

# **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, 26 February 2020** 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 18 December, 2019 (Pages 5 - 18)
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 Max Kerley:**

*“Demolition of Council Houses on Rufford Close, Chesterfield:*

*At the meeting of the Borough Council on 18 December 2019, I asked a question about the demolition of four newly built council houses on Rufford Close. The Council had previously announced that these houses had been demolished because of a fire underneath them and I had assumed that the fire had ignited in an unremoved coal seam under the houses. However, I was apparently in error and, in her answer to me at the time, Cllr Gilby, the Council leader informed me:*

- 1. That all coal under the houses had been completely removed during the construction process.*
- 2. That there was no fire under the houses.*
- 3. That the gases that were detected and that led to the conclusion that there was a fire which in turn led to the decision to demolish the houses had been emitted from some material used by the contractor to fill the void left by the removal of the coal seam.*

*Cllr Gilby also informed me that this issue was now to be the subject of a technical investigation which might lead to legal proceedings.*

*Since I received that answer I have consulted informally with two experienced chemical engineers. They both expressed surprise at the information given by Cllr Gilby as they were unaware of any materials or processes which would spontaneously produce gases closely similar to those given off by burning fossil fuels, particularly coal. They were, therefore, very interested to know what the results of the technical investigation might show when revealed as part of legal proceedings or, if no such proceedings were to be undertaken, when the technical investigation report is made public by the Council.*

*Therefore, my question is a very simple one:*

*Has the technical investigation about which Cllr Gilby informed us on 18 December now been carried out?"*

**Question submitted by Paul Stone:**

*"I wish to know as a public body, how long Chesterfield Borough Council keeps records of:*

*a) Contracts*

*b) Recording of Minutes taken at Full Council?"*

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. Changes to Cabinet Appointments - 2019/20 (Pages 19 - 22)

9. Changes to Membership of Member Level Committees - 2019/20 (Pages 23 - 26)

10. Treasury Management Strategy 2020/21 (Pages 27 - 58)

11. Housing Revenue Account (HRA) - Budget 2020/21 to 2024/25 (Pages 59 - 76)

12. Housing Capital Programme: 2020/21 to 2024/25 (Pages 77 - 98)

13. General Fund Capital Programme 2020/21 (Pages 99 - 112)

14. 2020/21 Budget & Medium Term Financial Plan (Pages 113 - 146)

15. Council Tax 2020/21 (Pages 147 - 152)
16. Approval of the Council Plan 2019 - 2023 Delivery Plan for 2020/21 (Pages 153 - 160)
17. Climate Change Action Plan (Pages 161 - 186)
18. Civic Arrangements 2020/21 (Pages 187 - 192)
19. Elected Members Parental Leave Policy (Pages 193 - 208)
20. Approval of Senior Pay Policy Statement - 2020/21 (Pages 209 - 232)
21. Minutes of Committee Meetings (Pages 233 - 234)

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
22. To receive the Minutes of the meetings of the Cabinet of 17 December, 2019, 14 January and 4 February, 2020 (Pages 235 - 252)
  23. To receive the Minutes of the meetings of the Joint Cabinet and Employment and General Committee of 17 December, 2019 and 14 January, 2020 (Pages 253 - 258)
  24. To receive and adopt the Minutes of the meeting of the Overview and Performance Scrutiny Forum of 21 November, 2019 (Pages 259 - 266)
  25. To receive and adopt the Minutes of the meeting of the Community, Customer and Organisational Scrutiny Committee of 28 November, 2019 (Pages 267 - 274)
  26. To receive and adopt the Minutes of the meeting of the Enterprise and Wellbeing Scrutiny Committee of 5 December, 2019 (Pages 275 - 278)

27. Questions under Standing Order No. 19

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

Question submitted by Councillor Fordham:

*“How many residents of the Borough have, over the last five years, been disposed of under the Prevention of Diseases Act, i.e. with no personal ceremony, with no active next of kin and no recognition of their life other than to dispose of their body safely?”*

By order of the Council,

A handwritten signature in black ink, appearing to read 'H. J. W. E.', followed by a period.

Chief Executive

Chief Executive's Unit,  
Town Hall,  
Chesterfield

18 February 2020

## COUNCIL

Wednesday, 18th December, 2019

Present:-

Councillor Simmons (The Mayor)

Councillors	Barr	Councillors	Holmes
	Bingham		J Innes
	Blakemore		P Innes
	Blank		Kellman
	Borrell		Kelly
	Brady		Ludlow
	Brittain		Mannion-Brunt
	Callan		Marriott
	Catt		A Murphy
	Caulfield		T Murphy
	D Collins		P Niblock
	L Collins		S Niblock
	Coy		Rayner
	Dyke		Redihough
	G Falconer		Rogers
	K Falconer		Sarvent
	Fordham		Serjeant
	P Gilby		Snowdon
	T Gilby		Thornton
	Hollingworth		

### 45 MINUTES OF COUNCIL

#### **RESOLVED –**

That the Minutes of the meetings of the Council held on 9 October and 18 November, 2019 be approved as a correct record and be signed by the Chair.

### 46 MAYOR'S COMMUNICATIONS

The Mayor referred to the following Mayoral engagements:

- The 1940s Market at the end of October which had involved town centre shops and traders on the open and indoor markets, and had attracted thousands of residents and visitors into the town centre;
- Commemorative events over the Remembrance period including opening a new 'Gateway Path' at Spital Cemetery, attending the annual Festival of Remembrance and taking part in services at Staveley, Chesterfield Parish Church and Christ Church;
- The large number of primary schools that had visited the Mayor's Parlour and Council Chamber for the Local Democracy programme;
- A celebration at St Mary and All Saints Church for Derbyshire Carers Association to recognise the valuable contribution made by Derbyshire's 130,000 unpaid carers.

The Mayor thanked Members for wearing festive attire to the Council meeting to raise funds for the Mayor's Appeal.

#### 47 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Bagshaw, Bellamy, Davenport, Flood, Mann, Miles, Perry and Perkins.

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

No declarations of interest were received.

#### 49 **PUBLIC QUESTIONS TO THE COUNCIL**

Under Standing Order No. 12, the following question was asked by Max Kerley:

"In April 2019 four new council houses in Rufford Close, Chesterfield had to be demolished as a result of a suspected fire under the houses. The fire took place in a coal seam under the houses. The presence of the coal seam was known to the council during the planning process for these houses and a consultant's report (idom merebrook ref L-20129-2.4.2-16-S349-KRP dated 15 July 2016) recommended that "coal be removed in its entirety from beneath proposed building footprints, from service trenches and gardens".

This recommendation was, however, not carried out in full and the coal seam was left in place under two of the houses. The reason given is that "the reinforced concrete raft foundation design would overcome any issues". This decision has now cost Chesterfield tax payers almost £1 million.

Does Chesterfield Borough Council accept that the decision to ignore the consultant's recommendation and not to remove all the coal from under these houses was seriously flawed?"

Councillor P Gilby, Leader of the Council, provided a verbal response referring to:

- The Council's priority being to safeguard the health and wellbeing of residents at Rufford Close;
- The Council's ongoing investigation and the potential for legal action;
- All the coal below the footprint of the properties having been removed prior to construction;
- The results of a detailed investigation which had identified that the elevated carbon monoxide and hydrogen levels had arisen as a result of chemical reactions occurring within the infill material and not from the presence of an underground fire;
- The Council's plans to appoint a contractor to begin removing the material and cleaning the site.

Max Kerley asked a supplementary question as to when the findings would be made public.

Councillor P Gilby provided a verbal response advising that the Council's investigation was ongoing, but, due to the potential legal action, she was not able to comment further.

## 50 **PETITIONS TO COUNCIL**

No petitions had been received.

## 51 **QUESTIONS TO THE LEADER**

No questions were received.

**52**     **ANNUAL AUDIT LETTER 2018/19**

The Cabinet Member for Governance presented the Annual Audit Letter for 2018/19 submitted by Mazars, the Council's external auditors.

The annual audit letter summarised the outcome from the audit of the Council's financial statements and assessment of arrangements to achieve value for money in the use of resources. The letter confirmed that Mazars had issued an unqualified opinion on the financial statements for 2018/19 and an unqualified conclusion on the arrangements to secure value for money for 2018/19 on 31 July, 2019, confirming that the financial statements gave a true and fair view of the Council's financial position and its expenditure and income for the year and that the Council had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

**RESOLVED –**

That Mazar's Annual Audit Letter for 2018/19 be received.

**53**     **INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES**

Pursuant to Cabinet Minute No. 81, the Senior Democratic and Scrutiny Officer submitted a report detailing the recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme. The Council appointed the IR Panel earlier in the year to consider Members' allowances as a statutory requirement of the Local Government Act 2000. The IR Panel last carried out a comprehensive review in 2015.

Andy Watterson, who chaired the panel, attended Council to present the panel's recommendations.

The IR Panel's report recommended increases to the Basic Allowance along with the Special Responsibility Allowances (SRAs) for the Chairs of Planning, Appeals and Regulatory and Standards and Audit Committees, and the Vice Chairs of Planning and Appeals and Regulatory Committees. The Panel's report also recommended the introduction (or re-introduction) of three SRAs: Chair of Licensing Committee, Vice Chair of Standards and Audit Committee and Deputy Leader of the main opposition group. In addition, the Panel recommended that the SRA for

the Vice Chairs of Scrutiny Committees be reduced. The overall cost of implementing the Panel's recommendations amounted to an additional £10,057 a year compared to the current scheme, although this reduced to £5,303 whilst the Chair of the Appeals and Regulatory Committee was also the Chair of the Licensing Committee.

## **RESOLVED –**

1. That the IR Panel's recommendations be approved with the exception of the Special Responsibility Allowances for the Deputy Leader of the main opposition group and Vice Chair of Standards and Audit Committee.
2. That the changes to the members' allowances scheme be introduced with effect from 1 April, 2020.
3. That the IR Panel's report be published in the press and on the Council's website, as set out in paragraph 6 of the officer's report.
4. That a supplementary estimate to meet the additional costs be approved.
5. 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.
6. 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 as agreed for each financial year by the National Joint Council for Local Government Staff until 31 March, 2023 unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

## **54 QUARTER 2 BUDGET MONITORING 2019/20 & UPDATED MEDIUM TERM FINANCIAL PLAN**

Pursuant to Cabinet Minute No.49, the Acting Chief Finance Officer submitted a report outlining the budget position at the end of the second quarter, covering the General Fund Revenue Account, the General Fund Capital Programme and the Housing Revenue Account.

**RESOLVED –**

1. That the financial performance in the first half of the financial year and the new medium term financial forecast be noted.
2. That the changes to the medium term financial forecast, as outlined in section 4 and section 6 of the officer's report, be approved.
3. That the proposed use of reserves and the new applications for funding, as set out in section 5 of the officer's report, be approved.
4. That the updated capital programme, as detailed in section 7 of the officer's report, be noted.
5. That the proposed additions to the capital programme, as detailed in paragraph 7.2 of the officer's report, be approved.
6. That the position of the Housing Revenue Accounts budgets, as detailed in section 8 of the officer's report, be noted.
7. That the budget preparation guidelines, as set out in paragraph 9.1 of the officer's report, be approved.
8. That the planned approach to budget consultation, as detailed in paragraph 9.3 of the officer's report, be approved.

55

**MARKHAM VALE ENTERPRISE ZONE - BUSINESS RATES**

Pursuant to Cabinet Minute No. 66, the Executive Director and Assistant Director – Economic Growth submitted a report seeking approval for revisions to the Council's business rates policy for Markham Vale Enterprise Zone (MVEZ) to enable the income from business rates to be used to support the delivery of local economic priorities in and around Chesterfield.

In October, 2019, the Council had approved the establishment of a Joint Growth Board and a Joint Growth Unit in partnership with Derbyshire County Council to enable the development of detailed programmes of investment for key growth projects. The Unit would be funded from the retained MVEZ business rates income.

**RESOLVED –**

1. That the Business Rates income from the Markham Vale Enterprise Zone (MVEZ) be retained by the Council from 1 April, 2020 and re-invested locally to support the delivery of local economic priorities.
2. That the change in Business Rates policy for MVEZ be applied annually for the remaining 17 years of allowable business rates retention up to 2036/37.
3. That approval be granted for three key programmes of investment: key projects delivery, economic growth activities and skills activities; and that the funding be particularly targeted at unlocking and accelerating key developments and sites and delivering better outcomes for local communities.
4. That detailed programmes of investment be developed, with a particular emphasis on the key growth projects being progressed through the Joint Growth Board, with Derbyshire County Council; and recommendations made to Cabinet and Council as appropriate to ensure the programmes and associated spending are approved in line with the Council's constitution.

**56 LOCAL COUNCIL TAX SUPPORT SCHEME 2020/21**

Pursuant to Cabinet Minute No.67, the Acting Chief Finance Officer submitted a report seeking approval for the Council Tax Support Scheme to be applied in 2020/21. The report noted that the scheme being recommended for adoption in respect of the next financial year (2020/21) was unchanged from that operated in 2019/20.

**RESOLVED –**

1. That approval be granted to continue with the current Local Council Tax Support scheme for 2020/21. The scheme is based on The Council Tax Reduction Scheme England Regulations 2012 amended to reflect the following local decisions concerning the key principles of the scheme:
  - For those of working age the maximum amount of the Local Council Tax that will be eligible for reduction is 91.5% of their full Council Tax Liability;

- The Council continues its policy of disregarding war pensions for the purposes of calculating income in respect of the Local Council Tax Support scheme;
  - The ‘taper’, i.e. the rate at which support is withdrawn as income increases be maintained at 20%.
2. That delegated powers be granted to the Chief Finance Officer in conjunction with the Cabinet Member for Business Transformation to update the 2020/21 scheme to reflect such up-ratings of premiums, allowances and non-dependent deductions as may be determined by the Department of Work and Pensions, and in respect of other minor technical changes which may be required.
  3. That approval be granted to continue the current local council tax discounts, which were originally implemented in 2013/14.

**57 HOUSING STRATEGY 2019-2023**

Pursuant to Cabinet Minute No.68, the Assistant Director – Housing submitted a report seeking approval of the Chesterfield Housing Strategy 2019-2023.

**RESOLVED –**

That the Chesterfield Housing Strategy 2019-2023 be adopted.

**58 DERBYSHIRE CARE LEAVER OFFER**

Pursuant to Cabinet Minute No.69, the Assistant Director – Policy and Communications submitted a report seeking approval for the Council to support and commit to a countywide (Derbyshire excluding Derby City) local offer for children in care and care leavers.

**RESOLVED –**

1. That the council tax discretionary discount for eligible Derbyshire care leavers aged 18 – 25 be applied from 1 April 2020 and the Care Leaver discretionary discount policy be approved.
2. That the other elements of the local children in care and care leaver offer (active fostering, employment, skills, apprenticeships and work

experience, housing and recruitment of foster carers/supported lodgings) come into force with immediate effect.

3. That Chesterfield Borough Council continues to work with Derbyshire County Council, Derbyshire districts/boroughs and other partners to further develop and improve the children in care and care leaver offer/care leaver covenant for Derbyshire.
4. That a review of the Chesterfield Borough Council elements of the local care leaver offer is undertaken on an annual basis to ensure continued affordability and effectiveness.

**59 PEOPLE PLAN 2019 - 23**

Pursuant to Joint Cabinet and Employment and General Committee Minute No.28, the Assistant Director – Customers, Commissioning and Change submitted a report seeking approval for the Council’s workforce strategy, known as the ‘People Plan 2019-2023’.

**RESOLVED –**

That the People Plan 2019-2023 be approved and adopted.

**60 LOCAL GOVERNMENT ACT 1972 - EXCLUSION OF THE PUBLIC**

**RESOLVED –**

That the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.

**61 AWARD OF CONTRACT TO COLLECT AND DISPOSE OF DOMESTIC WASTE FROM MAY 2020**

Pursuant to Cabinet Minute No.85, the Interim Assistant Director – Commercial Services submitted a report to update members on the actions taken to procure a supplier for the future delivery of the Council’s waste collection contract.

The report proposed that the contract be awarded to Veolia following an open tender process and sought approval for a revised five-year revenue

budget for the provision of the contract and capital expenditure for the purchase of a new vehicle fleet.

**RESOLVED –**

1. That the revised five-year revenue budget profile for the provision of Waste Collection Services from 2020/21, as set out in section 8 of the officer's report, be approved.
2. That the capital expenditure for the purchase of a new vehicle fleet for the future delivery of Waste Collection Services, as set out in paragraphs 3.10 and 7.3 of the officer's report, be approved, and that this item of additional expenditure be added to the Council's Capital Programme for 2019/2020.

**62 LOCAL GOVERNMENT ACT 1972 - RE-ADMISSION OF THE PUBLIC**

**RESOLVED –**

That the public be re-admitted to the meeting.

**63 MINUTES OF COMMITTEE MEETINGS**

**RESOLVED –**

That the Minutes of the following Committees be noted:-

- Appeals and Regulatory Committee of 23 October (two meetings), 30 October, 6 November, 27 November and 4 December, 2019.
- Employment and General Committee of 4 November, 2019.
- Planning Committee of 23 September, 14 October, 4 November, 19 November and 25 November, 2019.
- Standards and Audit Committee of 25 September, 2019.

**64 MINUTES OF CABINET****RESOLVED –**

That the Minutes of the meetings of Cabinet of 1 October, 22 October, 12 November and 3 December, 2019 be noted.

**65 MINUTES OF THE JOINT CABINET AND EMPLOYMENT AND GENERAL COMMITTEE****RESOLVED –**

That the Minutes of the meetings of the Joint Cabinet and Employment and General Committee of 1 October and 3 December, 2019 be noted.

**66 MINUTES OF THE OVERVIEW AND PERFORMANCE SCRUTINY FORUM****RESOLVED –**

That the Minutes of the meeting of the Overview and Performance Scrutiny Forum of 19 September, 2019 be approved.

**67 MINUTES OF THE COMMUNITY, CUSTOMER AND ORGANISATIONAL SCRUTINY COMMITTEE****RESOLVED –**

That the Minutes of the meeting of the Community, Customer and Organisational Scrutiny Committee of 26 September, 2019 be approved.

**68 MINUTES OF THE ENTERPRISE AND WELLBEING SCRUTINY COMMITTEE****RESOLVED –**

That the Minutes of the meeting of the Enterprise and Wellbeing Scrutiny Committee of 3 October, 2019 be approved.

**69 QUESTIONS UNDER STANDING ORDER NO. 19**

No questions had been submitted.

**70 STANDING ORDER NO. 33 - SUSPENSION OF STANDING ORDERS****RESOLVED –**

That, in accordance with Standing Order No. 33, Standing Order No. 4 paragraph 4.3 be waived to enable the meeting to continue beyond the three hours time limit.

**71 NOTICE OF MOTION UNDER STANDING ORDER NO. 21**

It was moved by Councillor Fordham and seconded by Councillor Borrell that:

“This Council notes the recent success of events within the Borough such as the Annual Canal Festival, the Motor Fest and Chesterfield Pride. The Council believes that the economic benefit of tourism and the visitor economy is critical to the sustainability of the Town. The Council resolves to identify further events, festivals and opportunities and to build working relationships with residents, outside organisations and bodies to create a working programme that draws on our history, heritage, market tradition and use of public spaces.”

As an amendment, it was moved by Councillor Sarvent and seconded by Councillor Serjeant that the motion be amended to read:

“This Council notes the recent success of events within the Borough such as the Annual Canal Festival, the Motor Fest and Chesterfield Pride. The Council believes that the economic benefit of tourism and the visitor economy is critical to the future sustainability of the town and borough. As part of the Council’s wider growth strategy, which includes:

- bringing forward key regeneration sites such as the Northern Gateway, Chesterfield Waterside and Peak;
- lobbying for HS2 and preparing Chesterfield for its arrival;
- revitalising the heart of Chesterfield through investment in the market grounds and the town centre public realm;
- actively promoting town centre living;
- working through Destination Chesterfield and the Derbyshire Culture, Heritage, Arts and Tourism Board to properly market Chesterfield;
- maintaining our award-winning tourism service;

- improving the quality of the programming offer at our cultural venues;  
and
- capitalising on the social media campaigns of key partners such as Alterix;

the Council resolves to continue to fund, organise and support such events and to identify new experiential opportunities to grow our visitor numbers, increase visitor spend and support more tourism jobs above and beyond the record levels achieved in 2019.”

On being put to the vote the amendment to the motion was declared carried.

On being put to the vote the motion (as amended) was declared carried.

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## For publication

### Changes to Cabinet Appointments 2019/20

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Meeting: Council

Date: 26 February, 2020

Report by: Democratic and Scrutiny Officer

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## **For publication**

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### 1.0 **Purpose of report**

1.1 To enable the Council to note the Leader of the Council's decision to appoint an Assistant Cabinet Member in accordance with Article 7 of the council's constitution.

### 2.0 **Recommendation**

2.1 That Council note the Leader of the Council's decision to appoint Councillor Dean Collins to the role of Assistant Cabinet Member for the remainder of the council year 2019/20.

### 3.0 **Report details**

3.1 Article 7 of the constitution provides for the Leader of the Council to determine the number and appointment of

councillors to the cabinet and to allocate portfolios to cabinet members. Article 7.4 requires the Leader to report to the council on all appointments and changes to the cabinet and portfolios.

3.2 At the Annual Business Meeting of the Council on 13 May, 2019 (Council Minute No. 105, 2018/19) it was noted that the Leader of the Council had deferred making appointments to the three vacant assistant cabinet member positions.

3.3 The Leader of the Council has recently made the following appointment for the 2019/20 council year:

- Appointment of Councillor Dean Collins as Assistant Cabinet Member.

3.4 Councillor Dean Collins will undertake special projects primarily in support of the Cabinet Member for Health and Wellbeing with particular reference to the community safety aspects of the portfolio.

3.5 All other cabinet appointments remain unchanged from those noted by full Council at the Annual Business Meeting on 13 May, 2019.

#### 4.0 **Financial Implications**

4.1 The position of the assistant cabinet member attracts a special responsibility allowance of £3,889 p.a. This sum will be paid to Councillor Dean Collins on a pro rata basis for the remainder of the 2019/20 council year. It should be noted that there is provision for three assistant cabinet member positions within the existing budget for members' allowances.

## 5.0 **Recommendation**

- 5.1 That Council note the Leader of the Council's decision to appoint Councillor Dean Collins to the role of Assistant Cabinet Member for the remainder of the council year 2019/20.

### **Document information**

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## For publication

### Changes to Membership of Member Level Committees

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Meeting: Council

Date: 26 February, 2020

Report by: Democratic and Scrutiny Officer

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## **For publication**

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### 1.0 **Purpose of report**

1.1 To enable the Council to consider proposed changes to the membership of member level committees and to the appointment of chairs and vice-chairs for the remainder the 2019/20 municipal year.

### 2.0 **Recommendations**

2.1 That the changes to the membership of committees as proposed by the political groups and described at paragraph 3.1 be agreed.

2.2 That the change to the appointment of chairs and vice-chairs as proposed by the Leader of the majority group and described at paragraph 3.2 be agreed.

### 3.0 **Report details**

3.1 The following changes to Committee memberships are proposed by the political groups:

#### **Community, Customer and Organisational Scrutiny Committee**

- Councillor Mann to replace Councillor Bagshaw as a Community Independent group member

#### **Enterprise and Wellbeing Scrutiny Committee**

- Councillor Brittain to replace Councillor Dean Collins as a Labour group member
- Councillor Mann to replace Councillor Bagshaw as a Community Independent group member

#### **Overview and Performance Scrutiny Forum**

- Councillor Brittain to replace Councillor Dean Collins as a Labour group member
- Councillor Mann to replace Councillor Bagshaw as a Community Independent group member.

3.2 The following change to the appointment of chairs and vice-chairs is proposed by the Leader of the majority group:

#### **Enterprise and Wellbeing Scrutiny Committee**

- Councillor Brittain to replace Councillor Dean Collins as Vice-Chair of the Enterprise and Wellbeing Scrutiny Committee.

### 4.0 **Recommendations**

4.1 That the changes to the membership of committees as proposed by the political groups and described at paragraph 3.1 be agreed.

- 4.2 That the change to the appointment of chairs and vice-chairs as proposed by the Leader of the majority group and described at paragraph 3.2 be agreed.

**Document information**

<b>Report author</b>	<b>Contact number/email</b>
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## For publication

### Treasury Management Strategy 2020/21

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Meeting:	Council
Date:	26 <sup>th</sup> February 2020
Cabinet portfolio:	Deputy Leader
Report by:	Chief Finance Officer

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## **For publication**

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### 1.0 **Purpose of report**

- 1.1 To approve the Treasury Management Strategy Statement for 2020/21.
- 1.2 To approve the Capital Strategy Report for 2020/21.
- 1.3 To approve the Investment Strategy Report for 2020/21.
- 1.4 To approve the Minimum Revenue Provision (MRP) policy for 2020/21.

### 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 **Background**

3.1 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.

3.2 CIPFA amended the Code in 2017 to take account of recent developments in the financial market place and the introduction of the Localism Act.

3.3 CIPFA also amended the Prudential Code for Capital Finance in Local Authorities in 2017, which now includes the requirement for the Council to produce a separate Capital Strategy.

3.4 In 2018 the Ministry of Housing, Communities and Local Government completely revised their statutory guidance on treasury management investments. This included the

requirement for the Council to produce an Investment Strategy for non-treasury investments.

- 3.5 This report was considered by the Standards and Audit Committee at its meeting on 5 February, 2020 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

#### 4.0 **Treasury Management Strategy**

- 4.1 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.

- 4.2 The Treasury Management Strategy Statement 2020/21 can be found at Appendix A.

#### 5.0 **Capital Strategy Report**

- 5.1 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.
- 5.2 The Code was revised in 2017 and introduced the requirement 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 2020/21 can be found at Appendix B.

5.3 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.

#### 5.4 Capital Expenditure

This prudential indicator is a summary of the Council's capital expenditure plans.

Capital expenditure £millions	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
<b>General Fund</b>	8.0	9.7	22.1	3.2	1.0
<b>HRA</b>	17.7	24.7	25.9	19.8	16.4
<b>Total</b>	<b>25.7</b>	<b>34.4</b>	<b>48.0</b>	<b>23.0</b>	<b>17.4</b>

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	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
<b>Financed by:</b>					
External sources	5.3	2.5	4.3	2.2	0.8
Internal sources	20.4	26.6	28.3	20.8	16.6
Debt	0	5.3	15.4	0	0
<b>Total</b>	<b>25.7</b>	<b>34.4</b>	<b>48.0</b>	<b>23.0</b>	<b>17.4</b>

#### 5.5 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.

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.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The capital financing requirement for 2020/21 and subsequent years includes a £2.1m increase due to a change in the accounting for leases standard.

£millions	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
<b>Capital Financing Requirement</b>					
CFR – General Fund	14.9	20.0	36.7	35.5	33.6
CFR – HRA	130.4	128.4	126.5	124.6	122.7
<b>Total CFR</b>	<b>145.3</b>	<b>148.4</b>	<b>163.2</b>	<b>160.1</b>	<b>156.3</b>
<b>Movement in CFR</b>	<b>-2.2</b>	<b>3.1</b>	<b>14.8</b>	<b>-3.1</b>	<b>-3.8</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year (above)	0	5.3	15.4	0	0
Increase in CFR due to changes to lease standard	0	0	2.1	0	0
Less MRP/VRP and other financing movements	-2.2	-2.2	-2.7	-3.1	-3.8
<b>Movement in CFR</b>	<b>-2.2</b>	<b>3.1</b>	<b>14.8</b>	<b>-3.1</b>	<b>-3.8</b>

## 5.6 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 (i.e. council tax for the General Fund and rent income for the Housing Revenue Account). The estimates of financing costs include current commitments and the proposals in the budget report.

%	2018/19 Actual	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
General Fund	1.12	1.84	7.33	9.90	9.56
HRA	18.88	18.52	18.16	17.18	16.41

The General Fund ratio increases from 2019/20 to 2021/22 due to increased financing costs associated with the capital programme. Financing costs are also increased in 2020/21 and subsequent years due to a change to the accounting standard for leases. The HRA ratio decreases steadily over the forthcoming years due to reducing financing costs.

## 5.7 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	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate
Operational Boundary (£m)	129.3	143.4	141.3	138.5
Operational Boundary – Leases (£m)	0	3.0	3.0	3.0
Authorised Limit (£m)	140.1	158.0	156.0	152.0
Authorised Limit – Leases (£m)	1.0	5.0	5.0	5.0

**5.8 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. The Authority has previously raised the majority of its long-term

borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Authority will now look to borrow any long-term loans from other sources including banks, pensions and local authorities.

## 6.0 **Investment Strategy**

6.1 In 2018 the Ministry for Housing, Communities and Local Government's Investment Guidance was revised, and introduced the requirement for Authorities to produce an Investment Strategy Report.

6.2 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.

6.3 The Investment Strategy Report 2020/21 can be found at Appendix C.

## 7.0 **Minimum Revenue Provision (MRP) Policy**

7.1 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).

7.2 The Minimum Revenue Provision (MRP) Policy 2020/21 can be found at Appendix D.

## 8.0 **Recommendations**

8.1 That the Treasury Management Strategy Statement be approved.

8.2 That the Capital Strategy Report, including the Prudential Code Indicators be approved.

8.3 That the Investment Strategy Report be approved.

8.4 That the Minimum Revenue Provision policy be approved.

## 9.0 **Reasons for recommendations**

9.1 To comply with regulations and recognised best practice.

### **Decision information**

<b>Key decision number</b>	<b>934</b>
<b>Wards affected</b>	<b>All</b>
<b>Links to Council Plan priorities</b>	<b>All</b>

## Document information

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<b>Background documents</b>		
These are unpublished works which have been relied on to a material extent when the report was prepared.		
<i>This must be made available to the public for up to 4 years.</i>		
<b>Appendices to the report</b>		
Appendix A	Treasury Management Strategy Statement 2020/21	
Appendix B	Capital Strategy Report 2020/21	
Appendix C	Investment Strategy Report 2020/21	
Appendix D	Minimum Revenue Provision (MRP) Policy 2020/21	

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## Treasury Management Strategy Statement 2020/21

### 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 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

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 UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2020/21. The General Election has removed some uncertainty and the Withdrawal Agreement Bill is now expected to pass through Parliament in January. However, uncertainties around the UK's future trading relationship with the EU remain as these have to be concluded in an ambitious transition period timeframe by December 2020.

The Bank of England maintained Bank Rate to 0.75% in December following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

**Credit outlook:** The recent Bank of England stress tests assessed all seven UK banking groups. All seven banks passed the test on both a CET1 ratio and a leverage ratio basis. Major banks have steadily increased their capital for many years now. However, there are a number of shortcomings in the Bank's approach; timeliness as the results are over 11 months of out date when they are published, being based on end-2018 balance sheets; ringfencing, as the tests ignore the restrictions on transferring capital between ringfenced "retail" banks and non-ringfenced "investment" banks within the larger groups and; coverage - the tests should be expanded to cover a wider range of UK banks and building societies.

Looking forward, the potential for a no UK-EU trade deal being agreed and ratified and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

## Outlook

The global economy continues to slow on the back of ongoing geopolitical issues, primarily the trade policy stance of the US and its spat with China. However, it has been reported that Phase I of a trade deal between the two countries will be signed on 15<sup>th</sup> January 2020.

The UK economy continues to slow due to both post-Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased. Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets over the period, including bond markets.

Parliament passed Prime Minister Boris Johnson's Withdrawal Agreement Bill and the UK will now exit the EU on 31st January 2020. The bill also rules out an extension to the transition period for agreeing a trade deal which means a no-deal Brexit cannot be entirely ruled out for 2020.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit/trade deal outcomes as well as the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judges the risks to be weighted to the downside.

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 0.74%, and any new long term loans will be subject to analysis to determine the most cost effective source of borrowing.

## Local Context

On 31<sup>st</sup> December 2019, the Authority held £128.8m of borrowing and £54.1m of treasury investments. This is set out in further detail at page 9. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.19 Actual £000	31.3.20 Estimate £000	31.3.21 Forecast £000	31.3.22 Forecast £000	31.3.23 Forecast £000
General Fund CFR	14,906	19,971	36,724	35,579	33,554
HRA CFR	130,358	128,403	126,477	124,580	122,711
<b>Total CFR</b>	<b>145,264</b>	<b>148,374</b>	<b>163,201</b>	<b>160,159</b>	<b>156,265</b>
Less: Other debt liabilities*	0	0	-2,142	-1,676	-1,193
Less: External borrowing	-129,336	-127,341	-125,373	-123,433	-120,464
<b>Internal borrowing</b>	<b>15,928</b>	<b>21,033</b>	<b>35,686</b>	<b>35,050</b>	<b>34,608</b>
Less: Usable reserves	-50,776	-45,367	-35,517	-32,867	-31,657
Less: Working capital	-12,699	-13,678	-11,784	-12,183	-12,951
<b>Treasury Investments</b>	<b>47,547</b>	<b>38,012</b>	<b>11,615</b>	<b>10,000</b>	<b>10,000</b>

\* Lease liabilities that form part of the Council's total debt

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

The Authorities General Fund CFR increases in the financial years to 2020/21 due to the capital programme. It then reduces in subsequent years as forecast capital receipts will be used to repay prudential borrowing. The Authority has a reducing HRA CFR. 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.

