67	0	0	0	0
Viridor Grant - Play Area Schemes	0	68	0	0	0	0
Lawn Tennis Association - Tennis Courts King George V	0	69	0	0	0	0
Staveley Town Deal Funding	5,124	1,355	6,834	256	0	0
Grants Total	**18,958**	**8,528**	**23,927**	**3,327**	**2,125**	**750**

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For publication

2024/25 Budget and Medium-Term Financial Plan

Meeting:	Council
Date:	28th February 2024
Cabinet portfolio:	Leader of the Council
Directorate:	Finance
For publication	

1.0 Purpose of report

1.1 To consider the General Fund revenue budget report for the financial year 2024/25 and the medium-term financial plan for the period 2024/25 to 2027/28 and to make recommendations to full Council on the budget allocations and Council Tax level.

2.0 Recommendations

2.1 That the budget savings proposals described in **paragraph 4.54** of the report for immediate implementation be approved.

2.2 Notes the forecast outturn for 2023/24 which presents a deficit for the year of **£282k** to period 8 **(paragraph 4.18)** and the further management controls proposed to achieve a balanced outturn position for 2023/24 by year end.

2.3 Approves the overall revenue budget for 2024/25 **(table 4 and Appendix B – to follow).**

2.4 Approves the use **£214k** from the Budget Risk Reserve to balance the 2024/25 revenue budget **(paragraph 4.66).**

2.5 Approve the submission for a proposal to employ flexible use of capital receipts in the financial years 2023/24 and 2024/25 and to delegate the amendment and final approval of this proposal to the Service Director – Finance (CFO), in consultation with the Deputy Leader and Cabinet Member for Finance and Asset Management **(paragraph 4.90 to 4.92).**

2.6 Approves the 2023/24 Council Tax Requirement and financing **(Appendix H and I – to follow).**

2.7 Increases the Council's share of Council Tax for properties in each band, a **2.99%** increase for a Band 'D' property, in 2024/25 to **£190.81 (paragraph 4.61)**.

2.8 Approves the Local Council Tax Support scheme which remains unchanged for 2024/25 **(paragraph 4.64).**

2.9 Notes the Collection Fund and the Tax Base forecasts **(paragraphs 4.60, 4.63 and 4.33).**

2.10 Notes the financial projections in the Medium-Term Financial Plan (MTFP) for 2025/26 to 2027/28 **(Table 4 and paragraph 4.68).**

2.11 Approves the estimates of reserves including maintaining the General Working Balance at **£1.5m** (**paragraphs 4.70 - 4.72**)

2.12 Notes the budget risks and sensitivity analysis **(Appendix D)** and the Chief Finance Officer's assurances **(paragraphs 4.73 – 4.88).**

2.13 Notes that Cabinet (or the Joint Cabinet and Employment and General Committee) has still to make final decisions on the budget savings proposals described in **paragraph 4.55** of the report.

3.0 Reasons for recommendations

3.1 For the Council to meet the statutory requirements relating to setting the General Fund revenue budget and the level of Council Tax for 2024/25.

4.0 Report Details

This report was considered by Cabinet at its meeting on 27 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

Background

4.1 Like all local authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.

4.2 In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council must now develop its approach to balancing the 2024/25 budget and to achieving the same over the period of the MTFP. This report covers the General Fund revenue budget, which is one part of a suite of budget reports which together make up the MTFP.

4.3 The financial impact of Covid-19 and the cost-of-living crisis on Council services has been and continues to be significant, resulting in new cost pressures and reductions in income, particularly in areas such as car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.

4.4 These challenges are exacerbated by the uncertainty of future financial settlements for local government and how available funding will be shared. Local authorities continue to be provided with one-year financial settlements, which provide little financial certainty and security.

4.5 Longer-term reform of local government funding has been delayed until the next Parliament and a structural solution is needed to meet the many statutory duties and demands placed on local authorities.

Budget Strategy and Budget Implementation Plan

4.6 The Council's Budget Strategy was approved by Council on 19 July 2023. This report set out the assumptions which underpinned the General Fund revenue element of the MTFP at that time, the priority work that needed to be undertaken to establish new and emerging service pressures, and a strategic framework for delivering the savings that would be needed to achieve a balanced budget for 2024/25 and over the medium-term

4.7 The Budget Strategy report set out the need to drive out savings of at least **£2.5m** at pace, within a framework that was prudent, responsible, and sustainable, and optimised to secure savings in the short- and medium-term to reduce and remove reliance on reserves, stabilising the Council's financial position and establishing affordability of Council services.

4.8 The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023. This report set out a detailed approach to addressing the budget gap following extensive work with the Council's Corporate Leadership Team (CLT) and Cabinet Portfolio Holders, drawing on the thematic interventions set out in the Budget Strategy. These interrelated interventions were designed to support the development of proposals that would enable a balanced budget to be achieved whilst also providing information to enable the Council to reconsider how best to continue to deliver the priorities and outcomes in the Council Plan within the available resources. The thematic interventions were:

- Identifying General Efficiencies

- Increasing Income and Establishing Stronger Commercial Operating Principles
- Transforming how we Deliver Services
- Reducing Service Offers / Stop Doing – Statutory and Non-Statutory Services
- Rightsizing the Organisation

4.9 The report set out revised budget gaps for 2024/25 to 2027/28 based on updated assumptions. Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council's Budget Strategy. The resulting implementation plan was split into 2 stages. Cabinet approved **£539k** of stage 1 savings proposals, which were predominately operational decisions which had no or minor impact on service delivery.

4.10 The Stage 2 savings proposals however required further development, including where appropriate engagement or consultation with service users, stakeholders, staff, and trade unions. Officers were therefore tasked with progressing the development of the proposals through to decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making. These proposals were expected to deliver potential savings of between **£1.690m** and **£2.460m**, although at this point, it was not possible to accurately quantify the level of savings that were to be delivered until the reviews had been completed.

4.11 Although the report provided an update on certain budget assumptions, some elements were still uncertain, and the report did not include the outcomes of the Provisional or Final Local Government Finance Settlement, which have now been announced.

Policy & Financial Planning Framework

4.12 The aims of the Budget Strategy and Budget Strategy Implementation Plan were to find deliverable cost reductions and additional income to set a balanced budget for 2024/25, and one that continued to support delivery of the new Council Plan. The Council Plan defines the Council's key priorities, objectives, and commitments over the four-year period 2023/24 to 2026/27. The Council Plan is aimed at providing focus, setting out priorities that will require a collective corporate effort during the period and draws upon our extensive 'State of the Borough' evidence base and communications, consultation, and engagement activities. The Council Plan identifies the key commitments and places increased focus on achieving real outcomes to deliver our vision of 'putting our communities first.' The strategic principles embedded within the MTFP, aim to establish a framework for aligning the revenue and capital spending proposals with the Council's priorities.

2023/24 Forecast Outturn

4.13 The Council approved the General Fund Revenue Budget for 2023/24 on 22 February 2023. The budget was constructed in accordance with the Council's budget principles and the 2023/24 budget was balanced with the use of **£1.000m** from the Budget Risk Reserve. This was to enable the Council to take a more strategic approach to reviewing priorities and managing the budget gaps over the medium term.

4.14 In the months since the Medium-Term Financial Plan (MTFP) was approved, the national fiscal and economic situation changed dramatically and a number of in-year spending pressures emerged particularly in relation to unprecedented and unpredicted inflationary pressures around contracts and pay (leading to increased costs of service delivery), increased demand for our services and a challenging employment market leading to recruitment and retention issues.

4.15 The rate of Consumer Price Inflation (CPI) at the start of 2023 was 10.5% (end of December 2022) and at that point was forecast by the Bank of England to gradually fall to 5.2% by the end of 2023. As at the end of December 2023 inflation had actually fallen below this estimate to 4%, showing that the rate at which prices are increasing has slowed, however, the impact continues to drive upward pressure across a range of expenditure budgets. The current rate of inflation is still 2% above the Bank of England inflation target of 2%.

4.16 The Local Government Employers pay offer, which was made in February 2023 and accepted late 2023, set out an increase for 'Green Book' employees of £1,925 for 2023/24. This equates to a circa 5.6% increase in the 2023/24 pay budget. The 2023/24 base budget included provision for a 4% pay award. The additional 1.6% required has therefore created an in-year pressure in excess of **£300k**.

4.17 The period 5 forecast was reported to Cabinet on 14 November 2023 and presented an adverse position of **£334k** (excluding the impact of the Pay award) on the Council's net revenue budget of £12.5m. This was based on activity to the end of August together with projected future trends in income and expenditures. The report reconfirmed the Council's commitment to delivering services within the approved budget with the Corporate Leadership Team (CLT) working collectively with budget managers to agree clear, robust and immediate management action plans to address the adverse forecast.

4.18 At the end of Period 8 the forecast deficit for 2023/24 has reduced to **£282k** and now includes the impact of the afore mentioned pay award.

4.19 Despite the improved position the forecast adverse position is still a concern. The Council will continue to monitor the financial position carefully over the next month to identify areas where spending can be contained, and income maximised to ensure projected departmental expenditures are managed, as a minimum, within approved budgets. The expectation is that any surplus at the end of the financial year will be used to supplement the Budget Risk Reserve.

Settlement Funding

4.20 The provisional Local Government Funding Settlement for 2024/25 was published on 18 December and confirmed a number of announcements made in the 2023/24 settlement and 2023 Autumn Statement on government spending priorities. The 2024/25 provisional settlement proposed an overall increase in Core Spending Power (CSP), a notional estimate of the funding available to Local Authorities, of 6.5%.

4.21 In January, the Government announced an additional £600m funding for local authorities, including £500m for those with social care responsibilities. The final Local Government Funding Settlement published on 5 February 2024 confirmed this figure with total CSP for local authorities set at £64,706m. This is an increase in cash terms of 7.5% compared to 2023/24.

4.22 CSP is the Government calculation used to illustrate the overall impact of local authority funding and comprises the Settlement Funding Assessment (which combines income generated under the Business Rates Retention scheme and Revenue Support Grant), Council Tax, and Specific Grants.

4.23 It is important to note that the national increase of 7.5% is based on a number of assumptions regarding the tax base for Business Rates and Council Tax and assumes all authorities will increase Council Tax by the maximum permitted without holding a referendum. For 2024/25 this is an increase of 2.99% for Council Tax plus an additional 2% in Social Care Precept for top tier authorities. It is also important to note that Chesterfield's overall core spending power, for 2024/25, represents an assumed annual increase of 5.5% which is lower than the national average increase of 7.5%.

4.24 The announcement reflected a net increase of c**£2.0m** in settlement funding <u>over and above that assumed in the budget assumptions</u> in the February 2023 General Fund Revenue Budget report to full Council. The following paragraphs set out the allocations of government funding for 2024/25 and the assumptions we have had to make for future financial years in the absence of further information.

4.25 <u>Revenue Support Grant</u> (RSG) - Authorities currently continue to receive RSG from the Government in addition to their retained Business Rates. The current MTFP assumed £554k in 2024/25 and £458k from 2025/26 onwards. This assumption was based on the best information available at the time. The settlement has confirmed that Chesterfield will receive **£707k** in 2024/25, however this has increased primarily due to the rolling in of specific grants (£165k - Council Tax Administration Grant). The total increase in RSG within the MTFP is **£153k**. It is assumed that this level will continue in 2025/26 uplifted by inflation i.e. £737k in 2025/26.

4.26 Funding Guarantee – This grant was first introduced in 2023/24 and is designed to ensure that authorities receive at least a 3% increase in CSP. £59.7k had been included within the original budget estimates for 2024/25. The Government increased the rate to 4% following the provisional settlement for 2024/25. The figure for Chesterfield has increased by **£631k** to **£691k** for 2024/25 to largely compensate the Council for the reduction in New Homes Bonus (see below), and a figure of **£455k** has been assumed for 2025/26.

4.27 Service Grant -This was a new one-off grant for 2022/23. The original MTFP £136k of the Service Grant in 2024/25. The confirmed allocation is **£24k** in 2024/25. No further Service Grant has been assumed within the MTFP beyond 2024/25.

4.28 New Homes Bonus (NHB) – The scheme was first introduced in 2011/12 to help address the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. At the time, the 2023/24 settlement was published the Government committed to consulting on a review of the NHB scheme and as such, the MTFP assumed no NHB past 2023/24. No consultation has taken place. The Settlement confirmed the allocation of **£24k** in 2024/25, which is lower than assumed in November 2024. No NHB has been assumed in future years of the MTFP.

4.29 Council Tax Referendum Threshold - The Settlement has confirmed the referendum levels for 2024/25. District Councils are permitted to increase their share of the Council Tax by the greater of up to 3% or £5 without triggering the need to hold a referendum. It is important to note that the Government assumes in the CSP calculation that councils will increase Council Tax to the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power would be reduced going forward with no funding from Government to mitigate this.

Business Rates

4.30 The estimate of business rates income for 2024/25 has been calculated as part of the NNDR1 on 31 January 2024. This has included the 2023 Business Rates revaluation which was implemented in April 2023. This has seen every non-domestic property receive a revised revaluation. This will impact on both the baseline funding and the tariff. Under the retained Business Rates system any authority whose Business Rates income is more than their initial 'baseline' funding level, as is the case for Chesterfield, will pay the balance in the form of a tariff to the Government and this is used to fund other local authorities where their Business Rates are disproportionately low. The final estimate of business rates income, after the tariff payment to the Government, is **£6.751m** (includes compensation) for 2024/25. The Business Rates multiplier has been frozen for the third consecutive year. Local Authorities are provided with grant which compensates for the reduction in Business Rates income that can be collected.

4.31 The business rates baseline was due to be reset in 2022/23, however this has been delayed until at least 2025/26. The current business rates system allows councils to retain a proportion of the growth in the local business rates tax base, however this will be lost during any baseline resetting exercise. The proposed reset represents a significant funding risk to the Council and hinders its ability to plan over the Medium Term. To help mitigate against these losses we have assumed no further growth in business rates income after the financial year 2024/25.

4.32 Chesterfield is a member of the Derbyshire Business Rates Pool and the MTFP assumes a return from the pool of **£350k** for 2024/25 and **£400k** for 2025/26.

4.33 Each financial year we are required to calculate the surplus/deficit on the business rates element of the Collection Fund, which is a deficit of £387k for 2023/24. The Council's share is **£155k** in 2023/24 and this has been included in the MTFP for 2024/25.

4.34 Markham Vale Enterprise Zone - Annual business rates generated from the Enterprise Zone can be retained by the Council for a period of 25 years after the formation of the Zone. The Council has resolved to prioritise investment in: key projects delivery, economic growth activities, and skills activities; and that the funding should be particularly targeted at unlocking and accelerating key developments and sites and delivering better outcomes for local communities.

Fair Funding Review

4.35 A General Election is due to take place no later than 28 January 2025 and as a consequence Local Government Finance reform, originally due to be implemented from April 2020, has been pushed back until at least April 2025. However, due to the time required for the reforms to be consulted on and implemented by a new Government, it is more likely that the reforms will be delayed until April 2026. This could result in the Council receiving a reduced level of funding from Government in the medium to long-term. The impact of this will remain unknown until further information is provided. This means that funding levels over the medium term continue to remain speculative beyond the next financial year.

Budget 2024/25 and Updated Medium Term Plans

4.36 The Budget Strategy Implementation Plan was presented to Cabinet on 14 November 2023 and based on the best available information at that time, set out budget gaps (before savings) of £**4.066m** in 2024/25 rising to **£5.941m** in 2025/26.

4.37 Since the Budget Strategy Implementation Report was published, work has been ongoing in reviewing service pressures and updating the budget assumptions to be included within the medium-term financial plan. In addition, the impacts of the Final Local Government Financial Settlement and other announcements have also been assessed and reflected in our plans. This section provides details of the assumptions used in the construction of the MTFP.

4.38 **Non-Pay Inflation**. As at the end of December 2023 inflation had actually fallen to 4% and whilst the rate at which prices are increasing has slowed down, the impact continues to drive upward pressure across a range of expenditure budgets. The current rate of inflation is still 2% above the Bank of England inflation target of 2%.

4.39 Whilst inflation rates are falling, the impact of the higher rates in 2023 will continue into 2024/25 and beyond. Many of the Council's contracts attract inflationary uplifts for the coming financial year based on inflation in the preceding September and October. The MTFP assumed no general price inflation within the estimates other than pay and annual inflationary increases to contractual commitments particularly in relation to the indexation of the refuse and recycling contracts which are based on a cost-plus CPI indexation for the prevailing rate of CPI in March and is applied from May. We are also seeing significant increases in our ICT software licence agreements which are also linked to CPI.

4.40 Due to the high levels of uncertainty and volatility the MTFP recommended that **£550k** be set aside in a central contingency for inflationary increases in 2023/24 with an additional **£100k** in 2024/25 to accommodate further increases, to be allocated to services in-year once the estimates became more certain. These have now been quantified and **£929k** has been included within the base estimates for 2024/25 and the **£650k** contingency has therefore been removed. The net impact of the inflationary pressure is **£279k.**

4.41 **Utility Costs** - The Council has previously benefited from low prices for utilities. However, these contracts expired in March 2023 and the retendering of these contracts has cost significantly more than the current budget provision. A report was presented to Cabinet in December 2022, setting out the procurement process and delegations required to secure best value for the Council. A sum of £**976k** was built into the MTFP to cover this increase. The Council is due to enter into a new contract for the supply of energy on 1 April 2024 and the costs are expected to be lower than that of our existing contract, due to the fall in wholesale energy prices. The energy budgets for 2024/25 have been reduced by **£250k** to take account of this reduction.

4.42 **Pay inflation** - The 2023/24 base budget included a 4% assumption for pay inflation. However, at the end of February 2023, after the Council had set its budget, the Local Government Employers made an offer which significantly exceeded this. Local government trade unions have now accepted this offer of a flat rate of **£1,925** per annum increase for the majority of council employees under 'green book' conditions. This results in an average 5.6% pay increase for council staff, with the percentage increase being greater for lower paid employees. This will result in an additional **c£450k** cost pressure in the 2024/25 base budget.

4.43 The MTFP for 2024/25 currently assumes a pay increase of 2% for all years. This level of provision is likely to be insufficient due to the concerns that inflation may reduce slower than originally forecast. To mitigate this risk the forecast for pay inflation has been increased to 3%, which, together with other pay related costs, has resulted in an additional forecast pressure of **£348k** in the 2024/25 base budget**.**

4.44 **Bad Debt Provision –** A review of the Council's outstanding debt has been undertaken to establish the adequacy of the provision. The current provision is £269k and this has been increased by **£50k** as part of the budget assumptions.

Service Pressures

4.45 The budget assumptions have been reviewed and updated to take account of known changes, new and emerging service pressures, and inflationary increases. These have been included based on the latest forecasts, however there are risks that these may in time materialise differently to that assumed. An assessment of the 2023/24 in year budget has also necessitated the inclusion of pressures to reflect shortfalls of income and the need for additional funding to meet demand and inflationary increases.

4.46 The first draft of the budget (which was part of the November 2023 report on the Budget Strategy Implementation Plan) identified new emerging cost and income pressures of **£2.137m** in 2024/25 rising to **£2.340m** by 2027/28. There has been a net increase in pressures of **£70k** in 2024/25 and a net reduction of **£20k** in future years, since the November report and these are summarised within Table 1 with further details set out below.

Table 1: Net New Service Pressures

Pressure Type	MTFP Impact			
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Demand - reduced income	600	710	790	890
Demand – cost pressures	581	445	294	298
New Requirements	530	546	547	548

Other	496	437	384	584
Total Net Service Pressures	**2,207**	**2,138**	**2,015**	**2,320**

4.47 Demand - reduced income – A budget pressure is included in the revenue budget for 2024/25 to reflect the income shortfalls that we are seeing particularly in relation to the Pavements shopping centre and other town centre commercial and retail property **(£490k)** due to increased void rates which has impacted on rental, service charge and business rates income. There is also a further anticipated budget reduction in car parking income **(£110k)** which is over and above the £400k pressure included in the 2023/24 base budget. Income from all car parks is lower than expected due to the longer than expected recovery of the economy post pandemic and the ongoing economic impact on town centre footfall.

4.48 Demand - cost pressures – These relate mainly to the homelessness service **(£100k**) which is under significant pressure from the increased use of bed and breakfast temporary accommodation, increased costs in relation to private sector housing enforcement activity **(£40k)** and additional resources required within the revenues and benefits service **(£194k)** due to Government delays in implementing universal credit migration and **(£100k)** in relation to Housing Benefits Subsidy. Additional pressures are also emerging within the ICT service **(£128k)** relating to data storage and cloud infrastructure costs.

4.49 New Requirements – These relate primarily to new and enhanced software requirements within the ICT service **(£500k)** particularly in relation to elections mobile functionality, egress secure data transfer, Salesforce and MuleSoft applications. An assumption has been made that **£334k** of ICT costs are transformational in nature i.e., they will either generate further savings or future cost avoidance and therefore meet the criteria for the use of capital receipts flexibility.

4.50 Other Pressures – These include additional financing costs, primarily due to increases in interest rates, particularly on short term variable rate loans, partially offset by the increased income from our investments **(£250k).** There are increased cost of External Audit **(£90k**) following the procurement of audit services through the national scheme. There has also been a realignment of cultural services budgets **(£156k)** due to the closure of the Pomegranate Theatre in June 2023 in preparation for the Stephenson Memorial Hall restoration project.

Savings and Efficiency Proposals

4.51 Given the considerable size of the budget gaps all Council services, corporate and front line, were asked to develop savings proposals in relation to each of the 5 thematic interventions set out within the Council's Budget Strategy.

4.52 **£539k** of new stage 1 savings proposals were built into the draft MTFP. These are largely officer operational decisions or decisions delegated to Cabinet members. These are proposals that will have little or no impact on service delivery and limited policy implications if at all. They are as a direct result of in year budget reviews, the appropriate charging out of service costs to grant funding or bespoke reserves, services' behaving more commercially or implementation of limited-service transformation measures. Some of these proposals are one off and, as such, will fall out in future financial years. The ongoing impact of these savings proposals is £269k in 2027/28. Details of the individual proposals are set out in **Appendix A**.

4.53 The Stage 2 savings proposals however required further development. Following on from the approval of the Budget Strategy Implementation Plan in November, officers have progressed the development of these proposals through to appropriate decision-making, in line with the Council's constitution, including carrying out specific engagement and consultation activities as required to support decision making. A total of **£1.614m** of savings proposals in 2024/25 have been subject to separate reports that have been approved by Cabinet (or Joint Cabinet and Employment and General Committee) over the last few months.

4.54 A further **£607k** of Stage 2 savings proposals are referenced in the following bullet points. As will be evidenced, as officers have worked through these savings proposals it has been shown that most can be achieved through operational decisions with little or no impact on service delivery, however, there are a number of savings proposals where Cabinet will need to make a decision, and these are highlighted for ease of reference. Cabinet are therefore invited to consider and approve the savings proposals for immediate implementation, to enable their incorporation into the budget estimates for 2024/25 and the MTFP.

- **Achieving cost neutral provision of outdoor sports and leisure activities; bowls, football pitches, cricket festival, other subsidised activities.** Environmental Services has and will continue to work across all of these areas to deliver the forecast savings set out in the November 2023 Budget Strategy Implementation Plan report.

  Currently, positive engagement work has taken place with clubs using bowls greens and as a result of this work the service will deliver on the identified savings for 2024/25, with a further assessment planned for late Spring / early Summer in relation to whether the full level of forecast savings can be achieved in future financial years.

Work regarding savings and efficiencies relating to the provision of grassed football pitches across the Borough is underway. Engagement has already taken place with the Derbyshire Football Association and further engagement is planned with the Football Foundation regarding funding options and opportunities that might be available to the Council to support this specific proposal and deliver the required savings for 2024/25. This work will progress over the coming months recognising that any new arrangements for funding the provision of grassed football pitches will need to be in place for the start of the new football season.

The service is confident that it is able to cover the costs of other subsidised outdoor sports and leisure activities through the application of grant funding, and as a result will achieve the forecast savings associated with these activities.

- **Move towards a cashless council approach –** Cash volumes are continuing to reduce as the Council transitions to taking card payments in its venues, and it is expected that savings of at least £36k can be delivered from 2025/26.

- **Transform the delivery of the Community Safety functions across the Council to deliver improved outcomes** – Over the last couple of years, and in particular following the approval of the new corporate Anti-Social Behaviour Strategy, noticeable improvements have been made in reducing anti-social behaviour in communities and dealing with environmental health complaints. This has been accomplished through community safety, housing management and private sector housing working more effectively together and has resulted in the immediate achievement of a £60k annual saving to the General Fund as it has not proven necessary to recruit to a long-term vacancy within the council's establishment. More significant changes to other working arrangements between community safety and housing management are also being developed, however, it is recognised that any further savings that arise as a result of any service re-shapes would fall to the Housing Revenue Account (HRA).

- **Refocus Your Chesterfield as a digital newsletter –** Removal of hard copies of the newsletter. It is expected that the forecast savings will be achieved from the reduction in printing and postage costs.

- **Visit Peak District and Derbyshire (VPDD)** – Recent consultations with relevant stakeholders and Visit Peak District and Derbyshire (VPDD) have identified a national and regional changing picture with regards to the establishment of Local Visitor Economy Partnerships (LVEPs), which with the imminent establishment of the East Midlands County Combined Authority (EMCCA) could provide a useful vehicle to support the Council with delivery of its visitor economy strategy. This has led to an amended savings proposal that removes the permanent annual revenue contribution that the Council makes to support VPDD and replaces it with one-off funding of £10.5k for 2024/25 only. This approach provides the Council with an additional 12 months to fully understand the implications and value of the emerging LVEPs. However, **Cabinet is asked to approve the allocation of £10.5k from the Markham Vale Business Rates Retention Reserve to enable the full saving relating to this proposal to be realised in 2024/25**.

- **Reduce grounds maintenance of highway verges to Highway Authority requirement and review and reduce operational costs of managing and maintaining parks and open spaces - grounds maintenance, public toilet provision, evening park closures.** The Council's Voluntary Redundancy / Voluntary Early Retirement (VR/VER) scheme has resulted in several Environmental Services employees expressing interest in taking advantage of the scheme. Alongside consideration of whether or not to recruit to a number of existing vacancies within the Service's establishment, the need to respond to the VR / VER request has provided the opportunity for a fundamental review of the range of work undertaken by Environmental Services, the planning and programming of this work and task allocation.

  Through this programme of review, it has been identified that the forecast savings of £162k per annum could be achieved through the removal of five full time equivalent posts within the service.

  The impact of this reduction in staff numbers would mean that the maintenance carried out to the borough's highway verges would reduce to align with the amount of funding that Derbyshire County Council currently provide to the Council to deliver this service. Other impacts, however, would be managed through better aligning service delivery across the borough to service need, and whilst response times to particular issues may be less timely than at present, the service is confident that all current street cleaning and grounds maintenance activities will continue to be resourced and prioritised to appropriate levels and in line with the council's health and safety and statutory responsibilities.

  There are no changes currently planned to public toilets provision within the borough's parks and open spaces, however, these services will be part of an ongoing review programme given the discretionary nature of their provision.

  Due to the risks relating to anti-social behaviour, no changes to the current arrangements for the out of hours locking of parks and open spaces are proposed at this time. However, these arrangements will also form part of the afore mentioned ongoing review programmes.

  The removal of the five posts will be achieved through either VR / VER or the deletion of vacant posts or a combination of the two.

- **Proposal – review and reduce costs of parks-based community events and activities – Stand Road Fireworks display, East Midlands in Bloom competition, other parks activities.** Environmental Services are responsible for the delivery of the Stand Road Fireworks display. This responsibility is significant and presents a major draw on staff time to enable the event to take place safely. In addition, the inevitable restoration work that is needed within Stand Road Park post the event also falls upon Environmental Services.

  Given the planned reduction in the Service's staffing establishment, the increasing costs associated with delivery of the event (£25,000) and the conflict and compatibility issues relating to climate change and animal welfare, it is proposed to cease delivery of the annual Stand Road Fireworks display with immediate effect. **Cabinet is therefore asked to consider and make a decision on the proposal.**

  The Council has taken part in East Midlands in Bloom for over a decade, with last year the Borough winning the title of Best Small City in both 2022 and 2023. Taking part is a major undertaking for the Council both in terms of direct costs associated with the event and significant indirect costs in the deployment of staff to deliver the standards of street cleanliness and grounds maintenance required ahead of the annual judging process. This responsibility is significant and again presents a major draw on staff time within Environmental Services.

  It is therefore recommended to Cabinet that the Council's participation in the annual East Midlands in Bloom Awards ceases with immediate effect. However, it is proposed that staff continue to work with the long established In Bloom Committee of volunteers to see whether there are any activities that could be sustained at a Chesterfield level.

  The Council also carries out a range of discretionary activities in its parks and open space. It is proposed that these will continue to be provided, however, only where it is possible for the costs of doing so to be covered by grant funding. In this regard, the Council already has a good track record in securing small grants to enable activity programmes to take place in our parks and open spaces. This would then allow for the removal of the annual revenue funding that the Council allocates for this purpose.

- **Removal of vacant posts and savings from voluntary redundancy and voluntary early retirement.** A voluntary redundancy and voluntary early retirement scheme was launched in 2023. This scheme has helped the council to reduce its workforce by approximately 30 FTE on a voluntary basis, removing the need for compulsory redundancies at this time. The scheme has supported the delivery of many of the savings proposals set out in this report and outside of these savings, further savings of £200k have been realised.

4.55 In addition, there are 4 savings proposals with a value of **£186k** which are still subject to consultation, engagement and further approval. These proposals are summarised in the following bullet points:

- **Reshaping HR and Payroll Service to drive out efficiencies** – Review of service to include the use of Support Services to provide administrative support. This proposal is subject to further engagement and approval.

- **Implementation of an appointments system for Customer Services at the Town Hall –** Proposal to move to deliver face to face customer services via an appointment-based system rather than the existing drop in system. This proposal is subject to further engagement and approval.

- **Phasing out Voluntary Sector Advice Agency Grants –** The Council currently provides four community and voluntary sector organisations with core grant funding of £217.7k (64% (£139k) from the General Fund and 36% for the Housing Revenue Account). This proposal is subject to a 12-week consultation period. A report will be presented for Cabinet consideration and decision on 19 March 2024.

- **Review and reduce costs of Chesterfield town centre events programme – outdoor markets and specific events, Christmas lights switch on.** The MTFP assumes that the annual estimated savings associated with this proposal will be achieved, however, the proposal will be the subject of a future report to Cabinet.

4.56 The savings associated with the proposals described in the preceding paragraph have been included within the overall budget for now, however, should these proposals not be approved then a contribution from the Budget Risk Reserve will be required to cover the value of the savings. Alternative savings proposals would also then be required to be put forward, during 2024/25, to replenish the reserve. The inclusion of these savings proposals in the budget report does not constitute approval or pre-empt a decision.

4.57 **Terms and Conditions of Employment**. In addition to the voluntary redundancy and voluntary early retirement scheme, the Council is currently engaged in negotiations with recognised Trade Unions to implement a series of temporary and permanent changes to terms and conditions of employment which will result in revenue savings of approximately **£100k**. The negotiations are expected to be concluded during the first half of 2024/25. With any key decision reserved for future consideration and approval by Joint Cabinet and Employment and General Committee.

4.58 **Net additional income for the One Waterside Place development –** There is a net additional saving of **£33k** from this development. Increased rental income of £250k has been offset by the costs of financing the development.

4.59 In total, **£2,407m** of Stage 2 savings have been achieved for 2024/25, with the ongoing impact set to rise to **£2,791m** in 2027/28; though as already referenced some of these are still subject to appropriate consultation and decision making. The full list of savings are detailed in Table 2 below.

Table 2: Stage 2 Savings Proposals				
Detail	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000
Reshape HR and payroll service to drive out efficiencies	10	10	10	10
Subtotal: Efficiency and Alternative Funding Theme	10	10	10	10
Increasing Fees and Charges in line with the updated Fees and Charges Policy				
• Car Parking	234	234	234	234
• Leisure Centres	348	348	348	348
• Trade Waste	37	37	37	37
Achieving a cost neutral provision for outdoor sports and leisure activities				
• Bowling Greens	20	40	40	40
• Football Pitches	40	80	80	80
• Cricket Festival	0	12	12	12
Review of Cultural Community and Commercial Spaces				
• Hasland Village Hall	17	17	30	30
• Assembly Rooms	4	57	57	57
• Revolution House	5	9	9	9
Introduction for charging for the collection of Garden Waste	373	442	442	442
Review of resident's town centre Car Parking Scheme	126	126	126	126
Review of Sports Centre operations to achieve a cost neutral budget position	180	180	180	180
Review of Winding Wheel operations to achieve a cost neutral budget position	172	172	172	172
Subtotal: Increase Income / Commercial Theme	1,556	1,754	1,767	1,767
Implementation of an appointment system for customer services at the town hall	18	18	18	18
Move towards a cashless council approach	0	36	36	36
Transform the Visitor Information Service - digital deliver	38	38	66	66
Transform the delivery of the CCTV operations using improved technology	80	80	80	80
Transform the delivery of the Community Safety functions across the Council to improve outcomes	60	60	60	60
Subtotal: Transform Service Delivery Theme	196	232	260	260

Phasing out Voluntary Sector Advice Agency grants - full saving is £217.7k by year 2027/28. £36k of the savings in 2024/25 are within the Housing Revenue Account	58	78	137	137
Refocus Your Chesterfield as a digital newsletter	27	27	27	27
Review of Coach Station provision	0	30	30	30
Withdrawal of funding from Marketing Derbyshire and Peak District Partnership (year 1 funding from UKSPF)	14	14	14	14
Review and reduce the costs of Chesterfield town centre events programme including outdoor markets and specific events / Christmas lights switch on (year 1 funding from UKSPF)	100	100	100	100
Reduce grounds maintenance of highway verges to Highway Authority requirement and review and reduce operational costs of managing and maintaining parks and open spaces - grounds maintenance, public toilet provision, evening park closures	162	162	162	162
Review and reduce costs of park-based community events and activities including Stand Road fireworks display/ East Midlands in Bloom/ other park activities	84	84	84	84
Subtotal: Reduce Service/ Stop doing	445	495	554	554
Removal of vacant posts/ Voluntary Redundancy/ Voluntary Early Retirement	200	200	200	200
Subtotal: Rightsizing the Organisation	200	200	200	200
Total Stage 2 Savings	**2,407**	**2,691**	**2,791**	**2,791**

Council Tax & Collection Fund

4.60 The overall Council Tax base for 2024/25 has been calculated and set at **30,443.17**, an increase of just over 0.7% from 2023/24. The Tax Base provides an estimate of how much each £1 of Council Tax would raise and is expressed in terms of an equivalent number of Band 'D' dwellings in the borough. A meeting of the Council's Employment and General Committee has been arranged for members to consider and approve the Tax Base set out in Table 3. The MTFP also assumes a collection rate of 98.25%.

Table 3: Tax Base – number of band 'D' equivalent properties				
Area	**2023/24**	**2024/25**	**Increase**	
			No.	**%**

Chesterfield (whole area)	30,222.43	30,443.17	220.74	0.7
Staveley Town Council	4,434.99	4,500.49	65.50	1.5
Brimington Parish Council	2,508.11	2,525.03	16.92	0.7

4.61 To help maintain and protect current levels of service provision the MTFP assumes a Council Tax increase of 2.99% in 2024/25, in line with the referendum limit set by the Government. The Band D Council Tax would increase by **£5.54** - from £185.27 to **£190.81** in 2024/25 and would have the following impact on local taxpayers:

- For a Band 'A' property (more than half the properties in the Borough), the increase is equivalent to an extra **£3.69** per annum or 7.10 pence per week.
- For a Band 'D' property, the increase is equivalent to an extra **£5.54** per annum or **10.7** pence per week.

4.62 A 2.99% increase together with the increase in tax base will contribute an additional **£72k** per annum**,** over and above that which had been assumed in our original MTFP assumptions, to be invested in local service provision. The Council's share of the overall Council Tax bill is approximately 10%.

4.63 Collection Fund Balance – The estimated year-end balance is a deficit of £100k, this deficit is shared amongst the major precepting authorities; the Borough's share is **£10k** (10%).

4.64 Local Council Tax Support Scheme - Since 2013/14, the Council has operated a local scheme which requires property occupiers of working age to pay at least the first 8.5% of the Council Tax liability for their property. The 'taper,' i.e., the rate at which support is withdrawn as income increases, is set at 20%. Those of pensionable age continue to receive up to 100% support. The scheme is to remain unchanged for 2024/25. The Council will continue to work with householders and local advice agencies to ensure that those experiencing difficulties paying their Council Tax bills receive appropriate advice and support.

Balancing the budget

4.65 Table 4 sets out the final budget position, showing the movements (increases and decreases) from the original estimates within the MTFP approved in February 2023.

Table 4: Updated budget				
Gap	**2024/25 £000**	**2025/25 £000**	**2026/27 £000**	**2027/28 £000**

Existing MTFP gaps @ Feb 2023	2,535	3,403	3,403	3,803
Pressures				
Pay award – impact of 2023/24 and 3% in 2023/24	798	798	798	798
Increase in Bad Debt Provision	50	50	50	50
Utilities (gas and electricity)	(250)	(150)		
Inflation	279	540	610	685
Service Pressures / other	2,207	2,138	2,015	2,320
Flexible use of capital receipts to fund ICT costs	(334)	0	0	0
Gaps after cost pressures	5,285	6,779	6,876	7,656
Updated funding assumptions				
Revenue support Grant	(153)	(279)	0	0
Less Grants rolled in	165	165		
New Homes Bonus	(24)	0	0	0
Service Grant/ Funding Guarantee	(519)	(445)	0	0
Business Rates/ S31Grants/ contribution	(1,504)	(503)	(200)	(200)
Additional Pooling	(50)	(100)	0	0
Collection Fund deficits (Council Tax and NNDR)	165	0	0	0
Council Tax assuming 2.99% increase	(72)	(72)	(72)	(72)
Gaps after cost pressures and funding	3,293	5,545	6,604	7,384
Balancing the budget				
Stage 1 Savings	(539)	(529)	(269)	(269)
Stage 2 Saving	(2,407)	(2,691)	(2,791)	(2,791)
Terms and Conditions saving	(100)	(100)	(100)	(100)
Net additional income One Waterside Place	(33)	(33)	(33)	(33)
Use of the Budget Risk Reserve	(214)	0	0	0
Budget Gaps	**0**	**2,192**	**3,411**	**4,191**

4.66 **The use of Reserves to balance 2024/25 -** The Council has established a Budget Risk Reserve, as a supplement to the General Fund Working Balance, to provide a further contingency for unforeseen items. It is recommended that **£214k** of the budget risk reserve be used to smooth the gap in 2024/25.

4.67 Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice. However, the introduction of the expected fair funding reforms, which are expected to consider how Government funding is best redistributed to areas of need, still do not have a confirmed implementation date. The impact of this will remain unknown until further information is provided. This means that how much funding the Council can expect to receive from Government over the medium term continues to remain speculative beyond the financial year 2024/25.

4.68 Given the size and scale of the financial challenge set out in **table 2**, it is acknowledged that the Council will not be in a position to set a balanced

MTFP over the 4-year period. Instead, the Council has focused to date on the delivery of ongoing, sustainable savings in the current financial year and in 2024/25 that will go some way to addressing the gaps in future financial years.

4.69 The 2025/26 budget process will, therefore, require an early focus to allow maximum time for the development and delivery of further budget savings. There are likely to be more difficult decisions for the Council to make in the coming financial year.

Reserves balances

4.70 Reserves are an important part of the Council's financial strategy and are held to create long-term financial stability. They enable the Council to manage change and are a key element of its financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks. The Council's Reserves Policy is set out in **Appendix F.**

4.71 General Fund Working Balance – The General Fund working balance has been set at **£1.5m** and has been informed by the detailed risk assessment undertaken as part of the annual budget-setting process. The on-going financial risks set out in this report suggest it imprudent to consider reducing this amount. The Council has also previously established a Budget Risk Reserve, as a supplement to the General Fund Balance, to provide a further contingency for unforeseen items. The Budget Risk Reserves is classified as an earmarked reserve and its balance (**£1.3m)** is included within table 5 below. Details of the updated assessment of financial risks and uncertainties is provided in **Appendix D**.

4.72 Earmarked Reserves - In addition to the General Working Balance the Council maintains several other reserves. Earmarked reserves, by their very nature, are set aside and committed for specific purposes, such as property repairs and vehicle & plant replacements. Table 5 below shows a summary of projected balances on these reserves at 31 March 2024. The summary of useable reserves excludes the General Working Balance of £1.5m, S106 and Community Infrastructure Levy sums. Further details on individual reserves are provided in **Appendix G**.

Table 5: Updated reserves

Type	Estimated Balance @ 31 March 2024 £000
Insurance Reserves	706
Reserves held to mitigate risk	3,331
Corporate initiatives	240
Service Specific	3,285

Asset Maintenance and Vehicle Replacement	1,643
Revenue reserves held for Capital	149
Other minor balances	137
Total Reserves	**9,491**

Financial Stability and Resilience – Robustness of estimates and adequacy of reserves

4.73 The Local Government Act 2003 (section 25) requires the Chief Financial Officer (CFO) to report on the robustness of estimates and the adequacy of financial reserves when the statutory calculations to determine the Council Tax are reported. The CFO is the officer responsible for administration of the Council's financial affairs for the purposes of Section 151 of the Local Government Act 1972.

4.74 Robustness of estimates - The Medium-Term Financial Plan forms the overarching framework within which the Council's financial planning and management activity takes place. The annual budget is an integral part of the rolling multi-year MTFP. This approach enables it to support delivery of the Council's priorities and services as detailed within the Council Plan.

4.75 The assessment of the robustness of the budget estimates focuses on the likelihood that actual spending and income may vary from the 2024/25 budget, the long-term financial sustainability of the Council, the impact on reserves of the current budget strategy and the subsequent impact on the financial health of the organisation.

4.76 The Council has well established and robust budget processes. These have been followed when compiling the 2024/25 budget and medium-term projections. A prudent approach has been taken to the estimates and assumptions used in the preparation of the budgets. The focus was to deliver a balanced 2024/25 budget in line with legal requirements rather than to deliver a medium-term financial plan in the face of so much uncertainty. Following a period of intensive financial work, the Council is able to present a balanced budget for 2024/25.

4.77 However, the Council is subject to significant market uncertainties that make the estimation of costs and income difficult. CPI inflation remains high, and the labour market is particularly difficult, with many areas of the Council finding staff recruitment and retention difficult, leading to the need to take on interim staff to maintain service delivery. Furthermore, adverse economic conditions are leading to an increase in service demands. As a result of these challenges the estimates contained within the budgets are less robust than would normally be expected.

4.78 In addition, the outlook for local government funding remains uncertain. This is the sixth year that a single year financial settlement has been announced. This hinders financial planning and makes it more difficult for the Council to achieve financial sustainability. Fundamental changes to the distribution of funding have been delayed and implementation of any such changes are not now expected until 2026/27. The assumption in relation to future funding reflects a prudent view and could be more negative than the eventual outcome.

4.79 In constructing the budget estimates, priority has been given to funding existing and emerging service pressures. These have been subject to vigorous review, scrutiny and challenge by budget holders, Corporate Leadership Team and members.

4.80 The scale of savings to be achieved by the Council over the coming financial years is considerable.

4.81 The savings proposals have also been subject to robust challenge and the MTFP assumes that they will be delivered in full. In this regard, savings delivery plans have been introduced as part of the 2023/24 MTFP process. These delivery plans are to give the Council and the S151 Officer the necessary assurance that the savings included within the budget estimates are robust, credible and deliverable. The Corporate Leadership Team will assume accountability for achieving the commitments set out in the delivery plans. Future savings proposals will require, in all likelihood, fundamental changes in the way that the council operates, and services are delivered.

4.82 Subject to the risks and uncertainties highlighted elsewhere in this report and in **Appendix D**, the CFO is satisfied that the estimates are based on the best available information and that procedures are in place to ensure the estimates are accurate and reliable. Budget responsibility is devolved to budget managers supported by finance colleagues. A robust approach to risk management minimises the inherent risks and uncertainties in the forecasting process.

4.83 The Council recognises the importance of individual and collective accountability and requires managers to actively manage and monitor their budgets throughout the financial year and to undertake any required corrective action at the earliest opportunity.

4.84 Levels of reserves - details of the Council's reserves are provided in **sections 4.70 – 4.72** above. The assessment of reserves is important in the context of the sustained cuts in funding, the level of risk and depletion of reserves. It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure or a failure to achieve budgeted savings is never advised, except in emergencies and/or to enable transition to new ways of working. Whilst the use of reserves to date has been deemed to be affordable, they are now at a level whereby any significant further use would leave the Council exposed to risk and unable to manage potential risks. During the budget setting process for 2025/26 it is advised that efforts be made to identify additional sums to replenish and supplement the reserves as part of the Council's overall Budget Strategy.

4.85 The General Fund minimum working balance is being maintained at **£1.5m** to recognise the financial risks the Council currently faces. The updated Budget Risk and Sensitivity Analysis in **Appendix D** also supports the General Fund minimum working balance being maintained at this level.

4.86 Housing Revenue Account Reserves – The HRA budget is set out in a separate report to this Cabinet. The HRA working balance is a statutory reserve that should hold sufficient revenue funds to meet unexpected, unplanned expenditure and / or shortfalls in income. The level of the working balance has been reviewed based on a thorough assessment of budget risks and uncertainties and whilst it is sufficient for 2024/25, this position has only been achieved by the removal of Direct Revenue Financing, as this is no longer deemed affordable, and the pausing of voluntary debt repayment for a second year. The 2024/25 budget currently shows a gap of £729k and, whilst the forecast deficits over the MTFP reduce year on year, it is 2028/29 before there is no reliance on the use of the HRA working balance to deliver a balanced budget.

4.87 Given the size and scale of the challenges the CFO advises that a fundamental review of the HRA Medium Term Financial Plan and 30-year Business Plan be undertaken during 2024, to review the assumptions informing their construct, the finances needed to maintain the council's housing stock at least to the minimum Decent Homes Standard and achieve compliance with new regulatory standards, and identify the savings and efficiencies that will need to be made over the medium term to maintain a balanced, risk-adjusted and financially resilient Housing Revenue Account.

4.88 The CFO considers the budget estimates for the financial year 2024/25 to be robust and the financial reserves, up to 31 March 2025, to be adequate. However, it should be noted that the position in future financial years will depend on the Council's success in delivering planned budget savings and its ability to replenish and apply surpluses to maintain and bolster the levels of both earmarked and unearmarked reserves. Given the financial challenges, and the size and scale of future budget gaps, the CFO advises that the 2025/26 budget process will require an early focus to allow maximum time for the development and delivery of future budget savings. This should include creating headroom within the budget for replenishing reserves as part of the Council's overall Budget Strategy.

4.89 Whilst legislation requires that the CFO comments on the robustness of estimates and the adequacy of reserves, good practice requires consideration of two further matters.

- The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed a **Financial Resilience Index** which is a comparative analytical tool to support good financial management. The index illustrates a range of measures associated with financial risk including levels of reserves as a proportion of the Council's overall budget.

- CIPFA has also produced a **Financial Management Code** to support good financial management and demonstrate a local authority's financial sustainability, giving assurance that an authority is managing its resources effectively. Compliance with this Code will help strengthen the framework that surrounds the Council's financial decision making.

The Code is based on a set of principles supported by specific standards and statements which are considered necessary to help councils manage their finances in the short and medium term and demonstrate financial resilience to meet unforeseen demands on services and unexpected challenges in their financial circumstances.

The Council will continue to assess its compliance against the Index and the Code. The CFO will also be undertaking rigorous training for elected members and officers on the implications and actions needed to meet the requirements of the code as part of a programme to enhance financial management skills and accountabilities across the organisation.

Flexible Use of Capital Receipts Strategy

4.90 As part of the Provisional Local Government Settlement, the Government announced in December 2023 that there would be a continuation of the capital receipts flexibility programme until March 2030 to give local authorities the continued freedom to use capital receipts from the sale of their own assets (excluding Right to Buy receipts) to help fund the revenue costs of transformation projects and release savings.

4.91 The Guidance on the Flexible Use of Capital Receipts allows set-up and implementation costs to be counted as qualifying costs, however the ongoing revenue costs of new processes or arrangements cannot be included. The Council is not obliged to fund transformation projects from capital receipts, however, on the adoption of this strategy, will have the option to do so.

4.92 The Council intends to utilise **£1.141m** of capital receipts flexibility in 2023/24 and **£1.334m** in 2024/25. Full details can be found in the Flexible Use of Capital Receipts Strategy Revised 2023/24 and 2024/25 attached at **Appendix C.**

Consultation, Budget Conversation and Engagement

4.93 The Council committed to engage with residents and stakeholders on an ongoing basis when approving its Budget Strategy Implementation Plan. This has taken the form of a 'budget conversation' from 17 November to 15 December 2023. Respondents were asked to take part in a short survey and answer a series of broad questions about where and how they think council budgets should be spent. The invitation to take part in the Budget Conversation was shared via social media and on the council's website. Paper copies were also available at key locations (Visitor Information Centre, Town Hall, Queens Park Sports Centre, Staveley Healthy Living Centre and Brimington Parish Council Office).

4.94 Information gathered during the budget conversation, including comments and individual submissions, have been used to inform proposals and key decision considerations including equality and climate change impact assessments. The outcomes of the Budget Conversation are set out in **Appendix E**.

4.95 There have also been focussed pieces of consultation and engagement on specific savings proposals with relevant stakeholder audiences in parallel with the budget conversation process.

4.96 The consultation meeting with the business ratepayers' representatives took place on 5 February 2024. Issues discussed included current business rates relief schemes, planned changes to the business rates system, the Council's budget forecasts and the Council's options with regards increasing Council Tax in the coming financial year.

Other Local Council Taxes

4.97 Details of the Council Taxes for each major preceptor and by each tax band will be shown in **Appendix I** (to follow).

Calculation of Expenditure

4.98 The calculation of expenditure required under Section 32 of the Local Government Finance Act 1992 is shown at **Appendix H**.

5 Alternative options

5.1 There are other options in terms of increasing Council Tax by a lesser amount, but this would put pressure on already stretched Council resources. The Council is facing a number of future risks and uncertainties, and these are set out in the body of the report and within **Appendix D**. This is the sixth one-year settlement for councils and continues to hamper the ability to undertake effective financial planning and ensure financial sustainability.

5.2 A 2.99% Council Tax increase, together with the tax base adjustments, will contribute an additional **£72k** per annum, over and above that already assumed within our estimates, to be invested in local service provision. Chesterfield is a relatively low tax-base council with most properties in band A and B. Any increase in Council Tax will raise less additional revenues than higher tax-base authorities.

5.3 It is important to note that the Government assumes in the Core Spending Power calculation that councils will increase Council Tax at the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power would be reduced going forward with no funding from Government to mitigate this.

6 **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 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Before setting the level of the Council Tax the Council must have agreed a balanced budget, differentiated by services, which is sufficient to meet estimated revenue expenditure, levies, contingencies, any deficit estimate brought forward from previous financial years, and any amounts required to be transferred between funds. The Council Tax itself must be sufficient to cover the difference between the agreed budget less government grants credited to the income and expenditure account, and any other expenditure which must be met from the Collection Fund, less any surplus (or plus any deficit) brought forward from previous financial years.

8.0 Implications for consideration – Human resources

8.1 There are no human resource implications to consider in this report.

9.0 Implications for consideration – Council Plan

9.1 In preparing the budget estimates for the coming financial year and updating the MTFP, detailed consideration has been given to the need for the Council's finances to be at levels appropriate to enable the Council to deliver in full on the priorities and objectives that it has set out within the Council Plan for the period 2023 to 2027.

9.2 The preparation of sustainable and balanced budgets over the medium term is also a key activity in contributing to delivery of the third Council Plan priority 'building a resilient council.'

10.0 Implications for consideration – Climate Change

10.1 Climate Change has been a key consideration during the development of the Medium-Term Financial Plan. Climate Change Impact Assessments are undertaken for specific spending options and activities and form a key part of informed decision making. The Medium-Term Financial Plan makes a significant positive climate change commitment with the mainstream funding package to enable the staffing resource and project funds required to support the Climate Change Strategy and delivery of the council's Climate Change Action Plan and 2030/2050 targets.

11.0 Implications for consideration – Equality and diversity

11.1 Equality and diversity has been a key consideration during the development of the Medium-Term Financial Plan. Equality and Diversity Impact Assessments are undertaken for specific spending options and activities and form a key part of informed decision making.

12.0 Implications for consideration – Risk management

12.1 There are a number of significant risks inherent in any budget forecasting exercise and these risks increase as the period covered increases. The most significant budget risks have already been referenced. A more detailed budget risks and sensitivity analysis is included at **Appendix B**.

Decision information

Key decision number	
Wards affected	

Document information

Report author	**Contact number/email**
Theresa Channell Karen Ludditt	Theresa.channell@chesterfield.gov.uk Karen.ludditt@chesterfield.gov.uk
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
This must be made available to the public for up to 4 years.	

Appendices to the report	
Appendix A	Stage 1 Savings
Appendix B	General Fund Summary - marked to follow
Appendix C	Flexible use of Capital Receipts Strategy
Appendix D	Budget Risks & Sensitivity Analysis
Appendix E	Budget Conversation Report
Appendix F	Reserves Policy

Appendix G	Reserves
Appendix H	Section 32 Statement – marked to follow
Appendix I	Council Taxes – marked to follow

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Stage 1 Savings Proposals

Appendix A

Thematic intervention	Directorate	Proposal	MTFP IMPACT			
			2024/25 £	2025/26 £	2026/27 £	2027/28 £
Efficiency/ alternative funding	Digital, HR and Customer Services	Streamline reception services following customer services move to town hall	9,735	9,735	9,735	9,735
Efficiency/ alternative funding	Digital, HR and Customer Services	Reduce caretaking requirements at town hall	**10,595**	**10,595**	**10,595**	**10,595**
Efficiency/ alternative funding	Economic Growth	Reduce contribution to local plan reserve	3,000	3,000	3,000	3,000
Efficiency/ alternative funding	Economic Growth	Fund economic development service costs from ring-fenced business rates for two years	267,280	267,280	0	0
Efficiency/ alternative funding	Leisure, Culture and Community Wellbeing	Review of recycling contract operations	100,000	100,000	100,000	100,000
Efficiency/ alternative funding	Leisure, Culture and Community Wellbeing	Minor changes to street cleansing operational arrangements	3,000	3,000	3,000	3,000
Efficiency/ alternative funding	Leisure, Culture and Community wellbeing	Reduce operational resources for car parking cash collection arrangements	29,000	29,000	29,000	29,000

Efficiency/ alternative funding	Leisure, Culture and Community wellbeing	Reshape of markets service delivery linked to changes in operational requirements	30,000	30,000	30,000	30,000
Efficiency/ alternative funding: sub-total			**452,610**	**452,610**	**185,330**	**185,330**
Increase income/ behave commercially	Economic Growth	Enterprise centres – review commercial operating position • Minor cost reductions • Review charges to tenants • Use UKSPF efficiently	22,000	2,000	2,000	2,000
Increase income/ behave commercially	Economic Growth	Introduce charges for plans for footpath diversions and highway diversion orders	1,000	1,000	1,000	1,000
Increase income/ behave commercially	Leisure, Culture and Community wellbeing	Leasing out vacant floor space in Healthy Living Centre	48,000	48,000	48,000	48,000
Increase income/ behave commercially	Leisure, Culture and Community wellbeing	Winding wheel – review charges to commercially run operations	15,000	15,000	15,000	15,000
Increase income/ behave commercially:			**86,000**	**66,000**	**66,000**	**66,000**
Transform service delivery	Digital, HR and Customer Services	Implement robotics process automation to reduce administrative burdens	0	10,787	17,811	17,811
Transform service delivery: Sub-total			**0**	**10,787**	**17,811**	**17,811**
Stage 1 savings Total			**538,610**	**529,397**	**269,141**	**269,141**

CHESTERFIELD
BOROUGH COUNCIL

Appendix C

Flexible Use of
Capital Receipts Strategy
Revised 2023/24
and 2024/25

Background

In the Spending Review 2015, the Chancellor of the Exchequer announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their capital receipts on the revenue costs of transformation projects. Initially this flexibility on the use of capital receipts was limited to those receipts received between 1 April 2016 and 31 March 2019, however there have subsequently been a number of extensions to this scheme.

As part of the Provisional Local Government Finance Settlement 2024/25 it was announced that the Government has extended the flexibility to use capital receipts to March 2030. It has also committed to engage with the sector to explore additional capital flexibility options to enable invest-to-save and transformation initiatives.

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is: "*Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.*"

Historic use of Capital Receipts Flexibility 2016/17 to 2022/23

The Council first published a Flexible Use of Capital Receipts Strategy in 2019/20 as part of the Annual Budget and Medium-Term Financial Plan report.

Since the strategy was first approved the Council has applied £892k of capital receipts flexibility to part fund the ICT Improvement Programme, which was approved by Council in April 2018. Savings to date on the ICT improvement programme are circa £1.4m and it is expected that savings to the end of the ICT transformation programme will total £4.4m.

Future use of Capital Receipts Flexibility

The Council will use the powers under the Government's Statutory Guidance on the flexible use of capital receipts, to fund up to **£2.5m** qualifying transformation expenditure on the projects summarised in Table 1 below. In some cases, there is a direct link between a project and the realisable financial benefit. In others, the project contributes to enabling the savings.

Table 1: Qualifying Expenditure to be funded by Capital Receipts

Project	Description	Planned Use of Receipts		Expected Savings
		2023/24	2024/25	

ICT Transformation	Cloud based software costs associated with the ongoing ICT Transformation programme.	£333k	£334k	£4.4m over the life of the transformation programme
Voluntary Redundancy/ Voluntary Early Retirement Scheme	Redundancy costs associated with the VR/VER scheme.	£688k	£1m	Ongoing savings of circa £530k per annum have been identified as being directly or indirectly attributable to confirmed VR/VER requests. Further savings are expected and will be quantified as part of any future VR/VER applications.
Business Transformation Team	Costs associated with the Business Transformation Team – enabling Council wide transformational savings	£120k	£0	Project dependant – for 23/24 savings will include those realised as a result of the Relocation of the Customer Service Centre. £80k per annum in year 1 rising to £132k per annum post asset release.

Eligible Capital Receipts

Table 2 below sets out the level of capital receipts available to utilise in respect of capital receipts flexibility. It should be noted that the flexibility excludes Right-To-Buy capital receipts. It should also be noted that it is Council policy that capital receipts are not relied upon to fund any expenditure until they are realised. Consequently, the planned use of the flexibility shown in Table 1 does not exceed the value of eligible receipts currently realised and available.

Table 2: Eligible Capital Receipts	
Details	2023/24 £'000
General Fund capital receipts b/f	(2,540)
Add: Capital receipts received in year	(1,883)
Less: Capital Receipts committed for 2023/24 Capital Programme	284
Less: Capital receipts committed for future years Capital Programme	1,217
Available Receipts	**2,922**

Impact of Strategy on Prudential Indicators

The guidance requires that the impact on the council's Prudential Indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. These capital receipts have not been factored into the council's Capital Financing Requirement (CFR) by way of either reducing debt or financing capital expenditure.

Capital receipts which are allocated to fund the council's capital programme will not be subsequently used to fund qualifying expenditure. Therefore, there will be no change to the council's Prudential Indicators that are contained in the Treasury Management Strategy Statement which will be presented to Full Council in February 2024 for approval.

In using the flexibility, the council will have due regard to the Guidance on Flexible Use of Capital Receipts issued by the Secretary of State under section 15(1)(a) of the Act, the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

Governance

It is a condition that local authorities applying this direction must send details of their planned use of the flexibility to the Secretary of State for each financial year in which the direction is used. This should be sent as soon as is practicable after the council has determined and approved its strategy for the use of the direction but must be sent before the flexibility is used.

Where local authorities update their plans during the financial year, an updated plan reflecting the changes must be sent to the Secretary of State. This requirement can be met by providing to the Secretary of State a copy of the authority's own planning documents.

By submitting the information set out to the Secretary of State the council will have met the condition; there is no further requirement to receive explicit consent in order to use the flexibility as set out in this direction. It is expected that the council will evidence compliance in full of this condition to their external auditors as necessary.

The strategy will be presented with the budget annually to Full Council for approval.