### **Borrowing Strategy**

The Authority currently holds £129 million of loans, a decrease of £2 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 does not expect to need to externally borrow in 2020/21. The Authority may however borrow 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. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

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

The Authority has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Authority will now look to borrow any 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.

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 short-term loans to cover unplanned cash flow shortages.

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

- Public Works Loan Board (PWLB) and any successor body

- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Derbyshire 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, that 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 plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to 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.

### **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 investment balance has ranged between £38 and £64 million. This amount is expected to decrease in the forthcoming year due to spending on the capital programmes.

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

income. 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.

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

**Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2020/21. This is especially the case for the estimated £10m that is available for longer-term investment. A reducing proportion of the Authority’s surplus cash remains invested in short-term unsecured bank deposits and certificates of deposit. This diversification will represent a change in strategy over the coming year.

**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 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved investment counterparties and limits

Credit rating	Banks unsecured	Banks secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£5m 2 years	£5m 5 years	£5m 50 years	£5m 5 years	£5m 5 years
AA+	£5m 2 years	£5m 5 years	£5m 25 years	£5m 2 years	£5m 2 years
AA	£5m 2 years	£5m 2 years	£5m 15 years	£5m 2 years	£5m 2 years
AA-	£5m 2 years	£5m 2 years	£5m 10 years	£5m 2 years	£5m 2 years
A+	£5m 2 years	£5m 2 years	£5m 5 years	£5m 2 years	£5m 2 years
A	£5m 13 months	£5m 13 months	£5m 5 years	£5m 13 months	£5m 13 months
A-	£5m 6 months	£5m 6 months	£5m 5 years	£5m 6 months	£5m 6 months
None	n/a	n/a	£5m 5 years	n/a	n/a
<b>Pooled funds</b>		<b>£12m per fund</b>			

This table must be read in conjunction with the notes below

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

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

**Government:** Loans, 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 Central Government may be made in unlimited amounts for up to 50 years.

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

**Registered providers:** Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (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.

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

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

**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.

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

**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 3: Investment limits**

	<b>Cash limit</b>
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	£12m 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	£2m in total
Money market funds	£30m in total

**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:

<b>Interest rate risk indicator</b>	<b>Limit</b>
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£100,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£250,000

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:

<b>Refinancing rate risk indicator</b>	<b>Upper limit</b>	<b>Lower limit</b>
Under 12 months	10%	0%
12 months and within 24 months	10%	0%
24 months and within 5 years	15%	0%
5 years and within 10 years	25%	0%
10 years and within 25 years	70%	20%

25 years and above	75%	20%
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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	2019/20	2020/21	2021/22
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 taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

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

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**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 2020/21 is £0.3 million, based on an average investment portfolio of £40 million at an interest rate of 0.74%. For the General Fund the budget for debt interest paid in 2020/21 is £165k, based on an average debt portfolio of £2.9 million at an average interest rate of 5.65%. For the HRA the budget for debt interest paid in 2020/21 is £4.6 million, based on an average debt portfolio of £124 million at an average interest rate of 3.71%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

### Other Options Considered

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

### Existing Investment & Debt Portfolio Position

	31/12/19 Actual Portfolio £m	31/12/19 Average Rate %
<b>External borrowing:</b>		
Public Works Loan Board	128.4	3.80
<b>Total external borrowing</b>	<b>128.4</b>	<b>3.80</b>
<b>Treasury investments:</b>		
Banks & building societies (unsecured)	7.5	1.04
Government (incl. local authorities)	29.0	0.81
Money Market Funds	17.6	0.73
<b>Total treasury investments</b>	<b>54.1</b>	<b>0.81</b>
<b>Net debt</b>	<b>74.3</b>	

## Capital Strategy Report 2020/21

### 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. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £20,000 for land and buildings and £10,000 for vehicles, plant and equipment are not capitalised and are charged to revenue in year.

In 2020/21, the Council is planning capital expenditure of £48.0m as summarised below:

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund services	8.0	9.7	22.1	3.2	1.0
Council housing (HRA)	17.7	24.7	25.9	19.8	16.4
<b>TOTAL</b>	25.7	34.4	48.0	23.0	17.4

The main General Fund capital projects include the Enterprise Centre in respect of the Northern Gateway Scheme (£4.0m), Waterside office Space (£7.8m), Disabled Facilities Grants (£2.0m), Phase 2 of the Town Hall Alterations (£1.8m), Year 3 of the IT Project (£1.1m) and the purchase of vehicles for the waste contract (£1.6m).

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 81 new homes over the forecast period, as well as enhancements to current housing stock.

**Governance:** Service managers must complete a Capital Growth Request Form in order to include projects in the Council's capital programme. The Finance and Performance Board appraises all requests 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*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
External sources	5.3	2.5	4.3	2.2	0.8
Own resources	20.4	26.6	28.3	20.8	16.6
Debt	0	5.3	15.4	0	0
<b>TOTAL</b>	<b>25.7</b>	<b>34.4</b>	<b>48.0</b>	<b>23.0</b>	<b>17.4</b>

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

*Table 3: Replacement of debt finance in £ millions*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund	0.2	0.2	0.4	0.7	1.5
General Fund - Lease Liabilities	0	0	0.5	0.5	0.5
HRA	2.0	2.0	1.9	1.9	1.9

The Minimum Revenue Provision for 2020/21 and subsequent years includes £0.5m due to a change in the accounting for leases standard.

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 £16.7m during 2020/21 and the HRA CFR is expected to decrease by £1.9m 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*

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
General Fund services	14.9	20.0	36.7	35.5	33.6
Council housing (HRA)	130.4	128.4	126.5	124.6	122.7
<b>TOTAL CFR</b>	<b>145.3</b>	<b>148.4</b>	<b>163.2</b>	<b>160.1</b>	<b>156.3</b>

The capital financing requirement for 2020/21 and subsequent years includes a £2.1m increase due to a change in the accounting for leases standard.

**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 Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22. Repayments of capital grants, loans and investments also generate capital receipts. The Council plans to receive £6.5m of capital receipts in the 2020/21 financial year as follows:

*Table 5: Capital receipts in £ millions*

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
General Fund Asset sales	1.6	1.5	2.3	2.5	3.0
Right to Buy Receipts	5.1	4.1	3.1	2.6	2.0
Other HRA Asset sales	0.1	0	1.1	1.1	1.1
<b>TOTAL</b>	<b>6.8</b>	<b>5.6</b>	<b>6.5</b>	<b>6.2</b>	<b>6.1</b>

### 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 £129m borrowing at an average interest rate of 3.80% and £54m treasury investments at an average rate of 0.81%.

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

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*

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Debt	129.3	127.3	125.4	123.4	120.5
Capital Financing Requirement	145.3	148.4	163.2	160.1	156.3

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*

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit
Authorised limit - borrowing	140.1	158.0	156.0	152.0
Authorised limit - leases	1.0	5.0	5.0	5.0
Operational boundary - borrowing	129.3	143.4	141.3	138.5
Operational boundary - leases	0	5.0	5.0	5.0

The authorised limit and operational boundary for 2020/21 and subsequent years include a £5m increase due to a change in the accounting for leases and the Private Finance Initiative.

**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, that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms 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*

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget
Near-term investments	37.5	28.0	1.6	0	0
Longer-term investments	10.0	10.0	10.0	10.0	10.0
<b>TOTAL</b>	<b>47.5</b>	<b>38.0</b>	<b>11.6</b>	<b>10.0</b>	<b>10.0</b>

**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 Chief Finance Officer 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 Chief Finance Officer in consultation with the relevant Assistant 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

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.

### Liabilities

In addition to debt of £129m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £79.9m) This deficit is planned to be reduced to a break-even position over the next 19 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, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

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

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget
Financing costs General Fund (£000)	122	183	779	1,017	1,003
Financing costs HRA (£000)	6,725	6,565	6,468	6,350	6,273
Proportion of net revenue stream General Fund	1.12%	1.84%	7.33%	9.90%	9.56%
Proportion of net revenue stream HRA	18.88%	18.52%	18.16%	17.18%	16.41%

General Fund financing costs for 2020/21 and subsequent years include a £0.5m increase due to a change in the accounting for leases and the Private Finance Initiative.

**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. The Director of Finance and Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable.

### **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 2020/21

### 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 £48m and £12m during the 2020/21 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 2020/21 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 only service loan that the Council currently has outstanding is a £200,000 balance on a start-up loan that was made to the Derbyshire Building Control Partnership during the 2017/18 financial year. The Authority is a shareholder in the company, along with 5 other Derbyshire Local Authorities.

**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 from 2018/19 onwards will be 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. In the case of the loan to the Derbyshire Building Control

Partnership each of the 5 other shareholders have guaranteed 1/6<sup>th</sup> of the loan, therefore the Council's maximum loss is limited to £33,333.

**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 Chief Finance Officer. 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 31.03.2019
Industrial Units and Trading Estates	23.6
Retail and Office	14.7
Undeveloped Land	9.6
<b>TOTAL</b>	<b>47.9</b>

**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 2019/20 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 2018/19 was £2.7m, this equated to 5.1% of all general fund income received and a similar amount is budgeted for in 2020/21. Income received is monitored on a regular basis and any expected shortfall would be reported in the revised budget

**Risk assessment of future commercial investments:** The Chief Finance Officer 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 Chief Finance Officer, 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*

<b>Total investment exposure</b>	<b>31.03.2019 Actual</b>	<b>31.03.2020 Forecast</b>	<b>31.03.2021 Forecast</b>
Treasury management investments	48.0	38.0	11.6
Service investments: Loans	0.2	0.15	0.1
Commercial investments: Property	47.9	47.9	47.9
<b>TOTAL EXPOSURE</b>	<b>96.1</b>	<b>86.05</b>	<b>59.6</b>

**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)*

<b>Investments net rate of return</b>	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Forecast</b>
Treasury management investments	0.78%	0.80%	0.74%
Service investments: Loans	4.85%	4.85%	4.85%
Commercial investments: Property	5.69%	5.69%	5.69%

## **Minimum Revenue Provision Statement 2020/21**

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry 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 1<sup>st</sup> 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 31<sup>st</sup> 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 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 2020/21 will not be subject to an MRP charge until 2021/22.

No MRP will be charged in respect of assets held within the Housing Revenue Account, however a voluntary revenue provision will be charged at 1.5% of the outstanding Housing Revenue Account Capital Financing Requirement in respect of housing assets.

	<b>31.03.2020 Estimated CFR £</b>	<b>2020/21 Estimated MRP/VRP £</b>
Capital expenditure before 01.04.2008	5,036,137	93,203
Unsupported capital expenditure after 31.03.2008	14,935,296	230,123
<b>Total General Fund</b>	<b>19,971,433</b>	<b>323,326</b>
Assets in the Housing Revenue Account	128,402,677	1,926,040
<b>Total Housing Revenue Account</b>	<b>128,402,677</b>	<b>1,926,040</b>

## For Publication

### Housing Revenue Account (HRA) – Budget 2020/21 to 2024/25

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Meeting:	Council
Date:	26th February 2020
Cabinet Portfolio:	Cabinet Member for Housing
Report by:	Acting Chief Finance Officer Assistant Director - Housing

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### **For publication**

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#### **1.0 Purpose of Report**

- 1.1 To consider the probable outturn for the current financial year.
- 1.2 To consider the draft budget for 2020/21.

#### **2.0 Recommendations**

- 2.1 That the probable outturn for the current financial year be noted.
- 2.2 That the draft estimates for 2020/21 and future years be approved.

### **3.0 Background**

- 3.1 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 MHCLG. This 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.
- 3.2 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, that delivers reasonable standards for tenants and maintains at least the minimum Decent Homes Standard.
- 3.3 Self-financing has, in the main, improved the financial position of the HRA. We can determine our own financial future and can also borrow to finance improvements. Initially the level of borrowing was limited by the Government (the £156 million 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.
- 3.4 However, despite the self-financing settlement agreement, in March 2016 the “Welfare Reform and Work Act 2016” introduced rent policy within legislation for the first time. The main policy required the Council to reduce housing rents by 1% annually for a 4 year period commencing on 4<sup>th</sup> April 2016. The final reduction was in April 2019.
- 3.5 From April 2020 and for the following 4 financial years (until March 2025), social housing rents will increase by CPI plus 1%, as set out in the Housing Green Paper of August 2018.

- 3.6 On 14th January 2020, Cabinet considered the rent and service charge levels for 2020/21 and agreed a rent increase of 2.7% (based on the latest Government policy highlighted above) and various service charge increases. These changes have been built into the 2020/21 budget forecast.
- 3.7 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.

#### **4.0 Information Included**

4.1 The following information is attached:

- Annexe 1 Statutory HRA Operating Account (Summarised)
- Annexe 2 Detailed estimates for supervision & management and General Fund contributions.
- Annexe 3 Subjective Analysis.
- Annexe 4 Variances – This year’s original estimate to revised.
- Annexe 5 Variances – This year’s original to next year’s original.

4.2 The following budget assumptions, as approved by Cabinet on 22nd October as part of the Council’s financial strategy, have been used to produce the draft Housing Revenue Account budgets.

- Pay awards at 2.5% per annum.
- Rates 1.7% increase in 2019/20, and then 2.5% thereafter.
- Consumer Price Index 2.5% in 2020/21 and in each following year.
- Energy inflation as advised by the Facilities Maintenance Manager.
- Rental income is increased annually by CPI plus 1% from April 2020.

## 5.0 Financial Position at Year End 2019/20

5.1 On the basis of existing policy and the assumptions already outlined HRA balances for this year are estimated as follows;

### HRA Balances

	Original Estimate	Revised Estimate
	£000	£000
Balance at 1.4.19 - Surplus	(21,005)	(29,237)
Decrease/(Increase) in HRA balance for year	13,185	10,703
Estimated Balance 31.3.20	(7,820)	(18,534)

5.2 The probable outturn includes the following approved additions to the 2019/20 estimate.

5.3 Carry Forward from 2018/19

	Amount (£)
Information Technology – Balance of Approved Growth (Keystone)	15,230
Replacement of Allocations System	74,890
HRA Contribution to site surveys etc at Linacre	34,350
IT for Mobile Working for Asset Management Officers	10,000
Information Technology – Northgate Leaseholder Module	2,250
Total	136,720

5.4 All variations are detailed in Annexe 4 of **Appendix A**, which shows a change from the original budget, which forecast a reduction in the HRA balance of £13,184,940, to the revised budget which shows a reduction in the HRA balance of £10,702,520. This is a difference of £2,482,420. The main reasons for the variation are a reduction in revenue funding for the capital programme

(£1,132,480) due to delays in commencing some schemes and a reduction in the bad debts provision (£1,147,070).

## **6.0 Financial Strategy 2020/21**

- 6.1 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.
- 6.2 The HRA cannot run at an overall deficit and risks will continue to be identified and managed effectively. Cabinet approved a series of strategy and policy changes in May 2016 to mitigate the impact of the 1% rent reduction for a 4-year period commencing in April 2016. These changes significantly improved the financial viability of the HRA. They included reductions to the responsive repairs budget, a reduced and rephased capital programme, moving rent collection to a 52 week basis to mirror the payment of Universal Credit to claimants and taking action to reduce income lost through bad debts (rent arrears) and having properties stood empty (voids).
- 6.3 It is important to note that the budget projections shown in this report assume that the loss of rental income through bad debts (rent arrears written off) and void (empty) properties continues to be minimised through robust management procedures. Should these losses increase above the assumptions contained in the budget there is the real risk that HRA balances will be lower than forecast.
- 6.4 The HRA Summary Operating Account at Annexe 1 shows that the HRA balance is anticipated to fall to £8,190,763 in 2020/21, then continue to fall until 2022/23 when the balance is £3,863,533. This is due to the impact of increased capital spend. Full details are contained in the HRA capital programme budget report elsewhere

on the agenda. After this date balances begin to steadily climb and are £7,539,453 by 2024/25.

## 7.0 Initial Budget Forecast 2020/21

7.1 The table below summarises the financial position for 2020/21.

### HRA Balances

	Original Estimate
	£000
Balance at 1.4.20 - Surplus	(18,534)
Decrease/(Increase) in HRA balance for year	10,343
Estimated Balance 31.3.21	(8,191)

All variations are detailed in Annexe 5 of **Appendix A**, which shows a change from the original 2019/20 budget, which forecast a reduction in the HRA balance of £13,184,940, to the original 2020/21 budget which shows a decrease in the HRA balance of £10,343,590. This is a difference of £2,841,350. The majority of the variation relates to a reduced requirement for direct revenue support for the capital programme (£1,812,300) due to an anticipated increase in capital receipts, plus a reduction in the bad debts provision (£1,144,070).

## 8.0 Risk Management

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

- The impact of Universal Credit on bad debts.
- Ability to deliver the Capital Programme and maintain decency.

- That retained 1-4-1 RTB receipts may have to be repaid to the Treasury if the new build programme within the HRA is not completed as planned.
- Any future limits on rent increases.
- Maintain a minimum working balance of £3 million.
- Future economic changes (e.g. interest and inflation rates plus the impact of Brexit).
- Any possibility of claims arising from the former agreement with Severn Trent Water.

## **9.0 Equalities Impact Assessment (EIA)**

9.1 The budget process and forecasts produced do not require an EIA but any decisions to vary budgets and service provision may require EIA's specific to those options.

## **10.0 Resource Implications**

10.1 In writing this report, the standard corporate issue of revenue financial implications has been considered at Sections 6 to 9 above.

## **11.0 Recommendations**

11.1 That the probable outturn for the current financial year be noted.

11.2 That the draft estimates for 2020/21 and future years be approved.

## **12.0 Reasons for Recommendations**

12.1 To enable the council to set the HRA budget for 2020/21.

12.2 To continue with the financial strategy contained in the Housing Revenue Account Business Plan and self-financing debt settlement arrangements.

<b>Glossary of Terms</b>	
HRA	Housing Revenue Account
MHCLG	Ministry of Housing, Communities & Local Government
CPI	Consumer Price Index

### **Decision information**

<b>Key decision number</b>	<b>916</b>
<b>Wards affected</b>	<b>All</b>
<b>Links to Council Plan priorities</b>	To improve the quality of life for local people and to provide value for money services.

### **Document information**

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<b>Steven Spencer</b>	<b>5454</b> <b>steve.spencer@chesterfield.gov.uk</b>
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
None.	
<b>Annexes to the report</b>	
Annexe 1	Statutory HRA Operating Account
Annexe 2	Detailed estimates for supervision & management
Annexe 3	Subjective analysis
Annexe 4	Variances – this year’s original estimate to revised
Annexe 5	Variances – this year’s original estimate to next year’s

**HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2024/25**  
**STATUTORY HRA OPERATING ACCOUNT**  
**SUMMARY**

2018/19 Actual £		2019/20 Original £	2019/20 Probable £	2020/21 Original £	2021/22 Original £	2022/23 Original £	2023/24 Original £	2024/25 Original £
	<b>INCOME</b>							
(35,514,123)	Net Rent	(34,945,290)	(35,324,170)	(35,503,390)	(36,840,080)	(38,101,450)	(39,410,110)	(41,535,190)
(115,392)	Service Charges	(157,500)	(117,320)	(119,580)	(122,530)	(125,810)	(129,150)	(131,850)
(856,690)	Non-Dwelling Rents	(933,750)	(901,140)	(923,310)	(945,250)	(968,450)	(992,980)	(1,018,870)
(492,834)	Contributions towards Expenditure	(532,490)	(537,490)	(550,840)	(565,520)	(579,760)	(593,500)	(607,310)
(312,591)	Supporting People Grant	(223,000)	(319,270)	(326,510)	(116,670)	0	0	0
<b>(37,291,630)</b>	<b>Total Income</b>	<b>(36,792,030)</b>	<b>(37,199,390)</b>	<b>(37,423,630)</b>	<b>(38,590,050)</b>	<b>(39,775,470)</b>	<b>(41,125,740)</b>	<b>(43,293,220)</b>
	<b>EXPENDITURE</b>							
	Management and Maintenance ;							
5,524,938	Supervision and Management -General	6,474,220	6,343,120	6,816,810	6,979,980	7,017,980	7,151,950	7,290,640
2,197,114	Supervision and Management -Special	2,078,950	2,120,700	2,145,040	2,224,100	2,299,230	2,372,370	2,445,160
280,345	Rent, rates, taxes and other charges	290,180	379,570	238,880	221,680	224,590	227,570	230,620
8,321,824	Repairs and Maintenance	8,355,000	8,550,000	8,497,000	8,709,000	8,927,000	9,150,000	9,379,000
9,132,873	Depreciation, Impairment & Reval. of Fixed Assets	9,254,030	9,130,920	9,204,030	9,203,680	9,203,410	9,203,210	9,173,060
45,224	Debt Management Expenses	47,850	39,050	42,540	43,150	44,260	45,320	46,270
(1,874,275)	Increase Bad Debts Provision	2,236,070	1,089,000	1,092,000	1,129,000	1,169,000	1,211,000	1,277,000
<b>23,628,043</b>	<b>Total Expenditure</b>	<b>28,736,300</b>	<b>27,652,360</b>	<b>28,036,300</b>	<b>28,510,590</b>	<b>28,885,470</b>	<b>29,361,420</b>	<b>29,841,750</b>
(13,663,587)	<b>NET COST OF SERVICES per Authority Income &amp; Expenditure Account</b>	(8,055,730)	(9,547,030)	(9,387,330)	(10,079,460)	(10,890,000)	(11,764,320)	(13,451,470)
38,940	HRA share of Corporate & Democratic Core	40,610	42,170	45,570	47,210	48,830	49,990	51,080
<b>(13,624,647)</b>	<b>NET COST OF HRA SERVICES</b>	<b>(8,015,120)</b>	<b>(9,504,860)</b>	<b>(9,341,760)</b>	<b>(10,032,250)</b>	<b>(10,841,170)</b>	<b>(11,714,330)</b>	<b>(13,400,390)</b>
0	(Gain) or loss on sale of HRA fixed assets	0	0	0	0	0	0	0
4,860,452	HRA share of interest payable etc	4,742,540	4,751,470	4,643,260	4,557,870	4,454,200	4,307,520	4,179,340
(120,949)	Interest on Working Balance	(143,450)	(141,580)	(101,250)	(105,340)	(49,660)	(34,790)	(69,580)
0	Mortgage Interest	0	0	0	0	0	0	0
0	Share of DLO/DSO Surpluses	0	0	0	0	0	0	0
<b>(8,885,144)</b>	<b>(SURPLUS)/DEFICIT in Year on HRA Services</b>	<b>(3,416,030)</b>	<b>(4,894,970)</b>	<b>(4,799,750)</b>	<b>(5,579,720)</b>	<b>(6,436,630)</b>	<b>(7,441,600)</b>	<b>(9,290,630)</b>
	<b>STATEMENT of MOVEMENT on the HRA BALANCE</b>							
(8,885,144)	Surplus or Deficit on the HRA Income & Expenditure Account	(3,416,030)	(4,894,970)	(4,799,750)	(5,579,720)	(6,436,630)	(7,441,600)	(9,290,630)
(3,508)	Transfer to/(from) Reserves	0	0	0	0	0	0	0
3,323,762	Capital Expenditure Funded from HRA	12,774,600	11,642,120	10,962,300	5,101,940	2,275,800	2,245,800	1,956,800
1,985,148	Provision for Debt Repayment	1,955,370	1,955,370	1,926,040	1,897,150	1,868,690	1,840,660	1,813,050
1,760,211	Transfer to/(from) Major Repairs Reserve	1,871,000	2,000,000	2,255,000	2,600,000	2,600,000	2,600,000	2,600,000
<b>(1,819,531)</b>	<b>(Increase)/decrease in HRA balance for the year</b>	<b>13,184,940</b>	<b>10,702,520</b>	<b>10,343,590</b>	<b>4,019,370</b>	<b>307,860</b>	<b>(755,140)</b>	<b>(2,920,780)</b>
<b>(27,417,342)</b>	<b>HRA Balance Bfwd 1st April</b>	<b>(22,824,233)</b>	<b>(29,236,873)</b>	<b>(18,534,353)</b>	<b>(8,190,763)</b>	<b>(4,171,393)</b>	<b>(3,863,533)</b>	<b>(4,618,673)</b>
<b>(29,236,873)</b>	<b>HRA Balance Cfwd at 31st March</b>	<b>(9,639,293)</b>	<b>(18,534,353)</b>	<b>(8,190,763)</b>	<b>(4,171,393)</b>	<b>(3,863,533)</b>	<b>(4,618,673)</b>	<b>(7,539,453)</b>

**HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2024/25**  
**SUPERVISION AND MANAGEMENT EXPENSES**

2018/19 Actual £		2019/20 Original £	2019/20 Probable £	2020/21 Original £	2021/22 Original £	2022/23 Original £	2023/24 Original £	2024/25 Original £
<b>HOUSING SUPERVISION AND MANAGEMENT GENERAL EXPENSES</b>								
<b>Community Housing Services - Cost Centres 0600/0601/0602/0604/0608/0609/0610/0614/0615/0622/0960</b>								
2,776,143	Employee Expenses	3,057,350	2,921,050	3,310,570	3,319,070	3,365,820	3,457,170	3,543,390
502,998	Premises Related Expenses	521,430	514,580	554,630	566,300	578,280	590,590	603,230
32,656	Transport Related Expenses	39,260	35,750	36,560	37,390	38,250	39,120	40,010
442,982	Supplies and Services	754,180	922,940	789,070	798,540	711,100	720,760	730,520
96,689	Agency and Contracted Services	77,750	77,740	73,780	68,400	70,030	71,680	73,320
(210,070)	Controllable Income	(215,890)	(211,000)	(217,790)	(222,930)	(222,930)	(228,200)	(233,600)
3,641,398	Net Controllable	4,234,080	4,261,060	4,546,820	4,566,770	4,540,550	4,651,120	4,756,870
2,836,201	Central and Departmental Support	3,286,980	3,215,530	3,378,000	3,463,530	3,512,010	3,560,780	3,619,470
(952,661)	Recharge Income	(1,046,840)	(1,133,470)	(1,107,810)	(1,050,320)	(1,034,580)	(1,059,950)	(1,085,700)
5,524,938	<b>NET</b>	6,474,220	6,343,120	6,817,010	6,979,980	7,017,980	7,151,950	7,290,640
<b>Rent Collection - Cost Centre 0414</b>								
21,090	Employee Expenses	21,300	21,300	21,300	21,300	21,300	21,300	21,300
0	Transport Related Expenses	0	0	0	0	0	0	0
27,338	Supplies and Services	41,500	26,520	20,330	20,840	21,360	21,890	22,440
496,979	Agency and Contracted Services	506,680	506,670	517,430	528,590	538,760	550,930	562,090
(8,084)	Controllable Income	(11,670)	(11,670)	(11,940)	(12,220)	(12,510)	(12,800)	(13,100)
537,323	Net Controllable	557,810	542,820	547,120	558,510	568,910	581,320	592,730
255,351	Central and Departmental Support	261,290	255,420	261,340	269,300	278,870	285,700	291,280
(792,674)	Recharge Income	(819,100)	(798,240)	(808,660)	(827,810)	(847,780)	(867,020)	(884,010)
0	<b>NET</b>	0	0	(200)	0	0	0	0
5,524,938	<b>TOTAL - GENERAL EXPENSES</b>	6,474,220	6,343,120	6,816,810	6,979,980	7,017,980	7,151,950	7,290,640

## HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2024/25

2018/19 Actual £	2019/20 Original £	2019/20 Probable £	2020/21 Original £	2021/22 Original £	2022/23 Original £	2023/24 Original £	2024/25 Original £
<b>HOUSING SUPERVISION AND MANAGEMENT</b>							
<b>SPECIAL EXPENSES</b>							
<b>Careline &amp; Response - Cost Centres 0619/0620/0621/0631/0633/0634/0635</b>							
1,402,874	1,474,120	1,348,060	1,410,870	1,456,010	1,496,040	1,536,430	1,576,850
41,977	53,150	43,590	44,730	46,550	47,810	49,070	50,370
40,792	43,070	42,090	42,480	43,420	44,370	45,350	46,350
234,721	242,840	265,020	231,710	236,700	241,580	246,580	251,710
35,500	39,510	37,520	38,650	39,710	40,810	41,920	43,080
(903,322)	(1,231,360)	(1,037,240)	(1,112,000)	(1,127,760)	(1,143,920)	(1,160,480)	(1,177,440)
852,542	621,330	699,040	656,440	694,630	726,690	758,870	790,920
73,236	78,780	75,290	78,820	81,390	85,270	87,290	88,500
0	0	0	0	0	0	0	0
925,778	700,110	774,330	735,260	776,020	811,960	846,160	879,420
<b>District/Group Heating Schemes - Cost Centres 0190, 0640-0643/0654-0659/0664-0669</b>							
73,284	77,540	80,170	82,210	85,000	87,940	90,980	94,100
1,069	1,320	1,100	1,130	1,160	1,190	1,220	1,250
0	0	0	0	0	0	0	0
74,353	78,860	81,270	83,340	86,160	89,130	92,200	95,350
2,790	2,850	2,100	2,170	2,240	2,320	2,380	2,430
(2,790)	(2,850)	(2,100)	(2,170)	(2,240)	(2,320)	(2,380)	(2,430)
74,353	78,860	81,270	83,340	86,160	89,130	92,200	95,350
<b>Maintenance of Grassed Areas - Cost Centres 0605 &amp; 0646</b>							
487,304	500,310	521,580	537,940	551,390	565,170	579,300	593,780
46,620	47,810	47,860	49,170	50,400	51,660	52,950	54,270
21,964	23,560	22,460	22,960	23,660	24,300	24,860	25,230
(1,949)	(3,200)	(3,000)	(3,090)	(3,170)	(3,250)	(3,330)	(3,410)
553,939	568,480	588,900	606,980	622,280	637,880	653,780	669,870
<b>Common Rooms and Areas - Cost Centre 0650</b>							
32,028	37,500	36,890	37,920	39,020	40,150	41,310	42,510
0	0	100	100	100	100	100	100
6,084	6,260	6,260	6,450	6,620	6,810	6,990	7,180
(2,440)	(5,000)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
35,672	38,760	40,750	41,970	43,240	44,560	45,900	47,290
<b>Homelessness - Cost Centre 0660</b>							
139,596	140,830	139,640	143,830	147,420	151,090	154,860	158,730
1,636	1,990	1,200	1,700	1,740	1,780	1,820	1,860
64,786	102,380	102,280	112,310	114,720	117,190	119,720	122,320
11,844	10,940	11,900	1,950	2,010	2,060	2,120	2,180
(34,132)	(34,230)	(34,190)	(34,920)	(35,650)	(36,370)	(37,150)	(37,940)
183,730	221,910	220,830	224,870	230,240	235,750	241,370	247,150
65,474	67,120	69,640	72,800	75,980	78,420	80,340	82,040
249,204	289,030	290,470	297,670	306,220	314,170	321,710	329,190
<b>Other Community Services - Cost Centres 0670/0671/0672/0675</b>							
202,826	208,030	183,830	215,020	220,900	226,970	232,650	238,460
124,027	163,200	131,670	135,620	140,360	145,280	150,360	155,620
27,306	24,810	24,220	24,350	24,520	24,690	24,860	25,040
1,289	4,560	4,970	4,990	5,010	5,030	5,050	5,070
(4,220)	(5,790)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)	(6,930)
351,228	394,810	337,760	373,050	383,860	395,040	405,990	417,260
6,940	8,900	7,220	6,770	6,320	6,490	6,630	6,780
358,168	403,710	344,980	379,820	390,180	401,530	412,620	424,040
2,197,114	2,078,950	2,120,700	2,145,040	2,224,100	2,299,230	2,372,370	2,445,160
<b>TOTAL - SPECIAL EXPENSES</b>							

## HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2024/25

**GENERAL FUND CONTRIBUTIONS**  
**Cost Centres Detail 0371/0372/0373/0374/0375/0376/HRA Summary 0695**

2018/19 Actual £		2019/20 Original £	2019/20 Probable £	2020/21 Original £	2021/22 Original £	2022/23 Original £	2023/24 Original £	2024/25 Original £
(249,204)	Homelessness	(289,030)	(290,470)	(297,670)	(306,220)	(314,170)	(321,710)	(329,190)
(172,100)	Maintenance of Grassed Areas	(172,410)	(175,750)	(180,460)	(185,130)	(189,900)	(194,650)	(199,510)
(8,000)	Social Services-Communal Area Use	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
(10,000)	Community Rooms-General Fund Use	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
(53,530)	Private Sector Initiatives	(55,050)	(55,270)	(56,710)	(58,170)	(59,690)	(61,140)	(62,610)
(492,834)	<b>NET</b>	(532,490)	(537,490)	(550,840)	(565,520)	(579,760)	(593,500)	(607,310)

**HOUSING REVENUE ACCOUNT BUDGETS 2019/20 TO 2024/25**  
**STATUTORY HOUSING REVENUE ACCOUNT**  
**SUMMARY SUBJECTIVE ANALYSIS**

	2019/20 Original £	2019/20 Probable £	2020/21 Original £	2021/22 Original £	2022/23 Original £	2023/24 Original £	2024/25 Original £
<b>EXPENDITURE</b>							
Employee Expenses	4,901,630	4,613,880	5,101,590	5,164,700	5,261,220	5,402,410	5,538,730
Premises Expenses	9,998,310	10,258,050	10,128,930	10,359,300	10,616,220	10,879,180	11,149,230
Transport Expenses	109,130	103,260	105,090	107,070	109,090	111,150	113,260
Supplies and Services	1,146,780	1,322,930	1,159,640	1,177,070	1,097,550	1,115,320	1,133,410
Agency Services	688,950	687,950	687,430	695,730	710,130	726,590	742,120
Transfer Payments	0	0	0	0	0	0	0
Bad Debts Provision	2,236,070	1,089,000	1,092,000	1,129,000	1,169,000	1,211,000	1,277,000
Central and Departmental Support	3,770,090	3,689,830	3,868,430	3,969,630	4,036,510	4,097,970	4,166,810
Capital Financing Costs	17,870,790	17,876,810	18,070,870	18,301,850	18,170,560	17,996,710	17,811,720
Direct Revenue Financing	12,774,600	11,642,120	10,962,300	5,101,940	2,275,800	2,245,800	1,956,800
	<b>53,496,350</b>	<b>51,283,830</b>	<b>51,176,280</b>	<b>46,006,290</b>	<b>43,446,080</b>	<b>43,786,130</b>	<b>43,889,080</b>
<b>INCOME</b>							
Government Grants	0	0	0	0	0	0	0
Supporting People Grant	(223,000)	(319,270)	(326,510)	(116,670)	0	0	0
Rent	(34,945,290)	(35,324,170)	(35,503,390)	(36,840,080)	(38,101,450)	(39,410,110)	(41,535,190)
Fees and Charges etc.	(2,598,390)	(2,324,990)	(2,432,060)	(2,478,940)	(2,522,670)	(2,573,520)	(2,625,640)
Recharges	(1,868,790)	(1,933,810)	(1,918,640)	(1,880,370)	(1,884,680)	(1,929,350)	(1,972,140)
Interest	(143,450)	(141,580)	(101,250)	(105,340)	(49,660)	(34,790)	(69,580)
Contribution from Pension Reserve	0	0	0	0	0	0	0
General Fund Contribution	(532,490)	(537,490)	(550,840)	(565,520)	(579,760)	(593,500)	(607,310)
Transfer from OSD	0	0	0	0	0	0	0
	<b>(40,311,410)</b>	<b>(40,581,310)</b>	<b>(40,832,690)</b>	<b>(41,986,920)</b>	<b>(43,138,220)</b>	<b>(44,541,270)</b>	<b>(46,809,860)</b>
Decrease/(Increase) in HRA Balance for the Year	13,184,940	10,702,520	10,343,590	4,019,370	307,860	(755,140)	(2,920,780)

**HOUSING REVENUE ACCOUNT****BUDGET VARIANCES - 2019/20 ORIGINAL TO 2019/20 PROBABLE**

<b>Programme Area &amp; Detail</b>	<b>Decrease in Net Income £</b>	<b>Increase in Net Income £</b>
<b><u>INCOME</u></b>		
Rents - income higher than anticipated		(378,880)
Service Charges - Income less than forecast	40,180	
Non - Dwelling Rents - mainly reduced income from solar panels	32,610	
Supporting People Grant - Higher than anticipated		(96,270)
GF Contributions - increase in homelessness contribution		(1,440)
- increase in mtce. of grassed areas		(3,340)
- increased private sector initiatives contribution		(220)
Reduced salary recharges to capital (due to vacant posts)	93,790	
Interest - lower interest rate than anticipated	1,870	
	168,450	(480,150)
Net Increase in Income		(311,700)
<b>Programme Area &amp; Detail</b>	<b>Increase in Net Expenditure £</b>	<b>Decrease in Net Net Expenditure £</b>
<b><u>EXPENDITURE</u></b>		
Housing Supervision & Management		(373,750)
- savings due to vacant posts		
- approved carry forward for Replacement Allocations System	74,890	
- approved carry forward for mobile IT - Asset Management Officers	10,000	
- approved carry forward of previously approved growth for IT	15,230	
- approved carry forward for IT - Northgate Leaseholder Module	2,250	
- approved carry forward for site surveys at Linacre	34,350	
- Reduced Careline income mainly due to the planned Ashfield Careline contract not taking place.	193,360	
- Additional net revenue costs of Northgate Upgrade	52,540	
- Lighting costs for flats lower than forecast		(31,530)

- Reduced spend on environmental improvement works		(30,000)
- Reduced utility bills for sheltered schemes due to refurbishment		(9,560)
- Reduced Allpay charges on Rents		(14,980)
<b>Programme Area &amp; Detail</b>	<b>Increase in Net Expenditure £</b>	<b>Decrease in Net Net Expenditure £</b>
Rent, Rates, Taxes & Other Charges - mainly due to an increase in rates charges on vacant properties	89,390	
Repairs and Maintenance - increased repairs expenditure on Council dwellings due to late charges from 2018/19	195,000	
Bad debts - reduced provision		(1,147,070)
Central & Department Support - revised allocations		(80,260)
Direct Revenue Contribution to Capital - revised capital programme and financing resulting in a reduced requirement for direct revenue funding		(1,132,480)
Capital Financing Costs - increased major repairs reserve contribution	129,000	
- reduction in debt management expenses		(8,800)
- reduction in depreciation charges		(123,110)
- increase in interest payable	8,930	
Other Minor Variations ( Net )		(24,120)
	804,940	(2,975,660)
Net Decrease in Expenditure		(2,170,720)
<b>TOTAL INCREASE IN HRA BALANCE OVER THE PERIOD</b>		<b>(2,482,420)</b>

**HOUSING REVENUE ACCOUNT****BUDGET VARIANCES - 2019/20 ORIGINAL TO 2020/21 ORIGINAL**

<b>Programme Area &amp; Detail</b>	<b>Decrease in Net Income £</b>	<b>Increase in Net Income £</b>
<b><u>INCOME</u></b>		
Rents - mainly due to 2.7% increase		(558,100)
Service Charges - original budget overstated	37,920	
Non - Dwelling Rents - mainly reduced income from solar panels	10,440	
Supporting People - grant higher than anticipated		(103,510)
GF Contributions - increase in homelessness contribution		(8,640)
- increase in mtce. of grassed areas		(8,050)
- increase in private sector initiatives		(1,660)
Recharges - reduced salary costs recharged to capital schemes	27,160	
Interest on Balances - Lower than anticipated	42,200	
	117,720	(679,960)
Net Increase in Income		(562,240)
<b><u>EXPENDITURE</u></b>		
Housing Supervision & Management		
- employee costs increased due to pay award/increments	71,460	
- employee costs increased due contract to provide monitoring		
- Reduced Careline income mainly as a result of the Ashfield contract not going ahead.	121,590	
- Additional net revenue costs of Northgate Upgrade	109,340	
- Reduced Allpay charges on Rents		(21,170)
Rent, Rates, Taxes & Other Charges		
- reduction in rates charges on vacant properties		(51,300)

Repairs and Maintenance - impact of annual inflation increase	142,000	
Bad debts - reduced provision		(1,144,070)
<b>Programme Area &amp; Detail</b>	<b>Increase in Net Expenditure £</b>	<b>Decrease in Net Net Expenditure £</b>
Central & Department Support - revised allocations	98,340	
Direct Revenue Contribution to Capital - reduced capital programme and financing resulting in a reduced requirement for direct revenue funding		(1,812,300)
Capital Financing Costs - increased major repairs reserve contribution - reduction in depreciation charges - reduction in debt management charges - reduction in interest payable	384,000	(50,000) (5,310) (99,280)
Other Minor Variations ( Net )		(22,410)
	926,730	(3,205,840)
Net Decrease in Expenditure		(2,279,110)
<b>TOTAL INCREASE IN HRA BALANCE OVER THE PERIOD</b>		<b>(2,841,350)</b>

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## For publication

### **Housing Capital Programme: New Programme for 2020/21 through to 2024/25 (HC000)**

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Meeting: Council

Date: 26<sup>th</sup> February 2020

Cabinet portfolio: Housing

Report by: Liz Cook - Assistant Director-Housing

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For publication

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#### **1.0 Purpose of report**

1.1 To seek approval for the public sector housing 'Capital' programme for 2019/20 and 2020/21, and provisionally for 2021/22 to 2024/25.

#### **2.0 Recommendations**

2.1 That the Housing (Public Sector) revised Capital Programme for 2019/20 is approved.

2.2 That the Housing (Public Sector) Capital Programme for 2020/21 is approved and its procurement, as necessary, be authorised.

2.3 That the Housing (Public Sector) Capital programmes for 2021/22 to 2024/25 are provisionally approved.

- 2.4 That the OSD share of the Programme be approved.
- 2.5 That the Assistant Director – Housing and/or Acting Chief Finance Officer be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.
- 3.0 **Revised Capital Programme 2019/20**
- 3.1 The 2019/20 programme has been revised to recognise changes during the year. The main ones are delayed starts on 2 major schemes (Brockwell New Build and Newlandale Estate Improvements). These have been compensated by an increase to the Grangewood Estate Improvement Scheme and to the Property Acquisitions budget. In addition, the spend on the Neighbourhood Action Plan at Barrow Hill has been rephased. The overall net result is a reduction of £1,774,000 in the 2019/20 programme.
- 3.2 The delayed works have been incorporated into the 2020/21 programme.
- 3.3 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.
- 4.0 **Financing the 2020/21 Programme and Beyond**
- 4.1 The overall financial strategy continues to focus on the maintenance of the Decent Homes Standard, improving the non-traditional housing stock, delivering improvements to the estate environment and increasing the development programme of new council housing in the immediate short term.
- 4.2 Cabinet will be asked to approve revenue support for the 2020/21 Housing Capital Programme to the sum of

£10,962,300 in the HRA revenue budget report that is considered elsewhere on the agenda.

4.3 Right to buy sales stood at 57 as at 6<sup>th</sup> January 2020. This is lower than this time last year when 73 sales had been processed. The HRA Business Plan for the coming years assumes sales of 60 in 2020/21, 50 in 2021/22, 40 in 2022/23, 30 in 2023/24 and 25 in 2024/25. Additional receipts from Right to Buys exceeding those in the self-financing assumptions (21) can be retained in Chesterfield for the provision of new affordable housing. This money must be spent within 3 years and will require a funding contribution of 70% from HRA resources. The receipts accumulated to date have largely been spent on the Parkside Older Persons Housing Scheme, Heaton Court new build and strategic property acquisitions.

4.4 As shown in the HRA Business Plan, which will be reported to a future Cabinet meeting, the HRA will have sufficient funding available to meet this 70% funding contribution in the future, on the assumption that all of the mitigating actions that have been built into the Business Plan, to improve the financial viability, are realised. If these retained receipts are not used within 3 years, then they must be returned to DCLG together with 4.75% interest. Therefore, in order to ensure that the receipts are retained in Chesterfield and used for the provision of new affordable housing, the following actions have and will continue to be undertaken:

- Increase the size of the new build housing scheme programme within the Housing Capital Programme with a developer partner. A five year programme of new build sites is included in the Housing Capital programme for 2020/21-2024/25.
- If required work with other local Registered Providers in exchange for a proportion of the stock on site and nomination rights.

- Increase the strategic acquisition programme within the Housing Capital programme.

4.5 The forecast total level of funding available for investment in the stock is therefore sufficient to maintain the stock at 100% Decency based on the 2017 stock condition survey in the next five financial years (2020/21 to 2024/25). A new Stock Condition Survey will be carried out in 2020/21.

## 5.0 **The 2020/21 and Future Programmes**

5.1 The introduction of Self Financing in the HRA opened up the potential to borrow to finance investment in the stock up to and beyond the Decent Homes Standard.

5.2 The proposed 2020/21 programme and in each of the following four years continues to broadly reflect the capital programme used in the HRA Business Plan in previous years and addresses needs arising due to the ageing stock as identified in the Stock Condition Survey. Details are shown in Appendix 1.

5.3 Currently 100% of the housing stock meets the Decent Homes Standard at the 9 January 2020 and we fully anticipate this will continue to be 100% at the 31 March 2020.

5.4 The focus of the programme remains on the modernisation of properties to maintain the Decent Homes Standard with the balance of activity over the next twelve months concentrating on building elements such as roofs, windows and improvements to external estate environments.

5.5 The 2017 Stock Condition Survey carried out by Savills, identified that the condition of the housing stock has improved since the previous survey in 2014. The investment put into the stock has been directed into the right areas with significant investment being made in relation to typical decent

homes works, such as kitchens, bathrooms, electrical installations, heating and external doors and as such less expenditure is required.

- 5.6 The HRA revenue budget report (included elsewhere on the agenda) shows that the capital programme for the 5-year period 2020/21 to 2024/25 is affordable without the need for any additional borrowing. However, there is the risk that balances may be lower than forecast if, for example, housing rent bad debts (write offs) increase above the levels assumed.
- 5.7 The Housing Capital Programme has been set in accordance with the profile set out in the stock condition survey. By ensuring that work is planned and procured in accordance with this survey, (allowing for some 'smoothing' of individual programmes within no-more than a 5 year rolling period), the unit prices identified within the survey, should be achievable and not pose any substantial risk of increase in process due to rising building cost inflation. This will also ensure that sufficient capacity within the workforce, both internal (OSD) and external contractors, is available and maintained.
- 5.8 Many of the programme for 2020/21 have already been procured in 2019/20 to ensure delivery on the ground does not slip due to any individual contracts ending and starting.
  - 5.8.1 The Central Heating Programme will continue in order to remove the risk of large scale heating failures as a result of the age of the boilers and the non-availability of the required parts.
  - 5.8.2 The roof replacement programme will continue to be one of the largest areas of works to ensure that properties maintain the Decent Homes Standard. The roofing programme will also run in conjunction with chimneys, soffits and fascia's and rainwater goods, to minimise the need to scaffold.

- 5.8.3 The replacement programme for aging UPVC windows and External Wall Insulation will continue.
- 5.8.4 Programmes have been included for external work to blocks of flats, in conjunction with estate environmental improvements, garage site improvements and fences, gates, footpaths and drives for general needs properties.
- 5.8.5 Members previously approved a programme of environmental improvements at Barrow Hill, London Boroughs Estate and continued provision has been made for the second phase of this work, commencing in February 2020.
- 5.8.6 New build housing programmes working with external partners will continue at Heaton Court (10 units), Manor Drive (4 units) and Brockwell Court (21 units).
- 5.8.7 The successful programme of strategic housing acquisitions remains to allow the purchase of properties which meet a strategic housing need.
- 5.8.8 The refurbishment of one general needs and two further former sheltered housing schemes to ensure that older person's accommodation remains accessible and meets the future needs of our aging population.

## 6.0 **Investment Principles**

- 6.1 The work programmes for 2020/21 until 2024/25 continue to be prioritised depending on the level of investment needed according to the stock condition survey and the amount of recent expenditure on repairs and maintenance in those areas. The area 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 home standard. The other packages include:

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

## 7.0 **OSD Share of Programme**

7.1 Appendix 1 shows the portion of the Capital programme that is proposed to allocate to OSD to ensure continued operational effectiveness.

7.2 The five year programme, will allow OSD to plan for future works and make changes to the workforce and work programmes in terms of numbers of operatives, trades and whether they work on capital or responsive repairs programmes of work.

7.3 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:

- Cost and quality benchmarking through Housemark and APSE.
- Sharing work packages with external contractors if they provide overall Value for Money (VFM) to the Authority.
- Market testing work when and where appropriate through corporately agreed procurement arrangements.
- Agree an approved corporate approach to how we best test Value for Money and Best Value in 2020/21.

## 8.0 **Supporting Local Contractors**

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

8.2 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 contracts to ensure a proportion of local labour.

## 9.0 **Financial Implications**

9.1 The recommended capital programme for the next 5 years is based on the most recent stock condition survey carried out in 2017. The stock condition survey has been fed into the HRA Business Plan to ensure that it is affordable.

9.2 In order to ensure that the Business Plan remains up to date and is based on an up to date understanding of the investment needs of the Housing Stock, a revised stock condition survey will continue to be carried out on a three yearly cycle, with the next survey becoming due in 2020/21. The costs associated with this survey will be met by the Housing Revenue Account.

## 10.0 **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	Low	Low	The programme has been set based on the most recent 2017 stock condition survey which was derived in order to ensure that the Decent Homes Standard is met. Resources will be	Low	Low

			targeted to areas at risk of Decent Homes Standard failure.		
Worsening Tenant Satisfaction due to re-phased capital programme	Medium	Medium	Ensure that tenants and members are involved in any future reviews of services. Publicise the 5 year programme of works to tenants so they can see when homes in their community will benefit from improvement work.	Low	Low
Declining Stock Condition	Low	Low	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 2020.	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	Medium	Low

			allow for sufficient planning time to undertake design work, prepare specifications and seek any permission's, undertake any consultations and necessary procurements prior to works starting as soon as possible in any financial years. Regular contract progress meetings with OSD and external contracts to identify any slippage at the earliest stage and to put in place mitigating actions to prevent any further slippage.		
Health Impacts on occupants	Medium	Medium	Ensure Capital Investment continues in the non-traditional housing stock, which exhibit the most issues linked with poor health e.g. cold and damp conditions.	Low	Low
Right To Buy	High	High	RTB assumptions are made within the HRA Business Plan to reflect this loss of stock. Details are shown in paragraph 4.3 of this report.	Medium	High

## 11.0 **Equalities Impact Assessment (EIA)**

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

## 12.0 **Recommendations**

12.1 That the Housing (Public Sector) revised Capital Programme for 2019/20 is approved.

12.2 That the Housing (Public Sector) Capital Programme for 2020/21 is approved and its procurement, as necessary, be authorised.

12.3 That the Housing (Public Sector) Capital Programmes for 2021/22 to 2024/25 are provisionally approved.

12.4 That the OSD share of the Programme be approved.

12.5 That the Assistant Director – Housing and/or Acting Chief Finance Officer be authorised to vire between programme heads and budgets to manage the Capital Programme as set out in the report.

## 13.0 **Reasons for recommendations**

13.1 The Council will be able to maintain its 'Decent Homes Standard' targets in line with the Council's Vision and Corporate Plan.

13.2 The condition of the Public Sector housing stock and its environment will be maintained and improved.

13.3 To contribute to the aims of the Borough Housing Strategy and to deliver the HRA Business Plan.

<b>Glossary of Terms</b>	
HRA	Housing Revenue Account
VFM	Value for Money

### **Decision information**

<b>Key decision number</b>	<b>929</b>
<b>Wards affected</b>	<b>ALL</b>
<b>Links</b>	To improve the quality of life for local people and to deliver value for money services

### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
<b>Vanessa Watson Asset Management &amp; Programmed Works Manager</b>	Vanessa.watson@chesterfield.gov.uk
<b>Appendices to the report</b>	
Appendix 1	Capital Programme
Appendix 2	Equality impact assessment



	<b>Demolitions;</b>													
8949	Duewell Court	0	3,200	0	0	0	0	0	0	0	0	0	0	0
	<b>Demolitions Total</b>	<b>0</b>	<b>3,200</b>	<b>0</b>										
	<b>Adaptations;</b>													
8750	Disabled Adaptations	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
	<b>Disabled Adaptations Total</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
	<b>Improvements;</b>													
8865	Neighbourhood Action Plan-Barrow Hill Imps	2,810,000	1,510,000	0	2,000,000	0	500,000	0	0	0	0	0	0	0
8936	Common Room Refurbishment (Bonsall + Monkwood)	70,000	50,000	50,000	50,000	50,000	0	0	0	0	0	0	0	0
	<b>Improvements Total</b>	<b>2,880,000</b>	<b>1,560,000</b>	<b>50,000</b>	<b>2,050,000</b>	<b>50,000</b>	<b>500,000</b>	<b>0</b>						
	<b>New Build;</b>													
8958	New Build - Manor Drive	500,000	500,000	0	0	0	0	0	0	0	0	0	0	0
	New Build - site to be identified (Wensley Way 20/21?)	480,000	0	0	680,000	0	0	0	1,520,000	0	1,430,000	0	2,880,000	0
8977	New Build construction - Heaton	1,200,000	1,350,000	0	0	0	0	0	0	0	0	0	0	0
8786	New Build construction - Brockwell	2,400,000	1,000,000	0	3,800,000	0	0	0	0	0	0	0	0	0
	New Build construction - Rowsley + Court Place	0	0	0	680,000	0	0	0	0	0	0	0	0	0
	New Build construction - Aston Court	0	0	0	0	0	680,000	0	0	0	0	0	0	0
	New Build construction - Westwood Avenue	0	0	0	0	0	0	0	1,360,000	0	0	0	0	0
	New Build construction - Mastin Moor (Miller + Edale)	0	0	0	0	0	3,400,000	0	0	0	0	0	0	0
8982	New Build feasibility (fees)	50,000	50,000	0	50,000	0	0	0	0	0	0	0	0	0
	<b>New Build Total</b>	<b>4,630,000</b>	<b>2,900,000</b>	<b>0</b>	<b>5,210,000</b>	<b>0</b>	<b>4,080,000</b>	<b>0</b>	<b>2,880,000</b>	<b>0</b>	<b>1,430,000</b>	<b>0</b>	<b>2,880,000</b>	<b>0</b>
	<b>Miscellaneous spend;</b>													
	RTB Mobility Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
	Property Acquisitions	450,000	1,250,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0	1,000,000	0
	Stock condition survey	0	0	0	100,000	0	0	0	0	0	0	0	0	0
8905	Northgate Upgrade	0	206,000	0	128,500	0	43,000	0	0	0	0	0	0	0
8904	Contingency	100,000	100,000	0	0	0	0	0	0	0	0	0	0	0
	<b>Miscellaneous Spend Total</b>	<b>550,000</b>	<b>1,556,000</b>	<b>0</b>	<b>1,228,500</b>	<b>0</b>	<b>1,043,000</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>	<b>1,000,000</b>	<b>0</b>
				2019/20 OSD Share		2020/21 OSD Share		2021/22 OSD Share		2022/23 OSD Share		2023/24 OSD Share		2024/25 OSD Share
	<b>TOTAL</b>	<b>26,510,600</b>	<b>24,736,600</b>	<b>9,375,200</b>	<b>25,869,300</b>	<b>7,779,600</b>	<b>19,791,940</b>	<b>8,800,800</b>	<b>16,350,800</b>	<b>8,700,800</b>	<b>14,900,800</b>	<b>8,200,800</b>	<b>14,350,800</b>	<b>8,200,800</b>
	<i>OSD Actual Share</i>			37.90% OSD		30.07% OSD		44.47% OSD		53.21% OSD		55.04% OSD		57.15% OSD
	<b>FINANCED BY</b>	<b>2019/20</b>	<b>2019/20 Rev</b>		<b>2020/21</b>		<b>2021/22</b>		<b>2022/23</b>		<b>2023/24</b>		<b>2024/25</b>	
	Revenue Financing	12,774,600	10,408,600		10,962,300		5,101,940		2,275,800		2,245,800		1,956,800	
	Borrowing	0	0		0		0		0		0		0	
	Useable Capital Receipts	2,611,000	3,197,000		3,448,000		2,886,000		2,272,000		852,000		621,000	
	Grants and Contributions	0	0		0		0		0		0		0	
	Major Repairs Reserve	11,125,000	11,131,000		11,459,000		11,804,000		11,803,000		11,803,000		11,773,000	
	<b>TOTAL RESOURCES AVAILABLE</b>	<b>26,510,600</b>	<b>24,736,600</b>		<b>25,869,300</b>		<b>19,791,940</b>		<b>16,350,800</b>		<b>14,900,800</b>		<b>14,350,800</b>	
														0
	Note:													
	<b>Responsive &amp; Cyclical</b>	<b>8,355,000</b>	<b>8,550,000</b>		<b>8,497,000</b>		<b>8,709,000</b>		<b>8,927,000</b>		<b>9,150,000</b>		<b>9,379,000</b>	

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## Chesterfield Borough Council Equality Impact Assessment - Full Assessment Form

<i>Title of the policy, project, service, function or strategy:</i>		Housing Capital Programme for 2020/21 through to 2024/25
<i>Service Area:</i>	Housing	
<i>Section:</i>	Business, Planning & Strategy	
<i>Lead Officer:</i>	Liz Cook	
<i>Date of assessment:</i>	01/20	
<i>Is the policy, project, service, function or strategy:</i>		
<i>Existing</i>	<input type="checkbox"/>	
<i>Changed</i>	<input type="checkbox"/>	
<i>New / Proposed</i>	<input checked="" type="checkbox"/>	

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### 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
------	----------	---------------

		<i>Brief description of key themes and outcomes of related engagement activity eg. concerns raised and/or how the activity helped to develop the proposal.</i>
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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability and long term conditions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender and gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marriage and civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pregnant women and people on parental leave	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ethnicity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religion and belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## 9. Details of anticipated positive impacts.

a)	<i>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.</i>							
	Capital improvements work can include adaptations related to age and disability.							
	<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Disability	<input type="checkbox"/> Gender	<input type="checkbox"/> Marriage	<input type="checkbox"/> Pregnancy	<input type="checkbox"/> Sexual orientation	<input type="checkbox"/> Ethnicity	<input type="checkbox"/> Religion
b)								
	<input type="checkbox"/> Age	<input type="checkbox"/> Disability	<input type="checkbox"/> Gender	<input type="checkbox"/> Marriage	<input type="checkbox"/> Pregnancy	<input type="checkbox"/> Sexual orientation	<input type="checkbox"/> Ethnicity	<input type="checkbox"/> Religion
c)								
	<input type="checkbox"/> Age	<input type="checkbox"/> Disability	<input type="checkbox"/> Gender	<input type="checkbox"/> Marriage	<input type="checkbox"/> Pregnancy	<input type="checkbox"/> Sexual orientation	<input type="checkbox"/> Ethnicity	<input type="checkbox"/> Religion

10. Details of anticipated <u>negative</u> impacts.							
a)	<b>Negative impact:</b>	<i>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.</i> 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).					
	<b>Mitigating action:</b>	<i>If action has been identified to mitigate against the negative impact, please provide details</i> 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.					
	<input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Gender <input type="checkbox"/> Marriage <input type="checkbox"/> Pregnancy <input type="checkbox"/> Sexual orientation <input type="checkbox"/> X Ethnicity <input type="checkbox"/> Religion						
b)	<b>Negative impact:</b>	As above in Ethnic Groups.					
	<b>Mitigating action:</b>	As above in Ethnic Groups.					
	<input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Gender <input type="checkbox"/> Marriage <input type="checkbox"/> Pregnancy <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Ethnicity <input type="checkbox"/> X Religion						
c)	<b>Negative impact:</b>						
	<b>Mitigating action:</b>						
	<input type="checkbox"/> Age <input type="checkbox"/> Disability <input type="checkbox"/> Gender <input type="checkbox"/> Marriage <input type="checkbox"/> Pregnancy <input type="checkbox"/> Sexual orientation <input type="checkbox"/> Ethnicity <input type="checkbox"/> Religion						

11. Have all negative impacts identified in the table above been mitigated against with appropriate action?			
<input type="checkbox"/> xYes	<input type="checkbox"/> No	<input type="checkbox"/> N/A	<i>If no, please explain why:</i>

## Section 5 – Recommendations and monitoring

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**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

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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:	
	Date:	DD/MM/YY
Reviewed by Policy Service	Name:	
	Date:	DD/MM/YY
Final version of the EIA sent to Policy Service	<input type="checkbox"/>	
Decision information sent to Policy Service	<input type="checkbox"/>	



## For publication

### General Fund Capital Programme 2020/21

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Meeting:	Council
Date:	26 <sup>th</sup> February 2020
Cabinet portfolio:	Deputy Leader
Report by:	Chief Finance Officer

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## **For publication**

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### **1.0 Purpose of report**

- 1.1 To approve the General Fund Capital Programme for the financial year 2020/21.

### **2.0 Recommendations**

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

### **3.0 Background**

- 3.1 The Capital Programme for 2019/20 was approved as part of the budget setting process in February 2019. Updates to the Programme were included in the budget monitoring reports to the full Council on 17<sup>th</sup> July 2019 and 18<sup>th</sup> December 2019.

- 3.2 The Programme is dependent on financing from capital receipts but in the current economic climate generating the receipts continues to be a challenge. Kier continue to provide an accelerated receipts programme which is incentivised through a commission payment on the receipts generated.
- 3.3 Due to a reduction in available capital receipts the Programme is increasingly dependant on financing from borrowing. The revenue implications of borrowing are considered before schemes are included in the Capital Programme.
- 3.4 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.

#### **4.0 Updated Expenditure Forecasts**

- 4.1 **Updated Programme** – An updated Capital Programme forecast (expenditure and financing) is included at **Appendix A**. The Programme covers the current financial year and three years ahead. A commentary on the most significant schemes in the Programme is provided below.
- 4.2 **New Schemes** - the updated programme includes the schemes that were added to the Programme during the financial year.
- 4.2.1 The schemes that were approved by the full Council or Cabinet and added to the Capital Programme in the year include:
- Revitalising the Heart of Chesterfield Project, £1.4m approved 17<sup>th</sup> July 2019;
  - Calow Lane Industrial Units, £367k approved 1<sup>st</sup> October 2019;
  - Waste Contract vehicles, £1.6m approved 17<sup>th</sup> December 2019;
  - Purchase of land in Spire Neighbourhood, £223k approved 19<sup>th</sup> June 2019.
  - Waterside Office Space, £7.8m, approved 4<sup>th</sup> February 2020;

4.2.2 Other schemes added to the programme where approval is being sought by full Council or Cabinet during March 2020 are:

- HS2 Station Masterplan, £2.4m fully funded by D2N2 grant, report due for consideration March 2020.

4.2.3 Other fully funded schemes that have been added to the Programme include:

- Spital Play Area, £35k funded by S106 contributions;
- Chester Street Play Area, £50k funded by Derbyshire County Council grant and Friends of Monkey Park contribution;
- Whitecotes Playing Field, £19k funded by Viridor grant

#### 4.3 **Progress on Current Major Schemes**

4.3.1 **Northern Gateway** – Saltergate Multi-Storey Car Park was completed during Summer 2019. Final costs for the project are expected to be under budget and this underspend will be transferred to the Enterprise Centre element of the Northern Gateway scheme as previously agreed. Works to the Enterprise Centre have been re-profiled due to the site's archaeological findings, with construction due to commence during the last quarter of 2019/20.

4.3.2 **Beetwell Street Car Park** – this scheme provided essential repair works to the car park. The works are due to be completed by 31<sup>st</sup> March 2020.

4.3.3 **Artificial Sports Pitches – Former Queens Park Site** – the pitches were opened during the Autumn 2019 with final landscaping works being undertaken during the final quarter of 2019/20. The final costs of the project are expected to be under budget.

**4.3.4 IT Transformation Programme** – Council approved the IT Transformation Programme in April 2018 which is due to be delivered over a period of 10 years. A number of new ICT posts have been recruited during the year. Schemes to date include the implementation of Office 365, upgrades to a number of systems and the development of a new digital platform.

#### **4.4 Recurring Schemes**

**4.4.1 Disabled Facilities Grants** – Derbyshire County Council, who holds the Better Care Fund, confirmed an allocation of £1.2m for the 2019/20 financial year, of which £100k will be used to fund Home Repairs Assistance Grants. It is expected that there will be an underspend on the grant which will be carried forward into 2020/21. In addition, the 2020/21 capital programme includes further DFG expenditure of £1.1m to be financed from the Disabled Facilities Grant allocation carried forward from 2018/19.