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Appendix D

KEY BUDGET RISKS & SENSITIVITY ANALYSIS 2024/25

Description	Budget Risk	Risk Assessment: Probability	Risk Assessment: Impact	Risk Assessment: Value £000'S	Containment Actions: What	Containment Actions: Who	Containment Actions: When
2023/24 overspend	Expenditure not contained within approved budgets	Medium	Medium	200	Enhanced forecasting processes in place for 2023/24. Mitigations already in place / forensic review of budgets undertaken / review vacant posts/ review non-essential spending.	Accountability with Budget Holders and Service Directors	Monthly
Income from Fees and Charges	Levels set in the budget not achieved/ cost of living crisis impact	Medium	Medium	100	The Council has established a new Fees and Charges Policy - which sets out recovery of costs. Fees and charges are reviewed annually as part of the Councils budget process and a detailed report presented to Cabinet to review and approve. Levels have been reviewed over the past two-years and income budgets have been reduced to a realistic and achievable base. Service costs are reviewed annually and decisions based on this assessment. Decisions on any services where full cost recovery is not proposed must be in line with policy and referred to Cabinet for approval.	Service Managers	Monthly
Parking Income	Income is lower than budgeted as a result of lower demand or customer behaviour change.	Medium	Medium	200	Budget pressures have reduced income base to a level that is both realistic and achievable and based on the latest activity and financial data, with known changes factored in where appropriate. Monthly budget monitoring in place and reporting to CLT monthly and to Cabinet each quarter.	Accountability with Budget Holders and Service Directors	Monthly
Planning Income	Failure to achieve income targets due to reduced demand. Budget includes savings targets which were set in 2023/24.	High	Medium	300	Budgets set based on latest activity. Difficult to influence demand for services. Monthly monitoring and reporting to CLT.	Accountability with Budget Holders and Service Directors	Monthly
Industrial and Commercial. Property portfolio	Industrial & commercial/ Vicar Lane/ Pavements. Reduced rent income during economic downturn and due to disposals to generate capital receipts	Medium	High	250	Assumptions adjusted within the MTFP to bring income targets to an achievable level. Horizon scanning and discussions with existing tenants. Monitor voids/ business cases. Flexible Payments for existing customers. Planned Disposal Programme. Asset Management Plan updated. Corporate Property Board meeting monthly.	Head of Corporate Property/ Technical Services	Monthly

Careline service	Withdrawal of DCC funding. Service delivery based on cost neutral impact to GF. Service will need to have sufficient take up to cover costs by 1 April 2024.	High	High	500	Report set out risks and recommendation to establish a risk reserve £300k. Careline steering group established. Robust monitoring in place with a review by 1 April. Swift action to be taken if numbers fail to materialise.	Service Director Housing	On-going
Budget assumptions do not cover inflationary impact	Contract inflation not captured within budgets	Medium	Low	300	Inflation for pay set at 3% for 2024/25. Contractual inflation built within budgets for 2024/25. Pressures process built into the MTFP.	Accountability with Budget Holders and Service Directors	Monthly
Additional cost pressures as a result of cost-of-living crisis	Further demand for services e.g. homelessness	Medium	High	150	Maintain adequate working balance and effective risk management and monitoring. Enhanced monitoring reporting to CLT.	Accountability with Budget Holders and Service Directors	On-going
Non achievement of saving	Failure to achieve savings built into the MTFP	Medium	Low	300	Implementation plans for savings. Monitor progress against targets early in 2024/25. Enhanced forecasting introduced in 2023/24 and reported to CLT monthly.	Accountability with Budget Holders and Service Directors	On-going
Benefits - high spend £23.3m with complicated grant scheme.	Increase in expenditure with less than 100% subsidy. Failure to comply with Regulations/ recovery of overpayments.	Medium	High	200	The Council provides extensive training to staff who are responsible for the processing of HB claims to ensure they have the appropriate technical knowledge and skills. The Council has an assurance process for reviewing claims and changes in circumstances to identify errors and correct these.	Benefits Service Manager	Quarterly
Property Maintenance - 10-year maintenance programme	Condition Survey in progress. Potential additional requirements	High	Medium	1,000	Asset Management Strategy and Plan will inform outcome and actions need to address. Stock condition survey pilot in 2023/24 to roll out during 2024/25. Funding requirement from Capital Receipts is a risk.	Executive Director	On-going
Reduced recovery rates/ Provision for Bad Debts	Recovery of all debts including Council Tax and Business Rates	Medium	High	250	Regular monitoring level of debtors and collection rates. Further provision included within the MTFP.	Finance	On-going
VAT - 5% exempt limit exceeded	Limit exceeded £250k un-recoverable plus excess amount.	Low	High	400	In year monitoring and forecasting	Head of Finance	Monthly

Treasury Management	The Council relies on internal borrowing and some loans on variable rates. Higher borrowing associated with higher interest rates.	Medium	High	400	MTFP includes extra pressure for Treasury Management costs. Treasury Management reserve to be set up as part of the Outturn process.	CFO	Monthly
MMI	'Clawback' beyond provision	Low	High	100	Clawback rate currently 25%. Provision established and in line with Insurance Fund review completed.	CFO	On-going
Changes in government funding / fair funding review	Reduced funding from Government	High	High	tba	MTFP is based on the latest funding announcements. Advice from Pixel Consulting. Funding conformed for 2024/25. Will impact on future years but mitigated somewhat as budget assumes low levels of funding from government going forward. There will be transitional arrangements in place	CFO	Awaiting consultati on from Governm ent
Potential Business Rates Reset	Impact on Growth above baseline	High	High	700	Will remain a risk for future years. Business Rates Reserve established to mitigate impact in future years	CFO	Awaiting consultati on from Governm ent
Business Rates Pool	Potential changes in pooling arrangement / Declining business rates growth £300k exposure 50%	Medium	low	200	Business Rates Risk reserve set up to mitigate risk / Transitional arrangements likely.	CFO	Quarterly

General Fund Revenue Budget	**Total exposure**			**5,550**
	Allowance %	**Prob**	**Total £000**	**Allow £000**
Risk allowance	70%	High	2,500	1,750
	40%	Med	2,550	1,020
	25%	Low	500	125
Risk allowance			**5,550**	**2,895**

Risk allowance can be covered by the General Fund Balance £1.5m / the Budget Risk Reserve/ Business Rates Reserve

Budget Conversation Report 2023

Contents

1. Summary 2
2. Introduction 2
3. Questionnaire results 3

Which of the following best describes you? 3

Budget theme 1 – Identifying efficiencies or alternative funding. 3

Budget theme 2 – Increasing income and behaving commercially. 3

Budget theme 3 – Transforming service delivery. 5

Budget theme 4 – Reducing services offer / stop doing. 6

Budget theme 5 – Rightsizing the organisation. 7

Budget theme 6 – Asset Rationalisation and Effective Asset Management 8

Summary and overview 9

Where would you choose to target spend reductions? 9

Do you think we have missed out any important themes? If so, please tell us what they are: 9

4. Equality monitoring 10

1. Summary

Questionnaire format:	*Web/Paper*
Responses:	*154 (122 web, 32 paper)*
Date range:	*17 November 2023 to 15 December 2023*

2. Introduction

Respondents were asked to take part in a short survey and answer a series of broad questions about where and how they think CBC budgets should be spent.

Before taking part in the survey, respondents were asked to read through the background information included on the CBC Budget Conversation webpage and in the Budget Conversation brochure.

The invitation to take part in the Budget Conversation was shared via social media and on the council's website. Paper copies were also available at key locations (Visitor Information Centre, Town Hall, Queens Park Sports Centre, Healthy Living Centre and Brimington Parish Council Office).

Information gathered during the budget conversation including comments and individual submissions are being used over the coming weeks to inform proposals and key decision considerations including equality and climate change impact assessments.

3. Questionnaire results

Which of the following best describes you?

Respondents could select all that applied to them.

Which of the following best describes you?		
	Number	Percentage
I am a resident of Chesterfield Borough	125	83.9%
I work in Chesterfield Borough but live in another area	5	3.4%
I am a visitor of Chesterfield Borough	8	5.4%
I work for Chesterfield Borough Council	9	6.0%
I represent a business in Chesterfield Borough	2	1.3%
I represent a community organisation in Chesterfield Borough	12	8.1%
Other	4	2.7%

Budget theme 1 – Identifying efficiencies or alternative funding.

Guidance notes within the survey:

This theme is about the council identifying ways to reduce costs that won't have a big impact on the services that we provide. The council has already done a lot of work within this theme, but you might have additional ideas about how we could do this.

Examples could include removing roles at the council that haven't been filled or needed for a long time, streamlining our processes and the way we work internally, reducing how much we spend on items and services we buy and revisiting our arrangements for buying them (procurement), minimising waste, and making the best use of external funding and grants.

Are there any specific services or processes that you think could be provided more efficiently?

90 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Comments relating to CBC staffing issues including structures (18)
2. Suggestions around enabling the digitalisation and transformation of services (17)
3. Suggestions relating to alternative delivery models for services including trusts and shared services (12)
4. Suggestions around improving asset (mainly buildings) management, rationalisation or maximisation (10)
5. Comments and suggestions regarding housing issues (7)

Budget theme 2 – Increasing income and behaving commercially.

Guidance notes within the survey:

The costs of delivering services are increasing due to a period of exceptionally high inflation which means the cost of buying goods, services and contracts has risen.

The cost-of-living crisis and the long-term impact of Covid-19 mean that the council's income is much lower as people have less disposable income to pay for services that the council provides.

Many of these discretionary services are provided at a cost to the council. This means that the income produced by people using the services does not cover the cost of delivering them.

Under this theme, the council would like to look at opportunities to ensure that wherever possible the costs of service delivery are recovered, and that there is no cross-subsidy from other service areas.

Examples could include reviewing the charges for services such as car parking and leisure centre services, looking at the way we operate our cultural spaces and reviewing the charges and how some of our community buildings are used e.g. Hasland Village Hall, Assembly Rooms and Revolution House. We also plan to review the level of funding currently provided to a range of external organisations, including Community and Voluntary Groups and the subsidies applied to the running of outdoor sports and leisure activities, such as bowling greens and football pitches.

How strongly do you agree or disagree that the council should increase income and behave more commercially to help reduce the council's budget gap? This might mean customers paying more in order to keep a service.

How strongly do you agree or disagree that the council should increase income and behave more commercially to help reduce the council's budget gap?					
Base (142)	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Total respondents	21	43	25	27	26
Percentage	14.8%	30.3%	17.6%	19.0%	18.3%
Chart (total positive/total negative)					

Are there any specific services that you think the council could provide more commercially or charge more for?

91 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Reducing subsidies or concessions for service users, applying the true cost of services or introducing donations (17)
2. Reducing service fees and charges to increase user numbers (15)
3. Increasing the waste and recycling service offer or charging for come existing provisions (10)
4. Asset management, rationalisation or maximisation (mainly buildings) (9)
5. Suggestions around Parking provisions (9)

Do you anticipate any issues with the council taking this approach (increasing income and behaving more commercially)? Please briefly explain what they are.

91 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Concerns about a reduction in usage (32)
2. Concerns about health and wellbeing of residents and equalities issues (22)
3. Complaints from residents and organisations (10)

4. Governance or oversight concerns (10)
5. Impact on CBC staff (6)

Budget theme 3 – Transforming service delivery.

Guidance notes within the survey:

This theme is all about the way the council works and delivers its services. Delivering our services in a modern way will include taking advantage of digital ways of working and taking forward the learning and opportunities that have arisen through the period of the covid pandemic and over the past 18 months.

This will involve considering the way we engage with customers, helping people find the services they need as efficiently as possible, and ensuring services are designed in a way that improves outcomes and minimises costs. This also might include looking to deliver services together with partners.

Examples could include encouraging customers to engage with the council digitally, rather than face to face, and moving away from payments by cash and cheques. One of the areas we would like to explore under this theme is the way tourist information services are delivered.

We are already taking steps under this theme as part of our continuous improvement, but please indicate how strongly you agree or disagree that we should move more quickly in order to modernise the council's services?

How strongly do you agree or disagree that we should move more quickly in order to modernise the council's services?					
Base (139)	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Total respondents	24	49	23	20	23
Percentage	17.3%	35.3%	16.5%	14.4%	16.5%
Chart (total positive/total negative)					

Are there any specific services that you think the council could transform and deliver differently?

82 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Suggestions around enabling the digitalisation and transformation of services (32)
2. Concerns about digital exclusion (17)
3. Comments and suggestions regarding the visitor information centre and visitor services (14)
4. Comments and suggestions regarding housing issues (8)
5. Suggestions relating to alternative delivery models for services including trusts and shared services (6)

Do you anticipate any issues with the council taking this approach (transforming service delivery)? Please briefly explain what they are.

94 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Concerns about digital exclusion (45)
2. Concerns about health and wellbeing of residents and equalities issues (13)
3. Concerns about a reduction in usage (10)
4. Impact on CBC staff (9)
5. Complaints from residents or organisations (5)

Budget theme 4 – Reducing services offer / stop doing.

Guidance notes within the survey:

This will be the theme where the hardest decisions will have to be made, as it may mean that the council cannot continue to meet its existing priorities, objectives and commitments. It will involve considering the levels at which we deliver discretionary council services, and whether there are alternative ways of delivering our statutory services.

This will include considering the level of service provided, the costs of running the service, and alternative options, including looking at examples from other councils.

Examples could include reviewing the council's events programme to make sure events are effectively supporting the town centre and parks while providing value for money. We also plan to look at the way we run and maintain our parks and open spaces, the provision of public toilets, and the grant support that we provide to voluntary sector advice agencies.

How strongly do you agree or disagree that we should reduce or stop providing some services in order to reduce the council's budget gap?

How strongly do you agree or disagree that we should reduce or stop providing some services in order to reduce the council's budget gap?					
Base (138)	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Total respondents	13	32	31	30	32
Percentage	9.4%	23.2%	22.5%	21.7%	23.2%
Chart (total positive/total negative)					

Are there any specific services that you think the council could reduce or stop doing?

81 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. These have been themed. The most common themes for this question were:

1. Events programme overall / specific events (19)
2. Environmental services including street scene, grass cutting, planting schemes (8)
3. Suggestions relating to alternative delivery models for services including trusts and shared services (7)
4. Outdoor leisure including parks and open spaces, play areas (7)
5. Reducing subsidies or concessions for service users, applying the true cost of services or introducing donations (6)

Do you anticipate any issues with the council taking this approach (reducing services offer / stop doing)? Please briefly explain what they are.

79 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Concerns about health and wellbeing of residents and equalities issues (23)
2. Concerns about a reduction in usage (13)
3. Complaints from residents and organisations (13)
4. Concerns about impact on community and voluntary sector organisations (10)
5. Concerns that proposals could increase spend in longer term (9)

Budget theme 5 – Rightsizing the organisation.

Guidance notes within the survey:

Employee pay is one of the biggest costs to the council. The process of identifying efficiencies in the way we deliver services through all of the above themes will have an impact on how many staff the council needs, and the way we work. As an employer we value our staff greatly and, working with our trade unions, we're committed to protecting jobs and services as far as we can over the coming years. Doing all we can to avoid compulsory redundancies is central to this commitment.

We have already taken steps under this theme, by looking at vacant posts to see if any can be removed and updating our Voluntary Early Retirement and Voluntary Redundancy procedures. We have also launched a new scheme that has been offered to all employees so what we can understand who may be interested in leaving the Council on voluntary terms. This also provides the opportunity to consider whether savings proposals relating to other budget themes e.g., stopping a service, might be more readily achieved by releasing employees through the Voluntary Early Retirement and Voluntary Redundancy scheme.

If we are not able to make enough savings through activities under the other four themes, then the council may need to look at changing staff terms and conditions, and then potentially compulsory redundancies in order to protect customer services.

How strongly do you agree or disagree with the council rightsizing the organisation to reduce our budget gap?

How strongly do you agree or disagree with the council rightsizing the organisation to reduce our budget gap?					
Base (142)	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Total respondents	28	44	29	25	16

Percentage	19.7%	31.0%	20.4%	17.6%	11.3%
Chart (total positive/total negative)					

Do you anticipate any issues with the council taking this approach (rightsizing the organisation)? Please briefly explain what they are.

92 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Concerns about impact on quality of services (29)
2. Supportive of rightsizing the organisation (12)
3. Concerns about wellbeing of CBC staff (12)
4. Suggestions around reducing/ changing CBC management roles (10)
5. Suggestions around enabling the digitalisation and transformation of services (9)

Budget theme 6 – Asset Rationalisation and Effective Asset Management

Guidance notes within the survey:

The council owns and operates a number of buildings and land. Under this theme, we will need to consider rationalising (reviewing and reducing where appropriate) the assets we own and operate in order to raise capital funds and reduce the costs of running our buildings. This would involve selling off some property, to ensure that we can effectively maintain those which we keep.

How strongly do you agree or disagree with the council rationalising our assets to reduce the budget gap?

How strongly do you agree or disagree with the council rationalising our assets to reduce the budget gap?					
Base (144)	**Strongly agree**	**Agree**	**Neither agree nor disagree**	**Disagree**	**Strongly disagree**
Total respondents	35	51	27	16	15
Percentage	24.3%	35.4%	18.8%	11.1%	10.4%
Chart (total positive/total negative)					

Do you anticipate any issues with the council taking this approach? Please briefly explain what they are.

75 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Generally supportive of asset management and rationalisation (21)
2. Concerns about short term gains V loss of future opportunities (20)
3. Suggestions around advice needed and concerns about legal issues (13)
4. Governance issues (7)
5. Complaints from residents and organisations (5)

Summary and overview

Overall, are there any services that you feel should be protected from reductions in budget? Please tell us what services these are.

113 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Comments relating to Derbyshire County Council or other public service providers (28)
2. Visitor information centre (23)
3. Waste and recycling services (17)
4. Housing (14)
5. Leisure Centres (12)

Where would you choose to target spend reductions?

98 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. Suggestions around reducing / changing CBC staffing arrangements (29)
2. Asset management, rationalisation maximisation (mainly buildings) (15)
3. Suggestions around enabling the digitalisation and transformation of services (12)
4. Suggestions around reducing elected member, civic or mayoral costs (9)
5. Suggestions and comments around regeneration schemes (8)

Do you think we have missed out any important themes? If so, please tell us what they are:

56 responses were received, covering a wide range of subject areas. Some covered one subject area, others covered multiple. The most common themes for this question were:

1. General comment regarding the Council or budget - no specific suggestions (17)
2. Concerns about impact on Town Centre (10)
3. Issues that are outside of local authority control such business rates level (7)
4. Suggestions and comments around parking issues (5)
5. Suggestions and comments around regeneration schemes regeneration schemes (4)

4. Equality monitoring

What is your sex?

	Male	Female	Prefer not to say
Number	59	50	2
Percentage	53.2%	45.0%	1.8%

How old are you?

	Under 16	16-18	18-24	25-34	35-44	45-54	55-64	65-74	Over 75	Prefer not to say
Number	0	0	1	10	11	20	22	31	15	3
Percentage	0.0%	0.0%	0.9%	8.8%	9.7%	17.7%	19.5%	27.4%	13.3%	2.7%

Is the gender you identity with the same as your sex registered at birth?

	No	Yes	Prefer not to say
Number	0	77	5
Percentage	0.0%	93.9%	6.1%

Do you consider yourself to have a disability?

	No	Yes - mobility	Yes - hearing	Yes - vision	Yes - learning	Yes – mental health	Other disability	Prefer not to say
Number	78	16	8	2	3	11	6	4
Percentage	70.3%	14.4%	7.2%	1.8%	2.7%	9.9%	5.4%	3.6%

What is your ethnicity?

	White British	Other White background	Black or Black British	Asian or Asian British	Mixed ethnic group	Other ethnic group	Prefer not to say
Number	105	1	0	0	1	0	6
Percentage	92.9%	0.9%	0.0%	0.0%	0.9%	0.0%	5.3%

Which of the following best describes your religion?

	Buddhist	Christian	Hindu	Jewish	Muslim	Sikh	None	Other	Prefer not to say
Number	0	51	0	0	0	0	51	2	9
Percentage	0.0%	45.1%	0.0%	0.0%	0.0%	0.0%	45.1%	1.8%	8.0%

Which of the following best describes your sexual orientation?

	Heterosexual / straight	Bisexual	Lesbian	Gay Man	Prefer not to say / blank
Number	9	5	1	4	10
Percentage	82.0%	4.5%	0.9%	3.6%	9.0%

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Appendix F

Reserves Policy

Policy statement

Chesterfield Borough Council holds reserves to provide cover for risks and unforeseen events, to meet known or predicted requirements and to manage timing differences in Funding. Reserves are a key part of the Councils financial resilience and maintaining financial sustainability.

1. Policy Context and Purpose

1.1 The Council's Budget Strategy sets out the financial objectives to support the delivery of the Corporate Plan. These objectives remain challenging in the context of an uncertain economic future, cost of living pressures and significantly reduced funding from the Government.

1.2 Reserves are an important part of the Council's financial strategy and are held to create long-term financial stability. They enable the Council to manage change and are a key element of its financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked and unearmarked reserves and a working balance to mitigate future financial risks.

1.3 As part of the 2023/24 budget setting process an assessment of the adequacy of reserves was undertaken. The assessment of reserves is important in the context of the sustained cuts in Government funding affecting local authorities, the significant risks and uncertainties that the Council faces in this post-pandemic era and recent decisions to apply some of the Council's reserves. It is important to acknowledge that reserves are 'one off' funds and are therefore suitable for funding 'one off' or unexpected costs. The use of reserves to fund ongoing expenditure or to cover failures to achieve budgeted savings is never advised, except in emergencies and/or to enable transition to new ways of working. Whilst the use of reserves to date has been deemed to be affordable, they are now at a level whereby any significant further use would leave the Council exposed and potentially unable to manage both known and unknown risks.

1.4 The process used to determine and approve the level of reserves and balances provides an indication of the council's approach to financial management including financial planning, the annual budget process, budget monitoring and forecasting and both month end and final accounts process.

1.5 The purpose of this policy is to:

- Provide a framework that the Council should measure itself against when setting the budget to satisfy itself that the retention and holding of reserves and balances is appropriate to the operating environment and risks the Council faces.

- Set out the Council’s approach for compliance with the statutory regime and relevant non-statutory guidance.

2. Policy Scope and Exclusions

2.1 This policy applies to the setting and reviewing of all General Fund and Housing Revenue Account revenue reserves.

2.2 This policy excludes:

- Capital accounting and other accounting reserves.
- Provisions
- Items such as S106, CIL and Biodiversity net gains account.

3.0. The Constitution. Part 4 - Rules of Procedure - Financial Procedure Rules – Section 7 Reserves and Provisions

3.1 The constitution sets out how the Council operate, how decisions are made and the procedures that are followed to ensure these are transparent and accountable. Some of these processes are required by law, whilst others are a matter for the Council to choose.

3.2 In addition, the Constitution sets out the basic rules and procedures to be followed. The Constitution is divided into 8 parts, the rules relating to Reserves are set out in part 4 Section 7 and these are set out below:

The Chief Finance Officer shall establish reserves and provisions to meet known or estimated future liabilities.

There is a duty on the Chief Finance Officer to report on the robustness of the estimates and the adequacy of reserves when the Authority is considering its budget requirement and Members are required to have regard to this advice.

Service Directors/Service Managers must inform the Chief Finance Officer about potential future liabilities which they become aware of.

The relevant budget holder can incur expenditure covered by the planned use of Reserves included in the budget approved by the full Council.

All other uses or Reserves should be approved as follows:

- *The Senior Leadership Team/Cabinet can approve the use of earmarked reserves, for their originally intended purpose, within the delegated limits set by the full Council each financial year.*

- *Any use of the Council's earmarked reserves beyond the delegated limits, or for an unrelated purpose, must be approved by the full Council.*

The Chief Finance Officer can approve the use of Provisions where they are being used for their intended purpose, otherwise full Council approval is required.

The details of these delegated decisions will be included in the next quarterly budget monitoring report to the full Council.

The delegated limits are to be approved by the full Council each financial year in the Budget Setting report.

3.3 The current delegation limits are set out in the Financial Rule 7.

4.0 Responsibilities and Policy Review

4.1 The policy will be reviewed and reported to Cabinet at least annually as part of the Council's budget setting process.

4.2 Responsibility for reviewing this Policy will be that of the Service Director Finance in consultation with the responsible Cabinet Member(s). In light of constantly changing financial pressures and other circumstances this policy will be reviewed on an ongoing basis, as necessary.

5.0 Legislation

5.1 The Local Government Act 2003 Section 25 includes the following statutory duty in respect of the budget report to the Council's Chief Financial Officer and Section 151 Officer to report on the robustness of the budget estimates and the adequacy of the reserves when the council tax decision is being made by the Council.

5.2 Section 26 of the same Act places an onus on the Section 151 Officer to ensure the Council has established a minimum level of reserves (General Fund Balances) to be retained to cover any unforeseen demands that could not be reasonably defined within finalising the proposed budget.

5.3 Section 114 of the Local Government Finance Act 1988 requires the S151 officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

5.4 The Chief Financial Officer and Section 151 Officer statutory responsibility resides with the Service Director - Finance.

6.0 Accounting Requirements

6.1 The accounting treatment of reserves is set out in the Code of Practice on Local Authority Accounting.

6.2 In March 2023 Chartered Institute of Public Finance (CIPFA) published 'Local Authority Reserves and Balances' Bulletin 13 which has been updated by the CIPFA Accounting and Financial Reporting Forum.

7.0 Types of Reserves

7.1 The Council holds two different types of reserves, general and earmarked, which are held for different purposes and are managed depending upon their type.

- General Reserves operate as a working balance to manage the impact of uneven cashflows and to provide a contingency against emerging events or emergencies.

- Earmarked Reserves are sums specifically held to enable funds to be built up to meet known or predicted expenditure.

8.0 General Fund Balance

8.1 The General Fund balance on 1 April 2023 is **£1.5m**. The level of the General Fund Balance reserve is determined having had regard to the advice and recommendations of the Section 151 Officer as part of the annual budget approval. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. This is considered on an annual basis as part of the Robustness of Reserves assessment which forms part of the annual budget setting process and MTFP report. It will also take account of the extent to which specific risks are supported through earmarked reserves.

8.2 The Council has also previously established a Budget Risk Reserve, as a supplement to the General Fund Balance, to provide a further contingency for unforeseen items. Given the size and scale of the financial challenges the Council is facing, the Council resolved in February 2023 to utilise £1.000m of the Budget Risk Reserve to support the General Fund revenue budget for 2023/24. This was to afford the Council time to take a more strategic approach to reviewing its priorities and agreeing a new Council Plan, and to developing a new Budget Strategy to deliver a balanced budget for 2024/25 and over the medium-term. The forecast balance on the Budget Risk Reserve on 1 April 2024 is **£1.3m.**

9.0 General Fund Earmarked Reserves

9.1 When considering the level of reserves, it is appropriate to consider the different types of earmarked reserves to be held. The table below the sets out the existing reserve types held by the Council and the rationale for holding them. All earmarked reserves will be reviewed at least annually to ensure that they are still appropriate, relevant and adequate for the intended purpose and in light of the Council's approach to risk management.

Reserve	Purpose
Insurance	Sums held to meet potential liability claims against the Council.
Reserves held to mitigate risk	Risk reserves set aside to mitigate risks not otherwise provided for e.g. Business Rates review and Treasury management risk reserve
Corporate priorities	To manage specific cross departmental priorities including transformation, service improvement and other policy issues
Service specific	Specific departmental issues including Local Plan, the Theatre Restoration Levy and Business Rates generated from the Markham Vale Enterprise Zone to fund economic development activities
Asset Maintenance and Vehicle Replacement	Sums set aside for the repair and maintenance of operational buildings and vehicles and replacement of equipment and vehicles. This also includes sums in relation to our non-operational buildings.
Other	There are a number of small balances on earmarked reserves which will be reviewed with a view to releasing to the General Fund Balance

10.0 Housing Revenue Account (HRA)

10.1 HRA Reserves are amounts specifically required by statute to be set aside and ring-fenced for future investment in HRA. The Council must ensure that there are adequate reserves in the HRA.

10.2 The Council is required to maintain a balanced HRA, and this includes the retention of an adequate level of reserves to act as a contingency against risks. The Council's Reserves

Policy requires that, at the beginning of each financial year, this working balance be maintained at a minimum level of **£3.5m**, which is approximately 8% of the rental income.

10.3 In addition to these revenue reserves, councils with HRAs are required to maintain a Major Repairs Reserve (MRR), for the purpose of financing long term capital works to the housing stock. The Council's MRR balance at 31 March 2024 is estimated to be fully utilised.

11.0 Principles for Assessing the Adequacy of Reserves

11.1 In order to assess the adequacy of unallocated general reserves when setting the budget, the S151 Officer will take account of the strategic, operational and financial risks facing the Council. This risk assessment will be in the context of the Council's overall approach to risk management and have regard to the Council's risk register and medium-term plans. The appropriate level of reserves to be 'adequate' is therefore not absolute but will vary depending upon the degree of financial risks faced.

11.2 In assessing the adequacy of reserves, the S151 Officer will consider the key financial assumptions underpinning the budget. The following table sets out the significant budget assumptions that are relevant when considering the adequacy of reserves.

Budget Assumptions	Financial position and management assessment of impact
The treatment of inflation and interest rates	The overall financial position of the authority (level of borrowing, debt outstanding, council tax collection rates etc). Rises in the prices of some commodities, e.g. fuel and energy, highlight the relevance of using a number of inflation rates in the budget and financial strategy, and considering whether general reserves are adequate to deal with unexpected increases. Volatility in the financial markets also points to the need to consider investment and borrowing risks and their impact on income.
Estimates of the level and timing of capital receipts	The Council's track record in budget and financial management including the robustness of the medium-term plans. Authorities will also need to consider changes in the property market and adjust estimates and assumptions for reserves accordingly.

Treatment of demand led pressures	The capacity to manage in-year budget pressures, and the strategy for managing both demand and service delivery in the longer term.
The treatment of planned efficiency savings / productivity gains	The strength of the financial information and reporting arrangements. The authority should also be able to activate contingency plans should the reporting arrangements identify that planned savings or gains will either not be achieved or be delayed.
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/overspends at authority and department/directorate level. Risk management measures in relation to partnerships, including consideration of risk allocation. Contract provisions designed to safeguard the authority's position in the event of problems arising from outsourcing arrangements. Reserves may also need to be established to manage commercial risks where authorities have
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks. When considering insurance cover, the structure of the cover as well as the overall level of risk should be taken into account. Risk assessments should be used when balancing the levels of insurance premiums and reserves.
The general financial climate to which the authority is subject	External factors, such as future funding levels expected to be included in Spending Reviews and expected referenda principles and limits, will influence an authority's ability to replenish reserves once they have been used. Any plans for using reserves will need to consider the need and ability of the authority to replenish the reserves, and the risks to which the authority will be exposed whilst replenishing the reserves

Appendix G

Detail of Estimated Earmarked Reserve Balance at 31 March 2024

Type	Estimated Balance @ 31 March 2024 £000
Insurance reserve	620
MMI insurance reserve	86
Total insurance reserves	**706**
Budget Risk Reserve	1,307
Business rates risk reserve	1,465
Housing reserve	560
Total reserves held to mitigate risk	**3,331**
Service improvement and redesign	202
ICT - Improvement	38
Total corporate initiatives	**240**
Enterprise Zone business rates	2,602
Planning local plan	111
Repaid Improvement Grants	244
Theatre restoration	328
Total service specific	**3,285**
Vehicle and plant	0
Asset maintenance	291
Tapton Innovation Centre	176
Tenant' property	1,176
Total asset maintenance and vehicle replacement	**1,643**
Revenue reserves held for capital	**149**
Barrow Hill Bridge	**45**
Flood Restoration	**51**
Internal Audit Consortium	**11**
Museum Exhibits	**25**
other	**5**
Total other minor balances	**137**
Total Reserves	**9,491**

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<u>For publication</u>

Approval of the Senior Pay Policy Statement 2024-25

Meeting:	Council
Date:	28 February 2024
Cabinet portfolio:	Customers and Business Transformation
Directorate:	Digital, HR and Customer Services

1.0 Purpose of the report

1.1 The Council is required to prepare a Senior Staff pay policy statement each year that sets out its approach to recognising and rewarding its Chief Officers in a fair, consistent, and equitable manner. The statement must be considered at Full Council each year and cannot be devolved to any other person or committee.

2.0 Recommendations

2.1 That Council approves the Senior Staff pay policy statement for 2024–25 as set out in Appendix 1 to this report.

3.0 Reasons for recommendations

3.1 Approval and publication of this report enables elected members of Chesterfield Borough Council to comply with the requirements of the Localism Act 2011 and with the Local Government Transparency Code 2015 relating to the pay of its Chief Officers.

4.0 Report details

This report was considered by the Joint Cabinet and Employment and General Committee at its meeting on 20 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

4.1 Section 38 - 42 of the Localism Act 2011 requires that Chesterfield Borough Council prepares a pay policy statement for Chief Officers each financial year. The statement must be approved by Full Council and must be published on the Council's website. This action helps to increase public transparency and ensures local democratic accountability on pay.

4.2 The Act requires the Council to set out its policy on pay for its highest paid employees alongside policies towards its lowest paid employees. The requirement, introduced following Will Hutton's 2011 Review of Fair Pay in the Public Sector, reflects concerns over low pay within the Public Sector. The Act requires the Council to explain what it thinks the relationship should be between the remuneration of its Chief Officers and other employees. To help with this understanding, the Council monitors, and reports on the ratio between the highest and lowest paid employees (based on full time equivalent costs). The Council also monitors and reports on the ratio between its highest salary and median (the middle value) salary. This figure is known as a pay multiple and must not exceed 20:1.

4.3 In 2024-25 the pay multiple between the highest and lowest paid staff is 5.44:1

4.4 In 2024-25 the pay multiple between the highest and median paid staff is 4.01: 1. This is the lowest reported pay multiple achieved by the Council since monitoring and reporting of this measure has been implemented.

4.5 Chesterfield Borough Council's Senior Pay Policy Statement complies with legislation set through the statutory powers of the Localism Act 2011and defines the pay structure for Chief Officers who are employed by the Council. The policy is reviewed annually and guides senior officer remuneration decisions.

4.6 If changes are made to Chief Officer pay and conditions during the financial year, the pay policy statement will be updated and republished.

5.0 Alternative options

5.1 As publication of the Senior Pay Policy Statement is a legislative requirement, no alternative options have been considered.

6.0 Implications for consideration – Financial and Value for Money

6.1 There are no direct financial implications arising from the recommendations in this report. The report and its attachment outline current arrangements regarding pay for chief officers and other staff. Any resultant costs are contained within existing employee budgets.

7.0 Implications for consideration – Legal

7.1 Annual approval and publication of the Senior Pay Policy enables the Council to meet the legislative requirements set out in the Localism Act 2011 and the Local Government Transparency Code 2014.

8.0 Implications for consideration – Human Resources

8.1 The Senior Pay Policy statement sets out a pay structure and remuneration package for Chief Officers which is transparent. It enables Elected Members, supported by the Human Resources team, to apply consistent pay and reward when undertaking recruitment for chief officer posts and reflects pay levels which are deemed adequate to secure and retain high quality employees who are dedicated to delivering public services within the borough.

8.2 A benchmarking and job evaluation exercise was completed in 2020 to ensure that chief officer pay is comparable to that of other Local Authorities. Re-evaluation will be undertaken at least every five years to ensure it remains fit for purpose.

9.0 Implications for consideration – Council Plan

9.1 The senior pay policy enables recruitment of employees who have the right skills and competence to enable the successful achievement of the activities set out in the Council Plan.

10.0 Implications for consideration – Climate Change

10.1 The senior pay policy does not generate any negative climate change implications for consideration.

11.0 Implications for consideration – Equality and diversity

11.1 The policy does not impact on specific groups or those with protected characteristics. The statement covers all paid staff within the Council.

12.0 Implications for consideration - Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Failure to adhere to legislative requirements	H	L	Legislative requirements are reviewed annually, and the statement is developed accordingly.	H	L

Failure to update and publish the statement on an annual basis	H	L	The policy is reviewed annually and when recruitment of senior roles is required. Clear decision-making timetables will help ensure that statutory deadlines are achieved.	H	L

Decision information

Key decision number	*All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.*
Wards affected	All wards

Document information

Report author	
Rachel O'Neil, Service Director, Digital, HR and Customer Services	
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
This must be made available to the public for up to 4 years.	
Appendices to the report	
Appendix 1	Senior Pay Policy 2024-25

Senior Pay Policy and Guiding Principles 2024/2025

Prepared by:	**Human Resources**
Date:	**January 2024**
For Review:	**January 2025**

CHESTERFIELD
BOROUGH COUNCIL

Senior Pay Policy Statement

1. Introduction

1.1 The Localism Act 2011 requires the council to publish a Senior Pay Policy Statement for each financial year. This statement relates to the year 2024 – 2025 and is approved by Council.

2. Scope

2.1 The Senior Pay Policy Statement describes our policies towards the pay of senior managers (referred to in the Localism Act as Chief Officers) and our approach to the pay of our lowest paid employees.

2.2 The Council's Corporate Leadership Team are senior leaders within Chesterfield Borough Council and are in scope of this policy statement. The following posts make up the Corporate Leadership Team.

- Chief Executive, (Head of Paid Service)
- Executive Directors x 2,
- Service Director Corporate
- Service Director Digital, HR, and Customer Services
- Service Director Economic Growth
- Service Director Finance (Section 151 statutory officer)
- Service Director Housing
- Service Director Leisure, Culture and Community Wellbeing, and
- Head of Regulatory Law (Monitoring Officer statutory officer).

2.3 An Executive Director post is currently vacant and is expected to be deleted from the establishment during this financial year.

3. Remuneration

3.1 The term remuneration is used to describe salary and other payments, including additions to pay, bonus or other form of performance related pay and other monetary allowances or benefits in kind.

3.2 Where the remuneration package of any post exceeds £100,000, full council will be given the opportunity to approve it.

3.3 All senior managers are paid via the Council's payroll with appropriate tax and National Insurance deductions made in accordance with HMRC regulations.

3.4 On occasion, a senior manager post may need to be engaged on an interim basis and in this instance, individuals may be recruited on a self-employed basis, or they may work through another company. In all such cases appropriate determination of whether the post is inside or outside of IR35 is undertaken to ensure full compliance with HMRC regulations.

4. Equal pay

4.1 The Council is committed to and supports the principle of equal pay for all its employees. Equal pay between men and women is a legal right. The Equality Act 2010 requires employers not to discriminate on grounds of sex, gender reassignment, race and disability and similar rules apply to sexual orientation, religion, pregnancy and maternity and age.

5. Negotiating bodies and councillor oversight

5.1 The Authority applies terms and conditions of employment to its employees that have been negotiated and agreed through appropriate collective bargaining mechanisms (national or local) or which have been made because of local agreements which have been determined by Council or by Joint Cabinet and Employment and General Committee, in line with the Council's constitution.

5.2 Chesterfield Borough Council works closely in partnership with Trade Unions when agreeing pay and conditions and is guided by several national negotiating bodies. These are:

- The Joint National Council (JNC) for Local Authority Chief Executives,
- The JNC for Local Authority Chief Officers,
- The National Joint Council for Local Government Services (known as Green Book terms and conditions), with a local collective agreement in place,
- Joint Negotiating Committee for Local Authority Craft and Associated Employees (known as Red Book terms and conditions), with local pay arrangements in place.

6. Salaries

6.1 Chesterfield Borough Council recognises that, in the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees who are dedicated to delivering public services, whilst at the same time not being unnecessarily generous and excessive.

6.2 It is recognised that senior management roles in local government are complex and diverse, with managers working in a highly politicised environment where often national and local pressures conflict. If the council is to maintain its high performance, then it must be able to attract and retain high calibre leaders to deliver the complex agenda.

6.3 Senior staff salary benchmarking was undertaken in 2020. Further benchmarking exercises will be undertaken at least every five years, to provide reassurance that remuneration remains at adequate levels for these posts.

Chief Executive salary

6.4 The Chief Executive is employed under the terms and conditions of service of the Joint Negotiating Committee (JNC) for Local Authority Chief Executives.

6.5 The benchmarking and evaluation report received in 2020 recommended that the salary for the post of Chief Executive be uplifted to £120,000, increasing annually by agreed pay rises which are negotiated annually by the JNC for Local Authority Chief Executives.

6.6 Given the financial burdens not only on the council but the wider economy, the current Chief Executive chose not to accept the increased salary level proposed in 2020 and his salary remains 5% lower than entitlement.

Executive Director and Service Director salaries

6.7 The Executive Director and Service Director posts are employed under the terms and conditions of service of the Joint Negotiating Committee for Local Authority Chief Officers.

6.8 The Executive Director and Service Director posts are appointed on a spot salary and receive annual pay rises negotiated by the JNC for Local Authority Chief Officers.

6.9 A summary of Senior Staff Remuneration in 2024 – 2025 is detailed in the table below. Annual salary is shown net of any Tax, National Insurance and Pension contributions which are paid by Chesterfield Borough Council.

Post	Annual Salary*	Additional remuneration received
Chief Executive	£121706	Elections allowances
Executive Director	£101,315	None
Service Director Corporate	£83,409	None
Service Director Digital, HR, and Customer Services	£83,409	None
Service Director Economic Growth	£83,409	None
Service Director Finance	£83,409	None
Service Director Housing	£83,409	None
Service Director Leisure, Culture and Community Wellbeing	£83,409	None
Head of Regulatory Law**	£57401	Monitoring Officer allowance

*The annual salary will increase by the pay award to be applied to the 2024-25 financial year once national agreement is reached.
**The Head of Regulatory Law is paid using NJC Green Book pay arrangements and receives a supplementary allowance to undertake the statutory role of monitoring officer.

Green Book Pay Arrangements

6.10 Most employees within the Council are remunerated using the National Joint Council (NJC) Local Government Single Status ‘Green Book’ pay arrangements (excluding Craft workers and Chief Officers). Posts are evaluated using the Gauge job evaluation system and allocated to an established grading structure. The job size determines a job’s placement against the NJC pay spine, typically with several scale points allocated to each grade. Staff have the potential to move through the grade by incremental progression to each scale point each year.

6.11 The pay spine is increased each year in accordance with pay award settlements which are determined by the National Joint Council for Local Government Services.

6.12 Posts are advertised and appointed to at the appropriate approved salary for the post unless there is evidence that a successful appointment of a person with the required knowledge, experience, skills, abilities, and qualities cannot be made without varying the remuneration package. In such cases, there is an element of flexibility that allows the payment of market supplements to specific roles that are recognised as “hard to fill”. Payment is subject to justification against external data and with periodic review. Any supplement will be approved through the Authority’s appropriate decision-making process.

Craft Worker Pay Arrangements

6.13 Craft workers employed on Joint Negotiating Committee for Local Authority Craft and Associated Employees ‘Red Book’ terms and conditions receive a basic salary and an additional productivity payment which is aligned to the volume of work an individual completes. The basic salary is increased in accordance with national pay award settlements which are negotiated annually by the Joint Negotiating Committee for Local Authority Craft and Associated Employees. Productivity payments are determined using a schedule of rates which is reflective of the commercial market. The schedule of rates is not guaranteed to be reviewed and amended on an annual basis.

Pay Awards

6.14 The pay award applied to Chief Officers and Chief Executives in 2023 was 3.5%.

6.15 The pay award applied to employees on green book and red book terms and conditions in 2023 was an increase of £1925 and an increase of 3.88% on all pay above the maximum of the pay spine and on allowances.

6.16 The pay offer for 2024 – 2025 has not yet been proposed. Salaries will be uplifted once national negotiations are completed.

Incremental Progression

6.17 On taking up employment, individuals will normally start at the bottom scale point of the appropriate grade; however, there is discretion to appoint at a higher point depending on skills, experience and any market factors which could impact on the ability to otherwise recruit to the post. A Service Director has delegated authority to make this decision.

6.19 In the case of a Chief Officer appointment, this decision would be made by the Chief Executive. The Appointments Panel would make this decision for any Chief Executive appointment (in accordance with the council's constitution).

7. Other remuneration

Special allowances

7.1 A special allowance is paid for the responsibility of Monitoring Officer. This role is undertaken by an employee at Tier 4 of the organisation.

Overtime

7.2 Senior managers are not eligible to receive overtime for excess hours worked. Where hours are worked outside of 'normal office hours' senior managers do not receive additional payment.

7.3 Where service demands require additional hours to be worked by non-senior staff above the full time equivalent of 37 hours, overtime rates apply. Rates are determined in accordance with conditions of service.

Expenses

7.4 In line with all other staff, where essential expenses are incurred in the performance of their duties, costs can be reclaimed by senior managers, where these are reasonable and public money is being used prudently.

Additional allowances.

7.5 Senior managers are not in receipt of additional allowances.

7.6 For non-senior staff, additional allowances may be paid to reflect the duties and obligations of the post e.g. shift allowances, tool allowances, and stand by allowances.

Election Duties

7.7 The Chief Executive receives fee payments pursuant to his appointment as Returning Officer at elections. The fees paid in respect of parish, district and county council elections vary according to the size of the electorate and number of postal voters and are calculated in accordance with fee structure guidance from the Association of Electoral Administrators and agreed across Derbyshire authorities where possible. Policy and Crime Commissioner and Elected Mayors are subject to fee guidance from those bodies. Fee payments for national elections are set by central government and are, in effect, not paid by the council, as the fees are reclaimed.

Acting Up Payments

7.8 Acting up payments are made where an employee may undertake the full duties and responsibilities of a higher graded post. For employees at Scale 8 and above (which includes Chief Officers) a continuous qualifying period of four weeks will apply before payment can be made. Further details are set out in paragraph 8 of the Local Collective Agreement.

Honoraria

7.9 An honorarium is payable in circumstances where an employee carries out additional duties which are at a higher level than those in their substantive post, but there is no entitlement to a higher salary.

Telephone Rental

7.10 A mobile telephone is provided to employees at the discretion of the Corporate Leadership Team or Tier 4 Heads of Service, where it is considered appropriate for the delivery of the service. The cost of the monthly rental is paid as well as business related calls.

Car Mileage and Car User Allowance

7.11 All employees, including Chief Officers, can claim for mileage and expenses which occur for business reasons only. HMRC rates are used to calculate mileage claims.

7.12 Essential car user allowance is no longer paid to employees and there are no senior staff in receipt of this allowance. There are a small number of employees who have Transfer of Undertakings Protected Earnings (TUPE) rights, who are still entitled to receive essential user car allowance. It is expected that this will be phased out in this financial year.

Other financial benefits

7.13 The Chief Executive and Chief Officers do not receive any additional payments relating to performance related pay, bonuses, earn back schemes or ex-gratia benefits.

Real Living Wage allowance

7.14 On an annual basis, Joint Cabinet and Employment and General Committee will review whether an additional allowance should be awarded to employees who are on the lowest pay scales. This allows the Council to pay a rate which is equivalent to the Real Living Wage, recommended by the Living Wage Foundation.

7.15 In 2024, the Real Living Wage is £12.00 per hour. If the lowest pay scales are not increased to £12.00 per hour once agreement of the Local Government pay negotiations for 2024-25 are reached, a real living wage allowance will be applied to ensure Chesterfield Borough Council employees are paid a fair wage.

8. Pensions

Pension Contributions

8.1 Employees of the Council (including Chief Officers) pay a contribution to the Local Government Pension Scheme relative to their annual full-time equivalent pensionable pay. An assessment is undertaken on an annual basis to determine the contribution rate.

8.2 Following changes under the LGPS regulations in 2014, all employees now have an option to pay half contributions and build up half of the normal pension. This is known as the 50/50 section of the scheme and is designed to be a short-term option for when times are financially difficult.

8.3 The Council contributes 20.4% of pensionable pay as the employer contribution to the LGPS.

9. Re-employment of employees in receipt of a pension or redundancy payment

9.1 The council has a statutory duty to appoint on merit and will always seek to appoint the best candidate for a position based on skills, knowledge, experience, and abilities.

9.2 Under the terms of the Local Government Pension scheme, an employee who has retired from local government service and is in receipt of a pension may reapply for local government employment. However, where this happens, the pension maybe subject to abatement, i.e. if the pension added to the new salary is higher than the original salary then the amount of pension will be reduced accordingly.

9.3 Where a former employee has left on the grounds of redundancy, the Council will apply the provisions of the Redundancy Modifications Order regarding recovery of the redundancy payment, if relevant.

9.4 There are currently no re-employed pensioners in senior management positions.

10. Payments on Termination of Employment

10.1 Employees who resign will not receive a severance payment.

10.2 Where the council decides to terminate any employee's service because of redundancy, a severance payment will be made. This payment comprises of contractual entitlements, (notice un-worked, leave not taken), plus a redundancy element, which is calculated in accordance with statutory levels. The council does not have an enhanced redundancy scheme in place.

10.3 For those aged 55 and over, in the event of redundancy, employees become entitled to an immediate pension. Any costs accruing to the Council for pension strain payments are based on an actuarial calculation linked to service and age. Entitlements are not discretionary to an individual once a redundancy situation arises.

10.4 Other payments may be made where the council has specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the Council.

10.5 Any severance payment currently over £100,000 must be agreed by full council.

11. Pay Relationship between salaries

11.1 The lowest pay rate in the authority (excluding apprentice rates) equates to a full time equivalent annual salary of £22,366 and can be expressed as an hourly rate of pay of £11.59. This pay rate and salary was determined by the authority as part of the NJC pay scale for staff employed on National Joint Council Local Government Services Terms and Conditions.

11.2 The highest salary in this Council is £121,706 which is paid to the Chief Executive. The ratio between the two salaries, known as the 'pay multiple', is 5.44 to 1. Against the median salary of £30,296 this multiple reduces to 4.017 to 1.

11.3 The Hutton review considered the pay multiple should be no greater than 20 to 1 (lower is better) and based on the current situation the Council falls well below this threshold.

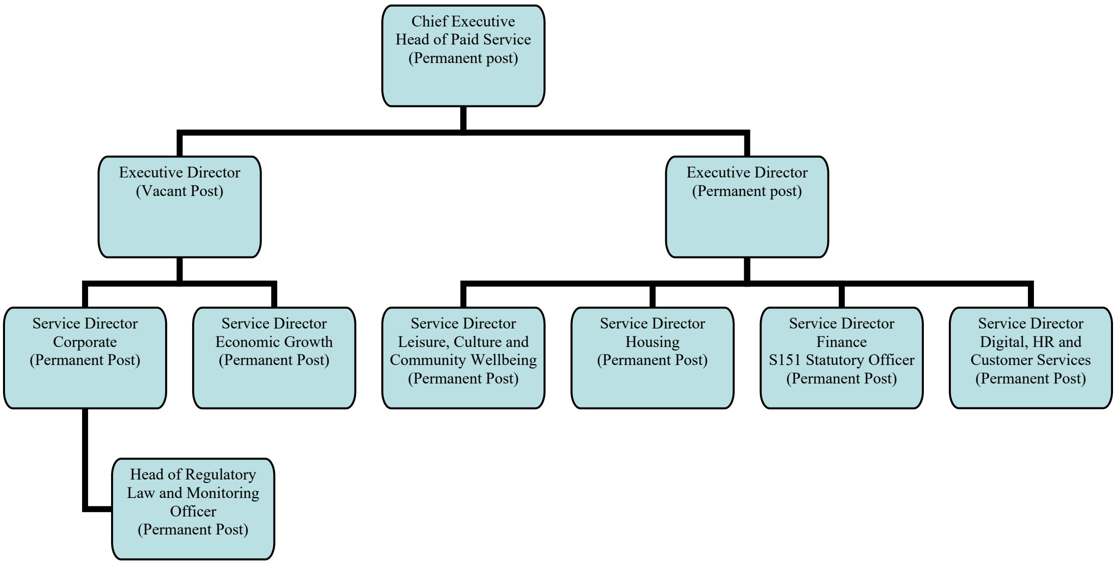
11.4 Chesterfield Borough Council does not have a policy on maintaining or reaching a specific 'pay multiple', however the Authority is conscious of the need to ensure that the salary of the highest paid employee is not excessive and is consistent with the needs of the Authority.

11.5 These pay rates will increase in accordance with any pay settlements which are reached through the respective national negotiating bodies.

`12. Publication of Information

12.1 This policy statement will be made available on the Council's website.

13. **Organisation Chart**


Chief Executive
Head of Paid Service
(Permanent post)
Executive Director
(Vacant Post)
Executive Director
(Permanent post)
Service Director
Corporate
(Permanent Post)
Service Director
Economic Growth
(Permanent Post)
Service Director
Leisure, Culture and
Community Wellbeing
(Permanent Post)
Service Director
Housing
(Permanent Post)
Service Director
Finance
S151 Statutory Officer
(Permanent Post)
Service Director
Digital, HR and
Customer Services
(Permanent Post)
Head of Regulatory
Law and Monitoring
Officer
(Permanent Post)

For Publication

Derby and Derbyshire Strategic Leadership Board (LC000)

Meeting:	Council
Date:	28 February 2024
Cabinet portfolio:	Leader
Directorate:	Corporate

1.0 Purpose of the report

1.1 To provide Council with an update on work taking place with Derby and Derbyshire Councils on a revised approach to collaborative and partnership working.

1.2 To seek approval from Council to establish and participate in a new Joint Committee of Derby and Derbyshire's councils, the D2 Strategic Leadership Board, to collaborate, co-ordinate and drive forward agendas where it is recognised that more can be achieved by councils working together to improve outcomes for people and places across Derbyshire.

2.0 Recommendations

2.1 That Council:

1. Approves proposals for the establishment of the D2 Strategic Leadership Board and delegates functions to this Joint Committee as set out in the Functions and Responsibilities document in Appendix 2.

2. Notes the draft the Terms of Reference, including the Introduction and Context, Functions and Responsibilities, Procedural Rules and Information Procedure Rules for the Strategic Leadership Board as set out at Appendix 2 and the position detailed in those documents regarding scrutiny and co-option.

3. Appoints the Leader as the Council's representative on the D2 Strategic Leadership Board and the Deputy Leader as substitute.

4. Notes the intention that the SLB be the body for the nomination of district and Borough representatives to the East Midlands Combined

County Authority, when established, further noting that this is subject to the CCA's agreement that this be the mechanism.

5. Agrees that Derbyshire County Council will act as the host authority for the Joint Committee.

6. Notes the dissolution of the D2 Joint Committee for Economic Prosperity, the enactment of which is subject to the establishment of the D2 Strategic Leadership Board and recommends to Council that the Constitution is amended accordingly.

7. Notes the dissolution of the Vision Derbyshire Joint Committee, the enactment of which is subject to the establishment of the D2 Strategic Leadership Board and recommends to Council that the Constitution is amended accordingly.

8. Approves the Council's active participation in the D2 Strategic Leadership Board and the associated costs of taking forward the programme of work.

9. Notes that as the functions of the Committee are executive functions, Chesterfield Borough Council will not have the opportunity to co-opt additional members onto the Committee and the ability to co-opt is restricted within the Terms of Reference.

10. Notes that, in accordance with section 9F of the Local Government Act 2000, constituent authorities who operate executive arrangements will need to make formal scrutiny arrangements to review or scrutinise decisions made in connection with the exercise of the functions of the D2 Strategic Leadership Board, and that the Council's existing scrutiny arrangements will apply.

3.0 Reasons for recommendations

3.1 To establish the D2 Strategic Leadership Board with robust governance arrangements in place and secure the Council's future involvement and participation in new governance arrangements as they develop and emerge.

3.2 To enable Council to commit the financial resources required to support the D2 Strategic Leadership Board and work activity.

3.3 To enable the Council to participate fully in all decision making and programme activity that will take place under the remit of the proposed D2 Strategic Leadership Board.

3.4 To ensure the Council has appropriate lead Elected Member representation on the proposed D2 Strategic Leadership Board.

4.0 Report details

This report was considered by Cabinet at its meeting on 20 February, 2024 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

4.1 Work is progressing towards the establishment of a proposed new East Midlands Mayoral Combined County Authority (EMCCA), which will bring new opportunities to improve outcomes for people and places throughout Derby and Derbyshire. It is important to ensure that Derby and Derbyshire Councils strategic approach to collaborative and partnership working continues, has the flexibility to evolve to meet changing circumstances and is fit for purpose in managing the interface with this new authority, which will have key responsibilities for major investment strategies and programmes for the East Midlands region.

4.2 All Derby and Derbyshire's councils will have a stake in these agendas and there is a recognition that shaping these effectively will be made more successful by doing so together.

4.3 As well as dovetailing with the new EMCCA, any new county wide governance needs to build on the collaborative working which has been maturing through existing partnership approaches embodied by the Economic Prosperity and Vision Derbyshire joint committees. It is important that the positives of current ways of working are carried forward and that all councils feel they have a full say in decisions as well as safeguards to protect their interests.

4.4 Notwithstanding this, there have been ongoing concerns about a proliferation of partnership arrangements with similar or overlapping remits that have led to calls for their rationalisation. This will help to clarify roles and reduce the bureaucratic burden on all authorities moving forward.

4.5 The case for a new single leadership board comprising all Derby and Derbyshire's councils, working collectively to tackle the county's challenges and speaking with a collective voice, has been further strengthened by the challenging financial circumstances that many local authorities up and down the country are facing, together with the ever pressing need to collaborate, to create new ways of working, and to be more cost effective in delivering services for places, residents and business.

4.6 <u>Reviewing current D2 strategic governance arrangements - Vision Derbyshire</u>

In 2019, Derbyshire Councils came together to explore a future collaborative approach to partnership working in Derbyshire, shaping a shared, ambitious leadership vision focused on achieving the greatest public value for local people and communities.

4.7 This approach, Vision Derbyshire, has involved a significant investment of time, hard work and goodwill from participating councils, including Leaders and Officers.

4.8 It is now over four years since work on Vision Derbyshire commenced. There have been a number of significant achievements during this time, in particular driving forward the Vision Derbyshire Business Development programme, the development of the Vision Derbyshire Climate Change Strategy and supplementary Planning Policy Guidance and the creation of the Vision Derbyshire Joint Committee.

4.9 A light touch review of Vision Derbyshire was undertaken by East Midlands Councils in early 2023, tasked with gathering local councils' views on the current arrangements, challenges and opportunities and ambitions for the future.

4.10 A report submitted to the Vision Derbyshire Joint Committee on 28 July 2023 outlined the review's key findings:

- Vision Derbyshire has supported a collegiate, shared understanding of the common challenges facing councils across the county and how collectively these challenges may be addressed
- Vision Derbyshire provided a helpful platform upon which Derbyshire Councils were able to develop and deliver elements of their collective programme response to the Covid-19 pandemic
- The fulcrum for activity has likely accelerated the delivery of joint programmes and has been of benefit to wider work in Derbyshire
- However, only a limited number of councils are full contributory members
- The absence of some councils inhibits the ability of Vision Derbyshire to be an authoritative and representative partnership of all councils
- Nevertheless, there is a potential appetite and opportunity to move forward

4.11 In particular:

- There is an appetite for refreshed, collaborative activity between councils in Derbyshire, particularly on matters relating to the Combined Authority.
- There is an appetite to see existing partnership and governance arrangements in Derbyshire simplified and rationalised with a single Derbyshire-wide partnership vehicle comprising all Derbyshire councils.
- There is recognition that a future partnership approach should specifically align with the proposals for the East Midlands Mayoral Combined County Authority to secure collective influence.

- There is a desire to discuss and share best practice in service delivery though progressing any shared services and procurement initiatives is best implemented through separate arrangements involving the relevant councils.
- There is a consensus that to support a fresh approach, the 'Vision Derbyshire' brand should be 'retired' as partners move to afresh collaborative arrangement.

4.12 The report's findings were welcomed by members of the Vision Derbyshire Joint Committee, in particular the clear recognition Council's collaborative objectives remain relevant and worthy and that the approach has helped to lock together county, district and borough relationships.

<u>Reviewing current D2 strategic governance arrangements - D2 Joint Committee for Economic Prosperity (D2 EPC)</u>

4.13 In November 2013 the Council approved the establishment, with (Derbyshire County Council, Derby City Council and all District and Borough Councils) in Derbyshire, of a Joint Committee to deliver economic growth and prosperity across the geographical county of Derbyshire.

4.14 The D2 EPC's purpose was to act as the local public-sector decision-making body for strategic economic development at the D2 level and to oversee the planning, alignment, development, and delivery of investment related to economic growth and prosperity for the area, utilising funding from Government, the D2LEP and EU.

The Joint Committee also maintained and supported ongoing dialogue with key strategic partners, relevant bodies whose work impacts of the area, including the D2 business community.

4.15 Key achievements and successes have included:

- Establishment of a D2 investment pipeline
- Leadership of economic recovery from the COVID pandemic
- Targeted work on key sectors such as the rural economy and low carbon transport
- Support to businesses and inward investment activity
- Development of growth, skills and employment and transport strategies
- Delivery of regeneration programmes such as town deals
- Management of the retained business rates pool.

4.16 The development of strategic approaches in response to Government initiatives such as the Freeport and HS2 have also occurred through D2 EPC.

4.17 During the course of 2023 the Committee agreed that a governance review be undertaken in which the work, purpose and terms of reference of the existing Boards was evaluated:

- The D2 Joint Committee for Economic Prosperity (D2 EPC)
- The Derbyshire Economic Recovery Board (DERB)
- The Derbyshire Economic Partnership (DEP)

4.18 While the review floated the idea of bringing together the EPC, DERB and DEP within what, at that stage, was to be called the D2 Growth Board - with a Business advisory board potentially envisaged as sitting alongside – it was recognised that there needed to be a single decision-making arena that included all Leaders.

Future strategic governance arrangements for Derby and Derbyshire: The Strategic Leadership Board

4.19 Bringing together and informed by the above reviews, the D2 Strategic Leadership Board (D2 SLB) is proposed as the successor to the two existing joint committees, Vision Derbyshire and Economic Prosperity, promising a streamlined, refreshed and fully inclusive approach to collaborative working across existing and new partnership activity.

4.20 The Committee is proposed as offering a single framework for discussion and decision making across agendas incorporating the remits of the Vision Derbyshire Joint Committee and the D2 Economic Prosperity Committee; and, additionally, accommodating the proposed D2 Growth Board alongside the proposed D2 Business Board. This means that the DERB and the DEP would also no longer exist.

4.21 The proposed structure for the new Board can be found at Appendix 1. The draft Terms of Reference, including the Articles, Procedure Rules and Access to Information Procedure Rules are attached at Appendix 2. A short Guide to the D2 SLB is at Appendix 3 and provides a simple, accessible description of the D2 SLB's ambition and functions, and how it will work in practice.

4.22 This new Joint Committee would bring together Derby and Derbyshire's ten councils to:

- Provide collective leadership for Derby and Derbyshire, ensuring our authorities speak with a single, shared voice at the county, regional and national level.
- Collaborate as partners to develop joined-up approaches to the complex, connected and challenging agendas where our councils share common interests.
- Progress shared ambitions for the people and places of Derbyshire, making decisions together to improve services and co-ordinate resources better and more sustainably.

All local authorities within Derby and Derbyshire would be invited to join D2 SLB as constituent members and to play a full part in co-ordinating and driving agendas where it is recognised and agreed that more can be achieved for all our localities, and for Derby and Derbyshire as a whole, by
4.23 our councils working together.

Accordingly, D2 SLB's remit would include 'place', regeneration, broader economic development, business and skills, and transport, and wider agendas including climate and the environment, and health and wellbeing.

4.24 The Board, on behalf of the participating authorities, would be responsible for improving the delivery of functions already within the remit of local authorities through statute to improve the economic, environmental or social wellbeing of the areas within Derbyshire.

4.25 The Board would also provide an opportunity to explore rationalisation and alignment of existing partnership structures and approaches, which will be essential given limited capacity and expertise and reducing public sector resources.

4.26 In this context, it would be for the Board to establish any sub committees it chooses to in order to provide support to the Board's work programme and for the Board to determine the membership of these sub committees. Any such sub committees would report into the full Board.

4.27 From a legal perspective, the Strategic Leadership Board would be constituted as a 'Joint Committee'. This means that, with decision making powers delegated to it by its constituent member councils, the Board would be empowered to jointly discharge and to exercise functions on their behalf within its agreed remit. (A Joint Committee is one comprising two or more councils established for the joint discharge of any functions of
4.28 those councils in accordance with the Local Government Act 1972, s101.)

All local authorities would be encouraged to delegate functions to enable D2 SLB to act as the responsible decision-making body for those functions that participating councils confer upon it and to ensure full collaboration across the range of proposed activities that would form D2 SLB's agenda. The ambition is that through councils' active commitment and participation the Board will mature into a truly authoritative, representative and collaborative partnership of all Derby and Derbyshire councils – while duly
4.29 acknowledging the sovereignty of participating councils and recognising that each would have separate as well as shared interests in partnership working.