**4.4.2 Vehicle and Plant Reserve** – services make regular contributions from their revenue budgets into the Reserve to ensure that as and when vehicles and plant need replacing the resources are in place. Any Vehicle & Plant expenditure included in the Capital Programme is, therefore, fully funded by a transfer from the Vehicle and Plant Reserve.

### **5.0 Capital Financing**

**5.1 Financing Resources** – the capital financing resources forecast is shown in **Appendix A**. The main sources of capital finance and how they are being used to fund the current capital programme are summarised below:

- Borrowing – capital expenditure can be financed from borrowing provided the borrowing is affordable, prudent and sustainable. The current Capital Programme includes borrowing that the Council has previously approved of

£3m for Saltergate Multi-Storey Car Park. In addition a further £2.3m of borrowing will be required in 2019/20 and £13.6m of borrowing will be required in 2020/21. This is due to the ongoing scarcity of capital receipts and the need for investment on several schemes.

- Grants and contributions:  
2019/20 - £2.5m in total including £1.1m SCRIF contribution for Northern gateway schemes brought forward from 2018/19, £1.0m DFG's, and a number of grants and contributions towards play area schemes.  
  
2020/21 - £4.3m in total including £1.0m Business Rate Growth grant towards the Revitalising the Heart of Chesterfield project, £1.1m from D2N2 for the HS2 Station Masterplan project and £2.3m DFG's including underspends from previous financial years.  
  
2021/22 - £2.1m in total including £1.3m D2N2 grant for the HS2 Station Masterplan project and £0.9m DFG's.  
  
2022/23 - £0.8m for DFG's.
- Reserves - contributions from earmarked reserves towards ICT, vehicle and plant replacements and match funding contributions re other grant funded schemes.
- Capital Receipts – see below.

5.2 **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, in the Local Government Grant Settlement 2015 the Government included a new flexibility to allow the use of capital receipts secured between 1<sup>st</sup> April 2016 and 31<sup>st</sup> March 2019 to fund revenue expenditure, provided that the expenditure is on transformation projects which are designed to deliver on-going savings. In the Local Government Grant Settlement announced in December 2017 this flexibility was extended for a further three years to 31<sup>st</sup> March 2022.

- 5.3 To take advantage of this flexibility, full Council would need to approve a strategy giving details of any projects to be funded in this manner, the level of revenue savings expected and show the impact of this on our prudential indicators. All spend would have to be incurred by March 2022.
- 5.4 The Council is currently using capital receipts flexibility to fund part of the IT Transformation programme. Further information can be found in the 2020/21 Budget and Medium Term Financial Plan report.
- 5.5 Capital receipts - are only included in the programme once potential disposals have been identified and the property concerned is being actively marketed. Kier continue to provide additional resources to help accelerate the sale of assets in return for a commission payment on the sales concluded. Given the experience of recent years where the planned receipts at the start of the year were not achieved a more prudent approach has now been adopted for forecasting future receipts. Officers will continue to review whether additional resources are required to further accelerate disposals.

The capital receipts included in the Programme at Appendix A are:

2019-20 – receipts in respect of Chester Street Garages and the release of a covenant have been received during the year. The 2<sup>nd</sup> instalment of the Poolsbrook land receipt is due on 31<sup>st</sup> March 2020. Total forecast receipts for 2019/20 are £1.5m.

2020-21 – receipts of £2.3m have been assumed.

2021/22 – receipts of £2.5m have been assumed.

2022/23 – receipts of £2.2m have been assumed.

The receipts forecasts are continually changing as delays are encountered on some disposals such as assets having to be re-marketed when sales fall through or when there are opportunities to accelerate others.

## 6.0 Net Financing Position and Revenue Implications

6.1 The funding surpluses / (deficits) for each of the financial years covered by the updated capital programme are summarised in the table below:

	2019/20	2020/21	2021/22	2022/23
In year surplus/(deficit)	(756)	(500)	2,387	1,946

- 2019/20 – an in- year deficit of £0.8m is forecast due to re-profiling of the capital receipts programme. This deficit will be financed from the cumulative surplus carried forward from 2018/19.
- 2020/21 – an in- year deficit of £0.5m is forecast based on a prudent level of capital receipts (£2.3m) and prudential borrowing of £13.6m. This deficit will be financed from the cumulative surplus carried forward from 2019/20.
- 2021/22 – an in- year surplus of £2.4m is forecast based on a prudent level of capital receipts (£2.5m).
- 2022/23 – an in-year surplus of £1.9m is forecast based on a prudent level of capital receipts (£2.2m).

6.2 All capital expenditure which has not been financed through grants, capital receipts or revenue contributions will need to be financed over time by making a Minimum Revenue Provision (MRP). The MRP is a revenue cost to the general fund budget.

6.3 The additional MRP required in respect of the new additions to the capital programme is shown in the table below:

	2019/20	2020/21	2021/22	2022/23
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	£000	£000	£000	£000
Additional MRP	0	37	329	335

- 6.4 The revenue implications of the additional MRP are considered before schemes are included in the Capital Programme. The additional MRP in respect of Waterside will be met from rental income. The additional MRP in respect of the Waste Contract Vehicles has been taken into consideration when evaluating the contract tender documents.
- 6.5 Further information on the Minimum Revenue Provision can be found in the Treasury Management Strategy Report 2020/21.
- 6.6 Starts on any scheme that is included in the Capital Programme will not be made until the Cabinet has approved the detailed business case.

## 7.0 Risk Management

- 7.1 The risks relating to the capital programme generally are set out in the table below. For individual capital projects the risks are considered in detail at the project appraisal stage.

Description of the Risk	Current Risk		Mitigating Action	Target Risk	
	Impact	Likelihood		Impact	Likelihood
Overspends on schemes	Medium (3)	Possible (3)	Effective planning & monitoring	Medium (3)	Unlikely (2)
Slippage on schemes	Medium (3)	Likely (4)	Regular and effective monitoring	Medium (3)	Unlikely (2)
Capital receipts – disposals delayed or unable to complete	Very High (5)	Likely (4)	Control starts on uncommitted schemes until finance in place. Include only planned disposals in resources forecast. Borrow internally from reserves or short	High (4)	Possible (3)

			term prudential borrowing.		
Reductions in Government Grants	High (4)	Possible (3)	Other external funding opportunities. Asset Management Plan to generate capital receipts.	Medium (3)	Possible (3)
Lack of capacity to deliver a number of major schemes at the same time	High (4)	Likely (4)	Carefully manage the number of projects and hence risks in play at any one time.	Med (3)	Unlikely (2)
Exempt VAT recovery – a number of current schemes have exempt VAT implications. The cumulative impact could cause the Council to exceed its exempt VAT recovery threshold and then be unable to recover <u>any</u> exempt VAT in that year.	V. High (5)	Possible (3)	Starts on schemes delayed until VAT issues resolved.  In-year monitoring.  VAT planning for a number of years ahead.  Obtaining expert external advice.	V. High (5)	Unlikely (2)

## 8.0 Equalities Impact Assessment (EIA)

8.1 The equalities issues relating to particular capital projects are considered separately at the project appraisal stage.

## 9.0 Alternative Options to be Considered

9.1 The proposed Capital Programme is based on the previously approved schemes within the current Capital Programme plus the addition of new schemes recommended by the Senior Leadership Team. Previous commitments could be reviewed and other priorities determined for growth requests.

## 10.0 Recommendations

10.1 That the updated General Fund Capital Programme expenditure and financing be approved (**Appendix A**).

## 11.0 Reasons for recommendations

11.1 To update the Council’s General Fund Capital Programme and ensure that it is affordable and deliverable over the medium term.

<b>Glossary of Terms</b>	
SCRIF	Sheffield City Region Investment Fund
MRP	Minimum Revenue Provision

### Decision information

<b>Key decision number</b>	<b>933</b>
<b>Wards affected</b>	<b>All wards</b>
<b>Links to Council Plan priorities</b>	Underpins whole council plan

### Document information

<b>Report author</b>	<b>Contact number/email</b>
Karen Ludditt	Karen.ludditt@chesterfield.gov.uk
<b>Background documents</b>	
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	General Fund Capital Programme
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	HS2 Station Masterplan - D2N2 Grant			1,100	1,300	
	Chester Street Play Area - Viridor		45			
	Chester Street Play Area - Friends of Monkey Park		2			
	<b>Grants Total</b>	<b>952</b>	<b>2,454</b>	<b>4,325</b>	<b>2,160</b>	<b>760</b>

## **For publication**

### **2020/21 Budget & Medium Term Financial Plan**

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Meeting:	Council
Date:	26 <sup>th</sup> February 2020
Cabinet portfolio:	Leader / Deputy Leader
Report by:	Acting Chief Finance Officer

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## **For publication**

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### **1.0 Purpose of report**

- 1.1 To consider the General Fund budget report and to make recommendations to the full Council on the budget allocations and council tax level for 2020/21.

### **2.0 Recommendations**

#### **2.1 That Council:**

- 2.1.1 Approves the revised budget for 2019/20 (Section 5).
- 2.1.2 Approves the request for funding at paragraphs 5.3 to 5.6 from the Budget Risk Reserve.

- 2.1.3 Approves the overall revenue budget summary for 2020/21 (Section 7 and Appendix A).
- 2.1.4 Notes the Collection Fund and the Tax Base forecasts (Section 8).
- 2.1.5 Approves the use of the capital receipts flexibility to fund the revenue costs of the ICT programme which will lead to budget savings (Section 9).
- 2.1.6 Notes the budget forecasts for 2021/22 and the medium term and the action plan for addressing the projected deficits (Section 10).
- 2.1.7 Approves the estimates of reserves including maintaining the General Working Balance at £1.5m (Section 11 and Appendix D).
- 2.1.8 Notes the budget risks and sensitivity analysis (Appendix E).
- 2.1.9 Increases the Council's share of Council Tax by £5 for a Band 'D' property in 2020/21.
- 2.1.10 Approves the 2020/21 Council Tax Requirement and financing (Appendix F).
- 2.1.11 Notes the Acting Chief Finance Officer's assurances (Section 16).

### 3.0 **Background**

- 3.1 This report covers the General Fund revenue budget and is one part of a suite of budget reports which together make up the Medium Term Financial Plan. The other budget related reports include the Housing Revenue Account (HRA) Budget, HRA Rent

Setting, HRA Capital Programme, General Fund Capital Programme and Treasury Management reports.

- 3.2 The Council's Budget Strategy (**Appendix B**) is to set a sustainable and affordable budget over the medium term. This report looks ahead over the coming five financial years to determine the resources available, what are the spending pressures/priorities and how a balanced budget can be achieved.
- 3.3 The major funding sources for the General Fund are Government grant (RSG), business rates growth, fees & charges (car parking, leisure income etc.), rental income from the Council's extensive industrial & commercial property portfolio and the council tax. The Government is, therefore, able to regulate a large proportion of the resources available to the Council through the grants it provides and by placing restrictions on Council Tax increases.
- 3.4 The Local Government Finance Settlement on 6<sup>th</sup> February 2020 confirmed:
- The RSG settlement funding will be £441k in 2020/21.
  - New Homes Bonus (NHB) funding allocations for 2020/21 will be granted for one year. In addition, the 0.4% base line means that NHB funding will only be available for net additional homes (new build properties and/or bringing back into use empty properties less demolitions) above the expected baseline number.
  - The Council Tax referendum principles for shire districts will allow an increase to Band D council tax of up to 2% or £5 whichever is greater.
- 3.5 The Council Tax must be set at the Council meeting on 26<sup>th</sup> February, and this report is due to be considered by Cabinet at its meeting on 25 February, 2020 in order to finalise its proposals for achieving a balanced budget.

## **4.0 Policy & Financial Planning Framework**

- 4.1 A copy of the Council's Financial Strategy is attached at **Appendix C**. Its overall aim is to establish a framework for aligning the revenue and capital spending proposals with the Council's strategic priorities. This report covers the application of the strategy for the next five years. The Medium Term Financial Plan (MTFP) itself is supported by other financial strategies including the Capital Strategy, the Treasury Management Strategy and the Asset Management Plan.
- 4.2 The MTFP is just one of a number of plans and strategies that link into the overall Council Plan; others include the Workforce Plan, the HRA Business Plan, the Local Development Framework, etc. These are designed to help ensure that the Council provides efficient and effective services, delivers value for money and achieves continuous improvement.
- 4.3 The Council Plan should guide the Council's resource allocation and performance management arrangements. The Council Plan has been developed in tandem with the preparation of the MTFP.

## **5.0 Revised Budget 2019/20**

- 5.1 The Council approved the original budget for 2019/20 on 27<sup>th</sup> February 2019. It was also agreed that the Council Tax be increased by £5 to £164.89 for a Band 'D' property. After allowing for planned savings a deficit of £202k was forecast.
- 5.2 Budget monitoring reports were presented to the Cabinet and full Council on a quarterly basis. The table below provides a summary of the net forecasts at each reporting stage:

**Table – 2019/20 Surplus / (Deficit) Forecasts Through the Year**

<b>Date</b>	<b>Net surplus / (deficit) £000</b>	<b>Change on previous £000</b>
Feb 19 – approved budget	(202)	-
Jul 19 – end of quarter 1	(203)	(1)
Oct 19 – end of quarter 2	52	255
Dec 19 – draft revised budget	75	23
Feb 20 – this final budget report	148	123

The revised portfolio budgets for 2019/20 were reported to the Cabinet on the 17<sup>th</sup> December 2019 as part of the first draft General Fund budget report.

Since then further work has been undertaken through budget challenge and budget monitoring to identify other possible variances for inclusion in this final budget report. The updated revised budget forecast for 2019/20 shows an estimated surplus of £148k. (**Appendix A**).

- 5.3 The budget challenge process identified areas of historical underspends where budgets were set to deal with worst case scenarios. These amounts have been removed from budgets but it is suggested that a contingency sum of £30,000 is earmarked from the Budget Risk Reserve for any subsequent unavoidable spend which would have been met from these areas.
- 5.4 A report on the Climate Change Action Plan will be considered by Council in February. The action plan identifies that up to £300,000 is required to deliver the plan over the life of the current Council Plan. There is a provision of £100,000 currently earmarked from the Budget Risk Reserve. A further contribution of up to £200,000 is requested from the Budget Risk Reserve to enable the action plan to be fully funded.
- 5.5 In September 2019, an amount of £50,000 was earmarked from the Budget Risk Reserve to fund a feasibility study into the

refurbishment of Stephenson Memorial Hall. Tenders for this work have identified that the original estimate was not sufficient and a further £10,000 is requested from the Budget Risk Reserve to fully fund this study.

- 5.6 The Council has an opportunity to be an active participant in the development and implementation of a model of Local Government collaboration for Derbyshire. This would require a contribution of £17,000 and it is suggested that this contribution be funded from the Budget Risk Reserve.
- 5.7 Strict budgetary control will continue to the end of the financial year with the final surplus transferred to the Budget Risk Reserve at the end of the year.

## **6.0 Business Rates**

- 6.1 The estimate of business rates income for 2020/21 was approved by the Employment & General Committee on 27<sup>th</sup> January 2020. The estimated level of business rate income is £37.8m giving the Council's 40% share as £15.124m. This is then reduced by a tariff payment to central government giving a final budget figure of £4.753m for 2020/21.
- 6.2 Since 2013/14, local authorities have been able to retain a proportion of the growth in business rates over and above the baseline set in 2013/14. Central government is expected to reset the business rates baseline in 2021/22 which will mean that any growth gained since 2013/14 will be built into a new baseline, effectively wiping it out. This will have a negative impact on the level of business rates we can expect.
- 6.3 To help mitigate against these losses we have assumed no further growth in business rates income from 2021/22 and have transferred the business rates collection fund surplus of £440k in 2020/21 into the Business Rate Reserve to help meet

possible further loss of business rates income in future years.

## 7.0 2020/21 Net Expenditure Estimate

7.1 The Medium Term forecast approved a year ago, by Council on 27<sup>th</sup> February 2019, showed a deficit, before savings targets, of £803k in 2020/21.

7.2 The table below provides a summary of the budget forecasts which have been reported to the Cabinet during the current financial year 2019/20:

<b>(Deficit) / Surplus Forecasts</b>			
<b>Stage</b>	<b>Cabinet</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>
Start of the year	26 <sup>th</sup> Feb	(202)	<b>(803)</b>
Q1 Budget Monitoring	16 <sup>th</sup> Jul	(203)	<b>(847)</b>
Q2 Budget Monitoring	22 <sup>nd</sup> Oct	52	<b>(141)</b>
1 <sup>st</sup> draft budget report	17 <sup>th</sup> Dec	75	<b>(242)</b>
Latest Forecast	25 <sup>th</sup> Feb	148	<b>16</b>

7.3 The budget forecast for 2020/21 in **Appendix A** assumes a £5 Council Tax increase. The forecast shows a surplus of £16k but this assumes that ICT Digital Innovation savings of £17k will be achieved.

## 8.0 Council Tax & Collection Fund

8.1 Income raised locally through the council tax represents the major financing source for the General Fund revenue budget.

**8.2 Collection Fund Balance** – before calculating the council tax for the coming year the estimated balance on the current year's Council Tax elements of the Collection Fund must be established. The balance on the Collection Fund was reported to the Cabinet on 14<sup>th</sup> January 2020. There is an estimated surplus balance of £940,939 at the end of March 2020. The

surplus is shared amongst the major precepting authorities; the Borough's share is £94,470 (10.04%).

**8.3 Tax Base** - the Tax Base provides an estimate of how much each £1 of Council Tax would raise. The Tax Base is expressed as the equivalent number of Band 'D' dwellings in the borough. The Employment and General Committee approved the Tax Base on 27<sup>th</sup> January 2020 as:

#### Tax Base – Band 'D' Properties

Area	2019/20	2020/21	Increase / (Decrease)	
			No.	%
Brimington Parish	2,330.59	2,322.81	(7.78)	(0.3)
Staveley Town	4,136.40	4,215.27	78.87	1.9
Chesterfield Area	22,533.64	22,643.00	109.36	0.5
<b>Total</b>	29,000.63	29,181.08	180.45	0.6

**8.4 Referendum Limit** – the capping regime was replaced some years ago with a requirement to hold a referendum if the proposed council tax increase exceeds a limit set by the Secretary of State. The limit for 2020/21 has been set at 2% but with a concession for district councils which allows them to increase their council tax by a maximum of £5 or 2%. The £5 increase is equivalent to an increase of 3.03%.

**8.5 Council Tax Increase** – the budget has been prepared assuming a council tax increase of £5 for a Band 'D' property. For local tax payers the impact of a £5 per annum increase on the Band 'D' tax, compared to the current council tax, is 3.03% in percentage terms, but low in monetary terms, for a;

- **Band 'A'** property (more than half the properties in the Borough) equivalent to £3.33 per annum or 6.4 pence per week;
- **Band 'D'** equivalent to £5.00 per annum or 9.6 pence per week.

The Council's share of the overall tax bill is approximately 10% so the increase will only have a relatively small impact on the total shown on the bill.

## **9.0 Flexible Use of Capital Receipts Strategy**

- 9.1 As part of the November 2015 Spending Review, the Government announced that it would introduce flexibility for local authorities to use capital receipts from the sale of non-housing assets to fund the revenue costs of service reform and transformation which are forecast to generate ongoing savings to an authority's net service expenditure. Guidance on the use of this flexibility was issued in March 2016 which applied to the financial years 2016/17 to 2018/19. In December 2017 the Government confirmed that this flexibility would be extended for a further three years to 31<sup>st</sup> March 2022.
- 9.2 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."*
- 9.3 The Council intends to use the capital receipts flexibility to part fund the ICT Improvement Programme, which was approved by Council in April 2018. The original programme included capital expenditure that will now be delivered using cloud-based technology and as such has been reclassified as revenue expenditure. There has been no change to the overall cost of the project.

9.4 The estimated use of capital receipts and annual savings generated by this project are set out in the table below:

	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>2021/22 £000</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Estimated Expenditure	412	480	0	0	0
Estimated Savings	(227)	(232)	(592)	(825)	(1,023)

It is forecast that the ICT Improvement programme will achieve total net revenue savings of around £4.5m during the 8 years to 2026/27.

9.5 The Guidance requires that the impact on the Council's prudential indicators should be considered when preparing a Flexible Use of Capital Receipts Strategy. There will be no impact on the Council's prudential indicators as a result of the implementation of this strategy, as the expenditure to be funded from capital receipts had previously been included within the capital programme. Therefore there has been no change in the overall use of capital receipts.

## **10.0 Medium Term Forecast - 2021/22 through to 2024/25**

10.1 It is good financial practice for authorities to consider their budgets over the medium term and not just for the year ahead. The forecasts are based on current levels of service provision with no allowance for future growth. They assume that the current business rate retention model continues. The government is consulting on changes to the current model.

10.2 The table below provides a summary of the deficits/savings targets over the medium term:

	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Surplus / (Deficit) forecast after planned savings	16	(723)	(767)	(827)	(742)
ICT Digital Innovation Savings	(231)	(592)	(825)	(1,023)	(1,216)
ICT Digital Innovation Savings Achieved	214	218	220	228	234
<b>Total Savings target</b>	<b>(1)</b>	<b>(1,097)</b>	<b>(1,372)</b>	<b>(1,622)</b>	<b>(1,724)</b>
Change on previous year – deficit (increase)/ decrease		(1,096)	(275)	(250)	(102)

The scale of the future forecast deficits and the need for significant IT investment means that work must continue in 2020 to deliver on the planned efficiency and income proposals, and to identify new savings proposals in order to be able to produce balanced and sustainable budgets for future years.

10.3 An action plan has been developed identifying a programme of initiatives designed to eliminate the forecast deficits over the life of the Medium Term Financial Plan. These will be developed during 2020/21 in order that savings are realised for the start of 2021/22.

<b>Action Plan</b>	Budget 2021/22 £000	Budget 2022/23 £000	Budget 2023/24 £000	Budget 2024/25 £000
Shared Services (see para 10.4)	tbc	tbc	tbc	tbc
Voluntary Redundancies	100	200	300	400

VAT	0	100	103	106
Strategic Review of HRA/GF contribution	100	100	100	100
Asset Consolidation	44	89	90	90
Procurement	25	50	75	100
Commercial Activity	100	100	100	100
Capital Investment to Generate Income	0	149	207	207
£5 Council Tax Increase	48	49	50	51
<b>Total Savings</b>	<b>417</b>	<b>837</b>	<b>1,025</b>	<b>1,154</b>

10.4 A meeting of the Joint Cabinet & Employment & General Committee on 14<sup>th</sup> January agreed to the return of services from Arvato and Kier in October 2020. It is expected that significant savings will be achieved as a result of this and there is also a possibility of a new partnership arrangement for Chesterfield to continue to provide some services for Derbyshire Dales from October 2020. However, it is too early to be able to provide a definitive figure at this stage.

10.5 The level of savings anticipated from this plan is higher than the current level of deficits forecast. A number of budget risks have been identified that may create further pressure within the Medium Term Financial Plan which are not quantifiable at this stage. It is hoped that the additional savings achieved will help to mitigate these budget pressures.

10.6 The most significant budget risks include:

- 10 year property maintenance programme
- Non achievement of ICT savings
- Pay award above 2.5%
- Escalating energy prices and general cost inflation.
- Achieving income targets for rents, fees, charges and interest
- Borrowing to fund capital programme
- Funding climate change agenda
- Flood Resilience grant funding
- Fair Funding review

- Business Rates growth reset
- Business Rate appeals/valuation changes

10.7 Every effort will be made to avoid having to use reserves to support the budget as the reserves would be more effectively used on proposals that will produce ongoing revenue budget savings or income growth.

10.8 The budget estimates are based on the best available information but inevitably there is a degree of risk and uncertainty in some of the assumptions made. Details of the most significant risks and issues are provided in **Appendix E**.

## **11.0 Reserves & Balances**

11.1 The Council maintains a General Working Balance plus a number of other earmarked reserves. A review of all the reserves and provisions has been undertaken as part of the budget process.

11.2 **General Working Balance** – the working balance provides a cushion for cash flow shortages and a contingency for unforeseen events. The minimum prudent level for the working balance is a matter of professional judgement based on past experience, the level of other earmarked reserves and an assessment of future risks. The working balance is being maintained at £1.5m to recognise the range of risks the Council is currently exposed to. An updated financial risks assessment is provided in **Appendix E**, which indicates that a balance of £1.5m should be adequate. A balance of £1.5m is equivalent to 14% of the Council's budget requirement.

11.3 **Earmarked reserves** are held to meet known or anticipated liabilities. Details of the earmarked reserves held by the Council, including their purpose and predicted movements over the next five years are included in **Appendix D**.

11.4 The level of reserves is considered to be adequate.

## **12.0 Consultation**

12.1 The consultation meeting with the business ratepayers' representatives took place on 13<sup>th</sup> February 2020. Issues discussed included the changes to the business rates system and retail relief schemes, the Council's budget forecasts and the council tax increase options.

12.2 Consultation with Council Taxpayers took place at a Community Assembly meeting on 7<sup>th</sup> January 2020 which was attended by approximately 60 members of the public. The Council Plan and budget were discussed and council tax increase options.

## **13.0 Other Local Council Taxes**

13.1 The special items to be added to the tax in **parished areas** are:

- **Staveley Town Council** - Band 'D' tax increased by 1.7% to £97.59 (£95.96 in 2019/20); &
- **Brimington Parish Council** – Band 'D' tax increased by 3.36% to £22.43 (£21.70 in 2019/20).

13.2 **Derbyshire County Council** has agreed on 5th February 2020 to increase its council tax by 2.00% to £1,349.34 (£1,322.88 in 2019/20).

13.3 **Derbyshire Police & Crime Commissioner** set the Constabulary's precept and council tax on 23<sup>rd</sup> January 2020- the Band D tax will be £226.60, an increase of £10 (4.62%) (£216.60 in 2019/20).

13.4 **The Derbyshire Fire** and Rescue Authority set its precept and council tax on 13th February 2020 – the Band D tax will be £77.73 an increase of 1.98% (£76.22 in 2019/20).

13.5 Details of the council taxes for each major preceptor and by each tax band are shown in **Appendix G**.

## **14.0 Calculation of Expenditure**

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

## **15.0 Legal Implications**

15.1 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 to be brought forward from previous 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 years.

## **16.0 Chief Financial Officer's Assurances**

16.1 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 the administration of the Council's financial affairs for purposes of Section 151 of the Local Government Act 1972.

Robustness of estimates – subject to the risks highlighted elsewhere in this report, the Chief Finance Officer 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 service managers who are best placed to complete the budget working papers. The central Accountancy Team co-ordinate the budget process and check through all budget working papers. The Council's procedures, allied to experienced staff and a robust approach to risk management should minimise the inherent risks and uncertainties in the forecasting process.

Budgets will continue to be monitored on a monthly basis throughout the year so that any required corrective action can be taken at the earliest opportunity and the medium term forecasts will be continually updated as part of that process.

- 16.2 **Level of reserves** - details of the Council's reserves are provided in Section 10 above and in **Appendix D**. The General Fund working balance is being maintained at £1.5m to recognise the financial risks the Council currently faces particularly in relation to Business Rates income. The updated Budget Risk and Sensitivity Analysis in **Appendix E** also supports the minimum working balance being maintained at this level.

The policy on the use of reserves will continue to be to use earmarked reserves for their intended purpose with surplus reserves being used for investment in the Council's priorities and/or for transformation schemes which are designed to produce on-going revenue budget savings

The reserves have declined from 2019/20 but are still considered adequate for 2020/21. The position in future years

will depend on the Council's success in delivering the required budget savings and surpluses.

The Council also maintains a number of earmarked reserves for financing capital expenditure and equalising expenditure between years. The balances in these other reserves are considered adequate for the medium term.

## **17.0 Alternative Recommendations**

17.1 It is within the gift of the Council to propose alternative budget allocations and/or council tax level.

## **18.0 Recommendations**

18.1 That Council:

18.1.1 Approves the revised budget for 2019/20 (Section 5).

18.1.2 Approves the request for funding at paragraphs 5.3 to 5.6 from the Budget Risk Reserve.

18.1.3 Approves the overall revenue budget summary for 2020/21 (Section 7 and Appendix A).

18.1.4 Notes the Collection Fund and the Tax Base forecasts (Section 8).

18.1.5 Approves the use of the capital receipts flexibility to fund the revenue costs of the ICT programme which will lead to budget savings (Section 9).

18.1.6 Notes the budget forecasts for 2020/21 and the medium term and the action plan for addressing the projected deficits (Section 10).

- 18.1.7 Approves the estimates of reserves including maintaining the General Working Balance at £1.5m (Section 11 and Appendix D).
- 18.1.8 Notes the budget risks and sensitivity analysis (Appendix E).
- 18.1.9 Increases the Council's share of Council Tax by £5 for a Band 'D' property in 2020/21.
- 18.1.10 Approves the 2020/21 Council Tax Requirement and financing (Appendix F).
- 18.1.11 Notes the Acting Chief Finance Officer's assurances (Section 16).

## **19.0 Reasons for Recommendations**

- 19.1 In order to meet the statutory requirements relating to setting a budget and the council tax.