It is proposed that membership and participation be open to all Derby and Derbyshire's councils, including by councils who choose not to confer responsibilities in the way that is envisaged and who instead choose to retain full, separate local control.

Relationship to the proposed EMCCA

4.30 Once the East Midlands Combined County Authority is established it is vital that D2 councils come together to manage their interface with this new authority, which will lead the development and delivery of key expenditure programmes all of which will bring benefits to Derby and Derbyshire, including a Devolution Investment Fund ('Gainshare'), the Adult Education
4.31 Budget and a consolidated transport budget.

All Derby and Derbyshire's councils will have a stake in these agendas and successfully influencing and shaping the CCA's thinking, planning and decision making on local investment priorities is likely to be optimised by doing so together.

Additionally, the Board is envisaged as providing a potentially appropriate mechanism for agreeing formal nominations for district and borough
4.32 representation on the proposed EMCCA. Under the arrangements establishing the EMCCA, Derbyshire's district and borough councils collectively will be entitled to two seats on the CCA board, with the city and county each having one seat by virtue of being Constituent Member Authorities. It is proposed that the D2 Strategic Leadership Board be
4.33 designated the formal nominating body for appointments from non-constituent councils to the CCA board. The specific process for nominations will need to be developed and agreed with the EMCCA and is therefore subject to further approvals. However, assuming this is agreeable, it will be for districts and borough to determine their two nominations via the D2 SLB. These non-constituent members will sit on the EMCCA board as representatives of all districts and boroughs and not solely of the district or borough for which they are a councillor.

If the D2 SLB consents to the designation as a nominating body, the terms of reference of the D2 SLB will need to be amended to include the function of nominating non-constituent representatives to the proposed EMCCA and other associated committee/advisory group representatives as and when requested.

Terms of Reference for the SLB

The draft articles, functions and procedure rules for the proposed D2 SLB
4.34 Joint Committee are attached at Appendix 2, for consideration and agreement by Council as they include proposed delegations from Councils. These provide a framework for the Joint Committee to operate as the future joint decision-making body for matters where Derby and Derbyshire Councils will work collaboratively. These terms of reference are draft and need to be considered by Councils before they can be ratified by the D2
4.35 SLB when it convenes.

The articles set out the main aims of the D2 SLB, which will:

- Provide collective strategic leadership for local government in Derby and Derbyshire
- Drive forward shared ambition and collective priorities for local government across Derby and Derbyshire
- Improve joint working across local government in Derby and Derbyshire
- Form a collective view on matters impacting Derby and Derbyshire
- Ensure the proposed EMCCA is aware of Derby and Derbyshire's collective views and interests and exercise all functions that it agrees to accept from the Combined County Authority, once established
- Enable improved agility, timeliness and effectiveness in decision making

4.36 As the Board's role develops, consideration will be given to the Joint Committee taking on additional responsibilities as these emerge and develop. This will be subject to further approval by the Council to delegate those additional functions to the Joint Committee.

4.37 Membership of the Board will comprise councillors from participating councils who will each be enabled to appoint one Elected Member and one substitute. While the Board is envisaged as making decisions on the basis of consensus, formally, in order to reserve the decision-making rights of authorities delegating functions, it is proposed that voting will be restricted to those representatives who are from authorities which have delegated functions to the Committee.

4.38 Given the role the Council has played in the D2 EPC and developing and reviewing the Vision Derbyshire approach it is recommended that the authority delegate functions to the Joint Committee as set out in this report to enable it to be formed, agreeing the draft governance arrangements as set out in the Terms of Reference Appendix 2.

4.39 It is recommended that Council agree that Derbyshire County Council will act as the Strategic Leadership Board host authority. It is also recommended that the Leader be nominated to represent Chesterfield Borough Council on the Joint Committee once it is formed and the Deputy Leader be nominated as substitute.

4.40 While it is assumed that Council representation on the Board will be undertaken by the Leader, it is recommended that Council note the Council's position regarding the co-option of members onto the Board and that the Council's existing scrutiny arrangements can review or scrutinise decisions made in connection with the exercise of the functions of the Board.

Host Authority and accountable body

4.41 The Joint Committee is not a legal entity in its own right and therefore to establish and operate the Joint Committee, a host organisation will be required. The host authority will be responsible for the administration of meetings of the Joint Committee, hold funding on behalf of the Joint Committee and act as the employing authority for the purposes of executive team supporting the Committee (the Programme Team). The host authority's Statutory Officers will act as the Statutory Officers for the Joint Committee.

4.42 It is proposed that Derbyshire County Council should act as the Host authority for the Joint Committee and provide the necessary executive support for its administration. The County Council was the Host Authority for the D2 EPC and Vision Derbyshire Joint Committee and therefore has sufficient capacity to assume this role.

<u>Winding up the D2 Joint Committee for Economic Prosperity</u>

4.43 On 14 December 2023 members of the D2 EPC approved to dissolution of the Joint Committee, for the purposes of establishing the D2 Strategic Leadership Board, to be ratified by constituent member councils.

4.44 The D2 EPC has had responsibility for managing the Retained Business Rate pool and resourced a range of successful projects (including capital grant and feasibility schemes, business start-up support and the youth hubs). Following the dissolution of the D2 EPC, £734,449 remains and there are no current commitments for spend, it was agreed in principle this sum be absorbed into the Strategic Leadership Board's responsibilities. Spend against the remainder sum will be aligned to projects and proposals that support economic growth and/or help sustain or increase the generation of business rates in the D2 geography, in line with Government's original criteria for the retained funding. Chesterfield Borough Council has been a recipient of funding via retained business rates in the past, notably £1.05m towards the revitalising the heart of Chesterfield project and £45,000 towards the feasibility study for DRIIVE.

4.45 Council is asked to note the dissolution of the D2 Joint Committee for Economic prosperity and Vision Derbyshire and recommend to Council that the Constitution should be amended accordingly.

<u>Winding up the Vision Derbyshire Joint Committee</u>

On 14 December 2023 members of the Vision Derbyshire Joint Committee approved the dissolution of the Committee, for the purposes of establishing the D2 Strategic Leadership Board, to be ratified by constituent member councils.

4.46 As at the time of the dissolution of this Committee no commitments to the Vision Derbyshire budget were made. There are no outstanding financial liabilities and therefore constituent Councils exiting the arrangement have not needed to pay any outstanding amount to cover a share of their liability. Surplus outstanding funding will be returned to the constituent authorities on the basis from which they paid in. This is £52,350 for the Council.

4.47 Council is asked to note the dissolution of the Vision Derbyshire Joint Committee and recommend to Council to amend the Council's constitution accordingly.

4.48 The delivery programme and resource for the D2 SLB

4.49 There is agreement across Councils that capacity and capability, through the establishment of a programme team, is needed to support the Board. The Programme Team would be responsible for:

- Overseeing and managing the approach – including servicing meetings/committees
- Work with thematic delivery leads to identify, develop, and deliver programmes and projects across the Boards collectively agreed priorities
- Shape the future programme and support align with the proposed EMCCA, if it is established, to optimise benefits for Derbyshire.

4.50 As the host authority, Derbyshire County Council will be responsible for the establishment of the team. The team will be comprised of a number of permanent Programme Team posts, to be agreed by the D2 Strategic Leadership Board when it convenes and on the commitment of the programme budget.

4.51 The D2 Strategic Leadership Board, once established will direct the work of the programme team and a number of current funding streams have been identified to support this work, previously attributed to the Vision Derbyshire programme, the D2 EPC and the Derbyshire Economic Partnership. This is outlined in the table below.

Strategic Leadership Board Funding	**£**
County Council Funding (40%)	156,324
Derbyshire Economic Partnership Funding	135,000
Business Rate Pool Contribution	99,485
Total	**390,890**

4.52 The proposals require no immediate additional funding commitments from Chesterfield Borough Council. This proposal will ensure that funding is in place until March 2025. Chesterfield Borough Council currently makes a funding contribution of £15,000 per annum to the Derbyshire Economic Partnership, this will be sustained.

The current Business Rates Pool stands at £734,449 and how the Board is funded beyond the 2024/25 period, will be a decision to be taken by the Board at an appropriate time.

<u>Next Steps – Taking Forward Proposals</u>

4.53 All Derby and Derbyshire Councils are now being asked to agree to join and participate in the D2 Strategic Leadership Board.

Wider engagement with Leadership Teams within participating Councils, both at an Elected Member and Senior Management level, are recognised as being vital to secure shared commitment, including Q&A sessions with Members and development of an accessible 'short guide to the D2 SLB'. It
4.54 will be important to ensure that the Council is engaged in development of the Board's work programme over the coming months to maximise the collaborative benefits for this authority, local people and communities in Derbyshire.

4.55

Identifying the key actions which the Council will need to undertake, and the resources and capacity required to participate fully in both the development and future implementation of collaborative working will also be important.

4.56

4.57

5.0 Alternative options

5.1 Existing Joint Committees having been dissolved, the Council could take the option to not create a successor committee. There would still however, need to be an alternative vehicle to make nominations to the CCA when established.

5.2 Existing Joint Committees having been dissolved, the Council could take the option to not participate in the D2 SLB once established. This is not desirable as this report has indicated that the D2 SLB is a merger of two successful Joint Committees to support effective and efficient decision making. There is also significant interest in continuing to work collaboratively with Debry and Derbyshire Councils to work collectively in partnership to tackle the county's challenges and speak as a collective where possible.

6.0 Implications for consideration – Financial and value for money

6.1 Following the dissolution of the D2 EPC, the £734,449 remains from Retained Business Rates fund, and responsibility for overseeing the remainder of the spend, be transferred to the new D2 Strategic Leadership Board. Spend against the RRB will need to be aligned to projects and proposals that support economic growth and/ or help sustain or increase the generation of business rates in the D2 geography, in line with Government's original criteria for the retained funding.

6.2 The dissolution of the Vision Derbyshire Joint Committee has resulted in the return of £52,350 funding to the Council of unallocated spend based on the Councils pervious budget commitment in the 2022/23 period.

6.3 The costs and contributions associated with meeting the required budget for the D2 SLB programme team outlined in is outlined below.

Strategic Leadership Board Funding	**£**
County Council Funding (40%)	156,324
Derbyshire Economic Partnership Funding	135,000
Business Rate Pool Contribution	99,485
Total	**390,890**

6.4 Where an authority determines through its own governance arrangements that it no longer wishes to be a member of the Joint Committee, that authority may cease its membership with effect from the date of its decision. However, authorities will remain liable for any previously agreed financial contributions to fund the D2 Strategic Leadership Board until the end of the financial year for which those contributions have been agreed regardless of any decision to cease membership.

6.5 Where long-term liabilities, such as any Pension Fund shortfall, exists they will be calculated at the point membership ceases and any council exiting the arrangement will pay the host authority an amount to cover their share of that liability.

7.0 Implications for consideration – Legal

7.1 Section 101(5) of the Local Government Act 1972 (LGA 1972) permits councils to make arrangements for two or more authorities to discharge any of their functions jointly, and arrange for the discharge of those functions by a Joint Committee.

7.2 Under s102 LGA 1972 two or more local authorities may appoint a joint committee of those authorities for the purpose of discharging any of their functions. Those two or more authorities would need to agree to delegate functions or powers to the joint committee to enable it to discharge those functions. Those two or more authorities may permit other authorities to appoint members to the joint committee without those authorities delegating functions into it. However, all authorities that wish to join the joint committee will need to formally agree to set up the committee and agree the terms of reference to be able to appoint a member to the committee.

7.3 All members appointed to the joint committee are members of that committee. Under the legislation, all members would have the right to participate and vote on any matters at the joint committee. However, voting rights can be restricted to members of those authorities who have delegated functions to it in the Terms of Reference so that authorities would not be able to vote in respect of functions they have not delegated to the joint committee.

7.4 Section 9EB of the Local Government Act 2000 (LGA 2000) enables the Secretary of State to make regulations permitting arrangements under section 101(5) of the LGA 1972 where any of the functions are the responsibility of the executive of the Authority. The relevant regulations are the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. Regulation 11 makes provision for joint arrangements to involve a joint committee under section 101(5) of the LGA 1972.

7.5 The functions being delegated to the D2 Strategic Leadership Board are all executive functions. Therefore, in accordance with the legislation and the Council's Constitution, the decision to establish the D2 Strategic Leadership Board and determine the number of members to be appointed to the Committee and their terms of office should be made by Council.

7.6 As the functions are executive functions, the regulations also require that the members appointed to the D2 Strategic Leadership Board should be members of the Executive.

7.7 In accordance with the Regulation 12 Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012, a local authority with executive arrangements delegating executive functions is not able to co-opt additional members to the Committee. However, an authority operating a committee system is able to co-opt additional members. Therefore, the ability to co-opt is restricted within the Terms of Reference to obtaining a majority vote in relation to any proposal to co-opt. Such cooptees shall not be Members of the Joint Committee and shall have no voting rights.

7.8 Any requests for information received by the Board should be directed to the relevant constituent authority for that authority to deal with in the usual way, taking account of the relevant legislation. Where the request relates to information held by two or more constituent authorities, they will liaise with each other before replying to the request. The host authority will co-ordinate responses to ensure that legislative deadlines are met.

8.0 Implications for consideration – Human resources

8.1 The host organisation will be responsible for the recruitment and hosting of the Programme Team posts, and this will be in line with standard recruitment and remuneration policies.

8.2 The County Council currently employees 2FTE Senior Economic Development Officers who work for the Derbyshire Economic Partnership. Whilst their job description, person profile and line management will not change, they will now be required to support the priorities of the D2 Strategic Leadership Board and its associated work, which would have previously agreed and commissioned by DEP.

8.3 As the host authority Derbyshire County Council will also hold a number of proposed additional Programme Team posts, to be agreed by the D2 Strategic Leadership Board in its first meeting and on the commitment of the programme budget. Recruitment to any outstanding posts will be in line with the grading criteria of the host council and their policies and procedures. This will include:

- 1 x Programme Manager
- 2 x Project Officers
- 0.5 x Communications Officer
- 1 x Admin Support

8.4 All new posts would be created on permanent basis, and as such, would be subject to the host council's redundancy and redeployment policies and procedures. All partners will be asked to confirm their willingness to recognise an obligation to the postholders, through offering redeployment opportunities as appropriate, should this become necessary.

9.0 Implications for consideration – Council Plan

9.1 Derby and Derbyshire Strategic Leadership Board compliments and enhances Council Plan activity.

10.0 Implications for consideration – Climate Change

10.1 These arrangements do not have a direct impact on climate change, however Climate change activity forms part of delivery proposals and it is expected that the programme budget and team will support the delivery of associated programmes of work and projects as they develop and are brought forward.

11.0 Implications for consideration – Equality and diversity

11.1 An EIA is not needed as the report relates to an administrative decision rather than an issue of policy. Equality Impact Assessments (EIA's) in relation to specific project and programme activities will form a key part of Derby and Derbyshire Strategic Leadership Board considerations to ensure that appropriate mitigations are developed for potential negative impacts on people with protected characteristics, and positive impacts maximised.

11.2 As part of the process of making decisions and changing policy, the D2 Strategic Leadership Board will in accordance with the public sector equality duty to consider the need to:

- Eliminate unlawful discrimination, harassment and victimisation
- Advance equality of opportunity between people who share protected characteristics (as defined by equalities legislation) and those who don't.
- Foster good relations between people who share protected characteristics and those who don't.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Inability to recruit to programme team roles	High	Medium	Work will take place to identify the appropriate recruitment opportunities to secure appointments across the team	Medium	Low
Insufficient programme budget to support project delivery	Medium	Medium	This proposal ensures that funding is in place until March 2025. Should additional resources be required this would be the subject of a full business case to the Strategic Leadership Board agreement on the approach to adequately resource identified activity.	Medium	Low

Decision information

Key decision number	**1189**
Wards affected	**All**

Document information

Report author	
Chief Executive Service Director – Corporate	
Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
None	
Appendices to the report	
Appendix 1	Draft proposed structure for D2 SLB
Appendix 2	Draft articles, functions and procedure rules for the proposed D2 SLB Joint Committee
Appendix 3	A short Guide to the D2 SLB

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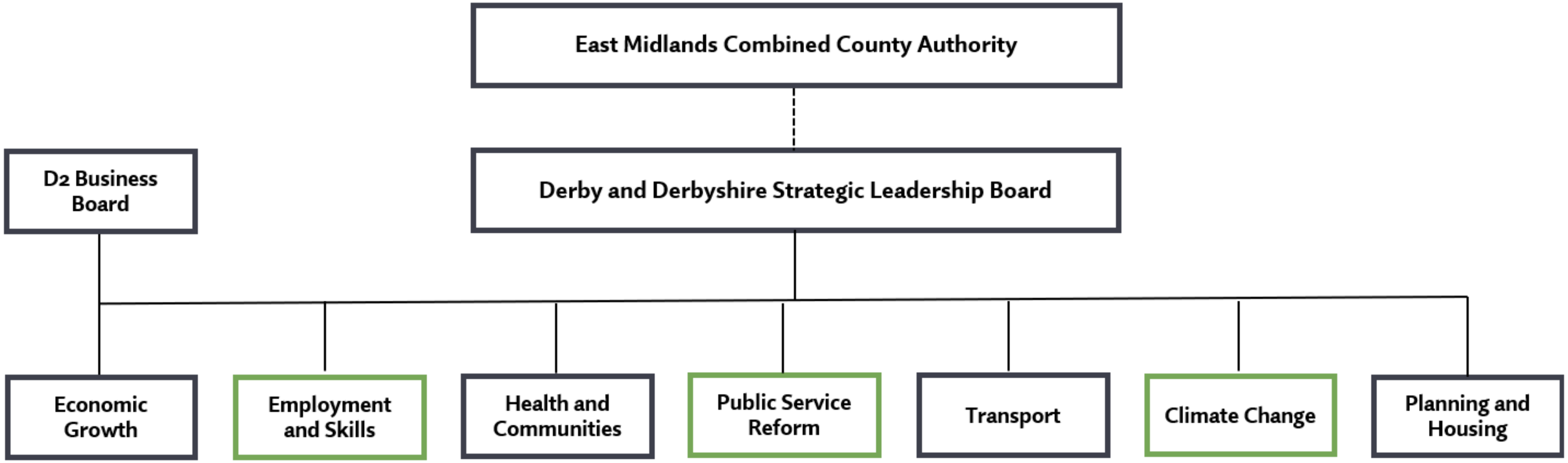
Appendix 1

Draft Proposed Structure for the D2 SLB (showing potential thematic areas, to be determined)



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Appendix 2

THE DERBY AND DERBYSHIRE STRATEGIC LEADERSHIP BOARD

[Draft] TERMS OF REFERENCE

ARTICLES

1. Introduction and Context

1.1 The **Derby and Derbyshire Strategic Leadership Board** (D2 SLB) brings together the County's ten local authorities in what is a **joint committee** with a refreshed and fully inclusive approach to collaborative working across existing and new partnership activity. D2 SLB will:

- Provide collective leadership for Derby and Derbyshire, ensuring our authorities are heard to speak with a single, shared voice at the county, regional and national level;
- Collaborate as partners to develop joined-up approaches to the complex, connected and sometimes challenging agendas where our councils share common interests; and additionally
- Progress shared ambitions for the area, co-ordinating resources better and more sustainably.

1.2 With the creation of the East Midlands Mayoral Combined County Authority bringing new opportunities to improve outcomes for people and places throughout Derby and Derbyshire, it makes sense for D2 councils to come together to manage their interface with this new authority as well as co-ordinating City, District, Borough and County agendas which are envisaged as becoming the remit of D2 SLB including economic development, skills, health and wellbeing, transport and the environment and potentially wider agendas where there is common recognition in the value of tackling challenges together.

1.3 Accordingly, the D2 SLB will:

- Achieve joined up approaches within and between a variety of **shared policy agendas and service delivery agendas**, including but not restricted to place and economic development;
- Rationalise and **simplify existing partnership and governance arrangements** related to these areas (with agreement that the work of existing County level committees (including the Vision Derbyshire Committee, the D2 Economic Policy Committee together with the Growth Board will be superseded by a single Derby and Derbyshire-wide partnership arrangement); and

- Provide the lead forum for collaborative activity between councils in Derbyshire on matters relating to the new **Combined County Authority** primarily to secure collective influence, especially concerning investment and growth.

1.4 In this context, the overall ambition of D2 SLB is to mature into a truly authoritative and representative partnership of all Derby and Derbyshire councils while duly acknowledging the sovereignty of participating Councils and recognising that each will have separate as well as shared interests in partnership working, including a choice about whether or not to participate in this new venture.

Guiding Principles for the D2 SLB

1.5 The joint committee will provide:-

- Strong collective leadership and seek to deliver better local outcomes and more joined-up public services
- Clear, transparent and accountable decision-making which will ensure best value for taxpayers' money and maintain strong ethical standards
- An inclusive model of governance across an appropriate geographical footprint in Derby and Derbyshire
- Flexibility to work across organisational boundaries to deal with strategic and emergent challenges whilst maintaining local control

1.6 It is envisaged that collaboration and decision making based on these principles will enable Derby and Derbyshire's local authorities to tackle challenges at regional, county and local place levels more effectively.

1.7 The D2 SLB will act as the responsible decision-making body for functions delegated to it by participating Councils within Derby and Derbyshire and, accordingly, membership of the D2 SLB will comprise councillors appointed by those participating authorities. Councils may choose to appoint members to the D2 SLB while not delegating decision-making responsibilities for functions. However, all participating authorities, whether or not agreeing to delegate functions, will be required to contribute towards the costs of funding the D2 SLB.

1.8 Councils participating in the D2 SLB are committed to the provision of improved services. It is considered that this will, in certain instances, be best achieved by the joint provision of services, joint working and/or the development of common standards and protocols. All proposals for the setting up of any new services or the discharge of functions are in the first instance to be subject to an investigation into the suitability of providing such services or discharging such functions, as a joint service for all participating Councils.

2. Membership of the D2 SLB

2.1 All local authorities within the Derby and Derbyshire are invited to join the D2 SLB as constituent members (subject to agreement by respective councils) namely:

- Derbyshire County Council
- Derby City Council
- Amber Valley Borough Council
- Bolsover District Council
- Chesterfield Borough Council
- Derbyshire Dales District Council
- Erewash Borough Council
- High Peak Borough Council
- North-East Derbyshire District Council
- South Derbyshire District Council

2.2 All participating councils within Derby and Derbyshire will be permitted to appoint one elected member to the D2 SLB and to nominate one elected member as a substitute, whether or not they are delegating functions to the D2 SLB.

2.3 A Substitute Member will have the same rights to receive meeting papers and to access information as the Member for whom s/he is a substitute.

2.4 All appointments as Members or Substitute Members of the D2 SLB shall be for a term of one year from the Annual Meeting, but an individual may be re-appointed to serve as a Member or Substitute Member any number of times.

2.5 All councils shall be entitled at any time to terminate the appointment of a Member or Substitute Member appointed by it and to appoint another of its Elected Members in that person’s place. Where a Council exercises this power it shall give written notice of the new appointment and the termination of the previous appointment to the Monitoring Officer responsible for the D2 SLB and the new appointment shall take effect from the point specified in the written notice.

2.6 Should a change of political control occur at a participating local authority, usually arising from local elections, it will be for that local authority to confirm any changes in appointments to the D2 SLB’s membership in accordance with the constitutional arrangements of that Council. A Member or Substitute Member of the D2 SLB who ceases (for whatever reason) to be an Elected Member of the Council that appointed them shall immediately cease to be a Member or Substitute Member of the D2 SLB, and the relevant Council shall as soon as practicable give written notice of this to the Monitoring Officer responsible for the D2 SLB and appoint another of its Elected Members in that person’s place.

2.7 A person may resign as a Member or Substitute Member of the D2 SLB by written notice served on the Proper Officer of the Council that appointed them and the resignation shall take effect on receipt of the notice by the Proper Officer. The relevant Council shall as soon as practicable give written notice of this to the Monitoring Officer responsible for the D2 SLB and appoint another of its Elected Members in that person's place.

2.8 Where an appointing Council operates executive arrangements (within the meaning of the Local Government Act 2000), the appointment, removal and replacement of Members and Substitute Members of the D2 SLB shall be decided in accordance with the constitutional requirements of that Council, but it is anticipated that all Members and Substitute Members appointed by it shall be Members of its executive and will include its executive leader or elected mayor.

2.9 All appointments, removals and replacements of Members and Substitute Members of the D2 SLB by Councils shall be made by notice in writing addressed to the Monitoring Officer responsible for the D2 SLB. Any such notice shall be deemed to have been given when received by the Monitoring Officer.

2.10 Any individual council that does not operate executive arrangements and that wishes to co-opt an additional member or members can only do so following consultation with and a majority vote of all voting members of the Joint Committee and shall have no voting rights. An individual's co-option shall terminate as soon as her/his involvement with the organisation that gave rise to the co-option ceases; and such co-option shall be endorsed annually by the Joint Committee and subsequently confirmed formally by the appointing authority.

2.11 All Members of the D2 SLB (including any Substitute Members acting in place of Members of the D2 SLB) will:

a) (subject to the D2 SLB's voting arrangements) collectively be the ultimate policy makers of the D2 SLB;
b) bring views of their Councils into the D2 SLB's decision-making process; and
c) maintain the highest standards of conduct and ethics.

2.12 Members will at all times observe the Code of Conduct for Members in force in their own Council and any breaches will be reported to the Monitoring Officer of their own Council.

2.13 No remuneration shall be payable to D2 SLB Members other than allowances for travel and subsistence in accordance with the Members' Allowances Schemes in operation at participating Councils. (It is acknowledged that a participating Council may, in accordance with its own procedures, pay a special responsibility allowance to any Elected Member appointed by it to the D2 SLB in respect of duties and responsibilities undertaken as a Member or Substitute Member of the D2 SLB.)

3 Chairing the D2 SLB

3.1 The Chair of the D2 SLB will be appointed by the D2 SLB.

3.2 In the event that there are more than two Members nominated for the role of Chair, and there is not a clear majority of votes in favour of one Member, then the name of the Member with the least number of votes will be eliminated and that process will continue until a Chair is elected with a majority of votes.

3.3 The D2 SLB will appoint a Vice-Chair to deputise for the Chair when the latter is not present or available.

3.4 In the event that there are more than two Members nominated for the role of Vice-Chair, and there is not a clear majority of votes in favour of one Member, then the name of the Member with the least number of votes will be eliminated and that process will continue until a Vice-Chair is elected with a majority of votes.

3.5 The Chair or Vice-Chair of the D2 SLB will cease to hold such office when they cease to be a Member of the D2 SLB, in accordance with the provisions set out at paragraphs 2.6 to 3.7 above.

4. Procedural Arrangements

4.1 The D2 SLB shall meet in accordance with its agreed calendar of meetings throughout a municipal year, but additional meetings may take place should the need arise.

4.2 While a guiding principle of D2 SLB will be decision making by consensus, which will lead the Board to coalesce around agendas where there is a shared view about how to proceed, should there be circumstances where a vote is required each Member of the D2 SLB shall have one vote, other than in the following circumstances:

a) where matters reserved to upper tier authorities are to be discharged, eg. public transport functions that are reserved to county and unitary authorities;
b) where matters reserved to lower tier authorities are to be discharged, eg. housing functions that are reserved to borough, district and unitary authorities;
c) where matters reserved to specific geographies are to be discharged, eg local planning functions that are reserved to Derbyshire councils only
d) where matters reserved in a combination of the above are to be discharged, eg. shared services arrangements involving specific councils not others.

4.3 In such circumstances Members from authorities that have no formal remit will not be entitled to vote. No authority represented on the Board will be empowered to vote on or to discharge a function belonging to another for which it has no responsibility in law. No authority will be entitled to vote on a matter to which they have not formally delegated to the D2 SLB.

4.4 The proceedings of the D2 SLB shall not be invalidated by any vacancy among its Members or Substitute Members or by any defect in the appointment or qualifications of any Member or Substitute Member.

5. Records of Proceedings

5.1 The D2 SLB shall make arrangements for the names of Members and Substitute Members present at any meeting to be recorded.

5.2 Minutes of the proceedings of a meeting of the D2 SLB, or any sub-committee, shall be kept in such form as the D2 SLB may determine.

5.3 Any such minutes are to be agreed as a true record and signed at the same or next suitable meeting of the D2 SLB or sub-committee by the Member chairing that meeting.

5.4 A Member of the D2 SLB, or any sub-committee, has the right to have their vote on any matter recorded in the minutes of the meeting at which the vote was cast.

5.5 Minutes of all minutes will be published on the websites of all participating Councils.

6. Sub-Committee

6.1 The D2 SLB may establish such sub-committees as it thinks fit to discharge its functions.

7. Officers

7.1 The Section 151 Officer (appointed under Section 73 of the Local Government Act 1975) and Monitoring Officer (appointed under section 5 of the Local Government and Housing Act 1989) of the host authority for the D2 SLB will serve as the statutory officers in support of the D2 SLB.

7.2 The D2 SLB may call upon any officer of any of the local authorities who have members on the D2 SLB for advice and assistance, as it considers necessary to carry out its functions.

8. Scrutiny of decisions

8.1 Each constituent authority which operates executive arrangements will be able to scrutinise the decisions of the D2 SLB in accordance with that constituent authority's overview and scrutiny arrangements. Any authority that operates a committee system model of governance will have the discretion to scrutinise decisions of the D2 SLB according to its own specific governance arrangements.

9 Winding up of the D2 SLB and Cessation of Membership

9.1 The D2 SLB may be wound up immediately by a unanimous vote of all constituent authorities.

9.2 Where an authority determines through its own governance arrangements that it no longer wishes to be a member of the D2 SLB, that authority may cease its membership with effect from the date of its decision. However, authorities will remain liable for any previously agreed financial contributions until the end of the financial year for which those contributions have been agreed regardless of any decision to cease membership. Where long term liabilities, such as any Pension Fund shortfall, exists they will be calculated at the point membership ceases and any council exiting the arrangement will pay the host authority an amount to cover their share of that liability.

FUNCTIONS AND RESPONSIBILITIES

a. The D2 SLB is established pursuant to Section 101(5) of the Local Government Act 1972, which permits local authorities to make arrangements for two or more authorities to discharge functions jointly, so long as it is a function that the law reserves to a specified committee. The D2 SLB is established for the following purposes:

- Provide collective strategic leadership for local government in Derby and Derbyshire
- Drive forward shared ambition and collective priorities for local government across Derby and Derbyshire
- Improve joint working across local government in Derby and Derbyshire
- Form a collective view on matters impacting Derby and Derbyshire
- Enable agile, timely and effective decision making.

b. The D2 SLB, on behalf of the participating authorities, will be responsible for improving the delivery of functions already within the remit of local authorities through statute or through specific collaborative work to improve the economic, environmental or social wellbeing of the areas within Derby and Derbyshire from the following broad definitions:

- Incorporating existing partnership arrangements
- Areas for collaborative system changes across authorities
- Specific thematic projects and priorities

c. Within those broad definitions, the D2 SLB will:

i) Provide a forum for consideration of opportunities for joint working across Derby and Derbyshire

ii) Provide or assume democratic oversight for existing joint committee and partnership arrangements

iii) Inform and support the work of the East Midlands Mayoral Combined County Authority, in particular feeding into the EMCCA led Investment Strategy for the region

iv) Determine the prioritisation of issues affecting Derby and Derbyshire to influence commissioning at a regional level

v) Determine commissioning arrangements on matters for which funding is provided on a sub-regional basis

vi) In particular, act as the local public sector decision-making body for strategic economic development across Derby and Derbyshire (including potential alignment of resources, commissioning, and performance / contract management) in respect of

(a) Skills and training

(b) Inward Investment

(c) Investor Development

(d) Sector Development

(e) Regeneration Delivery

(f) Climate Change and Low carbon

(g) Supporting debates on Land Use policy

vii) Own, monitor and review the Derbyshire Growth Plans and associated investment plans

viii) Act as the accountable body for decision making on funding streams allocated to the D2 SLB by other bodies

ix) Oversee the planning, alignment and performance of delivery partners and organisations to achieve more effective and efficient commissioning, monitoring and implementation, and ultimately better outcomes

x) Engage and maintain an active, ongoing dialogue with the Derby and Derbyshire business community through relevant economic advisory boards

xi) Hold to account relevant bodies whose work impacts on the economic well-being of Derbyshire

xii) Determine the programme of projects and work streams, how those will be managed and communicated to stakeholders and the public

xiii) Monitor and review performance in respect of services delivered in partnership through the D2 SLB and authorise the publication of an annual report of performance and outcomes

xiv) Commission strategic outline and full business cases for individual councils to consider opportunities for more collaborative working

xv) Determine requests from individual authorities or groups of authorities to work collaboratively on specific projects or work streams

xvi) Provide a forum for councils and their representatives to provide challenge to each other with the aim of increasing collaboration to deliver efficient, effective and economic services, which equally improve the offer and outcomes to residents and businesses

xvii) Delegate functions and responsibilities to sub-committees or officers as the D2 SLB deems appropriate and keep any governance arrangements associated with the D2 SLB under review.

d. In the above context, it will be for the Board to establish any sub committees it chooses to in order to provide support with specific tasks within the Board's work programme and for the Board to determine the membership of such sub committees. Any sub committees will report into the full Board.

e. The D2 SLB will exercise all its powers and duties in accordance with the law and these terms of reference and procedure rules.

f. The authorities appointing to the D2 SLB are:

- Derbyshire County Council
- Derby City Council
- Amber Valley Borough Council
- Bolsover District Council
- Chesterfield Borough Council
- Derbyshire Dales District Council
- Erewash Borough Council
- High Peak Borough Council
- North-East Derbyshire District Council
- South Derbyshire District Council

[MEMBERSHIP TO BE AGREED BY RESPECTIVE AUTHORITIES]

g. It is for individual Councils participating in the D2 SLB to determine which functions and responsibilities they are willing to delegate to the D2 SLB in accordance with their own decision-making arrangements. Conversely, the D2 SLB in determining its agenda, priorities and forward programme will wish to take a view on whether or not to accept such responsibilities.

h. No authority represented on the D2 SLB may participate in voting upon or discharging a function for which it has no responsibility in law.

---- *Ends* ----

Appendix 3

A short guide to the D2 Strategic Leadership Board (D2 SLB)

a) Aims and ambitions – what is it; and why should my council join?

D2 SLB is exactly as its name implies, a **leadership board**, bringing together Derby and Derbyshire's ten councils to lead and direct existing and new partnership agendas and activity:

- Providing collective **leadership for Derby and Derbyshire**, ensuring our authorities speak with a single, shared voice at the county, regional and national level;
- Collaborating as partners to develop **joined-up approaches** to the complex, connected and challenging agendas where our councils share common interests; and
- Progressing **shared ambitions** for the people and places of Derbyshire, making decisions together to improve services and co-ordinate resources better and more sustainably.

All local authorities within Derby and Derbyshire are invited to join D2 SLB as constituent members and to play a full part in co-ordinating and driving agendas where it is recognised and agreed that more can be achieved for all our localities, and for Derbyshire as a whole, by our councils **working together**.

Those agendas will incorporate the remits of the dissolved D2 Economic Prosperity and Vision Derbyshire Joint Committees – including, **'place', regeneration, broader economic development, business and skills, and transport,** and strengthening the focus of wider agendas including **climate and the environment, and health and wellbeing**.

Legally, the D2 Strategic Leadership Board will be constituted as a '**Joint Committee'**. This means that, with decision making powers delegated to it by its constituent member councils, the Board will be empowered to jointly discharge and to exercise functions on their behalf within its agreed remit. (A Joint Committee is one comprising two or more councils established for the joint discharge of any functions of those councils in accordance with the Local Government Act 1972, s101.)

A further consideration behind the proposed D2 Strategic Leadership Board is the creation of a Combined County Authority for the East Midlands, which will bring new opportunities to improve outcomes for people and places throughout Derbyshire. Once established, it makes sense for D2 councils to come together to manage their interface with this new authority which is envisaged as having a key role in determining agendas, such an investment programme and adult education strategy for the East Midlands region. All Derby and Derbyshire's councils will have a stake in these agendas and shaping these effectively will be made more possible by doing so together.

b) Functions – what will it do; what is my Council agreeing to, getting from it; and giving up?

The D2 Strategic Leadership Board is intended to:

- achieve joined up approaches within and between **shared policy and service delivery agendas**, in the first instance, place, growth, regeneration and economic development – including business support, inward investment, skills and transport; and, potentially, oversight of related future funding from the new Combined County Authority or Government;
- rationalise and **simplify existing partnership and governance arrangements** related to these areas (with agreement that the work of existing County level committees (including the Vision Derbyshire Committee, the D2 Economic Prosperity Committee together with the proposed D2 Growth Board will be superseded by a single Derbyshire-wide partnership arrangement); and
- provide a possible forum for collaborative activity between councils in Derbyshire on matters relating to the anticipated new **Combined County Authority**, to generate and secure collective influence, especially concerning investment and growth strategies; and additionally, because a mechanism is needed to agree nominations and appointments from Derbyshire Councils to the CCA Board (though this is subject to EMCCA delegation and further approvals).

By joining, Derby and Derbyshire's councils are, first, signalling their intention to work together in the provision of improved services for Derby and Derbyshire's residents and the general betterment of the city and county; and secondly, councils are enabling the D2 Strategic Leadership Board to act as the responsible decision-making body for such functions as those identified above that are conferred upon it by participating councils.

The County's local authorities have, therefore, nothing to lose and everything to gain from membership of the Strategic Leadership Board. The hope is that their active commitment and participation will allow the Board to mature into a truly authoritative, representative and collaborative partnership of all Derbyshire councils – while duly acknowledging the sovereignty of participating councils and recognising that each will have separate as well as shared interests in partnership working. This includes a choice about whether or not to participate in specific agendas (or indeed whether or not to participate at all).

c) Arrangements – how it will work in practice; how is my Council assured of getting a say?

Within the remit conferred upon it by participating Councils, it will be for the D2 SLB itself to determine its agenda and priorities, forward programme of activities together with the frequency of its meetings and working methods.

In doing so, the D2 SLB's guiding principles will be:

- Strong collective leadership which seeks to deliver better local outcomes and more joined-up public services
- Clear, transparent and accountable decision-making which will ensure best value for taxpayers' money and maintain strong ethical standards
- An inclusive model of governance reflecting the geographical footprint of Derbyshire
- Flexibility to work across organisational boundaries to deal with strategic and emergent challenges whilst maintaining local control; and last but not least
- Decision making by consensus.

Membership of the Board will comprise councillors from participating councils who will each be enabled to **appoint one Elected Member and one substitute**.

Although it is assumed that Councils joining the D2 Strategic Leadership Board will wish to delegate responsibilities for collective decision making in respect of agreed agendas identified above, whether or not Councils choose to do so is entirely a matter for them. Membership and participation by all Derbyshire's councils is welcome, including by councils who choose not to confer responsibilities in the way that is envisaged and who instead choose to retain full, separate local control.

While the Board is envisaged as reaching decisions on the basis of consensus, formally, should there be circumstances where a vote is called for, no authority represented on the Board will be empowered to vote on or to discharge a function belonging to another for which it has no responsibility in law. Accordingly, the **Terms of Reference are drafted to ensure safeguards** are in place regarding Councils' discharge of their own statutory and non-statutory responsibilities.

All participating authorities, whether or not agreeing to delegate functions, will be required to contribute towards the costs of funding the Board. **It is proposed that the County Council will act as host Authority for the Board**.

DCC, Strategy and Policy, December 2023

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For publication

Civic Arrangements 2024/25 (GV000)

Meeting:	Full Council
Date:	28 February 2024
Cabinet portfolio:	Governance
Directorate:	Corporate
For publication	

1.0 Purpose of the report

1.1 To confirm arrangements for the civic year 2024/25 in respect of the following:

Election of Mayor of the Borough
Election of Deputy Mayor of the Borough
Annual Council Meeting

1.2 To provide members with an update on the arrangements for the associated civic events, namely the Annual Civic Service and Parade and Mayoral Reception.

2.0 Recommendations

2.1 That Councillor Jenny Flood be invited to become Mayor of the Borough for 2024/25.

2.2 That Councillor Barry Dyke be invited to become Deputy Mayor of the Borough for 2024/25.

2.3 That it be noted that the Annual Council meeting will be held on Wednesday 8 May 2024, followed by a civic reception.

2.4 That it be noted that the Annual Civic Service and Parade will be held on Saturday 11 May 2024.

3.0 Reason for recommendations

3.1 To enable the Council to confirm civic arrangements for 2024/25.

4.0 Report details

4.1 Each year the Council is asked to confirm its civic arrangements for the forthcoming municipal year, namely the appointment of Deputy Mayor, the date of the Annual Council meeting to elect the Mayor and Deputy Mayor and the associated civic events.

4.2 The appointment of Deputy Mayor as Vice Chairman of the Council is a statutory appointment under Part 1 of the Local Government Act 1972 (LGA 1972). In the case of a Borough Council, the Vice Chairman is entitled to use the title of Deputy Mayor.

4.3 Cabinet adopted the following protocol for electing the Deputy Mayor in November 2006 (Minute No. 124), continuing the practice adopted in 1995, namely that the Deputy Mayor will be elected as Mayor after their year as Deputy Mayor and that the Mayor will be the councillor with the longest service. Priority between councillors with equal length of service is governed by ascending alphabetical order of surname, without regard to membership of political group.

4.4 In accordance with this protocol, Councillor Barry Dyke has indicated his willingness to accept the appointment of Deputy Mayor for 2024/25. This will need to be confirmed by Full Council.

4.5 The date of the Annual Council Meeting to elect the Mayor and Deputy Mayor for 2024/25 will be Wednesday 8 May 2024. In accordance with council policy, confirmed by Cabinet (Minute No. 126, 2008/09), the Annual Council Meeting shall be immediately followed by a civic reception with a Civic Service on the following Saturday. The Civic service will, therefore, be held on Saturday 11 May 2024.

4.6 The Mayor Elect is meeting with the Chief Executive and the Member and Civic Support Officers to confirm details for the civic reception and make preparations for the Mayoral year.

5.0 Alternative options

5.1 There are no alternative options to consider as the report follows a procedure prescribed by council policy and statutory requirements.

6.0 Implications for consideration – Financial and value for money

6.1 There are no significant financial implications for consideration. A small budget is allocated for the delivery of civic events.

7.0 Implications for consideration – Legal

7.1 There are no legal implications for consideration. The proposals in this report are in accordance with the LGA 1972 and council policy.

8.0 Implications for consideration – Human resources

8.1 There are no implications for consideration relating to human resources.

9.0 Implications for consideration – Council plan

9.1 There are no implications for consideration relating to the council plan.

10.0 Implications for consideration – Climate change

10.1 The Climate Change Officer has been consulted on the report and is satisfied that there are no climate change implications for consideration.

11.0 Implications for consideration – Equality and diversity

11.1 The meeting with the Mayor Elect will confirm any reasonable adjustments required to fulfil the full range of duties. These will be adjusted and improved as necessary during the mayoral year.

12.0 Implications for consideration – Risk management

12.1 Risk assessments are undertaken for all mayoral events and engagements.

Decision information

Key decision number	Non-key
Wards affected	All wards

Document information

Report author
Bethany Fletcher – Democratic and Elections Manager

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For publication

Changes to Outside Body Appointments 2023/24

Meeting:	Council
Date:	28 February, 2024
Directorate:	Corporate
For publication	

1.0 Purpose of the report

1.1 To enable the council to consider a proposed change to the appointments of an outside body for the remainder of the 2023/24 municipal year.

2.0 Recommendations

2.1 That the change to appointments to an outside body for the remainder of the 2023/24 municipal year as proposed by the leader of the majority group and described at paragraph 3.1 be approved.

3.0 Report details

3.1 That the following change to the membership of an outside body as proposed by the leader of the majority group be agreed:

Chesterfield and North East Derbyshire Royal Hospital Foundation Trust

- removal of Councillor Caulfield as a Labour group member
- addition of Councillor Staton as a Labour group member

Document information

Report author
Bethany Fletcher, Democratic and Elections Manager *Bethany.fletcher@chesterfield.gov.uk*

COUNCIL MEETING – 28 FEBRUARY 2024
MINUTES OF COMMITTEE MEETINGS

These Minutes are of Committee meetings taken under delegated powers since the last meeting of Council. The Minutes are for information only.

Please click on the links below to view the Minutes you want to read.

Appeals and Regulatory Committee	20 December, 2023, 24 January, 31 January,
Employment and General Committee	
Licensing Committee	
Planning Committee	4 December, 2023, 8 January, 29 January
Standards and Audit Committee	6 December, 2023

If you require paper copies of the Minutes please contact:

Emily Taylor
Democratic Services, Town Hall, Chesterfield, S40 1LP

Tel: 01246 345236
Email: democratic.services@chesterfield.gov.uk

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CABINET

Tuesday, 12th December, 2023

Present:-

Councillor Gilby (Chair)

Councillors	Holmes	Councillors	J Innes
	Sarvent		Staton
	Serjeant		Stone
	Davies		

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

43 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Baldauf-Good.

44 MINUTES

RESOLVED –

That the minutes of the meeting of Cabinet held on 14th November 2023 be approved as a correct record and signed by the Chair.

45 FORWARD PLAN

The Forward Plan for the four month period January, 2024 to April, 2024 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

46 PROPOSAL FOR INVESTMENT ZONE

The Service Director – Economic Growth presented a report seeking approval for 2no. development sites within the borough of Chesterfield to be part of an East Midlands submission to Government for Investment Zone (IZ) status and for the Chesterfield sites to be designated as Business Rates Retention areas.

It was noted that in its Spring Budget the Government had announced that 12 UK regions would be invited to submit proposals for new IZs – this included the East Midlands. Each region was asked to co-design the proposals with the Government working to the principles set out in an IZ Policy Prospectus, dated March 2023.

Subject to finalising and submitting a detailed business case to the Government, the region could expect to receive £160m over 10 years to support growth in two priority target sectors, namely 'Green' industries and Advanced Manufacturing.

Tax incentives would be available to businesses locating within the IZ for the full ten-year period, as would flexible funding for investment in a range of interventions aimed at unlocking barriers currently holding back growth of the two priority target sectors. The funding could be used for:

- Research and Innovation
- Skills
- Local Infrastructure
- Local Enterprise and Business Support
- Planning and Development

It was proposed that two sites within Chesterfield borough would be included in the East Midlands IZ. These sites were shown on maps within Appendix A of the Director's report. The north-eastern site was formerly the location of Hartington Colliery whilst the south-western site was part of the Staveley Growth Corridor (previously allocated as the site for HS2's Infrastructure Maintenance Depot).

It was anticipated that the new East Midlands Mayoral Combined County Authority (EMMCCA) would be established in April 2024 with the inaugural elections for the Mayor held in May 2024.

The EMMCCA would oversee delivery of the East Midlands IZ with a launch date for the IZ planned to coincide with its establishment, in April 2024.

***RESOLVED –** That is be recommended to Full Council;

1. That the submission of an East Midlands Investment Zone proposal to Government, to include 2no. development sites (as identified by the plan in Appendix A) within the borough of Chesterfield be supported.

2. That it be agreed in principle by the Council for the 2no. development sites to be designated as Business Rates Retention areas in line with Government policy, subject to;

a) The formal establishment of the East Midlands Mayoral Combined County Authority (EMMCCA) in May 2024
b) The Council being satisfied with the final terms of the Business Rates Retention Policy applicable to the East Midlands Investment Zone
c) The Council being satisfied with the final terms of the Reinvestment Strategy developed by EMMCCA to guide the reinvestment of the retained Business Rates within the East Midlands area
d) The Council being satisfied with the governance arrangements for the East Midlands Investment Zone, when finalised, and the Council's role within them

3. That, given the need for the Council to be able to advise EMMCCA and Government in a timely manner of its position ahead of the final Gateway submissions, authority be delegated to the Chief Executive, in consultation with the Service Director for Finance and the Leader of the Council to consider the final proposals and arrangements for the East Midlands Investment Zone and conclude the terms of the Council's involvement.

4. That an update report be submitted to Cabinet on the East Midlands Investment Zone as and when the outcome of EMMCCA's submission to Government is known.

5. That the Council reserves it's right to review its position in relation to the 2no. development sites being designated as Business Rates

Retention areas should there be a change in Government policy and / or a change in the Council's relationship with EMMCCA.

REASONS FOR DECISIONS

1. An Investment Zone (IZ) offers the potential for the Council to secure tax incentives and additional capital and revenue funds to support the development of 2no. key regeneration sites within the borough of Chesterfield for the benefit of local residents and businesses. The proposal supports work already carried out with partners and landowners to catalyse development of the Staveley Growth Corridor as detailed in the Council Plan 2023-27.

2. The designation of the 2no. development sites as Investment Zone sites with a focus on green industries and advance manufacturing will help support delivery of the Council's Growth Strategy by strengthening Chesterfield's competitive location as a place to do business, securing new business investment in the borough and supporting the move to a stronger, more diversified and high value economy offering high quality, high value jobs to local people.

3. The Council will have the opportunity to take advantage of both the capital and revenue funds that EMMCCA will make available over a 25-year period once positive Business Rates returns are achieved over an agreed baseline.

47 FEES AND CHARGES - UPDATED POLICY AND SERVICE SPECIFIC CHANGES

The Head of Accountancy and Finance presented a report seeking approval for a new policy to direct the setting of fees and charges and for the implementation of a range of specified fees and charges changes for the financial year 2024/25. The latter had been developed in alignment with the Council's overall budget strategy and were aimed at supporting the Council to achieve a balanced budget for the financial year 2024/25.

It was reported that the current economic climate and the prevailing high rates of inflation meant that the costs of delivering services were increasing, making it more important than ever that all services were delivered as efficiently and effectively as possible, embedding commercial operating principles to how budgets were set and managed. This included the need to ensure that fees and charges were regularly reviewed to ensure that wherever possible the costs of service delivery were recovered, and that there was no cross subsidy from other service areas.

A key part of the fees and charges review for the financial year 2024/25 was the development of a new policy, attached at Appendix A of the officer's report, which set out the Council's approach to charging across the full breadth of services currently delivered. The estimated impact of the fees and charges changes proposed for specific services would be incorporated within the General Revenue Fund Medium-Term Financial Plan report to Council in February 2024.

It was recognised that there were a range of different factors to consider in setting fees and charges, including legislative requirements and constraints, the costs of delivering services, benchmarking the Council's levels with those of other Councils, and potential impacts on other Council policies and objectives.

The proposed fees and charges for specified Council services for the financial year 2024/25 were set out in Appendix B of the officer's report.

It was noted that Appendix B excluded fees and charges proposals for the financial year 2024/25 in relation to Open Markets, Car Parking, Venues, Leisure, and Outdoor Pitches. The fees and charges proposals for these service areas would be subject to separate reports to Cabinet in January and February 2024.

***RESOLVED –**

1. That the fees and charges policy as set out in Appendix A of the report be approved.

2. That the proposed fees and charges as set out in Appendix B of the report be approved for introduction from 1 April 2024.

3. That it be noted that the fees and charges for Open Markets, Car Parking, Venues, Leisure, and Outdoor Grass Football Pitches will be subject to separate reports.

REASON FOR RECOMMENDATIONS

To comply with the Council's Budget Strategy for recovering fees and charges to contribute to the costs of service delivery.

48 INDEPENDENT REMUNERATION PANEL REVIEW OF MEMBERS ALLOWANCES

The Head of Regulatory Law & Monitoring Officer presented a report for Cabinet to consider the report and recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme. The Cabinet were also invited to make their own representations on the IR Panel's report and recommendations for consideration by Full Council when the matter came before it on Wednesday, 13 December 2023.

The IR Panel was convened in accordance with the terms of reference agreed by Cabinet on 19 September 2023, and asked to make recommendations on:

- The amount of Basic Allowance to be paid to all Members.
- The roles for which a Special Responsibility Allowance (SRA) should be payable and the amount of such allowances.
- The amount of Dependent Carers Allowance and other Allowances to be paid.
- Pensions for Members.
- Arrangements for the payment of SRAs in the event of a Member being unable to fulfil their duties for an extended length of time e.g., as a result of long-term illness.

Full details of the IR Panel's recommendations were provided in paragraphs 4.3 to 4.8 of the report.

The Leader of the Council recommended to Cabinet that the new scheme of Members' Allowances, as set out in the IR Panel's report, be adopted but with effect from 1 April 2024 and not 1 April 2023.

Councillor Holmes asked for his vote to be recorded against the Cabinet resolution for the new scheme of Members' Allowances to be adopted by Full Council.

***RESOLVED –** That it be recommended to Full Council;

1. That the report of the Independent Remuneration (IR) Panel be considered by Full Council and it be determined whether or not to approve some or all of the Panel's recommendations.

2. That the new scheme of allowances, when determined, be adopted and implemented from 1 April 2024.

3. That the description of the Telecommunications Allowance be amended in line with the IR Panel's recommendation.

4. That the IR Panel's report be published in the press and on the Council website and be adopted and implemented with immediate effect.

5. That a supplementary estimate to meet the additional costs outlined in para 5.4 of the report be approved.

6. That both its appreciation and thanks to the members of the IR Panel be expressed by Full Council for the thorough and efficient way in which they carried out the review.

7. That the basic allowance, special responsibility allowances, subsistence allowance and Mayoral Allowance be updated annually in line with the annual percentage pay increase given to Chesterfield Borough Council employees (or by a percentage equivalent to that of the mean/median pay increase, in the event of a flat rate increase) as agreed for each financial year by the National Joint Council for Local Government Staff until 31 March, 2027 unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

REASONS FOR RECOMMENDATIONS

1. The Council's Members' Allowances Scheme must be reviewed on a periodic basis, as required by the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.

2. The Council has a legal duty to have regard to the IR Panel's recommendations.

49 **HOMES ENGLAND CAPACITY FUNDING REPORT**

The Strategic Planning and Key Sites Manager presented a report seeking approval to appoint consultants to carry out detailed technical and viability work relating to Chesterfield Waterside and Spire Neighbourhood, and the potential for widening the residential offer within Chesterfield Town Centre - following completion of relevant procurement processes. This would follow the Council's acceptance of grant funding offers from Homes England to part fund the work.

In July 2023, Cabinet considered a draft refresh of the Chesterfield Waterside masterplan and authorised the Cabinet Member for Climate Change, Planning, and Environment, in consultation with the Service Director - Economic Growth and other key officers, to finalise materials and arrangements for consultation. The consultation was however deferred pending the determination of a planning appeal relating to the Tapton Business Park site within Chesterfield Waterside. The Planning Inspector had now determined the appeal, granting planning permission for a development comprising 144 dwellings.

Homes England had made an offer of £100,000 to contribute towards the costs of commissioning consultants to carry out further detailed technical and viability work in relation to Chesterfield Waterside and Spire Neighbourhood. The grant funding would be supplemented by funding from the Council's business rates retention reserve..

Officers had also secured a grant funding offer of £25,000 from Homes England to help better understand the complex viability challenges relating to strategic site SS5 (The Staveley and Rother Valley Corridor). The funding would enable the Council to commission a viability expert to assist the Council with future grant funding applications and in determining planning applications relating to developments within the Corridor.

A requirement of the grant funding was that all work would need to be completed by the end of March 2024.

***RESOLVED –**

1. That the offers from Homes England of £100,000 in grant funding to fund housing market evidence base work for Spire Neighbourhood and Chesterfield Town Centre, and £25,000 towards understanding the viability of development within the Staveley Corridor be accepted.

2. That officers be authorised to appoint consultants and issue contracts to undertake work related to;

   a) Chesterfield Waterside - Establishing a detailed understanding of the financial viability of the revised scheme
   b) Spire neighbourhood - assess and understand technical constraints, compile an evidence base, assess financial viability and present areas for consideration of possible future projects

3. That officers be authorised to appoint consultants and issue contracts to undertake work related to obtaining an understanding of the financial viability and funding issues relating to the future redevelopment of the former Staveley Works site in the context of the Chesterfield Staveley Regeneration Route (CSRR).

REASONS FOR RECOMMENDATIONS

1. To provide an up to date evidence base to support implementation of the Local Plan Strategic Sites allocations – SS1 (Spire neighbourhood), SS3 (Chesterfield Waterside) and SS5 (Staveley works) and to support the determination of relevant planning applications and the securing of developer contributions.

2. To maximise the contribution made by development to place making and the provision of community infrastructure mitigate the impact of the development on local communities.

50 **PUBLIC SPACES PROTECTION ORDER**

The Head of Community Safety and Regulatory Services presented a report requesting Members to renew the Public Spaces Protection Orders (PSPOs) that were currently in place to control street drinking and other anti-social behaviour within specified areas within Chesterfield borough.

PSPOs were designed to ensure the law-abiding majority could use and enjoy public spaces, safe from anti-social behaviour. Since their introduction in December 2017, the PSPOs had been an effective mechanism to support the Council and its partners in tackling town centre anti-social behaviour and street drinking.

It was reported that in the last two years, PSPOs had been issued on 143 occasions, of which 81 had been in the last twelve months. The issue of PSPOs had also informed and enabled further enforcement action to be taken, specifically 19 Community Protection warnings, 7 Community Protection notices and one civil injunction.

The current PSPOs expire on 15 December 2023. The decision to renew them must be taken prior to the expiry date and following a period of public consultation. The Council had therefore carried out a public consultation exercise from 30 October through 15 November 2023. Copies of notices relating to each PSPO consultation were included for information in Appendix One of the officer’s report and the full report on the outcomes of the public consultation exercise in Appendix Two.

In addition to public consultation, the Council was also required to engage with Derbyshire Constabulary, Derbyshire County Council, and the Police and Crime Commissioner as part of the renewal process. The responses received were copied in Appendices Three, Four and Five. All overwhelmingly confirmed their support for the PSPOs to be renewed.

***RESOLVED –**

1. That the outcomes of the consultations undertaken on the Public Spaces Protection Order Chesterfield (No1) (relating to restricting alcohol consumption) and the Public Spaces Protection Order Chesterfield (No2) (relating to other anti-social behaviour controls) and related issues be acknowledged by Members.

2. That the Public Spaces Protection Order Chesterfield (No1) (relating to restricting alcohol consumption) and the Public Spaces Protection Order Chesterfield (No2) (relating to other anti-social behaviour controls) be continued with effect from 15 December 2023 for a period of three years.

REASONS FOR RECOMMENDATIONS

1. The current PSPOs were initially considered and approved by Cabinet on 10 October 2017, following a Cabinet report regarding the potential for the PSPOs being considered on 25 July 2017. This report outlined the legislative background and evidence that supported the restrictions and the scope of the two PSPOs to restrict alcohol consumption and other anti-social behaviour (ASB) in Chesterfield town centre.

2. The PSPO’s were subsequently renewed for a period of three years commencing on 15 December 2020. The PSPOs can only be in place for a maximum of three years before they are required to be renewed, consequently this report seeks approval to again renew the existing orders. There is no limit on the number of times that Orders can be renewed, if the evidence need is still present.

CABINET

Tuesday, 16th January, 2024

Present:-

Councillor Gilby (Chair)

Councillors	Holmes	Councillors	Baldauf-Good
	Sarvent		Davies
	Serjeant		Staton

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

52 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Stone and J Innes.

53 MINUTES

RESOLVED –

That the minutes of the meeting of Cabinet held on 12th December 2023 be approved as a correct record and signed by the Chair.

54 FORWARD PLAN

The Forward Plan for the four-month period February, 2024 to May, 2024 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

55 HOUSING RENTS AND SERVICE CHARGES

The Service Director – Housing presented a report seeking approval to set housing rents and service charge levels for the financial year 2024/25.

Social rents were set according to the Government's National Social Rent Policy and the Welfare Reform and Work Act 2016. In accordance with the Government's National Social Rent Policy, which came into effect on 1April 2020, it was permissible for the Council to increase rents by up to CPI plus 1% per annum, until 1 April 2024. The basis for the annual rent increase was the previous September's Consumer Price Inflation (CPI) which in 2023 was 6.7%, meaning the maximum by which the Council could increase tenants' rents from 1 April 2024 would be 7.7%.

It was therefore recommended that for the financial year 2024/25 all rents (social and affordable) would increase by 7.7%. This would result in an average social rent in 2024/25 of £95.95 per week and an average affordable rent of £108.88 per week.

Details of the proposed increases to heating charges, garage rents, garage site rents, garden assistance scheme charges, water charges, community room charges and charges for warden services were set out in Appendix 1 of the officer's report. The increases were set at rates to ensure that the Council could recover the costs of providing the services.

A 7.7% increase in general needs rents (social and affordable) in a 53-week rent year would result in an additional £3.974 million of income in 2024/25 as compared to that achieved in 2023/24.

***RESOLVED –**

1. That for the financial year 2024/25, individual social rents for current general needs tenants be set based on the current national social rent policy, giving a rent increase of 7.7% with effect from 1 April 2024.

2. That for the financial year 2024/25 and onwards, where a social rent property is re-let to a new or transferring tenant the rent level be increased to the target rent for that property.

3. That for the financial year 2024/25, individual affordable rents be set based on the current national social rent policy giving a rent increase of 7.7% with effect from 1 April 2024.

4. That for the financial year 2024/25 and onwards, where an affordable rent property is re-let to a new or transferring tenant the rent level be set by reference to 80% of the market rent (including service charges where applicable) for a similar property at the time of letting, or the formula rent for the property, whichever is greater.

5. That the Housing Revenue Account Service Charges for the financial year 2024/25, as set out in Appendix 1 of the officer's report, be approved.

REASONS FOR DECISIONS

1. To enable the Council to set the level of council house rents for the financial year 2024/25 in accordance with Government guidelines and the Rent Standard.

2. To enable the Council to set the level of service charges for the financial year 2024/25 to recover the costs of providing these services to tenants.

3. To contribute to the Council's corporate priority to 'improve the quality of life for local people'.

56 **<u>CAR PARKS STUDY</u>**

The Service Director – Economic Growth presented a report informing Cabinet of the findings of the Chesterfield Car Parking Study that had been undertaken by Ove Arup and Partners in 2023. The aims of the study were to ensure the Council was aware of options and opportunities to improve the provision of car parking in Chesterfield Town Centre and be better informed about car parking demand and the potential for surplus land to be released for regeneration purposes.

The Chesterfield Car Parking Study looked at four key areas related to car parking provision in Chesterfield Town Centre. The key areas were:

- Car parking income.

- Car parking usage.
- Climate change opportunities across the car parking estate.
- Regeneration opportunities on Chesterfield Borough Council owned car parks.

The study found that the income generated by the car parks was not sufficient to meet current income targets and recommended that a review of car parking charges was carried out at least once a year and that flexibility was built into the fees and charges structure so that charge increases could be facilitated as seamlessly as possible, if more frequent increases were needed.