### **Decision information**

<b>Key decision number</b>	<b>927</b>
<b>Wards affected</b>	<b>All words</b>
<b>Links to Council Plan priorities</b>	Underpins the whole council plan

## **Document information**

<b>Report author</b>		<b>Contact number/email</b>
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<b>Background documents</b>		
These are unpublished works which have been relied on to a material extent when the report was prepared.		
<i>This must be made available to the public for up to 4 years.</i>		
<b>Appendices to the report</b>		
Appendix A	General Fund Revenue Budget Summary	
Appendix B	Budget Strategy	
Appendix C	Financial Strategy	
Appendix D	Reserves & Balances	
Appendix E	Budget Risks & Sensitivity Analysis	
Appendix F	Section 32 Statement	
Appendix G	Council Taxes	

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## GENERAL FUND REVENUE ESTIMATES SUMMARY

	2019/20		2020/21	2021/22	2022/23	2023/24	2024/25
	Original	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£	£	£
Leader of the Council	47,190	31,850	33,640	35,380	36,950	38,410	39,240
Deputy Leader of the Council	1,209,290	1,231,340	1,191,120	1,195,890	1,197,030	1,202,170	1,213,300
Cabinet Member for Economic Growth	(481,920)	(458,780)	(620,810)	(497,750)	(519,690)	(570,970)	(535,180)
Cabinet Member for Town Centre and Visitor Economy	60,600	396,670	453,890	469,290	375,830	415,980	347,340
Cabinet Member for Health and Wellbeing	7,535,980	7,444,400	7,753,690	8,020,630	8,282,360	8,499,610	8,711,850
Cabinet Member for Housing (GF)	1,168,170	844,010	1,054,190	1,002,700	1,189,730	1,219,740	1,234,880
Cabinet Member for Governance	2,894,860	2,639,710	2,748,330	2,815,170	2,889,790	3,115,610	3,038,770
Cabinet Member for Business Transformation	2,513,590	2,935,250	3,043,670	2,649,330	2,761,240	2,865,930	2,968,950
<b>Portfolios Total</b>	<b>14,947,760</b>	<b>15,064,450</b>	<b>15,657,720</b>	<b>15,690,640</b>	<b>16,213,240</b>	<b>16,786,480</b>	<b>17,019,150</b>
Spirepride surplus	(581,670)	(675,630)	(640,050)	(663,160)	(694,570)	(740,330)	(740,330)
OSD surplus	(255,240)	(492,785)	(331,000)	(368,000)	(362,000)	(342,000)	(342,000)
Commercial Income 2018/19	0	(223,215)	0				
Building Cleaning Surplus	0	(20,000)	0	0	0	0	0
Holiday pay	25,000	0	0	0	0	0	0
Crematorium surplus	(250,000)	(350,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
<b>ICT Digital Innovation Savings Target</b>	<b>(227,000)</b>	<b>(227,000)</b>	<b>(231,537)</b>	<b>(592,423)</b>	<b>(825,023)</b>	<b>(1,022,997)</b>	<b>(1,216,071)</b>
<b>ICT Digital Innovation Savings Achieved</b>	<b>0</b>	<b>207,483</b>	<b>214,160</b>	<b>218,290</b>	<b>220,040</b>	<b>227,910</b>	<b>233,590</b>
Pension Costs - 2020 Revaluation	0	0	145,000	145,000	145,000	145,000	145,000
Electricity Inflation	50,000	0	0	0	0	0	0
Historical Leisure VAT Claim	(56,270)	(56,646)	0	0	0	0	0
Staff vacancy / attendance allowance	(100,000)	(50,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
<b>Total Service Expenditure</b>	<b>13,552,580</b>	<b>13,176,658</b>	<b>14,339,293</b>	<b>13,955,347</b>	<b>14,221,687</b>	<b>14,579,063</b>	<b>14,624,339</b>
Interest & capital charges	(2,949,111)	(2,620,170)	(3,319,778)	(2,885,752)	(2,899,720)	(2,975,293)	(2,878,640)
Contrib to/(from) Digital Innovation Reserve	(444,317)	(400,000)	(294,317)	(10,000)	0	0	0
Contrib to/(from) Service Improve't Reserve	(33,530)	(49,500)	(8,500)	0	0	0	0
Contrib to/(from) Revenue Risk Reserve	(35,620)	(144,620)	(42,710)	0	0	0	0
Contrib to/(from) Earmarked Reserves	(107,000)	(257,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Contribution to Vehicle & Plant Fund	106,000	106,000	106,000	106,000	106,000	106,000	106,000
Bad debt provision	25,000	25,000	25,000	25,000	25,000	25,000	25,000
New burden grants/other income		(66,520)	(49,000)	(49,000)	(49,000)	(49,000)	(49,000)
<b>Surplus/(deficit) - savings target</b>	<b>(202,325)</b>	<b>147,938</b>	<b>16,022</b>	<b>(722,539)</b>	<b>(766,748)</b>	<b>(826,593)</b>	<b>(742,330)</b>
<b>NET EXPENDITURE</b>	<b>9,911,677</b>	<b>9,917,786</b>	<b>10,622,010</b>	<b>10,269,056</b>	<b>10,487,219</b>	<b>10,709,177</b>	<b>10,935,369</b>
<b>Total Savings Target</b>	<b>(429,325)</b>	<b>128,421</b>	<b>(1,355)</b>	<b>(1,096,672)</b>	<b>(1,371,731)</b>	<b>(1,621,680)</b>	<b>(1,724,811)</b>

## GENERAL FUND REVENUE ESTIMATES SUMMARY

	2019/20		2020/21	2021/22	2022/23	2023/24	2024/25
	Original	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
	£	£	£	£	£	£	£
<b>Financed By:</b>							
RSG	434,451	434,451	441,530	0	0	0	0
Business Rates Baseline	3,319,436	3,319,436	3,373,521	3,457,859	3,544,306	3,632,913	3,723,736
<b>Settlement Funding</b>	3,753,887	3,753,887	3,815,051	3,457,859	3,544,306	3,632,913	3,723,736
Retained Business Rates Growth	1,217,159	1,172,268	1,379,717	1,379,717	1,379,717	1,379,717	1,379,717
Business Rates pooling	300,000	328,000	300,000	300,000	300,000	300,000	300,000
NNDR Fund Surplus/(Deficit)	(975,642)	(975,642)	440,085				
Contrib (to)/from Business Rate Reserve	550,926	573,926	(440,085)				
Council tax support grants to parishes	(26,456)	(26,456)	(19,841)	(13,226)	(6,611)	0	0
Council Tax Fund Surplus/(Deficit)	(2,770)	(2,770)	94,470	54,818	55,909	57,659	59,464
New Homes Bonus	312,659	312,659	95,039	8,400	5,320	0	0
Council Tax (taxbase x tax below)	4,781,914	4,781,914	4,957,574	5,081,488	5,208,578	5,338,887	5,472,452
<b>TOTAL FINANCING</b>	<b>9,911,677</b>	<b>9,917,786</b>	<b>10,622,010</b>	<b>10,269,056</b>	<b>10,487,219</b>	<b>10,709,177</b>	<b>10,935,369</b>

<b>Council Tax Income:</b>							
Taxbase Growth				0.5%	0.5%	0.5%	0.5%
Taxbase Estimate	29,000.63	29,000.63	29,181.08	29,326.99	29,473.62	29,620.99	29,769.09
Tax increase	0	0	3.03%	1.99%	1.99%	1.99%	1.99%
Band 'D' Tax	164.89	164.89	169.89	173.27	176.72	180.24	183.83
<b>Yield =- taxbase x Band 'D'</b>	<b>4,781,914</b>	<b>4,781,914</b>	<b>4,957,574</b>	<b>5,081,488</b>	<b>5,208,578</b>	<b>5,338,887</b>	<b>5,472,452</b>

<b>BR Growth Retention:</b>							
Growth rate							
CBC 40% share of income (18/19 50% share of income)	14,590,750	14,590,750	15,123,477	15,501,564	15,889,103	16,286,331	16,693,489
Less tariff	(11,281,885)	(11,281,885)	(11,465,704)	(11,752,347)	(12,046,155)	(12,347,309)	(12,655,992)
Add s31 grant re SBRR	2,143,659	1,887,151	1,919,090	1,967,067	2,016,244	2,066,650	2,118,316
Add s31 grant re other reliefs	0	0	0	0	0	0	0
Gross income before levy	5,452,524	5,196,016	5,576,863	5,716,285	5,859,192	6,005,671	6,155,813
Less Baseline Funding	(3,319,436)	(3,319,436)	(3,373,521)	(3,457,859)	(3,544,306)	(3,632,913)	(3,723,736)
Growth	2,133,088	1,876,580	2,203,342	2,258,426	2,314,886	2,372,758	2,432,077
Levy (NB 50% on nndr3 not nndr 1)	(1,066,544)	(936,527)	(1,101,671)	(1,129,213)	(1,157,443)	(1,186,379)	(1,216,039)
Adjs to Levy & Tariff	(344,660)	(367,638)	(459,547)	(471,036)	(482,812)	(494,882)	(507,254)
Retained BR re renewable energy	49,530	49,320	52,395	53,705	55,048	56,424	57,835
Grant re Multiplier Cap	445,746	550,533	685,199	700,405	715,991	731,967	748,343
Business Rates Baseline Reset Adjustment (Growth)	0	0	0	(32,569)	(65,953)	(100,171)	(135,245)
<b>BR Growth Retained above Baseline</b>	<b>1,217,159</b>	<b>1,172,268</b>	<b>1,379,717</b>	<b>1,379,717</b>	<b>1,379,717</b>	<b>1,379,717</b>	<b>1,379,717</b>
Add Baseline Funding	3,319,436	3,319,436	3,373,521	3,457,859	3,544,306	3,632,913	3,723,736
Total BR Income Retained	4,536,595	4,491,704	4,753,238	4,837,576	4,924,023	5,012,630	5,103,453

**BUDGET STRATEGY**

The overall objective is - "to deliver a balanced and sustainable budget in the longer term". To achieve this the Council will:

- ◆ Prepare budgets annually covering a five-year period - the objective will be to produce a balanced budget in year and set out how to balance the medium term budgets.
- ◆ Direct or re-allocate resources to priority areas.
- ◆ Target low priority and discretionary areas of spend when looking for savings, including non-pay, voluntary redundancy, vacancy control, restructures and none statutory services.
- ◆ Identify and manage budget risks effectively.
- ◆ Estimate annual savings targets and seek to achieve these through business transformation, joint working, internal re-structuring and alternative service delivery methods.
- ◆ Rigorously scrutinise all growth requests, both statutory and discretionary, particularly in relation to how they contribute to the corporate objectives, their affordability and sustainability.
- ◆ Maximise income generation opportunities. Fees and charges to be reviewed at least annually applying the Council's approved 'Charges Policy'.
- ◆ Aim to set increases in the Council Tax at a level to produce a much stronger tax base in view of our very low comparative tax.
- ◆ Consult stakeholders on spending/saving plans and tax increases.
- ◆ Manage reserves prudently to cover future financial risks
- ◆ Only approve supplementary budgets where a budget cannot be transferred (vired) from elsewhere and only when there is a legal requirement, the event was unforeseen and unavoidable, or any other case of extreme urgency.
- ◆ Adopt sound asset management practices including identifying under-utilised assets, investing in income generating assets and identifying poor performing assets for disposal.

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**FINANCIAL STRATEGY**

1. A five year forward plan will be maintained, reviewed and rolled forward each year as part of the budget process, encompassing:
  - ◆ Proposed development of services.
  - ◆ Efficiency savings.
  - ◆ A General Fund revenue expenditure forecast.
  - ◆ A General Fund capital expenditure and resources plan.
  - ◆ A Housing Revenue Account capital and revenue expenditure forecast.
  - ◆ Proposed use of reserves and balances.
  
2. Within constraints imposed by either legislation or the economic climate, sufficient resources (both capital and revenue) should be secured or reserved to enable the Council to:
  - ◆ Deliver services which help to achieve its priorities and objectives.
  - ◆ Maintain a capital programme which will not only improve the range of facilities provided for the public but will also adequately maintain the existing asset base.
  
3. Every effort will be made to keep revenue spending within a reasonable percentage of the previous year's level. Wherever possible, new service developments should be funded from savings, grant or additional income.

The Council's revenue budget shall be prepared in accordance with the Council's budget strategy.
  
4. General Fund balances will only be used to reduce the Borough Council's call on the Collection Fund in exceptional circumstances, e.g. to meet significant non-recurring expenditure, to even out major fluctuations or to keep within imposed spending limits.
  
5. In order to sustain its capital programme, the Council will:
  - ◆ Aim to raise capital receipts of an average of £1 to £2 million a year (in addition to those from the sale of Council houses).
  - ◆ Where appropriate, encourage private sector schemes either on their own or jointly with the Council.
  - ◆ Seek to maximise receipt of capital grant.

6. The current policy is to maintain a minimum Working Balance of £1.5m for the General Fund and £3.0m for the HRA. In addition, a prudent level of earmarked reserves will be maintained for known liabilities and to even-out charges to the revenue account (e.g. property repairs, self-insurance claims, vehicle & equipment replacement reserves etc.). The level of all reserves and balances will be reviewed at least annually.
  
7. At the close of a financial year, unless there are unusual circumstances:
  - ◆ Any under-spending on General Fund will be transferred to the Budget Risk Reserve except to the extent that in exceptional circumstances, approval is given to carry forward unspent budgets to the subsequent financial year or are required to meet future revenue spending, in which case they will remain in the General Working Balance;
  - ◆ Any overspending will be met from the Budget Risk Reserve or General Fund balance.
  - ◆ Any OSD/DSO surpluses arising in the year which are not required for operational purposes will be transferred to the General Fund.
  
8. The Council's asset portfolio of land and property is being reviewed annually in order to:
  - ◆ Identify poorly performing or under-used assets for disposal.
  - ◆ Draw up a longer-term acquisition and disposal plan.
  - ◆ Minimise void periods on investment property.
  - ◆ Ensure prompt reviews of rent in accordance with lease terms.
  - ◆ Review and extend the property repair and renewal plan.
  
9. Fees and charges are reviewed in accordance with the Council's Charging Policy and in all cases shall review them at least annually.
  
10. The budget risks will be identified and assessed at the start of each financial year and monitored throughout the year.
  
11. The financial strategy should be kept under continuous review in the light of developing legislation and the perceived needs of the Borough.

## MOVEMENTS ON RESERVES &amp; PROVISIONS

Title	Purpose	B/Fwd	2019/20	B/Fwd	2020/21	B/Fwd	2021/22	B/Fwd	2022/23	B/Fwd	2023/24	B/Fwd	2024/25	B/Fwd
		1st Apr 19 £'000	In /(out) £'000	1st Apr 20 £'000	In /(out) £'000	1st Apr 21 £'000	In /(out) £'000	1st Apr 22 £'000	In /(out) £'000	1st Apr 23 £'000	In /(out) £'000	1st Apr 24 £'000	In /(out) £'000	1st Apr 25 £'000
Vehicles & Plant	Replacement fund	640	352 (336)	656	352 (858)	150	363 (272)	241	362 (210)	393	363 (425)	331	363 (249)	445
Wheeled Bins Replacement Fund	Replacement fund	57	84 (100)	41	83 (80)	44	84 (80)	48	84 (80)	52	83 (80)	55	84 (80)	59
Property Repairs	Even-out 10 year repairs programme	225	1,193 (1,169)	249	1,193 (1,169)	273	1,193 (1,169)	297	1,193 (1,169)	321	1,193 (1,169)	345	1,193 (1,169)	369
ICT Reserve	Replacement fund	218	200 (418)	0	200 (200)	0								
DLO/DSO Reserve	Provision for improvements	565	- (67)	498	-	498	-	498	-	498	-	498	-	498
Museum Exhibits	Opportunity purchases fund	25	-	25	-	25	-	25	-	25	-	25	-	25
Theatre Restoration	Improvements to theatre/WW from levy on ticket sales	0	90	90	90	180	90	270	90	360	90	450	90	540
Insurance Reserve - caims not yet reported	Self insurance element claims not yet reported	597	734 (150)	1,181	226 (150)	1,257	226 (150)	1,333	(150)	1,183	(150)	1,033	(150)	883
Insurance Provision - current claims	Self insurance element of reported claims	807	(468)	339		339		339	226 (226)	339	226 (226)	339	226 (226)	339
MMI - Insurance Provision	To fund liability of claims unpaid due to MMI insolvency	16	- (10)	6	-	6	-	6	-	6	-	6	-	6
MMI - Insurance Reserve	To fund liability of claims unpaid due to MMI insolvency	366	(30)	336	-	336	-	336	-	336	-	336	-	336
Repaid Improvement Grants	Private sector grants clawed back from recipients	184	50 (87)	147	50 (87)	110	50 (87)	73	50 (37)	86	50 (37)	99	50 (37)	112
Planning LDF Review Provision	Provision for cost of LDF review	187	- (100)	87	20 (67)	40	20 -	60	20 -	80	20 -	100	20 -	120
Transport Co Pensions	Provision for the pension cost of former employees.	1,025	64 (50)	1,039	63 (50)	1,052	61 (50)	1,063	19 (50)	1,032	18 (50)	1,000	18 (50)	968
Flood Restoration	Flood defence/prevention	53	- (16)	37	-	37	-	37	-	37	-	37	-	37
New Home Bonus		0	313 (313)	0	95 (95)	0	8 (8)	0	5 (5)	0	0 0	0	-	0
Service Redesign		750	- (23)	727	(43)	684	-	684	-	684	-	684	-	684
Business Rate Reserve		2,148	- (551)	1,597	440 -	2,037	-	2,037	-	2,037	-	2,037	-	2,037
Budget Risks Reserve	To cover future budget risks	1,240	67 (311)	996	(233)	763	(60)	703	(45)	658	-	658	-	658
Service Improvement		315	34 (50)	299	9 (8)	300	-	300	-	300	-	300	-	300
GF Deficit Reduction Reserve		107	- (107)	0	-	0	-	0	-	0	-	0	-	0
Northern Gateway Reserve		280	- (133)	147	(147)	0	-	0	-	0	-	0	-	0
S106 Contributions		258	- (60)	198	(21)	177	(3)	174	(3)	171	(2)	169	(1)	168
Community Infrastructure Levy		769	550 -	1,319	200 0	1,519	200 -	1,719	200 -	1,919	200 -	2,119	200 -	2,319
ICT Digital Innovation		706	10 (400)	316	10 (294)	32	10 (42)	0	-	0	-	0	-	0
General Fund Working Balance	Required to prevent supplementary in year council tax increase	1,500	-	1,500	-	1,500	-	1,500	-	1,500	-	1,500	-	1,500
<b>TOTALS</b>		<b>13,038</b>	(1,208)	<b>11,830</b>	(471)	<b>11,359</b>	384	<b>11,743</b>	274	<b>12,017</b>	104	<b>12,121</b>	282	<b>12,403</b>

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## KEY BUDGET RISKS &amp; SENSITIVITY ANALYSIS 2020/21

Description	Budget Risk	Risk Assessment				Containment Actions			Progress
		Probability	Impact	Value £000'S	Comment	What	Who	When	
Achieving income targets - leisure, car parks, etc	Net expenditure falls if economy severely dips or switch to competitors. 5% of budgets.	Med	High	321	Key Leisure, Business Unit, Car Park income	Base budgets adjusted. Monthly budget monitoring + marketing & promotional activities.	Service Managers	Monthly	
Investment returns - not achieving budget.	Each 0.25% = £90k gross to Gen Fund.	Low	High	90		Cautious estimate. Monitor Quarterly	Group Financial Accountant	Monthly	
Benefits - high spend £30m with complicated grant scheme.	Increase in expd with less than 100% subsidy. Failure to Comply with Regulations	Low	High	200		Regular monitoring of claims processed. Staff Training	Benefits Manager (Arvato)	Quarterly	
Ind & Comm. Property portfolio - reduced rent income during economic downturn and due to disposals to generate capital receipts.	Industrial & commercial £50k. Vicar Lane £50k Pavements £50k	Med	High	150		Monitor voids. Flexible Payments for existing. Planned Disposal Programme	Estates Officer (Kier)	Monthly	
Any other unforeseen significant expenditure		High	High	100		Maintain adequate working balance/ insurance fund + effective risk mgt.	SLT, CMT, budget holders, Accty	On-going	
Exit strategy for expenditure funded by fixed term grants.	Use of reserves for VR	Low	Low	-		Avoid directly employing staff, if do ensure on short term contracts and redundancy provision included in budget.	Staff submitting grant applications.	On-going	
VAT - 5% exempt limit exceeded	Limit exceeded £250k un-recoverable plus excess amount.	Low	High	375		Monitoring	Deputy Chief Accountant	Monthly	
Pension costs increases under LGPS revaluations.	1% pa budgeted, deficit reductions rising	Med	High	-	Med-term issue	Define pensionable elements and monitor impact.	CFO	Mar-19	
MMI – risk of insolvent run-off following recent ruling on EL claims.	'Clawback' beyond the £345k provision (£1.4m claims settled).	Low	High	100		Clawback rate currently 25%. Provision of £348k established and in line with Insurance Fund review completed in 2019/20.	CFO	On-going	
ICT Digital Innovation Savings	Failure to achieve savings	Med	Low	-		Monitor progress against targets early in 2020/21	CFO / SLT / CMT	On-going	
Achieving vacant post saving targets	15% of £200k target	Low	Med	30		Target rmonitoring required monthly on staff turnover	CFO/HR	Quarterly	
Collection Fund - Council tax collection rate below target.	Coll'n Fund deficit to following year CBC Share 10%	Med	Med	25		Monitor the collection rate.	Revs Manager (Arvato)	Monthly	
Localisation of council tax support	Increased take-up by pensioners or working age and full implementation of universal credit.	Med	Med	25		Monitoring claims and income so remedial action taken ASAP.	CFO	Monthly	
Busines Rates Pool	Delcining business rates growth £300k exposure 50%	Low	High	150		Monitor income	CFO	Quarterly	
<b>Gen Fund Rev Budget</b>	<b>Total exposure</b>			<b>1,566</b>					
	<b>Allowance %</b>	<b>Prob</b>	<b>Total £000</b>	<b>Allow £000</b>		<b>Impact assessment:</b>			
<b>Risk allowance</b>	90%	High	100	90		<b>High = £50k or more</b>			
	50%	Med	521	261		<b>Med = £10k-£49k</b>			
	10%	Low	945	95		<b>Low = less than £10k</b>			
<b>Risk allowance</b>			<b>1,566</b>	<b>445</b>					

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## CALCULATION OF EXPENDITURE – SECTION 32 LGFA '92

	<b>2020/21 £</b>
Gross Expenditure – Chesterfield Borough Council	110,514,798
<u>Special Items</u>	
- Staveley Town Council Precept - (£396,936 in 19/20)	411,374
- Brimington Parish Council Precept - (£50,574 in 19/20)	<u>52,095</u>
Total Special Items	463,469
<b>Gross Expenditure 31A (2)</b>	<b>110,978,267</b>
Gross Income – Chesterfield Borough Council	(99,527,901)
Revenue Support Grant	(441,530)
Business Rates Baseline Need	(3,373,521)
Retained Non Domestic Rates Growth	(1,679,717)
<b>Gross Income Including Use of Reserves 31A (3)</b>	<b>(105,022,669)</b>
Collection Fund (Surplus)/Deficit : Council Tax	<b>(94,470)</b>
Non Domestic Rates	<b>(440,085)</b>
<b>Council Tax Requirement 31A (4)</b>	<b>5,421,043</b>
<b>Tax base</b> (29,000.63 in 2019/20)	<b>29,181.08</b>
<b>Average Band 'D' Tax (incl. Parishes)</b>	£185.77
Percentage Increase - (2019/20 £180.32, +3.05%)	+3.02%
<b>C.B.C.'s Council Tax</b>	<b>£169.89</b>
Percentage Increase - (2019/20 £164.89, +3.13%)	+3.03%

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## COUNCIL TAXES 2020/21

## COUNCIL TAXES

COUNCIL AREA	VALUATION BAND/PROPORTION OF BAND 'D' TAX							
	A	B	C	D	E	F	G	H
	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
<b>CHESTERFIELD BOROUGH:</b>								
Staveley Town	178.32	208.04	237.76	<b>267.48</b>	326.92	386.36	445.80	534.96
Brimington Parish	128.21	149.58	170.95	<b>192.32</b>	235.06	277.80	320.53	384.64
All Other Areas	113.26	132.14	151.01	<b>169.89</b>	207.64	245.40	283.15	339.78
<b>MAJOR PRECEPTING AUTHORITIES:</b>								
Derbyshire CC	899.56	1,049.49	1,199.41	<b>1,349.34</b>	1,649.19	1,949.05	2,248.90	2,698.68
Derbyshire Fire & Rescue	51.82	60.46	69.09	<b>77.73</b>	95.00	112.28	129.55	155.46
Derbyshire Police	151.07	176.24	201.42	<b>226.60</b>	276.96	327.31	377.67	453.20
	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000
<b>TOTAL COUNCIL TAX PAYABLE IN EACH AREA</b>								
COUNCIL AREA	VALUATION BAND/PROPORTION OF BAND 'D' TAX							
	A	B	C	D	E	F	G	H
	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
	£	£	£	£	£	£	£	£
Staveley Town	1,280.77	1,494.23	1,707.68	<b>1,921.15</b>	2,348.07	2,775.00	3,201.92	3,842.30
Brimington Parish	1,230.66	1,435.77	1,640.87	<b>1,845.99</b>	2,256.21	2,666.44	3,076.65	3,691.98
All Other Areas	1,215.71	1,418.33	1,620.93	<b>1,823.56</b>	2,228.79	2,634.04	3,039.27	3,647.12

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## **For publication**

### **Council Tax 2020/21**

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Meeting:	Council
Date:	26 <sup>th</sup> February 2020
Cabinet portfolio:	Leader
Report by:	Acting Chief Finance Officer

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## **For publication**

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### **1.0 Purpose of report**

- 1.1 To set the Council's own Council Tax for 2020/21.
- 1.2 To set the aggregate amounts of Council Tax for 2020/21, including all of the precepting authorities, for each area/category of dwelling within the Borough in accordance with requirements of the Local Government Finance Act 1992.

### **2.0 Background**

- 2.1 The Council's budget is set out in the 2020/21 Budget & Medium Term Financial Plan, General Fund and Housing Capital Programmes and Treasury Management Strategy reports. The budget reports form the basis of the Council Tax recommendation in this report.

- 2.2 The Borough Council, as the Tax Collecting Authority, is required by the Local Government Finance Act, 1992 to set the Council Tax for its area by adding its own tax to those of the Major Precepting Authorities (in this case Derbyshire County Council, Derbyshire Fire & Rescue Service and Derbyshire Police and Crime Commissioner) and the local Precepting Authorities (in this case Staveley Town Council and Brimington Parish Council).
- 2.3 Under the Local Government Act 1992 the Council is required to determine whether it's relevant basic amount of council tax for a financial year is excessive. Where the increase exceeds the principles determined by the Secretary of State the authority is required to hold a council tax referendum. For 2020/21 an increase is deemed to be excessive for a shire district council if it is 2% or more above the 2019/20 level and more than £5 above the 2019/20 level.

### 3.0 **Recommendations**

3.1 That it be noted that at its meeting on 27<sup>th</sup> January 2020 the Employment and General Committee calculated the following tax base amounts for the year 2020/21 in accordance with regulation made under Section 31B of the Local Government Finance Act 1992 as:

(a) 29,181.08 being the tax base calculated for the whole Council area.

(b) For those areas to which a parish precept applies:

Staveley Town Council	4,215.27
Brimington Parish Council	2,322.81

3.2 That the Council approves the calculation of the Council Tax requirement for the Council's own purposes for 2020/21 (excluding parish precepts) as **£4,957,574**.

3.3 That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Act:

- (a) **£110,978,267** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act (gross expenditure) taking into account all precepts issued to it by Parish Councils;
- (b) **£105,022,669** being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act (gross income including grants and the use of reserves);
- (c) **£94,470** being the surplus on the Council tax elements of the Collection Fund and **£440,085** being the surplus on the Business Rate elements;
- (d) **£5,421,043** being the amount by which the aggregate at 3.3(a) above exceeds the aggregate at 3.3(b) above plus 3.3(c), calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. Please note that this is the total of the Borough's requirement of **£4,957,574** plus the total parish precepts of **£463,469**.
- (e) **£185.77** being the amount at 3.3(d) above divided by 3.1(a) above, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
- (f) **£463,469** being the aggregate amount of all special items (parish precepts) referred to in Section 34(1) of the Act.
- (g) **£169.89** (Band 'D' Council Tax) being the amount at 3(e) above less the result given by dividing the amount at 3(f) above by the amount at 3.1(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the

basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates. The tax does not exceed the principles set by the Secretary of State for determining excessive tax increases and triggering a referendum.

Parts of the Council's area:

- (h) The following being the amounts calculated by adding the amount at 3.3(g) to the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned in 3.3(f) divided in each case by the amount at 3.1(b), calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more items relate.

<b>Parish</b>	<b>Band 'D' Tax £</b>
Staveley	267.48
Brimington	192.32

- (i) The amounts given by multiplying the amounts at 3.3(g) and 3.3(h) by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands:

Part of the Council's area	Valuation Band							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Staveley Town Council	178.32	208.04	237.76	267.48	326.92	386.36	445.80	534.96
Brimington Parish Council	128.21	149.58	170.95	192.32	235.06	277.80	320.53	384.64
All other parts of the Borough	113.26	132.14	151.01	169.89	207.64	245.40	283.15	339.78

3.4 That it be noted that for the year 2020/21 the Derbyshire County Council, the Derbyshire Fire and Rescue Service and the Derbyshire Police & Crime Commissioner have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Precepting Authority	Valuation Band							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Derbyshire County Council	899.56	1,049.49	1,199.41	1,349.34*	1,649.19	1,949.05	2,248.90	2,698.68
Derbyshire Fire & Rescue Service	51.82	60.46	69.09	77.73	95.00	112.28	129.55	155.46
Derbyshire Police & Crime Commissioner	151.07	176.24	201.42	226.60	276.96	327.31	377.67	453.20

\*The Derbyshire County Council Tax increase of 2.00% is to support the delivery of adult social care duties and responsibilities in 2020/21, equivalent to an additional £26.46 for dwellings in Council Tax Valuation Band 'D', which is included in the £1,349.34 in the table above.

3.5 That, having calculated the aggregate in each case of the amounts at 3.3(i) and 3.4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2020/21 for each of the categories of dwellings shown below:

Part of the Council's area	Valuation Band							
	A 6/9	B 7/9	C 8/9	D 9/9	E 11/9	F 13/9	G 15/9	H 18/9
	£	£	£	£	£	£	£	£
Staveley Town Council	1,280.77	1,494.23	1,707.68	1,921.15	2,348.07	2,775.00	3,201.92	3,842.30
Brimington Parish Council	1,230.66	1,435.77	1,640.87	1,845.99	2,256.21	2,666.44	3,076.65	3,691.98
All other parts of the Borough	1,215.71	1,418.33	1,620.93	1,823.56	2,228.79	2,634.04	3,039.27	3,647.12

#### 4.0 REASON FOR RECOMMENDATIONS

- 4.1 There is a statutory requirement for the Council to set a balanced budget and a Council Tax for each financial year. The format of the Council Tax resolution is based on the model recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### Document information

<b>Key decision number</b>	<b>926</b>
<b>Wards affected</b>	
<b>Links to Council Plan priorities</b>	
<b>Report author</b>	<b>Contact number/email</b>
Helen Fox	Helen.fox@chesterfield.gov.uk
<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	

## For publication

### **Approval of the Council Plan Delivery Plan for 2020/21 (J040)**

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Meeting:	Council
Date:	26.02.20
Cabinet portfolio:	Deputy Leader
Report by:	Assistant Director – Policy and Communications

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#### **1.0 Purpose of report**

1.1 To present for approval the Council Plan Delivery Plan for 2020/21.

#### **2.0 Recommendations**

2.1 That the Council Plan Delivery Plan for 2020/21 is approved.

2.2 That the Deputy Leader is delegated to approve any minor drafting changes and design that may be required in order to improve the readability and accessibility of the plan.

#### **3.0 Background**

3.1 The Council Plan for 2019 – 2023 was approved by Council in February 2019. The Council Plan defines the Council's key priorities, objectives and commitments over the four year period. The plan is aimed at providing focus, setting out priorities that will require collected corporate effort during the

period. It is not an attempt to describe every service that the Council will provide; this will be covered by service plans on an annual basis.

- 3.2 Alongside the four year Council Plan there was also a commitment to develop annual delivery plans, the first one for 2019/20 also being approved at Council in February 2019. This plan set out the key milestones and measures progress required to keep the Council Plan on target for delivery.
- 3.3 A new performance management framework was also developed to accompany the Council Plan and Delivery Plans. This framework underpins the Council Plan, measures and demonstrates our success in terms of milestones, outputs, outcomes and measures and effectively reviews and challenges performance.
- 3.4 This report is due to be considered at the Cabinet meeting on 25 February, 2020.

#### 4.0 **Council Plan Delivery Plan for 2020/21**

- 4.1 The Council Plan Delivery Plan for 2020/21 (attached at Appendix 1). This document sets out the key milestones, inputs, outputs and measures we will need to deliver during the second year of the four year Council Plan. The Delivery Plan has been produced through a series of discussions and workshops with portfolio holders, scrutiny chairs and officers. Our evidence base includes performance information, demographics trends and forecasts and intelligence from our community engagement programme. Horizon scanning techniques were also used to consider key emerging issues.

4.2 Further minor drafting and design work may be required for the plan to maximise readability and accessibility so delegated authority is being requested for the Deputy Leader to oversee this activity.

## 5.0 Equalities

5.1 Equality, diversity and social inclusion have been key considerations during the development of the plan and our values. As programmes and projects are developed to deliver our vision and priorities the appropriate level of equality analysis and community engagement will be undertaken. Overall the plan is considered to have a positive equality impact contributing to increasing the proceeds of economic growth, improving quality of life including health and wellbeing.

## 6.0 Risk management

Risks	Impact	Likelihood	Mitigating Action	Residual Impact	Residual Likelihood
Failure to make sufficient progress on plan delivery	H	M	Priorities, aims and projects are challenging but realistic. They provide a focus for the use of resources during the period	M	L
Failure to complete projects on time/budget/to quality standards.	H	M	Performance management framework developed to challenge projects and activities and develop	M	L

			mitigation where necessary.		
Core services unable to identify contribution to the corporate priorities	M	M	Performance management framework clearly identifies the role of members, managers and staff. Service plans and Personal Development Plans are used to make the link between the contribution of teams and individual members of staff, and the Council Plan.	L	L
Failure to resource priorities in the plan	M	M	The Council Plan 2023 commitments and year 1 delivery plan have been developed alongside the budget and medium term financial forecast to minimise this risk.	M	L

## 7.0 Recommendations

- 7.1 That the Council Plan 2020/21 delivery plan is approved.
- 7.2 That the Deputy Leader is delegated to approve any minor drafting changes and design that may be required in order to improve the readability and accessibility of the plan.

## 8.0 Reason for recommendations

- 8.1 To provide the Council with a clear statement of its strategic priorities for 2019 – 2023, to approve the year 1 delivery plan and establish a new performance management framework to support plan delivery.