The study also found that there was considerable spare capacity within the Council's car parks, with current occupancy levels shown in paragraph 4.16 of the officer's report.

It was reported that to meet the Council's climate change ambitions, there was a need to scale up EV charging capacity to meet future demand and that the Council should also investigate the option of installing solar canopies at some of the car parks.

The Chesterfield Car Parking Study highlighted options and opportunities to improve the Council's car parking estate from a sustainability and regeneration perspective. It was likely that external funding would be required to deliver some of the highlighted regeneration opportunities on those car parking assets identified as being surplus to need.

***RESOLVED –**

1. That the Chesterfield Car Parking Study and it's findings be endorsed.

2. That the following suggestions made in the Chesterfield Car Parking Study be approved;
    - That officers develop further recommendations for investment in car parking provision, and the reuse of excess parking to support the regeneration of the town centre
    - That car parking charges be reviewed on an annual basis with an in-year appraisal to assess performance against budgetary targets

REASON FOR DECISIONS

To enable Chesterfield Borough Council to implement appropriate changes to the management and delivery of Chesterfield Borough Council owned car parking provision to support the vitality and viability of Chesterfield Town Centre.

57 **CAR PARK FEES AND CHARGES 2024/25**

The Town Centre Operations Manager presented a report recommending the proposed fees and charges for council owned car parks for the financial year 2024/25, to be implemented from 1 April 2024.

It was reported that the new fees and charges policy adopted by Cabinet on 12 December 2023 proposed that all fees and charges should be reviewed on an annual basis.

Car parking fees and charges had historically been reviewed on a two-yearly cycle. The recent Car Parking Study had however recommended moving to an annual review of fees and charges to ensure price increases took account of changes in in-year costs and inflation. This change in practice was reflected in the officer's report and would be the approach going forwards.

The proposed fees and charges were set out in Appendix 1 of the officer's report and had been based on a robust assessment of the impact of in-year cost increases, current demand and the Council's overall financial position.

The report also documented the outcomes of the review that had been undertaken of the current free residents parking scheme that provided free parking before 10am and after 3pm from Monday to Saturday, and free all day parking on Sundays and Bank Holidays to Borough residents on selected car parks. The removal of the scheme was not recommended as it supported both residents and town centre businesses to make use of the town centre. However, the introduction of a small charge to use the scheme was viewed as both realistic and sustainable given the nature and extent of the current financial pressures facing the Council.

It was therefore recommended that users of the scheme would pay a fee of £1 before 10am and £2 after 3pm from Monday to Saturday, and £2 on Sundays Bank Holidays (all day). It was estimated that this change could achieve additional income £126,305 per annum, as detailed in Appendix 3 of the officer's report.

It was noted that increasing car parking the fees and charges would assist the Council in delivering a balanced budget for 2024/25 and help relieve pressure on the Council's Medium-Term Financial Plan.

It was anticipated that increasing the fees and charges to the levels recommended would potentially raise an additional £234,000 of income over a twelve-month period. This figure included an assumed attrition rate of 5%.

Councillor Holmes asked for his vote to be recorded against the Cabinet's decisions to approve the recommendations in the car parking fees and charges report.

***RESOLVED –**

1. That the recommended increases to the fees and charges for car parks, as detailed in Appendix 1 of the officer's report, be approved for implementation from Monday 1 April 2024.

2. That a revision to the current Residents Parking Scheme, to introduce a one-off tariff of £1 before 10am (Monday to Saturday) and a one-off tariff of £2 after 3pm (Monday to Saturday) and a one-off tariff of £2 on a Sunday (all day) and £2 on Bank Holidays (all day), be approved.

3. That the Service Director for Leisure, Culture and Community Wellbeing, be delegated authority with the Cabinet Member for Town Centre and Visitor Economy, to apply appropriate negotiated fees and charges for new activities and opportunities that arise during the period covered by this report.

REASONS FOR DECISIONS

1. The Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and

uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.

2. The Council's budget strategy is to deliver a balanced and sustainable budget. Given the forecast budget deficits it is important that all potential increases to income streams are implemented as soon as possible to help mitigate these pressures.

3. It is therefore prudent to implement an uplift to assist the Council in achieving a balanced budget for 2024-25 and to continue to recover ground on the increasing costs associated with the delivery of car parking and other town centre operations.

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CABINET

Monday, 5th February, 2024

Present:-

Councillor Gilby (Chair)

Councillors	Holmes	Councillors	Davies
	Sarvent		Staton
	Serjeant		Stone
	Baldauf-Good		

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

59 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor J Innes.

60 MINUTES

The minutes of the meeting of the Cabinet held on Tuesday 16 January would be available for members to approve at the next scheduled meeting of the Cabinet, on Tuesday 20 February.

61 FORWARD PLAN

The Forward Plan for the four month period March, 2024 to June, 2024 was reported for information.

***RESOLVED –**

That the Forward Plan be noted.

62 CULTURAL SERVICES REVIEW - HASLAND VILLAGE HALL, ASSEMBLY ROOMS AND REVOLUTION HOUSE

The Cabinet Member for Town Centres and Visitor Economy presented a report setting out detailed proposals to achieve financial savings relating to the operation of three cultural venues operated by the Council: Hasland Village Hall, Assembly Rooms, and Revolution House.

In the financial year 2022/23 Hasland Village Hall had operated with a financial deficit of approximately £32,000. The forecast deficit for the current financial year was £24,000.

Officers had reviewed in detail the Hall's operation and in order to reduce the financial deficit and ideally move to a position of full cost recovery, two approaches were proposed: reducing expenditure; and increasing income.

In order to reduce staffing costs, it was proposed that changes be made to the operating procedures for regular hirers. Regular hirers would be issued with a key for the Hall and would be given an induction on how to open and close the building. They would also be provided with an emergency telephone number if they had any operational issues. This change would negate the need for a caretaker to be on duty at the Hall at the time of such hires.

In order to increase income, it was proposed that fees and charges were increased to enable the council to recover the costs of provision. The recommended increases in fees and charges would be set out in the Cultural Services Fees and Charges 2024/25 report.

In the financial year 2022/23 the Assembly Rooms operated with a financial deficit of approximately £54,000. The forecast deficit for the current financial year was £55,000.

Officers had reviewed in detail the Assembly Room's operation and did not consider that substantive changes could be made to the current operating model that would lead to a significant reduction in the financial deficit in the near future. Therefore, it was proposed that the Assembly Rooms cease to be let to external parties for events from 30 June 2024, or earlier if that could be achieved.

In the financial year 2022/23 Revolution House operated with a financial deficit of approximately £8,000. The forecast deficit for the current financial year was £7,000.

Officers had reviewed in detail the House's operation in 2023. It was felt that there were limited opportunities to generate income from Revolution House as it was currently operated, and no real way of reducing expenditure apart from not opening to the public. In addition, Revolution House needed ongoing maintenance due to its age and the fact that it had a thatched roof.

It was therefore recommended that the Council sought interest from suitably qualified and experienced organisations to manage and operate Revolution House, in line with the desire to support the conservation of this significant historical asset for the benefit of the borough. The terms of any disposal would need to be worked through, whether it be a long lease arrangement or community asset transfer.

Councillor Holmes asked for his vote to be recorded against the Cabinet decision to dispose of Revolution House.

***RESOLVED –**

1. That alternative operational arrangements be devised for Hasland Village Hall so that the premises can be provided to the community without requiring an operational subsidy, and that the building can be let for certain uses without the requirement for a council employee to be on site.

2. That officers be authorised to progress with a community asset transfer process for Hasland Village Hall, including carrying out appropriate engagement activities with residents and community organisations as part of the process.

3. That the letting of the Assembly Rooms be ceased to external parties as from 30th June 2024, or earlier if that can be achieved, and that officers provide guidance about the availability of alternative facilities to the regular community hirers.

4. That officers be authorised to advertise the Assembly Rooms for commercial letting, and to develop heads of terms to establish

appropriate lease arrangements for the Assembly Rooms, in line with the desire to generate sufficient rental income to cover the costs of providing and maintaining the premises.

5. That the temporary closure of Revolution House be approved, as from 1st April 2024, until such time as a suitable alternative arrangement can be put in place to achieve budget savings.

6. That the disposal of Revolution House to a suitable organisation, be approved, in line with the desire to support the conservation of this significant historical asset for the benefit of the borough.

REASON FOR RECOMMENDATIONS

The proposals have been brought forward to respond to the savings targets identified in the Budget Strategy Implementation Plan, which was approved in November 2023. This will enable the Council to work towards developing a balanced 2024/25 budget and MTFP, which will support the Council to continue to deliver against the vision and priorities set out in the Council Plan.

63 CULTURAL SERVICES FEES AND CHARGES 24/25

The Cabinet Member for Town Centres and Visitor Economy presented a report recommending changes to the fees and charges for lettings at Hasland Village Hall, the Market Hall Assembly Rooms and the meeting rooms at the Town Hall, and for miscellaneous Museum services for the financial year 2024/25.

In accordance with the Council's Medium-Term Financial Strategy, fees and charges were required to be reviewed on an annual basis to ensure that the cost of providing services were appropriately recovered..

The Hasland Village Hall currently had three main categories of hire fees, community charges, community concessionary charges and commercial charges. It was proposed that the fees be increased as detailed in Appendix A of the officer's report.

The Assembly Rooms had two main categories of hire fees, community charges and commercial charges. It was proposed that the fees be increased as detailed in Appendix B of the officer's report.

It was also proposed to introduce new fees, as detailed in Appendix C of the officer's report, for the use of Town Hall committee rooms by external parties from 1 April 2024. The proposed fees had been based on those charged at other Council venues.

It was noted that most museums, which hold archaeological archives, charge for the deposition and future care of archaeological items and were supposed to include this cost in their charges to the landowner / developer. It was proposed that the deposition charges be increased as detailed in Appendix D of the officer's report.

***RESOLVED –**

1. That the changes to the room hire charges, equipment hire and staffing charges at Hasland Village Hall be approved from 1 April 2024, as detailed in Appendix A of the officer's report.

2. That the changes to the room hire charges, equipment hire and staffing charges at the Assembly Rooms be approved from 1 April 2024, as detailed in Appendix B of the officer's report.

3. That the introduction of room hire charges for the meeting rooms at the Town Hall be approved from 1 April 2024, as detailed in Appendix C of the officer's report.

4. That the changes to miscellaneous charges for the provision of Museum services be approved from 1 April 2024, as detailed in Appendix D of the officer's report.

5. That authority be delegated to the Service Director for Leisure, Culture and Community Wellbeing, in consultation with the Cabinet Member for Town Centres and Visitor Economy, to apply appropriate negotiated fees and charges for new activities and opportunities that are introduced during the period covered by the officer's report.

REASONS FOR RECOMMENDATIONS

1. The Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and

uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic and a sustained period of exceptionally high inflation, have all impacted on the Council's financial position.

2. The Council's budget strategy is to deliver a balanced and sustainable budget. Given the forecast budget deficits it is important that all potential increases to income streams are implemented as soon as possible to help mitigate these pressures.

64 SPORT AND LEISURE FEES AND CHARGES 24/25

The Cabinet Member for Health and Wellbeing presented a report seeking Cabinet approval for the setting of sports and leisure fees and charges for the period 2024/25. These fees and charges related to various activities and facilities provided at Queen's Park Sports Centre and Staveley Healthy Living Centre.

In accordance with the Medium-Term Financial Strategy, fees and charges were required to be reviewed on an annual basis to ensure that the costs of providing services were appropriately recovered.

In setting sports and leisure fees and charges for 2024/25, a range of factors had been considered. These included:

- The need to generate additional income to work towards lowering the level of Council subsidy currently required to operate the sports centres.
- The levels of fees and charges applied by other sports and leisure providers within the Chesterfield area and the potential impact of local competition on centre usage and membership.
- The Council's Concessions Policy, which aims to promote health and address health inequalities in our communities.
- The need to continue to meet customer expectations and develop and deliver new activities and services to encourage more of the Borough's residents to engage in regular physical activity.
- To enable the Council to continue to invest in its sports and leisure centres.

It was proposed to keep the current legacy prices for existing fitness suite members in 2024/25 to aid the retention of what is currently a very strong membership base.

***RESOLVED –**

1. That the proposed fees and charges for sports centre activities, as set out in Appendix 1 of the officer's report, be approved with effect from 1 April 2024 until 31 March 2025.

2. That the proposed fitness membership fees for new customers, as set out in Appendix 1 of the officer's report, be approved with effect from1 April 2024 until 31 March 2025, whilst the fitness membership fees for existing members be held at their current levels.

3. That approval be given to remove racket sports from the current Fitness Membership package and replace this with a racket only membership fee.

4. That authority be delegated to the Service Director – Leisure, Culture and Community Wellbeing, in consultation with the Cabinet Member for Health and Wellbeing, to apply appropriate fees and charges to new activities that are introduced during the period covered by the officer's report.

5. That authority be delegated to the Service Director – Leisure, Culture and Community Wellbeing, in consultation with the Cabinet Member for Health and Wellbeing, to make changes to the approved fees and charges, if required to stimulate usage, support the retention of customers, develop income and /or to respond to external forces.

REASONS FOR RECOMMENDATIONS

1. To comply with the Council's Budget Strategy for recovering fees and charges to contribute to the costs of service delivery.

2. To balance the need between competitive pricing and maximising income alongside wider community wellbeing priorities.

3. To continue discretionary pricing to support the most vulnerable and given the range of current pressures maintaining existing concessions is an appropriate method of targeting support.

65 HOUSING SERVICES COMPLAINTS PERFORMANCE REPORT

The Leader of the Council presented a report on behalf of the Cabinet Member for Housing describing the Housing Service's Complaints Performance for the first three quarters of the financial year 2023/24.

It was noted that in order to comply with the Housing Ombudsman's complaint handling code, it was important that the Council's performance in relation to housing complaints was reported to an appropriate governing body.

The Council had changed its complaints handling policy and introduced a new ICT - enabled complaints system on 8 November 2022. The new ICT system allowed for a much more visual presentation of data on performance as well as the ability to interrogate individual complaints. A summary of complaints performance for Quarters 1, 2 and 3 of 2023/24 was shown in the table at paragraph 4.13 of the officer's report.

The number of complaints had increased to 46 per month, from an average of 25 per month in 2022. The main reasons for this were that the repairs service had necessarily prioritised emergency repairs, landlord compliance activity and repairs involving damp and mould, meaning that less urgent repairs were taking longer to complete, alongside dealing with the legacy effects of the significant backlog of repairs that had been generated during the term of the pandemic when Housing Property Services staff couldn't enter tenants homes. It was also noted that around 3,000 repairs were completed each month.

It was also noted that there had been a reduction in the average number of days taken to respond to complaints, from 40 days in August 2023, to 12 days by the end of December 2023.

The Council's Housing Service was taking the following steps to address the underlying causes of complaints:

- Conducting a fundamental review of its repairs and maintenance services.

- Recruiting two additional officers to deal with repairs complaints to reduce response times.
- Conducting a deep dive into the causes of housing management complaints.
- Introducing manager level complaints performance reports for tier 4 housing managers, to enable them to review individual complaints directly with their teams.
- Continuing to work with tenants on scrutiny reviews and use their feedback to inform future service development improvements.

***RESOLVED –**

1. That it be noted that the Council's Housing Service currently complies with the Housing Ombudsman's code of practice, as evidenced in the self-assessment provided in Appendix 1 of the officer's report.

2. That the Housing Service's complaints handling performance for the first three quarters of the financial year 2023/24 be noted.

3. That the measures proposed at paragraph 4.22 of the officer's report be endorsed to bring about immediate improvements to the Housing Service's complaints handling performance.

4. That officers be asked to prepare an end of year performance report for the financial year 2023/24 and to provide regular performance reports throughout the financial year 2024/25.

REASON FOR RECOMMENDATIONS

It is important for the Council to receive feedback from tenants who are not satisfied with the performance of the service and to make improvements as a result. Monitoring complaints and reporting activity is required in order to meet the requirements of the Housing Ombudsman and the Social Housing Regulator.

66 <u>EXCLUSION OF THE PUBLIC</u>

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 involved the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A of the Act.

67 CHANGES TO CARELINE AND INDEPENDENT LIVING SERVICE

The Service Director – Housing presented a report setting out the impact on the Council's Careline service of Derbyshire County Council's (DCC) decision to alter its commissioning arrangements for assistive technology, falls recovery and independent living services.

The Careline Service currently delivers assistive technology and falls recovery services for DCC, however, these contracts were due to come to an end on 31 March 2024.

It was recognised that the service provided significant levels of support to elderly and vulnerable people across the borough and extensive analysis had been undertaken to establish how the Council could continue to deliver these vital services.

The loss of DCC income would have a significant impact on the future financial viability of the Council's Careline Service. However, if the Council were to discontinue the Careline service from 1 April 2024, there would be a range of consequential impacts. These included:

- The loss of well-regards falls recovery service to Careline customers.
- Additional burdens on the NHS and ambulance service.
- The risk that not all of the DCC funded customers could be transitioned to a new telecare provider in time for the 31March 2024 cut-off date.
- Significant risks of redundancy for the Council's valued careline staff.
- The need to commission a new out of hours calls handling service for other Council services.

Significant analysis had been carried out to consider the options and risks associated with the Council continuing to provide the service and the following strategy was proposed:

- Increase the number of customers through a robust marketing strategy and action plan.
- Make changes to the current fees and charges structure.
- Invest £120,000 in transferring the remaining customers who remain on analogue equipment to digital equipment.
- Invest £30,000 in the development and implementation of a new ma promotions strategy.
- Reshape the service to maximise the efficiency of the staffing resources.
- Apply an appropriate level of Housing Revenue Account contribution to the service costs.
- Include a revenue contribution from other council services who rely on the Careline service for their out of hours call out arrangements.
- Maximise other income opportunities.

The estimated expenditure and financing plans for the new Careline operating model were detailed in Table 1 and paragraph 6.4 of the officer's report.

***RESOLVED –**

1. That the information set out in the report regarding changes to the Careline Service, as a result of Derbyshire County Council ending contracts and removing funding be noted.

2. That the information provided with regards to the risk to Council customers and employees if the service is discontinued, and the risks associated with the Council continuing to provide the service be noted.

3. That continuation of the Careline Service be approved, as a 24 hour calls and falls response service, with a view to it being provided on a cost-neutral basis, in recognition of the critical role it plays in supporting vulnerable customers and the wider health and social care system.

4. That the new service strategy set out in paragraph 4.8 of the officer's report, be approved, including the changes to the charging structure for the service, for existing and new customers, as set out in paragraph 4.8b of the officer's report.

5. That authority be delegated to the Service Director – Housing, in consultation with the Cabinet Member for Housing, to review and make changes to the detailed schedule of additional charges, as and when appropriate.

6. That the allocation of £150k from General Fund budget reserves, to fund new digital equipment, for existing customers, including any who are seeking to transfer from DCC provision, and the development of a marketing strategy to drive the estimated growth in customer numbers, be approved.

7. That officers be authorised to commence a reshape of the Careline service to reflect the new delivery model, in line with the Council’s Human Resources policies and procedures.

8. That a contribution from the Housing Revenue Account reflective of the proportion of Careline customers who are council tenants, be approved, in recognition of the important role Careline plays in helping people to sustain their tenancies.

9. That the establishment of a £300,000 Careline budget risk reserve to recognise the financial risk that the Council will be taking in 2024/25, in striving to establish a cost-neutral position, be approved.

10. That it be noted that that there will be frequent and regular reviews of service operations and the financial standing of the Careline Service throughout 2024/25, and that if sufficient progress is not being made towards the achievement of a cost neutral position, officers be authorised to develop options to reconsider the future of the service, including bringing the service to an end.

REASONS FOR RECOMMENDATIONS

1. To ensure that services to our most vulnerable residents are protected, and to mitigate risks to our Careline employees who deliver vital services.

2. To ensure that Members are aware of the risks of continuing with the service, and to put in place mitigating action to manage the potential financial risk of the service not achieving a cost neutral position in 2024/25.

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JOINT CABINET AND EMPLOYMENT & GENERAL COMMITTEE

Tuesday, 19th September, 2023

Present:-

Councillor J Innes (Chair)

Councillors	Holmes	Councillors	Falconer
	Baldauf-Good		P Innes
	Brock		Staton
	Davenport		Stone
	Davies		Culley

*Matters dealt with under the Delegation Scheme

8 DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations of interest were received.

9 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Gilby, Serjeant and Sarvent.

10 MINUTES

RESOLVED –

That the minutes of the meeting of Joint Cabinet and Employment & General Committee held on 18 July, 2023 be approved as a correct record and signed by the Chair.

11 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 involved the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

12 HOUSING DISREPAIR CLAIMS - ADDITIONAL LEGAL CAPACITY

The Local Government and Regulatory Law Manager presented a report seeking approval to establish two new posts in Regulatory Law to increase the Council’s in-house capacity and capability to deal with housing law casework, particularly disrepair claims.

Since July 2021 the Council had been dealing with ever increasing numbers of disrepair claims submitted by external firms of solicitors on behalf of tenants. It was hoped that the increase in disrepair claims would be short lived, and so the Council had placed the claims handling work with external specialist solicitors.

However, the number of disrepair claims had continued to rise and at the time of writing the report there were over 100 live cases lodged with external specialist solicitors. The costs of defending the claims was placing a heavy strain on the Housing Revenue Account and alternative approaches to the use of external specialist solicitors were now felt to be needed.

The Council had been working with Derbyshire Law Centre (DLC), since January 2022, to provide an alternative way for tenants to pursue their disrepair claims against the Council. Bolsover and North East Derbyshire District Councils were also part of the project. There were 29 live cases currently lodged with DLC. A further 17 cases had been closed, with the majority resolved without claims being formally issued to the courts.

The project with DLC was proving very successful especially in terms of controlling costs to the HRA. However, it was felt that the Council would still benefit from appointing a full-time specialist housing law solicitor with experience of the disrepair claims process, together with a paralegal to assist them. This new in-house capacity and capability would be expected to deal with the full range of disrepair claims, as an alternative to the continued use of external specialist solicitors, with any spare capacity deployed to deal with other housing law related matters.

The 2no. new posts would be established on a permanent basis and funded by the HRA.

***RESOLVED –**

That the proposal to establish two additional posts in the Regulatory Law team, namely a solicitor and paralegal, for the purposes of increasing in-house capacity for dealing with housing law and housing disrepair cases be approved.

REASON FOR DECISION

To help ensure the Regulatory Law service provides a cost effective and efficient legal service and support the Council and its Housing Directorate to deal with housing law casework, particularly disrepair claims.

SCRUTINY SELECT COMMITTEE – ECONOMIC GROWTH AND COMMUNITIES

Thursday, 26th October, 2023

Present:-

Councillor Flood (Chair)

Councillors	Hollingworth S Niblock	Councillors	Ogle

*Matters dealt with under the Delegation Scheme

11 DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations of interest were received.

12 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bagley, Twigg, Dyke, Yates and Wheeldon.

13 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE 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 1 of Part 1 of Schedule 12A of the Act.

14 CRIME AND DISORDER UPDATE

The Head of Community Safety and Regulatory Services presented a report updating members on issues relating to Community Safety, including an overview of current crime and ASB trends and progress made within the night-time economy.

It was reported that Chesterfield Borough Council has developed an effective Community Safety Partnership. This enables coordinated delivery of appropriate actions that will support the reduction of crime and anti-social behaviour in Chesterfield and contribute to the overall safety of Chesterfield residents, visitors and businesses.

The key concerns identified within local communities are Anti-social behaviour, Violent Crime, Domestic Violence and alcohol and drug misuse therefore efforts and resources are concentrated here.

It was reported that there has been a 19.8% decrease in nuisance ASB within the period September 2022 to August 2023. This accounts for the majority of ASB incidents in Chesterfield and includes neighbourhood disputes, street drinking and youth nuisance within local communities. Analysis also showed that diversionary activity undertaken by Chesterfield Borough Council and partners in Chesterfield town centre has had a positive impact on anti-social behaviour in the town with ASB reducing by 9.3% for August 2022 to July 2023, compared to the previous 12 month period.

Key areas of ASB incidents were discussed, including youth related ASB. It was reported that there would hopefully be funding from the PCC for 2 years for two new enforcement officers who would work alongside PCSOs in Staveley. This would help to expand influence and visibility.

An overview of crime trends within Chesterfield was given. It was noted that there had been a general increase in violence both with and without injury and Public Disorder but that this was due to better recording standards rather than an increase in crime. Similarly, there had also been an increase in recording historical crimes which had impacted upon Domestic Violence figures. There had been a decrease in burglary and car crime. The rise of shoplifting was a concern due to the current economic climate and cost-of-living crisis. This issue is consistent with all other areas of Derbyshire and reflects a national trend. There has been lots of work done from a police and partnership perspective i.e., many shoplifters are receiving Criminal Behaviour Orders which restricts their movements.

As a partnership, significant work is being done in the key areas of alcohol related crimes, domestic abuse crimes and violence against women and girls.

The report then focussed on how Chesterfield Borough Council and Derbyshire Police are working in partnership to provide a mechanism to coordinate and prioritise the resources and activities of the partnership, and all other relevant agencies to enable the further development of Chesterfield town centre as a safe and prosperous place to be in, with particular focus on the Night-time Economy.

An integrated and co-ordinated approach to the Night-time Economy at a strategic, tactical and operation level is now utilised. This takes the form of a monthly strategic meeting between Chesterfield Borough Council and Derbyshire Police with a fortnightly tactical meeting and a weekly operational meeting to collate intelligence, identify risks and coordinate tactical interventions. There is increased police and CBC enforcement presence and street pastors. The aim will be to achieve a consistent visible partnership resource, engagement with stakeholders in the night-time economy and the effective sharing of information and intelligence.

An overview of the Initiatives delivered by the partnership over the last six months was given. These included Best Bar None, Vulnerability Hub/ Safe Space, Digital Communications System and Safer Streets 5. It was also detailed how those initiatives provided the foundations for the Council to be able to apply for Purple Flag status, which is a nationally and internationally recognised award for towns and cities that can demonstrate a safe evening and night-time economy.

It was noted that to develop a collaborative working approach there were plans for the development of a training programme for enforcement staff. They would be upskilled in areas such as conflict management, problem solving and investigation techniques, as well as key legislation and best practice in a variety of enforcement areas.

It was reported that Chesterfield had recently been successful in securing funding from the Police and Crime Commissioner to recruit an additional two enforcement officers who will be specifically dedicated to patrolling areas that experience high levels of anti-social behaviour. The recruitment of these two officers will increase the overall establishment of the enforcement staff to five, which is a 200% increase of the resource capacity that that the council has for enforcement work compared to January 2022.

Inspector Kara Simpson from Derbyshire Police reported that the Safer Neighbourhoods team were now fully staffed and that this was having a positive impact on hard-to-reach communities. It was noted that although crimes such as shoplifting had increased, arrests were being made and Criminal Behaviour Orders were being applied for. This is in part due to the increase in partnership working.

Members thanked The Head of Community Safety and Regulatory Services for their report and applauded the Initiatives being undertaken. Specific questions were asked around the work patterns of the two new enforcement officers. It was reported that resources would be aligned to match issues. There would also be a much closer working with the police, ensuring that there will be a consistent presence. Questions were also raised around specific issues with Travellers. These would be answered in more depth at the next meeting of this committee, when a specific report around this would be submitted.

There were queries around the impact of covid on younger people and whether behaviours had changed. It was reported that the Police work with schools and there have been diversionary activities offered through the community safety partnership funding.

Members commented that as the figures submitted in the previous report were for the former ward boundaries, it was difficult at this time to do a comparison. It was anticipated that they would be better placed to comment on comparisons at the next update which would be in six months.

Members all passed on their thanks for the partnership working during the local floods by the Council, police force, ambulance service, and rescue services from the Peak.

RESOLVED –

That the report be noted.

15 **<u>SCRUTINY PROJECT GROUPS PROGRESS UPDATES</u>**

There were no Scrutiny Project Groups updates to be presented.

16 SCRUTINY MONITORING

This is a standard agenda item for the Committee to consider the scrutiny recommendations implementation monitoring schedule.
Members discussed the planned reports for up-coming meetings. It was agreed that in order to properly scrutinise and devote time to the big issues that would be raised, it would be best to have just one large report each meeting. Members were asked if they had any smaller items that they would like to focus on which could then be added into these meetings. It was agreed that there would need to be a scrutiny focus on the recent flooding within Chesterfield. This would likely be early next year.

RESOLVED –

There was no scrutiny monitoring schedule to be noted.

17 FORWARD PLAN

The Committee considered the Forward Plan for the period 1 November 2023 to 29 February 2024. Members were reminded to check this document regularly as dates are changeable. As this Committee can complete pre-decision scrutiny it is timely to scrutinise areas before they go to Cabinet for decision. It was noted that if any Members had any queries or questions they should contact the Chair for discussion.

RESOLVED –

That the Forward Plan be noted.

18 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - ECONOMIC GROWTH AND COMMUNITIES

There is no current formulated plan, however there are items over-running from the last programme which need signing off.

RESOLVED –

That the action be noted.

19 **<u>MINUTES</u>**

RESOLVED –

That the Minutes of the meeting Scrutiny Select Committee – Economic Growth and Communities on 13th July 2023 be approved as a correct record and signed by the Chair.

SCRUTINY SELECT COMMITTEE – ECONOMIC GROWTH AND COMMUNITIES

Thursday, 7th December, 2023

Present:-

Councillor Flood (Chair)

Councillors	Bagley	Councillors	Ogle
	Dyke		Twigg
	Jacobs		Yates

*Matters dealt with under the Delegation Scheme

20 DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

Councillors Dyke, Jacobs and Ogle declared an interest in Agenda item 3.

21 APOLOGIES FOR ABSENCE

Appologies for absence were received from Councillors Hollingworth, Niblock and Wheeldon.

22 UKSPF PROJECTS UPDATE (DIGITAL PRESENTATION)

The Policy Officer, Health and Wellbeing Officer and Community Development Worker presented a report detailing the Community Development Activities funded by UKSPF. These fall into three categories:

- Community Grants Programme
- Community Development Worker Project
- Capacity Building Project.

It was noted that all targets set were well on the way to being met.

In the area of the Community Grants Fund, in Tranche One £59,900 was awarded. This was split between 16 organisations – 11 UKSPF and 5 Community Infrastructure Levy Neighbourhoods (CIL). A range of causes was supported from small constituted groups to local and national charities.

In Tranche Two £54,272 has been awarded. This has been split between 18 organisations – 13 UKSPF and 5 Community Infrastructure Levy Neighbourhoods (CIL).
Within 2023/2024 there will continue to be ongoing monitoring and evaluation of the 44 funded projects. In 2024/2025 organisations will be supported to apply for further funding, with a focus on priority areas.

The area of Community Capacity Building focuses on building expertise and resilience within the voluntary sector particularly at a grassroots level and in areas with higher levels of deprivation which may require more support. Two organisations will be worked with who can deliver training on:

- Searching for relevant grant funding and writing grant funding applications
- Recruiting and supporting volunteers in a community setting
- Marketing and promoting services and activities to residents and communities
- Health and safety for services and activities delivered in a community setting.

Three areas have been identified within Chesterfield, using the Indices of Deprivation 2019, for the Community Development Workers to focus on. These are:

- Duckmanton (decile 2)
- Poolsbrook (decile 1)
- Old Whittington (decile 2)

Each area has recently been introduced to the Community Development Team and relationships with local schools and community groups are being built. Plans are in place to link communities with local businesses.