### Decision information

<b>Key decision number</b>	<b>920</b>
<b>Wards affected</b>	<b>ALL</b>

### Document information

<b>Report author</b>	<b>Contact number/email</b>
<b>Donna Reddish - Assistant Director - Policy and Communications.</b>	<a href="mailto:Donna.reddish@chesterfield.gov.uk">Donna.reddish@chesterfield.gov.uk</a>
<b>Appendices to the report</b>	
Appendix 1	Council Plan 2020/21 delivery plan

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**DRAFT - Council Plan 2019 – 2023 – Year 2 delivery**

**Our vision: Putting our communities first**

**Our Values:**

- Customer focused – delivering great customer service, meeting customer needs
- Can do – striving to make a difference by adopting a positive attitude
- One council, one team –proud of what we do, working together for the greater good
- Honesty and respect – embracing diversity and treating everyone fairly

<b>Our priorities</b>	<b>Making Chesterfield a thriving borough</b>	<b>Improving the quality of life for local people</b>	<b>Providing value for money services</b>
<b>Our objectives for 2019 - 2023</b>	<ul style="list-style-type: none"> <li>• Chesterfield Borough – A great place to live, work and visit</li> <li>• Vibrant town centres</li> <li>• Build a stronger business base</li> <li>• Develop an inclusive and environmentally sustainable approach to growth</li> </ul>	<ul style="list-style-type: none"> <li>• Provide quality housing and improve housing conditions across the borough</li> <li>• Improve our environment and enhance community safety for our communities and future generations</li> <li>• Help our communities to improve their health and wellbeing</li> <li>• Reduce inequality and provide support to vulnerable people</li> </ul>	<ul style="list-style-type: none"> <li>• Become and stay financially self sufficient</li> <li>• Make our services easier to access, deliver savings and reduce our environmental impact through the use of technology</li> <li>• Improve services and customer interaction by investing in our staff</li> </ul>
<b>Our key milestones for 2020/21</b>	<ul style="list-style-type: none"> <li>• Complete and open the Northern Gateway Enterprise Centre</li> <li>• Progress the land assembly plan for the next phase of the Northern Gateway</li> <li>• Continue to support the delivery of the Elder Way development</li> <li>• Waterside – commence construction of commercial development at Basin Square</li> <li>• Complete consultation, develop and adopt the HS2 station masterplan</li> <li>• Progress key site acquisition strategy to maximise HS2 benefit</li> <li>• Progress year 2 of the HS2 and you programme</li> <li>• Deliver year 1 of the Visitor Economy Action Plan</li> <li>• Deliver a programme of Borough wide events</li> <li>• Re-launch the Town Centre Forum to increase engagement and activity to promote and support the Chesterfield Town Centre economy</li> <li>• Support the development of Peak Resort and Adrenaline World, maximising the benefit for Chesterfield's economy</li> <li>• Consider the options for the refurbishment of the George Stevenson Memorial Hall and progress to design phase if viable</li> <li>• Develop schemes and initiatives including the town investment plan to maximise the Staveley Town Centre Deal potential</li> <li>• Further develop the visitor offer at the Pomegranate and Winding Wheel Theatres</li> <li>• Conduct research and develop options for alternative usage of retail space in the town centres</li> <li>• Progressing the Heart of Chesterfield programme including commencement of the Market reconfiguration project</li> <li>• Develop and adopt a long-term parking strategy including electric vehicle charging</li> <li>• Deliver new business units at Calow Lane</li> <li>• Refreshing the skills action plan to include harder to reach young people including care leavers, apprentice town and annual skills conference support</li> </ul>	<ul style="list-style-type: none"> <li>• Develop, agree and implement the Rough Sleepers Strategy</li> <li>• Assess private sector stock condition survey and develop a costed action plan for improvement</li> <li>• Deliver year 2 of the five-year housing environmental schemes programme</li> <li>• Deliver year 1 of the climate change plan</li> <li>• Develop plans to focus housing service investment to improve affordable warmth and contribute to reducing climate change impact</li> <li>• Develop and deliver schemes and trials to increase recycling rates</li> <li>• Deliver year 1 of the Parks and Open Spaces Strategy</li> <li>• Plan and deliver the 2020/21 local democracy programme with a climate change theme</li> <li>• Plan and deliver with the Equality and Diversity Forum four equality and diversity events</li> <li>• Implement the Derbyshire Care Leaver Offer</li> <li>• Deliver year 1 of the Armed Forces Covenant action plan</li> </ul>	<ul style="list-style-type: none"> <li>• Deliver the Council's Medium-Term Financial Plan and actions for 2020/21 including the business plans for leisure and venues</li> <li>• Develop the Council's Organisational Development approach further to ensure alignment of key strategies, plans, programmes and functions</li> <li>• Review the Council's commercial approach, services and investment portfolios and deliver actions resulting from the review</li> <li>• Successfully return Arvato and Kier services by October 2020</li> <li>• Deliver the activities identified in the Council's Asset Management Strategy and Plan for 2020/2021</li> <li>• Complete the second year of the ICT improvement programme.</li> <li>• Develop our future ICT Strategy for 2022/2023 onwards</li> <li>• Further develop the performance management framework to include key organisational health check measures to support service improvement</li> <li>• Achieve customer services excellence accreditation</li> <li>• Deliver the 2020/2021 activities identified in the People Plan 2019 – 2023</li> <li>• Complete the Investor in People Assessment improving silver scores in key areas</li> </ul>

**Performance measures**

	<b>Making Chesterfield a thriving borough</b>	<b>Improving the quality of life for local people</b>	<b>Providing value for money services</b>
<b>Our key measures for 2019/20</b>	<ul style="list-style-type: none"> <li>• Number of new homes in the borough</li> <li>• Number of new homes in the town centre</li> <li>• Planning applications processed within approved timescales</li> <li>• Amount of external funding accessed for HS2 programme</li> <li>• Number of children reached via HS2 and you project programme</li> <li>• Tourism contribution to the economy</li> <li>• Visitor numbers</li> <li>• Visitor overnight stays</li> <li>• Town centre occupancy rates</li> <li>• Number of businesses</li> <li>• Number of business start-ups in the borough</li> <li>• Number of businesses supported to find accommodation</li> <li>• % local labour clauses</li> <li>• % jobs secured by local people on developments with local labour clauses</li> <li>• Number of young people not in education, employment or training</li> <li>• Number of businesses, learners engaged in skills programmes and external funding levied</li> <li>• Visitor numbers at theatres</li> </ul>	<ul style="list-style-type: none"> <li>• Number of new Council homes developed</li> <li>• Decent homes standard</li> <li>• Average SAP rating for CBC properties</li> <li>• Activity rates measured by active lives survey</li> <li>• Number of children in our learn to swim programme</li> <li>• Number of green flag rated parks and open spaces</li> <li>• Number of people supported via Careline and Neighbourhoods</li> <li>• Number of homeless preventions per annum</li> <li>• Additional amount of benefits claimed due to Council support</li> <li>• Number and amount spent on disabled facilities grants</li> <li>• Number of children engaged in local democracy campaigns</li> <li>• Number engaged in theatres health and wellbeing programme</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfactory opinion from external auditor re VFM conclusion</li> <li>• Void levels on commercial properties</li> <li>• Employee Survey key measures</li> <li>• Number of CBC apprentices</li> <li>• Council tax, rent and NNDR collection rates</li> <li>• Increase in self-service transactions</li> <li>• Website hits</li> <li>• Twitter and facebook numbers</li> <li>• Net promoter score – Winding Wheel</li> <li>• Net promoter score – Pomegranate Theatre</li> <li>• Participation in parks and open spaces events and activities (Number of people engaged in events and activities at CBC parks and open spaces)</li> <li>• Average call response times</li> </ul>

## For publication

### Climate Change Action Plan

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Meeting:	Council
Date:	26 February 2020
Cabinet portfolio:	Deputy Leader of the Council Health and Wellbeing
Report by:	Assistant Director – Health and Wellbeing

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## **For publication**

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- 1.0 **Purpose of report**
- 1.1 To advise Members of the progress made in relation to development of the Council's Climate Change action plan.
- 1.2 To advise Members of the dates for both the Council and the Borough to achieve net zero greenhouse gas emissions.
- 1.3 To seek Council approval for the adoption and implementation of the Councils Climate Change action plan.
- 1.4 This report is due to be considered by the Joint Cabinet and Employment and General Committee at its meeting on 25 February, 2020.

## 2.0 **Recommendations**

- 2.1 That Members approve the proposed Climate Change action plan as detailed in Appendix A, to support the Council to achieve net zero carbon emissions by 2030, and Chesterfield Borough by 2050.
- 2.2 That a new post of Climate Change / Sustainability Officer be established.
- 2.3 That the Council allocates a sum of £100,000 per annum in each of the next 3 financial years to support the Council's work on Climate Change.
- 2.4 That the proposal for the Council to collaborate with the other district / borough councils in Derbyshire and Derbyshire County Council as part of a county-wide approach to tackling Climate Change is supported as is further work with Nottingham City Council to better understand the carbon footprint of the Council and Chesterfield Borough.
- 2.5 That the Deputy Leader is given delegated authority in consultation with the Cabinet Member – Health and Wellbeing to approve action plan updates to ensure the plan remains current and relevant.

## 3.0 **Background**

- 3.1 The United Kingdom passed the world's first Climate Change Act over a decade ago, which provided a framework to set statutory carbon budgets and established the independent Committee on Climate Change.
- 3.2 On the 27 June 2019, the United Kingdom became the first major economy to set a net zero target in law.

- 3.3 Chesterfield Borough Council declared a Climate Emergency on 17 July 2019.
- 3.4 The Council noted *'the Intergovernmental Panel on Climate Change (IPCC) 'Special Report on Global Warming of 1.5°C', published in October 2018, which confirmed the catastrophic consequences of manmade climate change and the urgent need to act to address the marked increases that we are already seeing with regards higher sea levels, flooding, other extreme weather events, crop failures and destruction of land and marine ecosystems'*.
- 3.5 Noting the IPCC's 'Special Report', the Council declared unequivocally *'that our town and borough, country and planet are facing a climate emergency'*.
- 3.6 The Notice of Motion also committed the Council to establishing *'a Chesterfield Climate Change working group with the shared purpose of enabling Chesterfield to become a low carbon, resilient and sustainable borough'* and inviting the working group to *report back and make recommendations to Full Council on a realistic date for Chesterfield to be carbon neutral, and to develop a costed action plan, by March 2020, setting out the required work to achieve this outcome'*.
- 3.7 To enable effective collaboration the Notice of Motion also confirmed *'that Chesterfield Borough Council would work with other local authorities and public, private and voluntary sector partners on carbon reduction projects'* and *'called on the Government to provide the necessary resources and powers for Chesterfield Borough Council to achieve its ambition of becoming a carbon neutral town and borough.'*

#### **4.0 Climate Change Working Group**

- 4.1 The Notice of Motion gave the mandate for the Council to recruit members of the community to form a working group. To

enable this, expressions of interest were sought from citizens across the Borough, which resulted in a working group of nineteen people being established to support the development of the Council's Climate Change action plan.

- 4.2 The first meeting of the working group took place on 23 October 2019; further meetings were held on 25 November 2019, 10 December 2019, 14 January 2020 with a final meeting on 30 January where agreement was reached on the final content of the action plan.
- 4.3 The working group has developed the action plan around the following eight themes;
- Housing / buildings
  - Power / electricity
  - Transport
  - Industry / business
  - Agriculture / land use
  - Waste / consumption
  - Engagement / education
  - Policy / general
- 4.4 These themes adopted by the working group were informed by the Friends of the Earth document 'Climate action plan for councils', details of which can be found at;  
<https://takeclimateaction.uk/climate-action/get-your-council-adopt-climate-action-plan>
- 4.5 Against each theme, the working group identified a long list of potential actions. The working group then worked through the long list at each meeting to a point where the final action plan is populated with thirty-nine actions. You'll note from the action plan at Appendix A that each action has an associated timescale and cost, where applicable, to ensure that what we are seeking to achieve is realistic and will make a positive impact.

- 4.6 In developing the actions members of the working group have had due regard to the position taken by Derbyshire County Council on Climate Change, the national legislative framework as set out in the Climate Change Act 2008 and the Queen's Speech from December 2019, which contained significant reference to Climate Change and actions to reduce greenhouse gas emissions.
- 4.7 The Council's Council Plan 2019 – 2023 has also been adjusted to incorporate the action plan, which will mean that the latter will be subject to the Council's performance management framework.
- 4.8 The action plan review through the Council's performance management and governance framework including the formal Overview and Scrutiny process, will ensure that the plan includes emerging opportunities linked to technological improvements, innovation, best practice etc. To enable the plan to be amended and developed to reflect such changes, delegated authority for the Deputy Leader in consultation with the Cabinet Member for Health and Wellbeing is being sought to approve action plan updates between March 2020 and March 2023. A fully revised plan will be developed for delivery from April 2023.

## **5.0 Report Details**

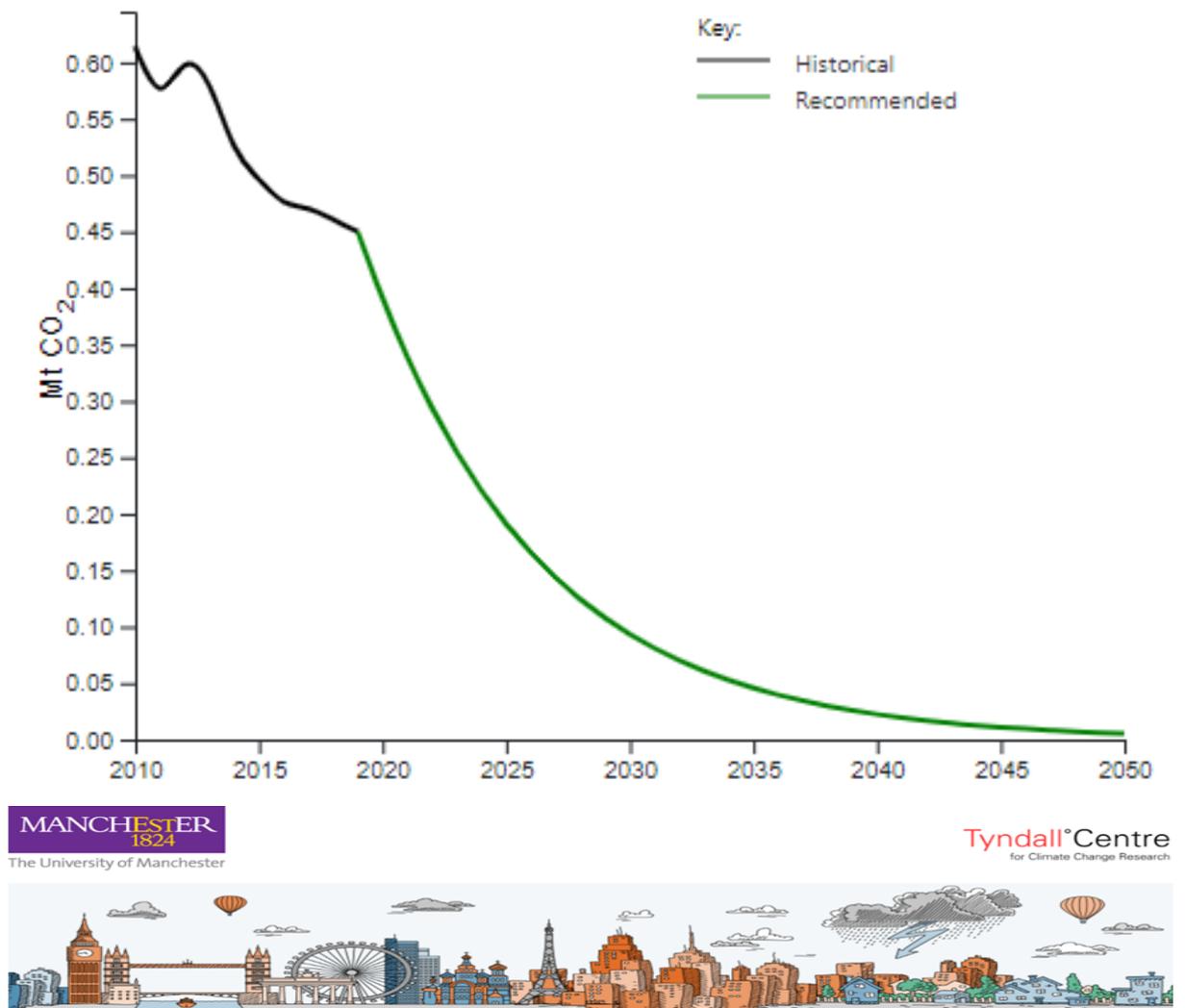
- 5.1 There have been significant developments to tackle climate change globally and nationally. Agreement was reached at the United Nations Framework Convention on Climate Change Paris Agreement in 2015 to limit the global temperature rise to a maximum of 2°C. Significant work has been carried out as a result of this Agreement to calculate the cumulative amount of carbon dioxide (CO<sub>2</sub>) emissions permitted to keep the earth within a certain temperature threshold, in this instance a global temperature rise of 2°C above pre-industrial levels.

- 5.2 This is known as the global carbon budget. The global carbon budget has since been divided amongst individual countries, including the UK. Further work has then been undertaken by The Tyndall Centre, on behalf of the Government, to allocate the UK's carbon budget amongst local authority areas. In September 2019 local carbon budgets were made available at district and borough level.
- 5.3 There is currently no legal requirement for local authorities to take action to meet local carbon budgets, however in view of the UK's commitment to achieve at least net zero carbon emissions in the UK by 2050, statutory emissions targets are likely to be set for local authorities at some point in the future. As such, it is important that the Council takes action now and begins its journey towards carbon neutrality demonstrating its role as a community leader and advocate for sustainable change whilst supporting the most vulnerable within our communities utilising frameworks such as Just Transition.
- 5.4 Although it is important that the Council leads by example and tackles its own emissions, it is important to note that emissions from the Council's own estate and operations, based on current data sources, are estimated to account for less than 1.00% of total emissions across the Borough.
- 5.5 Nottingham City Council's Energy Projects Team (who are considered nationally to be a leading authority in relation to greenhouse gas emissions and carbon reduction programmes) have given the Council a greater insight into our emissions and also additional data / further analysis to enhance our understanding of the Borough Council's levels of greenhouse gas emissions.
- 5.6 Through analysis of direct emissions from our controlled or owned sources and indirect emissions from the generation of purchased energy used by the Council, Nottingham City

Council's Energy Projects Team has identified that the most significant contributor to the Council's carbon footprint is our use of natural gas (51%) to heat and provide hot water for our operational buildings. This is followed by the consumption of electricity (24%) and diesel (21%) for our fleet.

- 5.7 Given these figures the action plan has a specific focus on refreshing the individual asset management plans for the council's operational buildings to identify clean energy solutions for the future provision of heating and hot water. There is also a clear direction of travel for the organisation to invest in L.E.D lighting schemes and renewable energy. Finally, the action plan makes a clear commitment for the Council to transition its fleet to electric vehicles.
- 5.8 The commitment to tackle and address these areas alongside other actions will enable the Council, based on current data sources, to reach a net zero carbon position by 2030.
- 5.9 Chesterfield area-based annual greenhouse gas emissions as referenced by Anthesis Group, Scatter tool 2019, currently stand at circa 567,536 tonnes CO<sub>2</sub>e. Tackling Borough wide emissions is a challenging task requiring joint action by communities, businesses, all local authorities and other public sector organisations.
- 5.10 Figure 1 below sets out the pathway for Chesterfield to achieve carbon neutrality by 2050 as identified by the Tyndall Centre for Climate Change Research, The University of Manchester. It highlights the positive downward historical trend since around 2012 and the significant reduction required in emissions across the Borough between 2020 and 2030. In addition, it highlights the significantly lower carbon and more resilient position of the Borough by 2040 to enable the net zero position to be achieved by 2050.

Figure 1. Chesterfield area CO2 emission pathway consistent with Paris Climate Change Agreement



5.11 The reduction of greenhouse gas emissions is everyone's responsibility and whilst local authorities currently have no statutory responsibility for this, they are uniquely positioned to take a leading role in tackling climate change.

The Independent Committee on Climate Change, in its report 'Net Zero – The UK's contribution to stopping global warming' recognised the role of local authorities in tackling climate change ... *'Cities and local authorities are well placed to understand the needs and opportunities in their local area, although there are questions over whether they have sufficient resources to contribute strongly to reducing emissions.'*

In addition to our regulatory and strategic functions, the Council recognises its role as a community leader, major employer, landlord and large-scale procurer of goods and services. Whilst the other district / borough councils in Derbyshire are at different stages in their Climate Change journeys, the Leaders of all, including Chesterfield Borough Council, have recently agreed to come together with Derbyshire County Council to tackle climate change across Derbyshire.

- 5.12 In this regard, Derbyshire County Council has established an environment and climate change framework to reduce greenhouse gas emissions to levels which are consistent with allocated carbon budgets for Derbyshire and to reduce carbon emissions in Derbyshire to net zero by 2050. County strategies including those relating Low emission Vehicle Infrastructure, Local Transport Planning, Waste Management and Air Quality Management will help shape district and borough council activity at a local level.
- 5.13 The Council is committed to this collaborative and co-design approach with local authority partners to tackle climate change and to achieve net zero emissions across the borough and county geographies by 2050.
- 5.14 The Council is also committed to working with the Peak District National Park Authority with particular reference to growing opportunities for carbon capture.
- 5.15 Reductions in greenhouse gas emissions will only be achieved through co-ordinated and concerted effort from everyone, given the Councils' limited direct influence. Residents, the voluntary sector, businesses, public organisations, transport and agriculture sectors, amongst others, are all critical influencing agents and as such the climate change action plan has a significant focus on communication and engagement.

## **6.0 Human resources / people management implications**

- 6.1 The Council's adoption of the Climate Change action plan necessitates the recruitment of an additional officer resource to co-ordinate the work of the Council. The new post holder will act as a local expert to help ensure the actions are integral to the way the Council's members and staff think and work from this point forward as opposed to the appointee just being responsible for delivery of the action plan.
- 6.2 It is critical that everyone within Chesterfield Borough Council takes ownership of the Climate Change action plan. The Council's corporate induction programme will be adapted to include climate change and we are currently exploring the relative merits of a range of learning and development opportunities to raise member and staff awareness and engage staff teams in the direct delivery of the action plan.
- 6.3 Plans are also well advanced with regards rolling out a staff communications and engagement plan across the Council so that all staff are able to fully understand and appreciate the individual roles that each can play through their own direct action as well as through partners, suppliers etc.
- 6.4 It is also proposed to introduce a new Climate Change implications section within all Council reports where key decisions are made to ensure that Climate Change features as a key consideration at all levels of Council decision making.
- 6.5 To support this work, it is proposed that meaningful and productive engagement takes place with the Trade Unions which represents the Council's staff through Employer and Trade Union meetings and Departmental Joint Consultative Committees. It is envisaged that the partnership agreement with the Trade Unions will directly support a positive approach to engaging and supporting staff utilising suitable opportunities such as the Just Transition framework.

## 7.0 Financial implications

- 7.1 The Council had already made a one-off commitment of £100,000 to kick start work on developing the action plan and to start to progress implementation of agreed actions. Based on the costs now identified in the action plan at Appendix A, it is recommended that the allocation be increased to £300,000 over a 3-year financial horizon to fund the new officer post and directly support implementation of the action plan. The Budget Risk Reserve currently has sufficient funds within it to enable the recommended allocation to be made in full.
- 7.2 Failure to invest this level of resource will significantly reduce the impact that full implementation of the action plan will have and consequently has the potential to jeopardise the Council's ability to achieve its net zero target by 2030. In addition, any failure to deliver at the Council level could adversely impact on the wider Borough and County net zero target date of 2050.

## 8.0 Risk management

- 8.1 The main risks associated with the proposals are shown in the table below:

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
The action plan is not delivered upon	High	Medium	The plan has been developed in consultation with members, officers and the wider Chesterfield borough community and as a result comprises actions that are reasonable and achievable. In	High	Low

			<p>addition, the Council intends to appoint a dedicated officer resource to champion delivery of the action plan which includes the development of a detailed communications and engagement plan given the requirement to engage all our communities.</p>		
<p>Specific areas of the plan are not delivered upon</p>	High	High	<p>The Council's performance management framework will be applied to ensure that the agreed actions are implemented to time and within budget. This will enable any actions where progress is not being made to be identified at an early stage and corrective measures taken. In addition, due to advances in technology during the timeframe of the action plan, alternative actions may come to replace those currently listed; which in turn will</p>	Medium	Low

			enable improved outputs and outcomes to be achieved.		
Resource is not allocated to support the delivery of the action plan	High	High	Full cost estimates have been applied to those actions that require additional resource and a budget of £300,000 allocated to support delivery of the Climate Change action plan over a 3-year financial horizon. Expenditure against this sum will be managed through existing internal budgetary control measures to ensure spend is in line with the original cost estimates and that value for money is achieved, for example, through proper recruitment and procurement processes.	Medium	Low

## 9.0 Equality, Diversity and Social Inclusion considerations

9.1 Equality, diversity and social inclusion issues formed a key part of our considerations when developing the Climate Change Action Plan. Many of the activities within the plan not only

make a significant contribution to reducing the impact and speed of climate change but also present opportunities for positive impacts for equality, diversity and social inclusion. For example, there are a range of actions relating to improving thermal efficiency across different housing tenure types within the borough. This will improve the quality of housing but will have a particularly positive impact on low income groups by reducing energy bills and alleviating fuel poverty, but also for people with some disabilities or conditions which are exacerbated by housing issues such as damp and cold. The work to investigate improvements around integrated transport systems, in particular public transport, has the potential to reduce social isolation and increase access to key amenities across the borough and beyond.

- 9.2 As the Climate Change Action Plan actions are developed into projects and activities, individual equality impact assessments will be undertaken to maximise equality, diversity and social inclusion benefits and where necessary seek to mitigate any potential negative impacts.

## **10.0 Recommendations**

- 10.1 That Members approve the proposed Climate Change action plan as detailed in Appendix A, to support the Council to achieve net zero carbon emissions by 2030, and Chesterfield Borough by 2050.
- 10.2 That a new post of Climate Change / Sustainability Officer be established.
- 10.3 That the Council allocates a sum of £100,000 per annum in each of the next 3 financial years to support the Council's work on Climate Change.
- 10.4 That the proposal for the Council to collaborate with the other district / borough councils in Derbyshire and Derbyshire County

Council as part of a county-wide approach to tackling Climate Change is supported as is further work with Nottingham City Council to better understand the carbon footprint of the Council and Chesterfield Borough.

- 10.5 That the Deputy Leader is given delegated authority in consultation with the Cabinet Member – Health and Wellbeing to approve action plan updates to ensure the plan remains current and relevant.

### **11.0 Reasons for recommendations**

- 11.1 To ensure that the legislative requirement for net zero greenhouse gas emissions by 2050 can be met.
- 11.2 To provide the Council with a realistic and costed approach to achieving its ambition to be a carbon neutral Council by 2030.
- 11.3 To ensure that the Council gives effect to the Notice of Motion passed at a meeting of full Council in July 2019 to enable Chesterfield to become a low carbon, resilient and sustainable borough.

## Decision information

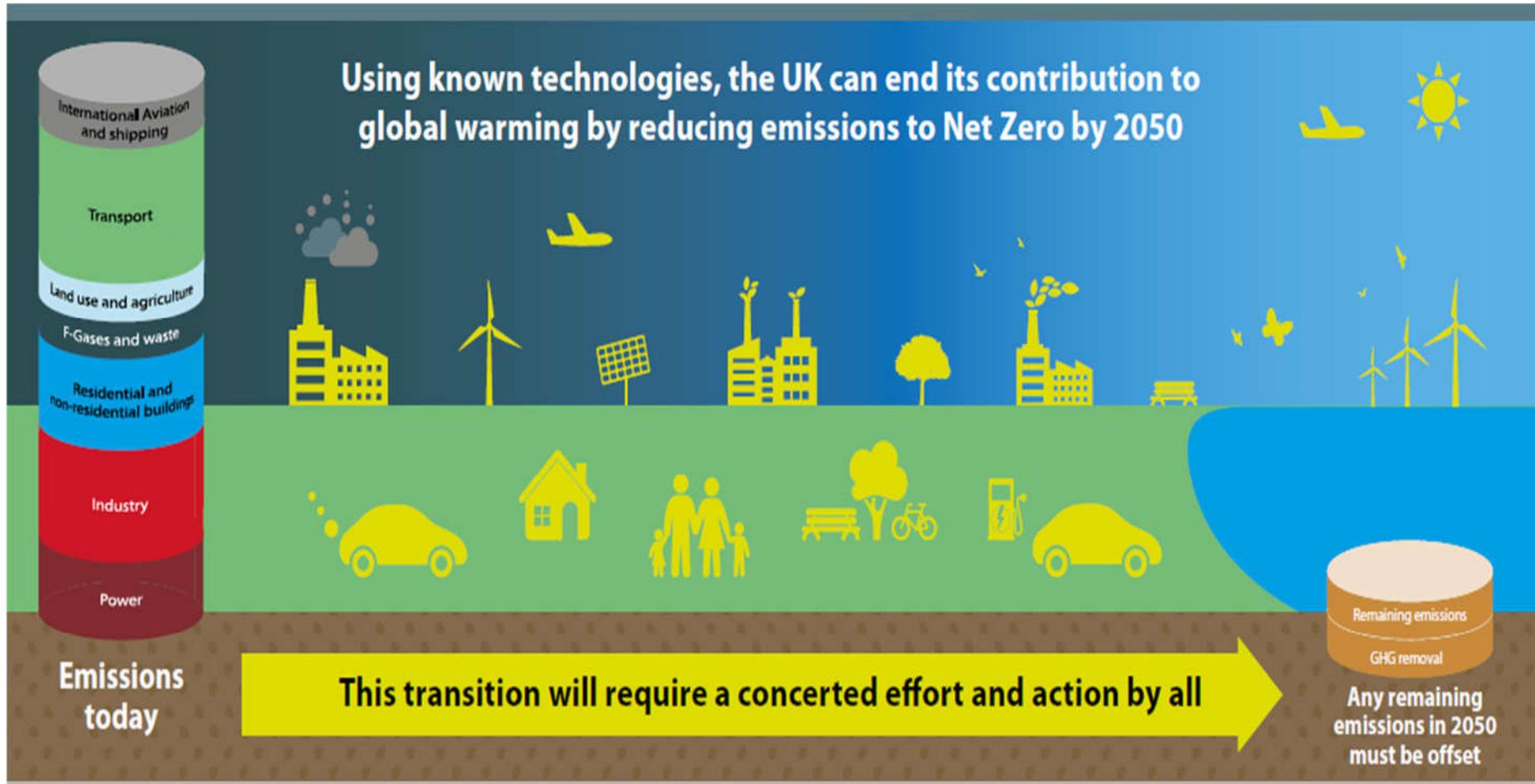
<b>Key decision number</b>	<b>939</b>
<b>Wards affected</b>	All wards
<b>Links to Council Plan priorities</b>	To improve the health and well-being of people in Chesterfield Borough.