Members praised the work completed thus far and asked for Officers to return in 6 months' time to present an update on progress.

23 TRAVELLERS (VERBAL REPORT)

The Service Director – Leisure, Culture and Community Wellbeing, Head of Community Safety & Regulatory Services and Head of Streetscene & Environmental Services presented a verbal update reflecting on Illegal Encampments within the borough earlier in the year and the processes and plans in place to lessen their impact on local communities and resources should these occur again.

It was reported that Target Hardening has been taking place in order to prevent access in the first instance. This includes padlocks hidden under metal sheaths, boulders, lockable barriers and Ditch and Dive banks. There is a programme of constant review of possible sites.

In the case of an Illegal Encampment being set up, the landowner , usually CBC, has to start by asking them formally to move. Health and wellbeing checks then have to be done before the court can be applied to for eviction. This is a lengthy and costly process. It was reported that a Memorandum of Understanding was being developed with Derbyshire Police. This would ensure that there is a single point of contact within the Police force. The notice to move would be served within the first 12 hours. A joint visit would take place within 24 hours to complete welfare checks. This would also give the opportunity to identify vehicles and Individuals as well as safeguarding checks on any children. Within 36-48 hours a community survey should be conducted by CBC and the Police. This is a process to identify all crimes and incidences that occur within that community. If the encampment is still there after 48 hours the Police may be able to use their Section 61 powers. Proactive visits would continue every 24 hours until the encampment moves on. Mobile CCTV cameras may also be utilised within those areas to monitor criminality.

It was noted that within the local plan the planning policy needs to be looked at in order to identify areas for the provision of temporary sites and negotiated stopping sites. This will put the Police in a much stronger position if they are able to move the encampment on to other arranged sites.

Members thanked the officers for their thorough report. It was requested that when the Memorandum has been finalised that is shared with Members. It was noted that all information about how to report an Illegal Encampment will be available on the CBC webpage. Members asked for the officers to return in a year’s time so that activity over the Spring and Summer could be reviewed in light of the new processes in place.

24 SCRUTINY PROJECT GROUPS PROGRESS UPDATES

There were no Scrutiny Project Groups updates to be presented.

25 SCRUTINY MONITORING

This is a standard agenda item for the Committee to consider the scrutiny recommendations implementation monitoring schedule.
Members discussed the planned reports for up-coming meetings.
Different approaches to completing Budget Scrutiny were identified as this will be taking place in January.

RESOLVED –

There was no scrutiny monitoring schedule to be noted.

26 FORWARD PLAN

The Committee considered the Forward Plan for the period 1 December 2023 to 31 March 2024. Members were reminded to check this document regularly as dates are changeable. As this Committee can complete pre-decision scrutiny it is timely to scrutinise areas before they go to Cabinet for decision.

RESOLVED –

That the Forward Plan be noted.

27 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - ECONOMIC GROWTH AND COMMUNITIES

There is no current formulated plan but new items have been identified which will become part of the work programme for the Scrutiny Select Committee – Economic Growth & Communities.
These are:
- UKSPF - what happens once the funding ends in 18 months.
- Illegal Encampments – Planning for Temporary sites and Negotiated Stopping sites.
- NHS Referral changes.

RESOLVED –

That the action be noted.

28 MINUTES

RESOLVED –

That the Minutes of the meeting Scrutiny Select Committee – Economic Growth & Communities on 26th October 2023 be approved as a correct record and signed by the Chair.

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SCRUTINY SELECT COMMITTEE – ECONOMIC GROWTH AND COMMUNITIES

Thursday, 11th January, 2024

Present:-

Councillor Flood (Chair)

Councillors	Dyke	Councillors	Niblock
	Yates		Hollingworth
	Jacobs		McClaren
	Blakemore		Kellman
	Snowdon		

*Matters dealt with under the Delegation Scheme

29 DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations of interest were received.

30 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Bagley, Ogle and Wheeldon.

31 CLIMATE CHANGE DELIVERY PLAN QUARTER TWO PERFORMANCE OUT-TURN (DIGITAL PRESENTATION)

Councillor Stone, Cabinet Member for Climate Change, Planning and Environment, provided an introduction to the subject of Climate Change and how Chesterfield Borough Council is looking at meeting its targets.

The Policy and Partnerships Manager and Climate Change Officer gave a presentation on the Climate Change Delivery Plan Quarter Two Out-turn. The Climate Change Strategy 2023 to 2030 takes the Council up to its first target of becoming a carbon neutral organisation by 2030. There are six key themes within the Strategy for its activities during 2023-2030:

- Buildings and Energy Use

- Travel
- Green Space, Land Use and Offsetting
- Communications, Engagement and Training
- Data, Monitoring and Corporate Activity
- Council Influence and Partnership Activity.

This Strategy was approved by Full Council in February 2023. It has many monitoring arrangements including through Cabinet, Scrutiny, the Corporate Leadership Team, and the Climate Change Forum. To ensure that the Strategy remains on track a delivery plan has also been developed which will be reviewed annually. The delivery plan identifies the key milestones, inputs, outputs, and measures that will need to be delivered during each year of the plan to maintain progress. The delivery plan will be reviewed annually and approved by Cabinet in March 2024.

A Performance Dashboard of critical items has been created. Eleven actions have been classified as critical because they are particularly urgent, have a disproportionate effect on council emissions, or are necessary precursors to other important actions.

In terms of Buildings and Energy, there are fourteen actions. Of these, one is rated red, three amber, eight green, one has been established and one has been removed as it has been merged into another action. There have been successes within this category:

- Three stock condition surveys (Council's operational assets) have been undertaken and the reports are currently being reviewed.
- Green Homes Grant (private sector) – good uptake and extra funding secured.
- New build council housing specification of EPC A implemented.
- Feasibility study complete on decarbonising a shared domestic heating site.

Challenges within this sector focused on the progress and pace of the stock condition surveys. Also, capacity issues regarding bidding for decarbonisation grant funding, and actioning the stock condition surveys and decarbonisation/ maintenance plans.

Discussions from Members focussed on the need for progression with the stock condition surveys. As we are now in 2024 there are 6 years left to complete the rest so needs resolving with some speed. Assurances were given that plans were in place to progress this action which is red rated.

There are nine items in the topic area of Travel. Three of these are rated green, four amber, one has been established and for one there is no data. Successes include:

- The fleet decarbonisation plan is approved and in progress.
- 21 charge points have been installed at the depot, with additional points at Calow.
- Quotations are currently being sought for a Solar canopies feasibility study which is additional to the planned activity.

Challenges centre around there being no low carbon option for heavy vehicles. This is a fast changing environment however, and a flexible approach is required to respond to emerging technology and solutions. Also, the main focus has been on the fleet decarbonisation programme, which is now established.

Questions were asked by members about the reliance on other companies developing technologies for larger vehicles. It was reported that vehicles within the fleet are now being rotated quicker, enabling the take up of new vehicles when they emerge. Also, where our responsibilities lie with the decarbonisation of bin lorries. This was reported to be an issue for procurement due to it being an outside contractor.

In the area of Green Space, Land Use and Offsetting there are eight items. One is rated as red, three are green, two are amber and two are already established. Success within this area include:

- Significant areas of land have been identified as part of the local plan development for longer term BNG opportunities.
- Funding for tree planting has been provided via UKSPF until March 2025.
- Climate team ‘consultation’ and assessment is now embedded in the planning process.

Challenges have been around the lack of resource and capacity to implement a woodland management programme. Also, the management of residual emissions and offsetting approaches are challenging for all authorities and wider sectors, not just this Council.

Members discussed checking the available land audit in order to identify areas suitable for tree planting. It was noted that tree planting should be seen as a bonus rather than an answer to the issue of offsetting. However, it was recognised that enhancing the local environment involves local people; planting trees can grab interest therefore it is very important. Certain issues surrounding re-wilding of grass verges and the planting of trees to help with flooding issues are better discussed with the Parks and Open Spaces team as it is more in their remit than that of the Climate Change team.

It was noted that the shadow price of carbon (the term used to describe the monetary cost of reducing or reversing the environmental damage caused by the release of one additional tonne of carbon dioxide into the atmosphere) could be used to inform policy decisions and is calculated based on the social cost of carbon. If the Council continues to emit carbon at the current rate, costing this at the current rate would result in additional costs of £1.18M per year by 2030 (not including market forces and inflation).

There are seven items in the area of Communications, engagement and training. Four of these are green, two are amber and one is already established. Successes included:

- The Climate Change Forum has met twice and completed Fresk training and workshops on developing their own action plan and the Council's Delivery Plan.
- Community Grants Fund (UKSPF and CIL Neighbourhoods) has criteria and scoring that includes climate considerations.
- Approximately 3000 people on the mailing list for the newsletter.

The only challenge had been the up-take of training from employees and members. There would be a members top-up session in mid-April with the hope that all members would then be trained.

In the area of Data, monitoring and corporate activity there are five items. Two are green, one amber and two are already established. It was reported that all of these activities are progressing well. It was noted that the Climate Change Impact Assessment tool developed by CBC has been widely used by other authorities and an international request had been received for more information on it. The only challenge reported was in the delays experienced in receiving bills for energy usage.

Council Influence and Partnership Activity has four items which are all rated green as all activities are progressing well. CBC remains an active participant in the Vision Derbyshire partnership and has been engaging in a number of key Derbyshire wide projects. These projects however are expected to be folded into activity in the new combined authority as it becomes operational. Grants of up to £20,000 will be available from Decarbonise (a UKSPF project) to businesses looking to reduce their carbon output. The Accelerator team, which includes a business advisor, will work with businesses to develop the projects following energy audits carried out through the project. This is delivered in partnership between the Chamber and Economic Development Team. The only challenge experienced in this area has been in terms of partnership working with Derbyshire County Council, as they have paused all of their Climate change related activity and spend.

It was reported that as critical items had now been highlighted, it enabled attention to be focused on them. In line with Council Plan monitoring, directors now receive a summary of updates from their directorate before quarterly reports are finalised. There is a limit to the capacity and resources for some activity due to current budget challenges. The lack of national framework for local government climate change activity is challenging, as is the lack of a national funding framework for local government climate change activity.

Members discussed how the scrutiny of climate change would continue going forward. There was a consensus that joint meetings of the scrutiny committees would be beneficial to explore certain areas of concern and that progress reports would still be presented before going to Cabinet and Full Council. The Cabinet Member for Climate Change, Planning and Environment hoped that scrutiny members could help move the agenda forward.

Members thanked the officers for the report and asked that they returned to present the formal report prior to it going to Cabinet.

RESOLVED –

1. That the report be noted.
2. That the formal report be presented to this committee prior to going to Cabinet.

32 SCRUTINY PROJECT GROUPS PROGRESS UPDATES

This is a standard agenda item. Both committees will look at this separately in their own meetings.

33 SCRUTINY MONITORING

This is a standard agenda item. Both committees will look at this separately when they next meet.

34 FORWARD PLAN

It was noted that there are new items on the updated Forward Plan. Members were encouraged to take the time to read this document thoroughly.

35 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - ECONOMIC GROWTH AND COMMUNITIES

This is a standard agenda item. This will be discussed at the separate meetings of the Scrutiny Select Committees when they meet next.

SCRUTINY SELECT COMMITTEE – ECONOMIC GROWTH AND COMMUNITIES

Thursday, 18th January, 2024

Present:-

Councillor Flood (Chair)

Councillors	Bagley	Councillors	Hollingworth
	Jacobs		Ogle
	Wheeldon		Yates

*Matters dealt with under the Delegation Scheme

36 DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA

Councillor Flood declared an interest in agenda item 4, in her capacity as Chair of the Law Centre.

37 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Dyke, Niblock and Twigg.

38 BUDGET CONVERSATION WORKSHOP

The Service Director – Corporate presented a report outlining the current budget challenge faced by the Council and the budget strategy implementation plan. This enabled members to explore the emerging themes from the budget conversation and be updated on specific consultation activity relating to the remit of the Scrutiny Select Committee – Economic Growth & Communities.

It was reported that like all authorities, Chesterfield Borough Council continues to face significant financial challenges. The sustained period of austerity since 2010, the ongoing risks and uncertainties over future funding arrangements, the budgetary impacts of the Covid-19 pandemic, the cost-of-living crisis, and a sustained period of exceptionally high inflation, have all impacted the Council's financial decision.

Longer-term reform of local government funding has been delayed until the next Parliament and a structural solution is needed to meet the many statutory duties and demands placed on local authorities. Local authorities continue to lobby strongly for a long term sustainable financial settlement, but it is becoming less likely that this will occur in the short term.

Recent analysis by the Local Government Association (LGA) reveals that Councils in England face a funding gap of £4 billion over the next two years. This is a £1 billion increase since the LGA's initial analysis in July 2023 as cost and demand pressures continue to rise.

In response to these challenges, the Council has already made significant savings over many years and taken steps to manage demand and deliver services in the most economic, efficient, and effective way. It is against this context that the Council developed its approach to balancing the 2024/25 budget and to achieving the same over the period of the mid-term financial plan.

Following the Budget Strategy's approval by Council in July 2023, a detailed approach to addressing the £2.5m budget gap was developed and approved by Cabinet in November 2023. The implementation plan was developed in line with the thematic interventions set out in the Budget Strategy:

- Identifying General Efficiencies
- Increasing Income and Establishing Stronger Commercial Operating Principles
- Transforming how we Deliver Services
- Reducing Service Offers/ Stop Doing
- Statutory and Non-Statutory Services
- Rightsizing the Organisation
- Asset Rationalisation and Effective Asset Management

Stage 1 of the plan included largely officer operational decisions or decisions delegated to portfolio holders. Stage 2 proposals are ones which require further development, shown in Appendix 1 of the report.

The Council launched a general budget conversation to assist the Council to deliver on the budget implementation plan themes. The budget conversation ran from 17.11.23 to 15.12.23 and was available to complete either via the Council website or in a hard copy. The Derbyshire Times also ran articles highlighting the opportunity to take part.

The first theme was ‘Identifying General Efficiencies’. Answers received from respondents concentrated on CBC staffing and structures i.e. pay and vacant posts, the digitalisation and transformation of services, alternative delivery plans and asset management.

In the second theme of ‘Increasing income Establishing Stronger Commercial Operating Principles’, 45% agreed, 37% disagreed and 18% were undecided.

In the theme of ‘Transforming how we deliver services’, 53% agreed with enhanced transformation and digitalisation of services.

In the theme of ‘Reducing Service Offer/ Stop Providing’, 44% of respondents disagreed, 33% agreed and 23% were undecided.

51% of respondents were in favour of ‘Rightsizing the Organisation’, with 29% against and 20% undecided. There was concern however from respondents over the quality of services if sizes are reduced, and for the wellbeing of staff.

There was agreement of 60% for ‘Asset Rationalisation and Effective Asset management’, with 20% in disagreement and 20% undecided.

There was concern from members around there only being 154 responses to the budget conversation so whether the responses could really be representative of what the residents of the borough were thinking. The Service Director - Corporate explained that this was a budget conversation to consider key themes and ideas rather than a representative consultation regarding specific proposals. It was reported that the same promotional tools were used to advertise specific consultations (i.e. garden waste) and these had received over 1400 responses.

Members expressed concerns over digital exclusion and equalities issues, especially for sometimes already marginalised groups.
The events programme was discussed, in particular the potential cancellation of the fireworks display at Stand Road Park. It was reported that this was a suggestion that had arisen on multiple responses to the budget conversation. Throughout the budget conversations the health and

wellbeing of residents was considered to be extremely important, and the Council must be mindful of this.

It was felt by Members to be important to use the responses gained from the budget conversation as a starter, and to continue looking at the ongoing budgetary plans throughout the year.

RESOLVED –

That the report be noted.

39 ADVICE AGENCY PROPOSALS

The Cabinet Member for Health and Wellbeing outlined the background to the phasing out of voluntary sector advice agency grants. It was explained that the funding that CBC provides to the voluntary sector is discretionary. It was noted that the Council has been engaged in consultations with the voluntary sector organisations that it currently funds. However, rather than stop all funding immediately the Council would like to transition the funding over two years, or longer, to help the organisations secure other funding sources. Engagement so far was reported as being positive. It was noted that the Council has been very generous over a very long period.

The Service Director – Corporate noted that many local authorities have never funded these voluntary sector advice agencies and others have reduced or pulled out of funding arrangements many years before Chesterfield BC have considered this action. It was reported that there will be a 12-week consultation period with a decision on 19.03.24. Productive conversations had been held with all four agencies (Citizens Advice Bureau, Derbyshire Law Centre, Derbyshire Unemployed Workers Centre, and Link CVS).

The Chair felt it important to note that lots of residents had benefitted from these agencies over many years. She felt that it was the Government that had placed the Council in their current position, and it was the people of Chesterfield who would ultimately suffer. It was noted that it was to this council's accolade that they had been funding these agencies when other councils had not. It was requested that a written outcome of the negotiations be given to this Committee once a decision had been made.

RESOLVED –

1. That the report be noted.

2. That a written outcome of the negotiations be given to this Committee once a decision has been made.

40 PARKS AND OPEN SPACES (PRESENTATION)

The Service Director – Leisure, Culture and Community Wellbeing presented a report on the budget implementation plan strategy proposals in the sector of Parks and Open Spaces. Decisions would be made on each area over the next two months with proposed savings of between £100,000 and £200,000. To review and reduce costs areas being looked at are ground maintenance, public toilet provision, evening park closures, Stand Road fireworks, In Bloom competition as well as other activities. Ways in which this would be done were through a discretionary services review, looking at the options available, how technology can help, equality impact, impact on the Council Plan, Deliverability, Sustainability and the feedback from the budget conversation.

It was reported that each area has its own impact as we go through the implementation plan. It was noted that the services are valuable to the public, especially in terms of health and wellbeing, but they are discretionary services, so the Council needs to look at what options are available to them. This may mean reimagining how services are delivered, are their opportunities for technological advancements to help i.e. new equipment (this may mean a capital cost but in the long term would provide savings). Across all areas as a Council, it was recognised that we have an enabling role i.e. the possibility of getting other agencies to deliver events in our Parks or holding a more Community led In Bloom competition, for example. The Council recognises how much value there is in our open spaces for the residents of Chesterfield, but there was a need to review and reduce operational costs so this is a very sensitive area.

Members were pleased to hear that the Parks and Open Spaces and Play Strategy would not be affected as there is a delivery plan to maintain this. Discussion also focused on the acknowledgment of cost implications where vandalism of play equipment had been experienced, and how a proposal of securing parks earlier in the evening may reduce the anti-social behaviour. The Cabinet member for Health and wellbeing thanked the officer (and his predecessor in the Cabinet role, Jill Mannion-Brunt) for the 5-year play strategy and looked forward to the prospect of more green flag parks in the borough in the future. The Chair looked forward to the reports at the end of the consultation process.

41 SCRUTINY PROJECT GROUPS PROGRESS UPDATES

It was noted that progress was being made in regards to a project group focussing on Climate Change. A formal plan would be in place after the on-line briefing on 08.02.24.

The changes coming to Health Scrutiny on 31.01.24 were reported to the committee. Although it is at County level that Health and Overview Scrutiny Committees take place it is important for members of this committee to remain informed.

42 SCRUTINY MONITORING

This is a standard agenda item.

RESOLVED –

There was no scrutiny monitoring schedule to be noted.

43 FORWARD PLAN

It was noted that priorities on the Forward Plan can change and dates can be brought forward. The Chair requested that anything that arises between Committee meetings could be emailed to her so that a date could be arranged for it to be dealt with. It was noted that issues arising had already been timetabled for scrutiny.

RESOLVED –

That the Forward Plan be noted.

44 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - ECONOMIC GROWTH AND COMMUNITIES

It was noted that this document had been updated and sent out to Members.

RESOLVED –

That the action be noted.

45 **MINUTES**

RESOLVED –

That the Minutes of the meeting of the Scrutiny Select Committee – Economic Growth & Communities on 7th December 2023 be approved as a correct record and signed by the Chair.

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SCRUTINY SELECT COMMITTEE – RESILIENT COUNCIL

Thursday, 9th November, 2023

Present:-

Councillor Dyke (Chair)

Councillors	Blakemore	Councillors	McLaren
	Hollingworth		Snowdon
	Kellman		Twigg

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

12 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ogle and Ridgeway. Councillor Wheeldon was absent.

13 COUNCIL PLAN DELIVERY PLAN 2023/24 QUARTER 2 MONITORING

The Policy and Partnerships Manager presented a report to the Committee detailing the Council's performance against the 2023/24 Council Plan Delivery Plan.

The Quarter 2 Monitoring report, attached at Appendix 1 of the Policy and Partnership Manager's report, set out the progress made on the 38 milestones being tracked during 2023/24. It was reported that 79% of milestones are currently progressing well and are expected to be completed during 2023/24.

In the priority area of 'making Chesterfield a thriving borough', 87% of the 15 milestones being tracked were reported to be progressing well and are expected to be completed during 2023/24. Successes were shared across several milestones. Two milestones were rated as amber. Explanations were given to members on the challenges experienced around cost, resulting in additional value engineering.

In terms of ‘improving quality of life for local people’, 93% of the 14 milestones being tracked are currently expected to be completed in 2023/24. The four objectives within this priority area are:

- Provide quality housing and improve housing conditions across the borough.
- Improve our environment and enhance community safety for our communities and future generations.
- Help our communities to improve their health and wellbeing.
- Reduce inequality and provide support to vulnerable people.

The only milestone rated as amber is around the delivery of the Climate Change Action Plan. However, 36 out of the 47 actions are expected to be delivered on time. A full report will be presented to a Joint Scrutiny Committee early next year.
Successes were shared in particular to the actions delivered due to UKSPF projects.

In the priority area of ‘building a more resilient council’, 44% of milestones were reported to be progressing well and are expected to be completed during 2023/24. 56% of milestones are receiving further challenge and action to secure delivery by the close of 2023/24. This includes delivering the Council’s Medium-Term Financial Plan. This is a large and complex issue which requires rigorous check, challenge, and action throughout the year.
The three objectives for this priority area are:

- Become and stay financially self-sufficient.
- Make our services easier to access, deliver savings and reduce our environmental impact through the use of technology.
- Improve services and customer interaction by investing in our staff.

Specific challenges were identified with members and the plans for meeting targets discussed.

RESOLVED –

1. That the report be noted.

2. That the Corporate Leadership Team leads for all amber rated milestones meet with relevant key officers to develop improvement strategies to support further progress in quarters 3 and 4.

14 MYCHESTERFIELD UPDATE - (REPORT TO FOLLOW)

This agenda item was adjourned.

RESOLVED –

That the report be presented at the next committee.

15 SCRUTINY PROJECT GROUPS PROGRESS UPDATES

There were no Scrutiny Project Groups updates to be presented.

16 SCRUTINY MONITORING

This is a standard agenda item for the Committee to consider the scrutiny recommendations implementation monitoring schedule.
Members discussed the planned reports for up-coming meetings.
It was agreed that there would need to be a scrutiny focus on the recent flooding within Chesterfield. This would likely be a joint meeting with the other Scrutiny Committee.

RESOLVED –

There was no scrutiny monitoring schedule to be noted.

17 FORWARD PLAN

The Committee considered the Forward Plan for the period 1 December 2023 to 31 March 2024. Members were reminded to check this document regularly as dates are changeable. As this Committee can complete pre-decision scrutiny it is timely to scrutinise areas before they go to Cabinet for decision. Members raised questions over two items on the Forward Plan. Information would be circulated to Members over the items queried.

RESOLVED –

That the Forward Plan be noted.

18 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - RESILIENT COUNCIL

There is no current formulated plan, however there are items over-running from the last programme which need signing off.

RESOLVED –

That the action be noted.

19 MINUTES

RESOLVED –

That the Minutes of the meeting Scrutiny Select Committee - Resilient Council on 6th July 2023 be approved as a correct record and signed by the Chair.

DYKESCRUTINY SELECT COMMITTEE – RESILIENT COUNCIL

Thursday, 25th January, 2024

Present:-

Councillor Dyke (Chair)

Councillors	Blakemore	Councillors	Hollingworth
	Kellman		McLaren
	Ogle		Snowdon
	Twigg		

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

21 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Ridgway and Wheeldon.

22 BUDGET STRATEGY AND IMPLEMENTATION PLAN

The Deputy Leader and Cabinet Member for Finance and Asset Management gave an overview of the Council's Budget Strategy and Implementation Plan. This included a detailed approach to addressing the £2.5m budget gap was developed and approved by Cabinet in November 2023. The implementation plan was developed in line with the thematic interventions set out in the Budget Strategy:

• Identifying General Efficiencies
• Increasing Income and Establishing Stronger Commercial Operating Principles
• Transforming how we Deliver Services
• Reducing Service Offers / Stop Doing
• Statutory and Non-Statutory Services
• Rightsizing the Organisation
• Asset Rationalisation and Effective Asset Management

The projected shortfalls in the coming financial years were reported as being addressed by the Stage 1 and 2 proposals in the Budget Strategy and Implementation Plan, shown at Appendix 1 of the report.

Members asked how the external auditors viewed the Council's finances. It was reported that CBC is a well-run Council, with no specific concerns, and well within what would be expected for a District Council. The viability of delivering the strategies proposed by 2025 was also questioned. It was reported that the Stage 2 proposals are being developed and decisions being brought forward over the next couple of months. The Service Director Finance and Section 151 Officer had confidence in the delivery of a robust budget that would be monitored closely. Members questioned the quoted figure of £48,000 for leasing out vacant floor space at The Healthy Living Centre. The Service Director – Leisure, Culture and Community Wellbeing explained that there were a number of different areas within the centre, including former midwifery treatment rooms on the first floor, and the figures were based on expressions of interests already received.

Members discussed the difficulty in setting a 4-year financial plan for the Council when funding settlements from Central Government was given yearly. It was noted how the uncertainty in funding streams was adding to the already tight financial pressures.

RESOLVED –

That the report be noted.

23 **<u>BUDGET CONVERSATION WORKSHOP</u>**

The Deputy Leader and Cabinet Member for Finance and Asset Management introduced the Budget conversation workshop by stating that the Council wishes to keep the conversation going with residents ensuring that they remain involved.

The Service Director – Corporate presented an overview of the Budget Conversation which ran from 17.11.23 to 15.12.23. The budget conversation brochure and examples of publicity were included with the report. It was reported that it was a useful tool for looking at themes within the local authority and asking residents about future ideas. Residents could access the conversation via the website or hard copy and there was much publicity and media articles advertising it to residents. The budget conversation brochure included info graphics and fonts, colours, sizing etc. chosen to make it as accessible as possible.

It was reported that analysis has been done on the 154 responses, and 940 comments, that were received. This has provided a source of rich information around current and potential future proposals. There was also a specific consultation held about garden waste, using the same publicity, and over 1400 responses were received. Consultations have also been held with stakeholders regarding room hire, and negotiations with Advice Agencies about discretionary grant funding.

The key themes that residents were questioned about were:

- Identifying General Efficiencies
- Increasing Income and Establishing Stronger Commercial Operating Principles
- Transforming how we Deliver Services
- Reducing Service Offers/ Stop Doing
- Statutory and Non-Statutory Services
- Rightsizing the Organisation
- Asset Rationalisation and Effective Asset Management

In the theme of 'Asset Rationalisation and Effective Asset Management' 60% of respondents were in favour of this to meet budgetary constraints. It was noted that it is under this Committee's responsibility to scrutinise the Asset Management Plan so this was of note for members.

Throughout the conversation there had been confusion about what responsibilities CBC have and DCC have. Explaining the difference was key in the budget conversation brochure and publicity.

Members questioned how 154 responses to the budget conversation (1% of the adult population of Chesterfield) could be representative. The Service Director - Corporate explained that this was a budget conversation to consider key themes and ideas rather than a representative consultation regarding specific proposals. Questions were also posed about staff input into the conversation as it was suggested that they would be better placed to know where savings could be made. The Service Director – Corporate responded that the budget conversation was available for staff to access on Aspire. Staff had also been consulted through the VIP process (1:1s and appraisals) to ensure that ideas were constantly flowing through. It was noted that many staff are also residents of the borough. Where appropriate, specific employee consultations are taking place on formal proposals.

There was discussion around if residents were aware about the difference between statutory and discretionary services. Members were happy to raise this with residents through their street surgeries and when other opportunities arose. The Deputy Leader and Cabinet Member for Finance and Asset Management noted that both members and staff are committed public servants who care about the communities they serve. She noted that there were things that could be done differently regarding the running of services. However, this change could create opportunities to create links across communities. The belief and hope were that ultimately a great service would be provided by a fit for the future Council.

The Chair thanked officers for their detailed reports and the information which was provided.

RESOLVED –

That the report be noted.

24 CULTURAL/ COMMUNITY/ COMMERCIAL SPACES PROPOSALS

The Service Director – Leisure, Culture and Community Wellbeing reported on proposals to suspend operations from Hasland Village Hall, Assembly rooms and the Revolution House, with a projected cost saving of between £10,000 and £50,000. The Council has a role to maintain and manage these properties effectively, but this could be an opportunity for commercial letting and community use. The venues have real community value, and the proposals need to be deliverable through vision, drive and staff embracing the challenge. Community engagement with the users of Hasland Village Hall and Assembly rooms could lead to alternative management arrangements including potential community asset transfer.

Questions were raised by members about the ability of community groups and charities to access funding for projects which may be run out of the aforementioned properties. The Service Director – Leisure, Culture and Community Wellbeing reported that there are various benefits and access to grants including discretion around VAT and Non – Domestic Rates. It was also mentioned that for historical assets, such as the Revolution House, Charitable Trusts could be established.

The Chair thanked the officer for an excellent report. The Cabinet Member for Town centres and Visitor economy noted that in these times of financial uncertainty the easy option would be to simply stop providing the services which are discretionary, however the report received had captured how the Council can look at things differently so that this does not have to be the only option.

RESOLVED –

That the report be noted.

25 SCRUTINY PROJECT GROUPS PROGRESS UPDATES

It was noted that progress was being made in regard to a project group focussing on Climate Change. A formal plan would be in place after the on-line briefing on 08.02.24.

26 SCRUTINY MONITORING

This is a standard agenda item for the Committee to consider the scrutiny recommendations implementation monitoring schedule.
Members discussed the planned reports for up-coming meetings.
It was agreed that there would be reports requested about the HRA account, particularly in terms of voids and homelessness, on asset management and the delivery of CCTV operations within the town centre.

An update on the Lighting Strategy that was not signed off would also be requested from the officer responsible.

It was noted that Members requested that full reports be circulated as part of the agenda pack prior to meetings in order for proper scrutiny of the information to be achived.

RESOLVED –

There was no scrutiny monitoring schedule to be noted.

27 FORWARD PLAN

The Committee considered the Forward Plan for the period 1 February 2024 to 31 May 2024. Members were reminded to check this document regularly as dates are changeable. As this Committee can complete pre-decision scrutiny it is timely to scrutinise areas before they go to Cabinet for decision.

RESOLVED –

That the Forward Plan be noted.

28 WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - RESILIENT COUNCIL

The Work Programme for the Scrutiny Select Committee – Resilient Council would be updated and forwarded on to Members the next day.

RESOLVED –

That the action be noted.

29 MINUTES

RESOLVED –

That the Minutes of the meeting Scrutiny Select Committee - Resilient Council on 9th November 2023 be approved as a correct record and signed by the Chair.