## Document information

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<b>Background documents</b>	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
Just Transition <a href="https://www.tuc.org.uk/research-analysis/reports/just-transition-greener-fairer-economy">https://www.tuc.org.uk/research-analysis/reports/just-transition-greener-fairer-economy</a>	
Intergovernmental Panel on Climate Change (IPCC) 'Special Report on Global Warming of 1.5°C', October 2018.	
Friends of the Earth document 'Climate action plan for councils.'	
Climate Change Act 2008.	
Queen's Speech December 2019.	
Tyndall Centre for Climate Change Research, The University of Manchester.	
Independent Committee on Climate Change - 'Net Zero – The UK's contribution to stopping global warming.'	
Derbyshire Environment and Climate Change Framework.	
<b>Appendices to the report</b>	
Appendix A	Climate Change Action Plan

# CLIMATE CHANGE ACTION PLAN 2020-2023

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# 1. Homes and buildings

Item	Action	Owner	Start date	Anticipated completion date	Associated Costs up to 2023
1	CBC to invest in improving the thermal / energy efficiency of its existing housing stock.	CBC	01/04/2020	31/03/2023	Up to £13,715,000
2	CBC to review the existing home improvement offer to widen support for vulnerable / low income.	CBC	01/04/2020	31/03/2021	Up to £300,000
3	CBC to refresh planning guidance in relation to the raising of environmental standards for house building locally.	CBC	01/04/2020	31/03/2021	Staff time
4	CBC to define its preferred environmental standard to deliver new social housing across the Borough.	CBC	01/04/2020	31/03/2021	Staff time
5	CBC to refresh its asset management strategy to focus on its operational premises to be fuelled by clean technology.	CBC	01/04/2020	31/03/2022	Staff time

## 2. Power and electricity

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
6	CBC to install LED lighting in all CBC premises.	CBC	01/04/2020	31/03/2023	Up to £150,000 budget estimate
7	CBC to support the establishment of a local organisation to identify preferred energy providers to residents.	CBC	01/04/2020	31/03/2022	Staff time
8	CBC to switch to renewable electricity energy provider.	CBC	01/04/2020	31/03/2021	Up to £10,000 budget estimate
8	CBC to work with DCC to accelerate where possible all street lighting to LED. CBC to replace all its own external lighting to LED.	CBC / DCC	DCC 01/04/2020 CBC 01/04/2020	DCC ongoing CBC 31/03/23	Up to £30,000 budget estimate for CBC own lighting.
10	CBC commits to explore the installation of SPV technology on all appropriate nondomestic CBC premises and investigate opportunities / sites for energy production from solar and wind.	CBC	01/04/2020	31/03/2022	Staff time

# 3. Transport

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
11	New housing developments to be connected to the cycle / walking network. CBC to establish the minimum size of development that this would be applied to.	CBC / DCC and partners.	01/04/2020	31/03/2021	Staff time
12	CBC to commission a strategic assessment of integrated Transport within the Borough to support our communities making the transition to sustainable modes of transport.	CBC	01/04/2020	31/03/2022	Up to £30,000 budget estimate
13	CBC to work with taxi and bus operators regarding the move to electric vehicles within Chesterfield.	CBC / DCC	01/04/2020	31/03/2022	Staff time
14	CBC to develop and implement a policy that commits to invest in appropriate electric fleet vehicles when the current vehicle lease expire.	CBC	01/04/2020	31/03/2023	Staff time
15	CBC to raise with DCC and neighbouring districts and boroughs options regarding local bus service regulation.	CBC / DCC / neighbouring districts and boroughs	01/04/2020	31/03/2021	Staff time

# 4. Industry and business

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
16	CBC to engage the Local Enterprise Partnership to ensure that climate change is assessed as part of decision making.	CBC / partners	01/04/2020	ongoing	Staff time
17	Using local business organisations develop a scheme to support small and medium sized enterprises to access funds and expertise for reducing carbon emissions.	CBC / partners	01/04/2020	31/03/2022	Staff time
18	CBC to work with Destination Chesterfield / other business organisations to encourage sharing of environmental best practice.	CBC / Destination Chesterfield / partners	01/04/2020	31/03/2021 then ongoing	Staff time
19	CBC to work with Destination Chesterfield / other business organisations to investigate options regarding environmental sustainability business awards.	CBC / Destination Chesterfield / partners	01/04/2020	31/03/2022	Staff time pump prime funding up to £15,000 budget estimate
20	Work with local business and seek to develop a sustainability mentoring programme.	CBC / partners	01/04/2020	31/03/2022	Staff time

# 5. Agriculture and land use

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
21	Undertake a full inventory of all CBC owned land to identify how to maximise carbon capture.	CBC	01/04/2020	31/03/2021	Up to £5,000 budget estimate
22	CBC to develop a policy working with DCC of nature friendly road verges that are subject to re-wilding / reduced / no grass cutting.	CBC / DCC / partners	01/04/2020	31/03/2022	Staff time
23	CBC commits to Implement a tree planting programme on its own land to deliver a minimum of 1,000 new additional trees per annum.	CBC	01/04/2020	31/03/2023	Up to £15,000 budget estimate
24	Use existing planning policy and where appropriate supplementary planning guidance to ensure developers introduce more open / wild spaces in new developments.	CBC	01/04/2020	31/03/2021	Staff time

# 6. Waste and consumption

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
25	Develop a sustainable trade waste policy and work with our contractor for an associated trade waste service that promotes circular economy waste policies.	CBC / businesses / waste contractor / partners	01/04/2020	31/03/2021	Staff time and development costs up to £5,000 budget estimate
26	Develop a sustainable domestic waste policy and work with our contractor for an associated domestic waste service that promotes circular economy waste policies.	CBC / waste contractor / partners	01/04/2020	31/03/2021	Staff time and development costs up to £5,000 budget estimate
27	Support and promote a community sharing and reuse scheme.	CBC	01/04/2020	31/03/2021	Staff time and development costs up to £5,000
28	Co-produce sustainable waste management guide and education material with local schools that promotes circular economy waste policies.	CBC / DCC / partners	01/04/2020	31/03/2021	Staff time and development costs up to £5,000 budget estimate

# 7. Engagement and education

Item	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
29	CBC to develop and implement a comprehensive engagement and communication plan.	CBC / partners	01/04/2020	31/10/2020	Staff time and up to £40,000 for delivery
30	CBC to develop a suite of marketing / promotional material to support the plan	CBC / partners	01/04/2020	31/03/2023	Up to £40,000
31	CBC and partners to use reduce, reuse, recycle in all communications in relation to climate change	CBC / partners	01/04/2020	ongoing	Staff time
32	Encourage the use of local labour, services, goods and sustainable food to support a sustainable low carbon economy.	CBC / local business / partners	01/04/2020	ongoing	Staff time

# 8. Policy and general areas

ITEM	Action	Owner	Start date	Anticipated completion date	Associated costs up to 2023
33	CBC to refresh its growth strategy to take account of the climate change agenda and sustainability.	CBC / partners	01/04/2020	31/03/2021	Staff time and support budget up to £5,000
34	Introduce climate change impact assessments for all reports where key decisions are made.	CBC / partners	01/04/2020	30/07/2020	Staff time
35	CBC to commit to working as part of a county wide forum on climate change with all neighbouring Derbyshire Authorities.	CBC / DCC / other local authorities	Ongoing	ongoing	Staff time
36	Establish formal governance arrangements to enable the use of section 106 / Community Infrastructure Levy to fund sustainable initiatives and programmes.	CBC	01/04/2020	31/03/2021	Staff time
37	CBC to introduce new sustainable procurement conditions for suppliers.	CBC	01/04/2020	31/03/2021	Staff time

38	CBC to call on Central Government to provide resource and powers to effectively tackle the climate change agenda.	CBC	01/04/2020	ongoing	Staff time
39	CBC to engage additional dedicated officer time to work solely on the climate / sustainability agenda.	CBC	01/04/2020	30/10/2020	Up to £120,000 budget estimate

## For publication

### **Civic Arrangements 2020/21 (GV000)**

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Meeting:	Council
Date:	26 February, 2020
Cabinet portfolio:	Governance
Report by:	Senior Democratic and Scrutiny Officer

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## **For publication**

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### **1.0 Purpose of report**

1.1 To confirm arrangements for the civic year 2020/21 in respect of the following:

- a) Election of Mayor 2020/21
- b) Election of Deputy Mayor 2020/21
- c) Annual Council Meeting 2020
- d) Mayoral Dinner 2020
- e) Annual Civic Service and Parade 2020

### **2.0 Recommendations**

2.1 That Councillor Glenys Falconer be invited to become Mayor of the Borough for 2020/21.

- 2.2 That Councillor Tony Rogers be invited to become Deputy Mayor of the Borough for 2020/21.
- 2.3 That it be noted that the Annual Council meeting will be held on Wednesday 13 May 2020, followed by a drinks reception at the Town Hall.
- 2.4 That it be noted that the Annual Civic Service and Procession will be held on Saturday 16 May 2020.
- 2.5 That it be noted that the Mayoral Dinner will take place at The Winding Wheel Theatre on the evening of Saturday 16 May 2020 to coincide with a visit of the Oberbürgermeister of Darmstadt to mark the 60<sup>th</sup> anniversary of Chesterfield's twinning friendship with Darmstadt.

### 3.0 **Background**

- 3.1 Each year the Council is asked to confirm its civic arrangements for the forthcoming municipal year, namely the election of Mayor and Deputy Mayor, the date of the Annual Council meeting to elect the Mayor and Deputy Mayor and the associated civic events.
- 3.2 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.

### 4.0 **Election of Mayor and Deputy Mayor**

- 4.1 An issue has recently arisen with regards to the planned election of the current Mayor elect, Cllr Mick Bagshaw to the role of Mayor of the Borough for 2020/21. The Chief Executive has sought advice from the Monitoring Officer and discussed the issue with Councillor Bagshaw and the Leader of the Community Independents Group at the Council.

- 4.2 The Chief Executive has also discussed the issue with the Leaders of the two main political groups on the Council. Post these discussions, it has been agreed **not** to recommend to Council that Cllr Bagshaw be invited to become Mayor of the Borough for 2020/21. Accordingly this would be a departure from Council protocol (see paragraph 4.5).
- 4.3 The Chief Executive has therefore approached Cllr Glenys Falconer, i.e. the councillor next in line to become Deputy Mayor for 2020/21 (having regard to the current protocol for electing the Deputy Mayor [see paragraph 4.4 below]), with a view to Cllr Falconer being elected Mayor of the Borough one year ahead of schedule. Cllr Falconer has replied indicating her willingness to be elected Mayor of the Borough for 2020/21. This will need to be confirmed by full Council.
- 4.4 The appointment of Deputy Mayor as Vice Chair of the Council is a statutory appointment under Part 1 of the Local Government Act 1972. In the case of a Borough Council the Vice Chair is entitled to use the title of Deputy Mayor.
- 4.5 Cabinet adopted the current protocol for electing the Deputy Mayor in November 2006 (minute no. 124), continuing the practice adopted in 1995, namely:-
- a) That the Mayor will be the councillor with the longest service, and that priority between councillors with equal length of service will be governed by ascending alphabetical order of surname, without regard to membership of a political group.
- 4.6 In accordance with the protocol, Councillor Tony Rogers has indicated his willingness to accept the appointment of Deputy Mayor for 2020/21. This will need to be confirmed by Full Council.

## 5.0 **Civic Arrangements 2020/21**

- 5.1 The date of the Annual Council Meeting to elect the Mayor and Deputy Mayor for 2020/21 will be Wednesday 13 May 2020.
- 5.2 In accordance with council policy, confirmed by Cabinet at minute no. 126 (2008/09), the Civic Service will take place on the following Saturday, 16 May 2020.
- 5.3 During 2020, the Council celebrates the 60<sup>th</sup> anniversary of the signing of the twinning agreement between Chesterfield and Darmstadt in Germany, the town's first twinning link. A delegation from Darmstadt, including the Oberbürgermeister, will visit Chesterfield from 15 to 17 May 2020 to mark the occasion and it has therefore been agreed that for the municipal year 2020/21 the Mayoral Dinner marking the election of Cllr Glenys Falconer as Mayor of the Borough will take place at The Winding Wheel Theatre on the evening of Saturday 16 May 2020 to coincide with the visit.
- 5.4 For the municipal year 2020/21, the Annual Council Meeting will therefore be followed by a drinks reception at the Town Hall.

## 6.0 **Recommendations**

- 6.1 That Councillor Glenys Falconer be invited to become Mayor of the Borough for 2020/21.
- 6.2 That Councillor Tony Rogers be invited to become Deputy Mayor of the Borough for 2020/21.
- 6.3 That it be noted that the Annual Council meeting will be held on Wednesday 13 May 2020, followed by a drinks reception at the Town Hall.

- 6.4 That it be noted that the Annual Civic Service and Procession will be held on Saturday 16 May 2020.
- 6.5 That it be noted that the Mayoral Dinner will take place at The Winding Wheel Theatre on the evening of Saturday 16 May 2020 to coincide with a visit of the Oberbürgermeister of Darmstadt to mark the 60<sup>th</sup> anniversary of Chesterfield's twinning friendship with Darmstadt.
- 7.0 **Reasons for recommendations**
- 7.1 To enable the Council to confirm civic arrangements for 2020/21.

### **Decision information**

<b>Key decision number</b>	<i>Non-key decision</i>
<b>Wards affected</b>	<b>All wards</b>
<b>Links to Council Plan priorities</b>	To provide value for money services and improve the quality of life for local people.

### **Document information**

<b>Report author</b>	<b>Contact number/email</b>
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## For publication

### **Parental Leave Policy for Elected Members (GV050)**

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Meeting: Council

Date: 26.02.20

Cabinet portfolio: Governance

Report by: Assistant Director – Policy and Communications

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#### **1.0 Purpose of report**

1.1 To present for approval the Parental Leave Policy for Elected Members.

#### **2.0 Recommendations**

2.1 That the Parental Leave Policy for Elected Members is approved and implemented.

2.2 That the Cabinet Member - Governance is given delegated authority to approve minor amendments to the Parental Leave Policy for Elected Members between the formal review periods.

2.3 That the Parental Leave Policy for Elected Members is reviewed every three years.

### 3.0 **Background**

- 3.1 There is at present no legal right to parental leave of any kind for people in elected public office. This applies to MPs as well as members. These policy proposals can therefore only currently be implemented on a voluntary basis.
- 3.2 The Chesterfield Borough Council Parental Leave Policy for Elected Members has been modelled on the Local Government Association's Women's Taskforce Parental Leave Policy. It aims to make it easier for prospective parents and the Council alike to plan for when members take parental leave.
- 3.3 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.

### 4.0 **Parental Leave Policy for Elected Members**

- 4.1 The Council wishes to support its members in carrying out their duties and therefore will voluntarily implement a parental leave policy that grants members periods of parental leave as set in out Section 2 of the Parental Leave Policy for Elected Members (Appendix 1).
- 4.2 The Parental Leave Policy for Elected Members will cover birth and adoption.
- 4.3 The objective of the proposed policy is to ensure that insofar as possible members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for Cabinet Members and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.

- 4.4 The members' Group Leader will be consulted over assigning Ward casework and Ward matters for the period of absence.
- 4.5 In order to ensure members can take appropriate leave it is proposed that any member taking a period of parental leave will be entitled to receive their basic allowance in full whilst on maternity, paternity or adoption leave. Members in receipt of an SRA shall continue to receive this allowance in full whilst on maternity, paternity or adoption leave, and where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro-rata basis for the period of the temporary appointment.
- 4.6 A member taking parental leave shall return at the end of their leave to the same role, or to an alternative position with equivalent status and allowance which they held before their leave began. However this would not apply if they were removed from their role at an Annual Meeting of the Council whilst on leave, or unless the group to which they belong loses control of the Council during their leave period.

## 5.0 **Equalities considerations**

- 5.1 An Equality Impact Assessment for the new Parental Leave Policy for Elected Members is attached at Appendix 2. No negative impacts have been identified and significant positive impacts identified for some protected groups.
- 5.2 Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority members. It will also assist with retaining experienced members and making public office more accessible to individuals who might otherwise feel excluded from it.

## 6.0 **Consultation with members**

- 6.1 The three groups at Chesterfield Borough Council had the opportunity to consider the policy and feed in comments and further suggestions.
- 6.2 The policy was also discussed and supported by the Community, Customer and Organisational Scrutiny Committee on 30 January 2020.

## 7.0 **Financial considerations**

- 7.1 Under the proposed policy members will continue to receive basic and any special responsibility allowances whilst taking parental leave. Special responsibility allowances are paid where members undertake particular roles, such as Chair of a Committee. If these roles require cover during parental leave absence the replacement member will be entitled to receive the appropriate special responsibility allowance for the period of the temporary appointment, subject always to the rule that no member can receive more than one SRA. It is anticipated that these additional costs will be funded from the existing budget set aside for all member allowances within Democratic Services. This will, however, be kept under review as annual costs will clearly vary according to the types of role requiring cover and the frequency and duration of parental leave absences.

## 8.0 **Recommendations**

- 8.1 That the Parental Leave Policy for Elected Members is approved and implemented.
- 8.2 That the Cabinet Member - Governance is given delegated authority to approve minor amendments to the Parental Leave Policy for Elected Members between the formal review periods.

8.3 That the Parental Leave Policy for Elected Members is reviewed every three years.

9.0 **Reason for recommendations**

9.1 To give members a more equitable entitlement to parental leave after giving birth or adopting.

**Decision information**

<b>Non-Key decision number</b>	<b>923</b>
<b>Wards affected</b>	<b>ALL</b>

**Document information**

<b>Report author</b>	<b>Contact number/email</b>
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<b>Appendices to the report</b>	
Appendix 1	Parental Leave Policy for Elected Members
Appendix 2	Equality Impact Assessment

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# Parental Leave Policy for Elected Members

Date: February 2020

Review by: February 2023

## **1.0 Introduction**

- 1.1 This Policy sets out members' entitlement to maternity, paternity, shared parental and adoption leave and relevant allowances.
- 1.2 The objective of the policy is to ensure that insofar as possible members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.
- 1.3 Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority members. It will also assist with retaining experienced members and making public office more accessible to individuals who might otherwise feel excluded from it.
- 1.4 There is at present no legal right to parental leave of any kind for people in elected public office. This applies to MPs as well as members and has been the subject of lengthy debate. These policies can therefore only currently be implemented on a voluntary basis.

## **2.0 Leave Periods**

- 2.1 Members giving birth are entitled to up to 6 months maternity leave from the due date, with the option to extend up to 52 weeks by agreement if required. In addition, where the birth is premature, the member is entitled to take leave during the period between the date of the birth and the due date in addition to the 6 months' period. In such cases any leave taken to cover prematurity of 28 days or less shall be deducted from any extension beyond the initial 6 months.
- 2.2 In exceptional circumstances, and only in cases of prematurity of 29 days or more, additional leave may be taken by agreement, and such exceptional leave shall not be deducted from the total 52 week entitlement.

- 2.3 Members shall be entitled to take a minimum of 2 weeks paternity leave if they are the biological father or nominated carer of their partner/spouse following the birth of their child(ren).
- 2.4 A Member who has made Shared Parental Leave arrangements through their employment is requested to advise the Council of these at the earliest possible opportunity. Every effort will be made to replicate such arrangements in terms of leave from Council. Where both parents are Members leave may be shared up to a maximum of 24 weeks for the first six months and 26 weeks for any leave agreed thereafter, up to a maximum of 50 weeks. Special and exceptional arrangements may be made in cases of prematurity.
- 2.5 A Member who adopts a child through an approved adoption agency shall be entitled to take up to six months adoption leave from the date of placement, with the option to extend up to 52 weeks by agreement if required.
- 2.6 Any Member who takes maternity, shared parental or adoption leave retains their legal duty under the Local Government Act 1972 to attend a meeting of the Council within a six month period unless the Council Meeting agrees to an extended leave of absence prior to the expiration of that six month period.
- 2.7 Any Member intending to take maternity, paternity, shared parental or adoption leave will be responsible for ensuring that they comply with the relevant notice requirements of the Council, both in terms of the point at which the leave starts and the point at which they return.
- 2.8 Any member taking leave should ensure that they respond to reasonable requests for information as promptly as possible, and that they keep officers and colleagues informed and updated in relation to intended dates of return and requests for extension of leave.

### **3.0 Basic Allowance**

- 3.1 All Members shall continue to receive their Basic Allowance in full whilst on maternity, paternity or adoption leave.

#### **4.0 Special Responsibility Allowances**

- 4.1 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in full in the case of maternity, paternity, shared parental or adoption leave.
- 4.2 Where a replacement is appointed to cover the period of absence that person shall receive an SRA on a pro rata basis for the period of the temporary appointment.
- 4.3 The payment of Special Responsibility Allowances, whether to the primary SRA holder or a replacement, during a period of maternity, paternity, shared parental or adoption leave shall continue for a period of six months, or until the date of the next Annual Meeting of the Council, or until the date when the member taking leave is up for election (whichever is soonest). At such a point, the position will be reviewed, and will be subject to a possible extension for a further six month period.
- 4.4 Should a Member appointed to replace the member on maternity, paternity, shared parental or adoption leave already hold a remunerated position, the ordinary rules relating to payment of more than one Special Responsibility Allowances shall apply.
- 4.5 Unless the Member taking leave is removed from their post at an Annual General Meeting of the Council whilst on leave, or unless the group to which they belong loses control of the Council during their leave period, they shall return at the end of their leave period to the same post, or to an alternative post with equivalent status and remuneration which they held before the leave began.

#### **5.0 Resigning from Office and Elections**

- 5.1 If a Member decides not to return at the end of their maternity, paternity, shared parental or adoption leave they must notify the Council at the earliest possible opportunity. All allowances will cease from the effective resignation date.

- 5.2 If an election is held during the Member's maternity, paternity, shared parental or adoption leave and they are not re-elected, or decide not to stand for re-election, their basic allowance and SRA if appropriate will cease from the Monday after the election date when they would technically leave office.

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## Chesterfield Borough Council Equality Impact Assessment - Full Assessment Form

<i>Title of the policy, project, service, function or strategy:</i>	Parental Leave Policy for Elected Members	
<i>Service Area:</i>	Policy and Communications	
<i>Section:</i>	Democratic Services	
<i>Lead Officer:</i>	Donna Reddish – Assessment Director Policy and Communications	
<i>Date of assessment:</i>	MM/YY	
<i>Is the policy, project, service, function or strategy:</i>		
<i>Existing</i>	<input type="checkbox"/>	
<i>Changed</i>	<input type="checkbox"/>	
<i>New / Proposed</i>	<input checked="" type="checkbox"/>	

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### Section 1 – Clear aims and objectives

#### 1. What is the aim of the policy, project, service, function or strategy?

The objective of the policy is to ensure that insofar as possible members are able to take appropriate leave at the time of birth or adoption, that both parents are able to take leave, and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.

#### 2. Who is intended to benefit from the policy and how?

Improved provision for new parents will contribute towards increasing the diversity of experience, age and background of local authority members. It will also assist with retaining experienced members and making public office more accessible to individuals who might otherwise feel excluded from it.

**3. What outcomes do you want to achieve?**

Elected members will have a more equitable entitlement to parental leave after giving birth or adopting and the Council will be able to plan more effectively for member parental leave.

## Section 2 – What is the impact?

**4. 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.*

	Potentially positive impact	Potentially negative impact	No disproportionate impact
Age	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability and long term conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender and gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnant women and people on parental leave	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ethnicity	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion and belief	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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## Section 3 – Recommendations and monitoring

If you have answered that the policy, project, service, function or strategy could potentially have a negative impact on any of the above characteristics then a full EIA will be required.

**5. Should a full EIA be completed for this policy, project, service, function or strategy?**

Yes  No

*Please explain the reasons for this decision: No negative impacts identified.*

## 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:	Donna Reddish – Assistant Director Policy and Communications
	Date:	24.12.19
Reviewed by Policy Service	Name:	Allison Potter
	Date:	02/02/2020
Final version of the EIA sent to Policy Service	<input type="checkbox"/>	
Decision information sent to Policy Service	<input type="checkbox"/>	

## For publication

### Approval of Senior Pay Policy Statement 2020-21

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Meeting:	Full Council
Date:	26 February 2020
Cabinet portfolio:	Business Transformation
Report by:	HR & Support Services Manager

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## **For publication**

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### **1.0 Purpose of report**

- 1.1 To seek approval to a revision of the current Senior Pay Policy Statement in accordance with the Localism Act 2011 and the Local Government (Transparency Requirements) (England) Regulations 2014.

### **2.0 Recommendations**

- 2.1 That the revised Senior Pay Policy Statement be approved by Full Council.

### **3.0 Background**

- 3.1 A first version of this Policy was developed in March 2012 following the implementation of the Localism Act 2011. Section 38 (1) of the Act requires that English and Welsh local

authorities produce a Senior Pay Policy Statement for 2012/13 and each financial year after that. In 2014, the Department for Communities and Local Government published a revised Local Government Transparency Code on 3 October 2014 which sets out the requirement to publish data relating to Senior Pay.

- 3.2 The objective for publishing this information is to increase public transparency and local democratic accountability in how senior pay is set in local authorities. The intention is for Councils to be able to demonstrate value for money in the remuneration package of the senior managers and also show the role that local councillors play in determining senior reward.
- 3.3 The Policy has to be approved by Full Council each year and published on the Council's website. A copy of the Senior Pay Policy Statement 2020-2021 is attached at Appendix 1.
- 3.4 This report is due to be considered by Cabinet at its meeting on 25 February, 2020.

#### **4.1 Key Issues**

- 4.2 There has been no additional guidance issued for this year's Pay Policy Statement.
- 4.3 Should there be any significant changes in pay and conditions during the financial year, then the Policy will be updated accordingly.

#### **5.0 Consultation**

- 5.1 As this Senior Pay Policy Statement is a legislative requirement and a revision to the original Policy agreed in 2012, no consultation has taken place with Trade Unions. They have, however, been provided with a copy of the draft Policy and advised that this will be published on approval by full Council.

## 6.0 Financial implications

6.1 There are no financial implications directly relating to the publication of this Policy Statement.

## 7.0 Equalities

7.1 A preliminary Equalities Impact Assessment is attached at Appendix 2.

## 8.0 Risk management

<b>Risk</b>	<b>Likelihood (H/M/L)</b>	<b>Impact (H/M/L)</b>	<b>Mitigating action</b>
Failure to publish Senior Pay Policy Statement	L	H	The current policy is available on the intranet. Approval at Full Council in February will ensure we meet the statutory deadlines for publication. Any further guidance provided will be incorporated into the policy to ensure it meets the legislative requirements
Failure to update and publish Statement on an annual basis	L	H	The policy is to be added to the Forward Plan to ensure that it is reviewed annually. HR Manager to keep up to date with guidance and advice on these issues to ensure

			changes are incorporated as appropriate
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## 9.0 Recommendations

9.1 That the revised Senior Pay Policy Statement be approved by Full Council.

## 10.0 Reason for recommendations

10.1 To meet the requirements of the Localism Act 2011 by publishing this policy by 31 March 2020.

### Decision information

<b>Key decision number</b>	940
<b>Wards affected</b>	All wards
<b>Links to Council Plan priorities</b>	To deliver value for money services.

### Document information

<b>Report author</b>	<b>Contact number/email</b>
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<b>Appendices to the report</b>	
Appendix 1	Senior Pay Policy Statement
Appendix 2	Structure chart
Appendix 3	Equalities Impact Assessment

# **Senior Pay Policy Statement**

## **Policy Guiding Principles 2020/21**

**Prepared by:** Human Resources

**Date:** February 2020

**For Review:** February 2021

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## **Senior Pay Policy Statement**

### **1. Introduction**

#### **1.1 Legislation**

Section 38 (1) of the Localism Act 2011, requires all local authorities in England and Wales to produce a Senior Pay Policy Statement which is updated on an annual basis.

The Act and supporting statutory guidance provide details of matters that should be included in this statutory pay policy, which must be complied with when setting the terms and conditions of Chief Officers. The policy must be formally approved by full Council each year and published on the Council's website.

In addition, the Department for Communities and Local Government published a revised Local Government Transparency Code on 3 October 2014. The Local Government (Transparency Requirements) (England) Regulations 2014 regulates the Code which sets out the information local authorities are required to publish.

#### **1.2 Scope**

This Senior Pay Policy Statement will cover the following areas:

- The principles underpinning the Council's pay policy for the whole of the workforce
- The Council's policy on the level and elements of remuneration for each Chief Officer
- The Council's policy on the remuneration of its lowest-paid employees, along with a definition of 'lowest-paid employees'
- The Council's policy on the relationship between the remuneration of its Chief Officers and other officers
- The Council's policy on other specific aspects of Chief Officers' remuneration
- Information about terms and conditions of service for Chief Officers, particularly those that represent a cost to the Council
- The Council's policy on making discretionary payments on early termination of employment
- The Council's approach to remuneration at all levels to balance the need to secure and retain high-quality employees and avoiding excessive cost to the taxpayer
- The factors that are taken into account in deciding on what point of a scale a recruit is appointed, and by whom any decision is made
- An indication of the percentage rate at which the employer's pension contributions is set
- Information about re-employment of employees in receipt of a local government pension

### 1.3 Context

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 dedicated to delivering public services, whilst at the same time not being unnecessarily generous and excessive.

It is essential that local authorities are able to determine their own pay structures in order to address local priorities and to compete in the local labour market. 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 retain and attract high calibre leaders to deliver the complex agenda.

### 1.4 Definitions

The term Chief Officer covers the following Senior Leadership roles at Chesterfield Borough Council

- **Chief Executive**
- **Executive Director x 2**
- **Director of Finance and Resources**

At a meeting of the Joint Employment & General and Cabinet Committee on 15 December 2015, a new Corporate Management structure was approved creating the following new roles:

- Director of Finance and Resources
- Assistant Director Commercial Services
- Assistant Director Customers, Commissioning and Change
- Assistant Director Economic Growth Manager
- Assistant Director Health & Wellbeing
- Assistant Director Housing
- Assistant Director Policy & Communications

With the exception of the new Director of Finance and Resources, these new posts were employed at the third tier level and were employed on Chief Officer terms and conditions. Implementation of the new structure took place during 2016 and the final appointment, the Director of Finance and Resources was implemented November 2016.

The statutory duties of Head of Paid Service and Section 151 Officer are incorporated into the post of Chief Executive. The acting Chief Finance Officer is currently covering the responsibilities of the Section 151 officer. The duties

of the Monitoring Officer are incorporated into the post of Regulatory and Local Government Law Manager.

The structure of the Corporate Management Team and role of Director of Finance and Resources are under review at the time of writing and changes will be finalised in due course but not in time for this publication.

## **2. Background to Pay and Grading**

### **2.1 Whole Workforce**

In order to secure equal pay within the organisation, the NJC job evaluation scheme was applied to all posts covered by the NJC for Local Government Employees (excluding Chief Officers).

A new grading structure was implemented in 2003 for the whole workforce (excluding Chief Officers and Craft Workers) with negotiations then continuing with the relevant Trade Unions to complete the Single Status exercise.

An equal pay audit was undertaken on all evaluated posts to:

- Analyse the pay arrangements for all the Council employees
- Identify any differences in levels of pay between men and women
- Review the reasons for, and possible causes of, difference in pay, in particular whether these can be attributed to direct or indirect sex discrimination, and
- Identify how to close gaps in pay that cannot be attributed to reasons/causes other than sex discrimination.

The final Pay and Conditions were later agreed in the form of a Local Collective Agreement in November 2007. The actual salary at each point is determined by the National Joint Council (NJC) Pay Award, the last one being awarded as at 1 April 2018 for two years following a national review of the pay spine.

The national review resulted in a two year pay award for 2018-2020 which saw the bottom 14 scale points increased by up to 9% to make significant progress on the government aim of paying the National Living Wage of £9.00 per hour by 2020. Additionally, the review proposed increased spine points at the lower end of the pay scales to ensure that consistent pay progression could be achieved.

Following that review, the council successfully negotiated a revision to the collective agreement with local Trade Unions to implement the addition of extra scale points to the NJC scale matched to local grades.

## 2.2 Living Wage

The new legislative requirement to pay the National Living Wage of £7.20 came into force from 1 April 2016. However, the council was committed to paying the Living Wage determined by the Living Wage Foundation and this was implemented from 1 April 2016 at the rate of £8.25 per hour for staff at spine points 12 and below and increased in line with the rate set by the Living Wage foundation each April until April 2019. From April 2019 the living wage element was removed as the NJC award raised the bottom pay to the level of the National Living Wage.

Negotiations for the 2020 pay award are still ongoing at a national level and unlikely to be concluded by April 2020. The council are considering the impact of the increase in the voluntary living wage in November 2019 to £9.30 as this again exceeds the lowest pay grade and is likely to exceed this after any agreed pay award. It is likely that the council will be re-introducing the voluntary living wage with effect from April 2020 should national negotiations not achieve this rate at the lowest grade.

## 2.3 Corporate Management Team

In 2014, a review of the Corporate Management Team (CMT) was carried out and a revised structure agreed in June 2014. See Appendix 1.

This restructure resulted in the deletion of the Deputy Chief Executive and Head of Service posts and the creation of two new Executive Directors and Director of Finance and Resources.

With the challenges facing the council it was essential for the new Senior Leadership Team to have the skills and capabilities to deliver the changes required.

Following the implementation of the above new structure, a review commenced of the roles at the next tier of management. In December 2015, agreement was reached for seven new roles to be created to ensure that the Corporate Management and Senior Leadership Teams, could effectively deliver the objectives in the Council Plan in the context of the challenges facing the council. The revised structure was fully implemented in November 2016.

To ensure the senior management structure remains relevant and to incorporate the insourcing of circa 160 staff in October 2020 the Corporate Management team structure is under review at the time of writing however changes are unlikely to be agreed before publication of this policy.

### **3. Senior Management Salaries**

#### **3.1 Senior Leadership Team - Benchmarking**

In deciding on appropriate salaries for the new senior leadership positions in 2014, a benchmarking exercise was carried out into emerging management structures across district/borough councils in England. The research found that there was a move away from annual incremental progression through an agreed salary scale, to senior officers now being appointed on spot salaries.

The salaries for the current Senior Leadership posts effective from 1 April 2020 are shown in the table below (subject to 2% pay rise being implemented).

<b>Incremental points</b>	<b>Chief Executive</b>	<b>Executive Director</b>	<b>Director of Finance and Resources</b>
1	£104,073.66	£93,856.32	£85,745.28
2	£106,903.14		
3	£109,731.60		
4	£110,351.76		
5	£113,123.10		

A revised pay agreement was agreed with Chief executives in 2018 covering the two-year period 1 April 2018 – 31 March 2020. This agreement awarded a 2% cost of living rise and was implemented from 1 April 2018.

At the time of writing the NJC pay award for 2020 is still under consultation but a 2% increase has been assumed.

#### **3.2 Package over £100,000**

Where the salary package of any post exceeds £100,000, full council will be given the opportunity to approve the level of remuneration. The salary package is defined as base salary, any routinely paid allowances, bonus fees and other benefits in kind which are due under the contract.

#### **3.3 Corporate Management Team**

The new Corporate Management Team was implemented from March 2016 and comprised of 6 manager posts with new job roles. These all include an identical set of corporate responsibilities, together with a set of service specific responsibilities.

There was also a change to the Senior Leadership Team which saw the Chief Finance Officer role being deleted and the new Director of Finance and Resources post established.

The new CMT roles and the new Director of Finance and Resources role were evaluated by a senior adviser to the Local Government Association, using the LGA Chief Officer method of job evaluation. The recommended salary bands took account of comparable roles in other local authority organisations.

To provide consistency with the approach taken to other roles within the Senior Leadership Team, the Director of Finance and Resources was appointed on a spot salary.

Salaries at April 1<sup>st</sup> 2020 (subject to ongoing CMT review see 2.3 above).

Post	Incremental Range			
	1	2	3	4
Assistant Director Commercial Services	£62,245	£64,951	£67,658	£70,364
Assistant Director Customers, Commissioning and Change	£62,245	£64,951	£67,658	£70,364
Assistant Director Economic Growth	£62,245	£64,951	£67,658	£70,364
Assistant Director – Health And Wellbeing	£62,245	£64,951	£67,658	£70,364
Assistant Director Housing	£62,245	£64,951	£67,658	£70,364
Assistant Director Policy & Communications	£54,127	£56,833	£59,540	£62,245

These pay scales will be uplifted in line with the national pay award on an annual basis.

#### **4. Terms and Conditions of Service**

The Chief Executive is employed under the terms and conditions of service of the Joint Negotiating Committee for Chief Executives of Local Authorities, and the Executive Directors, Director of Finance and Resources and Corporate Management team under the terms and conditions of service of the Joint Negotiating Committee for Chief Officers of Local Authorities.

There are currently no additional local agreements relating to the employment of chief officers that represent a charge on the public purse, with the exception of election duties (see following paragraph).

## **5. Additional Payments**

### **5.1 Election Duties**

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 a fee structure determined by Derbyshire County Council. Fee payments for national and European elections are set by central government and are, in effect, not paid by the council, as the fees are reclaimed.

### **5.2 Acting Up Payments**

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.

### **5.3 Honoraria**

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. Further details are set out in Paragraph 9 of the Local Pay Agreement.

### **5.4 Telephone Rental**

A line rental may be paid to any Chief Officer who is expected to be contactable at home. The same payment is made to all eligible employees, regardless of grade.

A mobile telephone is provided to employees at the discretion of the Service Manager 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.

### **5.5 Car Mileage and Expenses**

All employees, including Chief Officers, are able to claim for mileage and expenses occurred for business reasons only. A review of car mileage payments was carried out in 2012/13 and a decision made by Cabinet in July 2013 to implement the HMRC rates for mileage claims. These revised

payments have been applied to all employees claiming mileage since March 2014. Essential user allowance is no longer paid. Expenses are paid in accordance with the Council's Subsistence Policy.

## **5.6 Other financial benefits**

Post holders employed under the terms and conditions relating to Chief Executives and Chief Officers are not in receipt of any financial benefits that are not also available to other employees.

They are exempt from receiving the following benefits which other employees receive:

- Unsocial hours payments
- Overtime Payments

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

## **6. Incremental Progression**

The policy of the council in respect of incremental progression is the same regardless of the level of the post and is set out at paragraph 1 of the Local Collective Agreement. On taking up employment, individuals will normally start at the bottom spinal column 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.

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. Lowest Paid Employees**

Following the implementation of Single Status and the NJC Job Evaluation Scheme, local grades were implemented. The lowest paid employees are determined by those whose job evaluation score was between 250-279, which placed them on Scale 1 at SCP 4-6. From 1 October 2015, the NJC for Local government Employees agreed that the bottom Spinal Column Point would be removed as this would be lower than the National Minimum Wage. Following negotiations on the pay award for 2019 and realignment of the local pay grades, the lowest grade currently starts at the new scale point 1 which is £9.00 an hour and subject to a 2% pay award in April 2020 being agreed will be £9.18.

## **8. Relationship between salaries**

The ratio of the Council's top earner to that of its median paid employee is 6.93. This ratio has been based on year to date taxable earnings for the financial year 1 April 2019 to 31 December 2019.

## **9.Pensions**

### **9.1 Contributions**

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 (including pensionable allowances) (rates below as of April 2018):

Band	Range (£)	Contribution Rate
1	£0 to £14,400	5.5%
2	£14,401 to £22,500	5.8%
3	£22,501 to £36,500	6.5%
4	£36,501 to £46,200	6.8%
5	£46,201 to £64,600	8.5%
6	£64,601 to £91,500	9.9%
7	£91,501 to £107,700	10.5%
8	£107,701 to £161,500	11.4%
9	More than £161,501	12.5%

An assessment is undertaken on an annual basis to determine the contribution rate.

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.

Following the triennial re-evaluation of the pension scheme the Employer's contribution for Chesterfield will rise to 15.2% of pensionable pay from April 2020.

### **9.2 Discretions**

There are a number of discretions available under the Local Government Pension Scheme applicable to all employees. The aim of the Chesterfield Borough Council Policy on discretions is to ensure:

- fairness and equity in funding and contribution levels are adequate to meet future demands

- elected members are made aware of the financial consequences of decisions
- the age, skills and experience profile of the organisation is balanced

The discretions agreed for all employees are set out in the council's discretions policy.

### **9.3 Re-employment of employees in receipt of a pension**

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.

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 may be 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.

There are currently no re-employed pensioners in senior management positions and no previously employed Chief Officer has returned under a contract for services.

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.

## **10. Payments on Termination of Employment**

Payments on termination of employment will be made under the LGPS or in accordance with the discretions set out above. 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.

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

A decision is still expected following the consultation relating to Public Sector Exit Payments. If agreed, this legislation will place a cap of £95,000 on the total package for employees leaving public sector employment.

## **11. Publication of Information**

Information relating to the salaries of senior management is already published on the council's website. This policy statement, which has been approved by Full Council, will also be made available and placed on the website from March 2020

**Corporate Management Structure – 2020  
(subject to review)**

**Senior Leadership Team**

Chief Executive
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Executive Director	Executive Director	<b>Director of Finance and Resources</b>
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**Corporate Management Team**

<b>Assistant Director Economic Growth</b>	<b>Assistant Director Housing</b>
<b>Assistant Director Commercial Services</b>	<b>Assistant Director Health and Wellbeing</b>
<b>Assistant Director Customers, commissioning and Change</b>	<b>Assistant Director Policy and Communications</b>

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## Chesterfield Borough Council

### Equality Impact Assessment - Preliminary Assessment Form

The preliminary impact assessment is a quick and easy screening process. It should identify those policies, projects, services, functions or strategies which require a full EIA by looking at negative, positive or no impact on any of the equality groups.

Service Area: HR

Section: HR

Lead Officer: Kate Harley

Title of the policy, project, service, function or strategy the preliminary EIA is being produced for: **Senior Pay Policy Statement**

Is the policy, project, service, function or strategy:

Existing

Changed

Q1 - What is the aim of your policy or new service?

To set out the Council's policy in relation to the pay and remuneration for Chief Officers in accordance with Section 38 (1) of the Localism Act 2011 and the Local Government Transparency Code. The aim of developing and publishing this policy is to provide transparency to the remuneration packages for Chief Officers and explain the rationale for the pay and grading of Chief Officers. The term Chief Officers refers to the Chief Executive, Executive Directors and Director of Finance and Resources.

Q2 - Who is the policy or service going to benefit?

The policy is not going to benefit any specific group, however, ensuring transparency to the remuneration packages for Chief Officers should benefit employees and the wider public.

Q3 - Thinking about each group below, does, or could the policy, project, service, function or strategy have an impact on protected characteristics below? You may also need to think about sub groups within each characteristic e.g. older women, younger men, disabled women etc.

Please tick the appropriate columns for each group.

<b>Group or Protected Characteristics</b>	<b>Potentially positive impact</b>	<b>Potentially negative impact</b>	<b>No impact</b>
Age – including older people and younger people.			X
Disabled people – physical, mental and sensory including learning disabled people and people living with HIV/Aids and cancer.			X
Gender – men, women and transgender.			X
Marital status including civil partnership.			X
Pregnant women and people on maternity/paternity. Also consider breastfeeding mothers.			X
Sexual Orientation – Heterosexual, Lesbian, gay men and bi-sexual people.			X
Ethnic Groups			X
Religions and Beliefs including those with no religion and/or beliefs.			X
Other groups e.g. those experiencing deprivation and/or health inequalities.			X

If you have answered that the policy, project, service, function or strategy could potentially have a negative impact on any of the above characteristics then a full EIA will be required.

Q4 - Should a full EIA be completed for this policy, project, service, function or strategy?

Yes

No

Q5 - Reasons for this decision:

Whilst this policy sets out the principles which underpin the council's pay policy for the whole of the workforce, the key purpose is to publicise how the council reaches its decision on the pay of Chief Officers and any other benefits. It is a requirement of the Localism Act 2011 that the pay policy statement is approved by full council and published by 31 March 2020

Please e-mail this form to the Policy Service before moving this work forward so that we can confirm that either a full EIA is not needed or offer you further advice and support should a full EIA be necessary.

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## **COUNCIL MEETING – 26 FEBRUARY 2020** **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 and there will be no questions or discussion on the Minutes at the Council meeting.

Please click on the links below to view the Minutes you want to read.

<b>Appeals and Regulatory Committee</b>	<a href="#">11 December, 2019 (Full Committee)</a> <a href="#">11 December</a> <a href="#">15 January, 2020</a> <a href="#">5 February</a>
<b>Employment and General Committee</b>	<a href="#">27 January, 2020</a>
<b>Licensing Committee</b>	<a href="#">3 January, 2020</a> <a href="#">8 January</a> <a href="#">29 January</a> <a href="#">5 February</a>
<b>Planning Committee</b>	<a href="#">6 January, 2020</a> <a href="#">27 January</a>
<b>Standards and Audit Committee</b>	<a href="#">27 November, 2019</a>

If you require paper copies of the Minutes please contact:

**Brian Offiler**

Democratic Services, Town Hall, Chesterfield, S40 1LP

Tel: 01246 345229

Email: [democratic.services@chesterfield.gov.uk](mailto:democratic.services@chesterfield.gov.uk)

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## CABINET

**Tuesday, 17th December, 2019**

Present:-

Councillor P Gilby (Chair)

Councillors Serjeant  
Blank  
T Gilby  
Ludlow

Councillors Holmes  
J Innes  
Mannion-Brunt  
Sarvent

\*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

77 **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

78 **MINUTES**

**RESOLVED –**

That the minutes of the meeting of Cabinet held on 3 December, 2019 be approved as a correct record and signed by the Chair.

79 **FORWARD PLAN**

The Forward Plan for the four month period 1 January to 30 April, 2020 was reported for information.

**\*RESOLVED –**

That the Forward Plan be noted.

80 **MINUTES OF THE SHEFFIELD CITY REGION MAYORAL COMBINED**

## **AUTHORITY BOARD**

Minutes of the meeting of the Sheffield City Region Mayoral Combined Authority Board held on 18 November, 2019 were reported for information.

### **\*RESOLVED –**

That the Minutes be noted.

## **81 INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES**

The Senior Democratic and Scrutiny Officer presented a report detailing the recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme. The Council appointed the IR Panel earlier in the year to consider Members' allowances as a statutory requirement of the Local Government Act 2000. The IR Panel last carried out a comprehensive review in 2015.

The IR Panel's report recommended increases to the Basic Allowance along with the Special Responsibility Allowances (SRAs) for the Chair of Planning, Appeals and Regulatory and Standards and Audit Committees, and the Vice Chairs of Planning and Appeals and Regulatory Committee. The Panel's report also recommended the introduction (or re-introduction) of two SRAs: Chair of Licensing Committee and Deputy Leader of the main opposition group. In addition, the Panel recommended that the SRA for the Vice Chairs of Scrutiny Committees be reduced. The overall cost of implementing the Panel's recommendations amounted to an additional £8,472, a year compared to the current scheme, which reduced to £3,718 whilst the Chair of Appeals and Regulatory Committee was also the Chair of the Licensing Committee.

The decision on whether the Panel's recommendations be accepted in full, in part or rejected would be taken by Full Council at its meeting on 18 December, 2019.

### **\*RESOLVED –**

That it be recommended to Full Council that:

1. They consider the report of the Independent Remuneration Panel and determine whether or not to approve some or all of the Panel's recommendations.
2. The IR Panel's report be published in the press and on the Council website, as set out at paragraph 6 of the officer's report.
3. A supplementary estimate to meet the additional costs outlined in paragraph 5.1 of the officer's report be approved.
4. They express both their appreciation and thanks to the members of the IR Panel for the thorough and efficient way in which they carried out the review.
5. The basic allowance, special responsibility allowances and Mayoral Allowance be updated annually in line with the annual percentage pay increase given to Chesterfield Borough Council employees as agreed for each financial year by the National Joint Council for Local Government Staff until 31 March, 2023 unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

## **REASON FOR DECISIONS**

To enable the Council's Members' Allowances Scheme to be reviewed as required by the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.

## **82 GENERAL FUND REVENUE BUDGET SUMMARY**

The Acting Chief Finance Officer submitted a report to update members on the development of the General Fund Revenue Budget Summary for 2020/21 and future years.

The latest revised budget for 2019/20 showed a projected surplus of £75k. The report attributed this to increased rental income from the Town Hall and savings with regards to the review of the Insurance Fund, trading accounts and staffing efficiencies.

The report provided an update on the Medium Term Financial Forecast. The latest projected deficit for 2020/21 was £242k, increasing to £876k by 2024/25. The future forecasts were dependant on core trading income

streams remaining consistent including income from car parks, leisure, business rents and income from the theatres.

The Acting Chief Finance Officer advised that, in advance of the final budget for 2019/20 being agreed by full Council on 26 February, 2020, work would be undertaken between Cabinet Members and the Corporate Management Team to continue to identify further savings and income generation proposals.

**\*RESOLVED –**

1. That the updated budget projections for 2019/20 and future years, as detailed in appendix A of the officer's report, be noted.
2. That work to refine the draft estimates and to identify further budget saving proposals be continued.
3. That the proposed use of the Markham Vale Enterprise Zone business rates rebate, as outlined in paragraphs 5.5 and 5.6 of the officer's report, be approved.

**REASON FOR DECISIONS**

To keep Members informed on the development of the budget proposals for 2020/21 and to provide an update on the medium term financial forecasts.

83

**SHELTERED HOUSING INVESTMENT UPDATE**

The Asset Management and Programmed Works Manager submitted a report to seek approval for the internal and external refurbishment of Leander Court as part of the approved works at Mallard Court and Pullman Close, Staveley. The report also sought approval to temporarily close and refurbish Aston Court, Staveley as part of the planned community projects in Staveley.

The report advised that Leander Court was currently general needs provision however it would be incorporated into the Mallard Court project to provide an expanded sheltered housing complex. Demand for flats and bedsits at these schemes had generally been low and the Council had identified a need to maintain the supply of affordable, modern and attractive accommodation to provide housing for the ageing population.

Once refurbished, Aston Court would be offered as general needs provision.

Investment in the proposed schemes would be included in the new Housing Capital Programme for 2020/21 to 2024/25 that would be presented to Cabinet in February 2020.

**\*RESOLVED –**

1. That the refurbishment project at Leander Court, in conjunction with the previously approved works at Mallard Court and Pullman Close, Staveley, be completed at an estimated cost of £3.9 million.
2. That the temporary closure and refurbishment of Aston Court, Staveley, be approved at an estimated cost of £3.2 million.
3. That lettings at Mallard and Leander Courts be ceased to enable a suitable decant strategy to be undertaken using accommodation at Aston Court.

**REASON FOR DECISIONS**

To meet the Council's priority 'to improve the quality of life for local people' and objective five 'to increase the supply and quality of housing in Chesterfield Borough to meet current and future needs.'

**84 EXCLUSION OF THE PUBLIC**

**RESOLVED –**

That under Regulation 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, 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 3 of Part I of Schedule 12A to the Local Government Act 1972.

**85 AWARD OF CONTRACT TO COLLECT AND DISPOSE OF DOMESTIC WASTE FROM MAY 2020**

The Interim Assistant Director – Commercial Services submitted a report to update members on the actions taken to procure a supplier for the

future delivery of the Council's waste collection contract. The report proposed that the contract be awarded to Veolia following an open tender process and sought approval for a revised five-year revenue budget for the provision of the contract and capital expenditure for the purchase of a new vehicle fleet.

The new contract would be for a period of five years, with the option to extend for a further two years, and would include the provision of the following waste collection services:

- Collection of Domestic Residual Waste and Healthcare Waste
- Collection of Domestic Organic Waste
- Collection of Commercial Waste
- Collection of Bulky Waste Items including fridges, freezers and other electrical items
- Delivery, repair and replacement of all domestic waste receptacles

The collection of market waste and recycling, and market grounds cleaning services, would be brought in-house from 1 May, 2020, enabling improvements to be made to service delivery and provide value for money.

The report would be considered by Full Council on 18 December, 2019.

Councillor Holmes requested that his abstention be recorded in the minutes.

**\*RESOLVED –**

1. That the decisions taken to close the open tender process for the procurement of Waste Collection Services and implement Regulation 32 of the Public Contract Regulations (PCR) 2015 to enable direct negotiations with a single supplier to secure the best value for money outcome for the future provision of Waste Collection Services across the borough be noted.
2. That it be noted that the revenue costs associated with the award of the contract and other elements of service delivery will lead to a different five-year budget profile for the provision of Waste Collection Services than the budget profile that is currently approved by Council.

3. That it be recommended to Full Council that the revised five-year revenue budget profile for the provision of Waste Collection Services from 2020/21, as set out in section 8 of the officer's report, be approved.
4. That a five-year contract be awarded to Veolia with the options to extend the contract for a further two years and then, if desired, a further seven years, to provide the following Waste Collection Services from 1 May, 2020:
  - Collection of Domestic Residual Waste and Healthcare Waste
  - Collection of Domestic Organic Waste
  - Collection of Commercial Waste
  - Collection of Bulky Waste items including fridges, freezers and other electrical items
  - Delivery, repair and replacement of all domestic waste receptacles
5. That the proposals for the direct in-house delivery of the market waste and recycling collection and market grounds cleaning services from 1 May, 2020, as set out in paragraph 3.6 of the officer's report, be approved.
6. That the range of service improvements that the new contract delivers, specifically with regards to sustainability and digital technology, be noted.
7. That it be recommended to Full Council that the capital expenditure for the purchase of a new vehicle fleet for the future delivery of Waste Collection Services, as set out in paragraphs 3.10 and 7.3 of the officer's report, be approved, and that this item of additional expenditure be added to the Council's Capital Programme for 2019/2020.
8. That the work being done to identify the most cost-effective method of procuring the vehicles that complies with current procurement legislation and delivers value for money be noted.
9. That delegated authority be granted to the Executive Director, in consultation with the Cabinet Member for Health and Wellbeing, to finalise the procurement arrangements for the new vehicles.

## **REASON FOR DECISIONS**

To agree the arrangements for the future provision of Waste Collection Services prior to the expiration of the current contract to ensure continuity of service.

**CABINET****Tuesday, 14th January, 2020**

Present:-

Councillor Serjeant (Vice-Chair in the Chair)

Councillors Blank  
T Gilby  
Ludlow  
Holmes

Councillors J Innes  
Mannion-Brunt  
Sarvent

\*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

87 **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor P Gilby.

88 **MINUTES**

**RESOLVED –**

That the minutes of the meeting of Cabinet held on 17 December, 2019 be approved as a correct record and signed by the Chair.

89 **FORWARD PLAN**

The Forward Plan for the four month period 1 January, 2020 to 30 April, 2020 was reported for information.

**\*RESOLVED –**

That the Forward Plan be noted.

90 **DELEGATION REPORT**

Decisions taken by Cabinet Members during November, 2019 were reported.

**\*RESOLVED –**

That the Delegation Report be noted.

**91 COLLECTION FUND REVISED ESTIMATES 2019/20**

The Acting Chief Finance Officer presented the Collection Fund revised estimates for 2019/20 which predicted an estimated surplus of £940,939 on the Council Tax elements of the Collection Fund.

The report noted that the major precepting authorities would be able to take this surplus into account when setting their Council Tax precepts for the 2020/21 financial year.

**\*RESOLVED –**

That the estimated surplus on the Council Tax Collection Fund of £940,939 be agreed and allocated to the major precepting authorities as outlined in Appendix A of the officer's report.

**REASON FOR DECISION**

To fulfil a statutory requirement and to feed into the budget setting process for 2020/21.

**92 ANNUAL HOUSING REVENUE ACCOUNT (HRA) RENT AND SERVICE CHARGE SETTING REVIEW**

The Assistant Director – Housing submitted a report recommending for approval Council house rent and service charge levels for 2019/20.

The period of rent reductions introduced by the Welfare Reform and Work Act 2016 would elapse on 31 March, 2020 and the Government would revert back to the previous formula which will allow rent increases to be set at up to the consumer price index (CPI) + 1% for the period 2020 to 2025. In addition, from 1 April, 2020, the Government had directed all local authorities to apply its Rent Standard to housing rents (social and affordable). The average social formula rent for 2020/21 would be £80.92

per week, an increase of £2.13 per week based on current social rented stock.

A detailed summary of the proposed service charge levels for 2020/21 was attached at Appendix A of the officer's report. It was noted that the proposed charges had been devised to ensure that all services break even on costs.

**\*RESOLVED –**

1. That, for 2020/21, individual social rents be set based on the current National Social Rent Policy, giving a rent increase of 2.7% with effect from 6 April, 2020.
2. That, for 2020/21 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 2020/21, individual affordable rents be set based on the current National Social Rent Policy giving a cash rent increase of 2.7% with effect from 6 April, 2020.
4. That, for 2020/21 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 re-letting or the formula rent for the property, whichever is the greater.
5. That the service charges be increased as set out in Appendix A of the officer's report.

**REASON FOR DECISIONS**

1. To enable the council to set the level of council house rents in accordance with Government guidelines and the Rent Standard.
2. To enable the council to set service charges for 2020/21 and ensure that the cost of delivering services continues to break even.
3. To contribute to the council's corporate priority 'to improve the quality of life for local people'.

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**CABINET****Tuesday, 4th February, 2020**

Present:-

Councillor P Gilby (Chair)

Councillors Serjeant  
Blank  
T Gilby  
Holmes

Councillors J Innes  
Mannion-Brunt  
Sarvent

\*Matters dealt with under the Delegation Scheme

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

Councillor P Gilby declared an interest in Minute No. 99 (Acquisition of commercial office at Chesterfield Waterside) as she was a Board Director for Chesterfield Waterside Limited and she left the meeting during the consideration of this item.

**94 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Ludlow.

**95 MINUTES****RESOLVED –**

That the minutes of the meeting of Cabinet held on 14 January, 2020 be approved as a correct record and signed by the Chair.

**96 FORWARD PLAN**

The Forward Plan for the four month period 1 March to 30 June, 2020 was reported for information.

**\*RESOLVED –**

That the Forward Plan be noted.

**97 AMENDED TENANTS INCENTIVE SCHEME POLICY**

The Assistant Director – Housing submitted a report recommending for approval a revised Tenants Incentive Scheme and accompanying policy documentation.

The current Tenants Incentive Scheme was approved in 2012, however significant legislative and social policy changes had since come into effect which had impacted on the ability of some tenants to maintain rental payments on their homes. Furthermore, the current scheme was not providing sufficient incentives to encourage tenants to consider moving to homes that were more affordable and suitable for their needs.

The revised Scheme was intended to support tenants to create stable tenancies through moving into homes where they were at less risk of accumulating rent arrears. Benchmarking had been undertaken with other Local Authority Schemes and a communications and marketing plan had been developed to actively promote the revised scheme and maximise its take up.

**\*RESOLVED –**

1. That the revised Tenants Incentive Scheme be approved and implemented from 1 March, 2020.
2. That the revised Tenants Incentive Scheme Policy, attached at Appendix A of the officer's report, be approved and implemented, superseding all previous arrangements.
3. That the Communications and Marketing Plan, attached at Appendix B of the officer's report, be approved.
4. That the Tenants Incentive Scheme be reviewed every two years or as required, subject to significant legislative change.

**REASONS FOR DECISIONS**

1. To encourage mobility within our housing stock and ensure tenants occupy properties that meet their housing need and are affordable to them.

2. To reduce rent arrears and maximise rental income.
3. To prevent homelessness and increase tenancy sustainment.

**98**     **EXCLUSION OF THE PUBLIC**

**RESOLVED –**

That under Regulation 21(1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, 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 3 of Part I of Schedule 12A to the Local Government Act 1972 – as they contained information relating to information relating to financial and business affairs.

Councillor P Gilby had declared an interest in the next item and left the meeting at this point.

Councillor Serjeant took the Chair.

**99**     **ACQUISITION OF COMMERCIAL OFFICE AT CHESTERFIELD WATERSIDE**

The Assistant Director – Economic Growth submitted a report seeking approval for the Council to purchase land at Chesterfield Waterside and enter into a development agreement to fund the construction of a commercial office building and associated public realm works.

The Council's Growth Strategy (2019-2023) had identified Chesterfield Waterside as a key regeneration project for the town and borough. The Council had helped Chesterfield Waterside Limited to secure funding from the Sheffield City Region Infrastructure Fund (SCRIF), which had enabled the delivery of site infrastructure ahead of the planned development of Phase 1 which would include a Grade A office building. The SCRIF funding agreement mandated that the office building must be completed by no later than 31 March, 2021, making progression of the office development a high priority in order to avoid Sheffield City Region Local Enterprise Partnership seeking to claw-back the funding.

Chesterfield Waterside Limited had actively marketed the office building to end users and had received strong interest with two pre-lets already agreed. The Council had appointed a consultant to provide advice on options for the delivery of the office building with a particular emphasis on providing an investment opportunity for the Council to support its revenue position in future years. The consultants had identified that the best option for the Council was to forward purchase the land and enter into a development agreement with Chesterfield Waterside for the construction of the office building and associated public realm works; this would generate income for the Council with the added control of the Council being the freehold owner.

The report outlined the financial considerations and recommended an additional allocation of £7.76m to the Council's capital programme. A cost appraisal was included in the report which projected that the office building would generate a revenue surplus from year two even allowing for the office building remaining only 50% let.

Details of legal, governance and information assurance considerations were included in the report along with details of measures proposed to ensure the office development supports the Council's emerging climate change action plan.

#### **\*RESOLVED –**

1. That the Chief Executive, in consultation with the Cabinet Member for Economic Growth, be granted delegated authority to purchase the relevant land at Chesterfield Waterside and to simultaneously enter into a development agreement with Chesterfield Waterside Ltd. to fund the construction of a commercial office building to an agreed programme and specification, and to deliver the public realm works.
2. That the purchase be subject to the completion of satisfactory due diligence and in line with the proposed Heads of Terms, as attached at Appendix 1 of the officer's report.
3. That £7.76m of capital spend, to be funded from borrowing, be included in the Council's capital programme for 2020/21.

#### **REASON FOR DECISIONS**

To ensure that this element of the Chesterfield Waterside scheme can progress to a timescale that mitigates the risk of Sheffield City Region Infrastructure Investment Fund claw-back of grant. The Council forward purchasing the office building also delivers on one of the Council's key objectives to promote and enable Chesterfield Waterside. In addition, the proposals represent a positive commercial opportunity for the Council.

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## JOINT CABINET AND EMPLOYMENT & GENERAL COMMITTEE

Tuesday, 17th December, 2019

Present:-

Councillor P Gilby (Chair)

Councillors Blank Davenport T Gilby Ludlow Serjeant Mannion-Brunt	Councillors Sarvent Brittain Holmes J Innes T Murphy K Falconer
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\*Matters dealt with under the Delegation Scheme

**25**     **DECLARATION OF MEMBERS' AND OFFICERS' INTERESTS  
RELATING TO ITEMS ON THE AGENDA**

No declarations of interest were received.

**26**     **APOLOGIES FOR ABSENCE**

No apologies for absence were received.

**27**     **MINUTES**

**RESOLVED –**

That the Minutes of the meeting of the Joint Cabinet and Employment and General Committee of 3 December, 2019 be approved as a correct record and signed by the Chair.

**28**     **PEOPLE PLAN 2019 - 2023**

The Assistant Director – Customers, Commissioning and Change submitted a report seeking approval for the Council’s workforce strategy, known as the ‘People Plan 2019-2023’.

The Council's workforce strategy had been approved in 2016. The strategy identified a range of projects and actions related to the ongoing development of the workforce.

Work had been undertaken to refresh the Workforce Strategy and develop a delivery plan which would ensure the Council workforce is trained and supported to achieve the Council's vision and priorities for Chesterfield Borough.

**\*RESOLVED –**

That it be recommended to Full Council that the People Plan 2019 – 2023 be approved and adopted.

**REASON FOR DECISIONS**

To provide the Council with a clear strategic framework within which decisions could be made about workforce allocation and effectively manage and monitor performance in relation to the strategy.

## **JOINT CABINET AND EMPLOYMENT & GENERAL COMMITTEE**

**Tuesday, 14th January, 2020**

Present:-

Councillor Serjeant (Vice-Chair in the Chair)

Councillors	Blank	Councillors	Sarvent
	Davenport		Brittain
	T Gilby		Holmes
	Ludlow		J Innes
	Serjeant		T Murphy
	Simmons		K Falconer
	Mannion-Brunt		

\*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 Councillor P Gilby.

### **31 MINUTES**

#### **RESOLVED –**

That the Minutes of the meeting of the Joint Cabinet and Employment and General Committee of 17 December, 2019 be approved as a correct record and signed by the Chair.

### **32 THE ARVATO PUBLIC PRIVATE PARTNERSHIP**

The Assistant Director – Customers, Commissioning and Change submitted a report seeking approval for the transition of services currently delivered through the Council's public private partnership with Arvato to in-house delivery from October 2020.

Chesterfield Borough Council entered into a public private partnership with Arvato in October, 2010 to deliver a range of council services.

In 2017/18 the council undertook a review to determine whether or not to extend the partnership until October, 2025, as permitted under the terms of the contractual arrangement. For the reasons set out in the report, officers had concluded that the services should be brought back in house at the end of the 10 year contractual arrangement.

Arvato had requested formal confirmation that Chesterfield Borough Council did not intend to exercise their right to extend the contractual arrangement. This would enable steps to be taken to initiate contract exit negotiations, in particular, around ensuring that the rights of employment of transferring staff were maintained.

**33 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 involved the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.

**34 THE ARVATO PRIVATE PUBLIC PARTNERSHIP - APPENDIX 1**

Pursuant to Minute No.32 – The Assistant Director – Customers, Commissioning and Change submitted Appendix 1 of the Arvato report for consideration.

**35 LOCAL GOVERNMENT ACT 1972 - RE-ADMISSION OF THE PUBLIC**

**RESOLVED –**

That the public be readmitted to the meeting following consideration of an item containing exempt information.

**36 THE ARVATO PUBLIC PRIVATE PARTNERSHIP**

Pursuant to Minute No.32 and 34 –

**\*RESOLVED –**

1. That the transition of Arvato services to in-house service delivery at the end of the contractual arrangement on 18 October, 2020 be approved.
2. That a letter be issued to Arvato and their subcontractor Kier, confirming that the existing partnership arrangement will not be extended.
3. That the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, be granted delegated authority to make arrangements to secure a robust transition of services.
4. That the Assistant Director – Customers, Commissioning and Change, in consultation with the Cabinet Member for Business Transformation and Customers and the Executive Director, be granted delegated authority to finalise the contractual agreement with Derbyshire Dales District Council to deliver a shared service delivery model for Revenues and Benefits service from 18 October, 2020.

## **REASON FOR DECISIONS**

To enable the Council to implement the conclusions of the contractual review to bring services back in house. The recommendations would also enable the development of a shared service arrangement with Derbyshire Dales District Council, resulting in improved economy, efficiency and effectiveness in the utilisation of resources by both authorities.

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**OVERVIEW AND PERFORMANCE SCRUTINY FORUM****Thursday, 21st November, 2019**

Present:-

Councillor P Innes (Chair)

Councillors	Borrell	Councillors	Hollingworth
	Catt		Kellman
	D Collins		Snowdon
	L Collins		Kelly
	Dyke		Coy
	Flood		

Helen Fox, Chief Accountant ++

Neil Johnson, Assistant Director – Economic Growth +

Charlotte Kearsey, Democratic and Scrutiny Officer

Ade McCormick, Executive Director +

Donna Reddish, Assistant Director – Policy and Communications +

Councillor Amanda Serjeant, Deputy Leader ++++

Ian Waller, Assistant Director – Health and Wellbeing +++

+ Attended for Minute No. 24

++ Attended for Minute No. 25

+++ Attended for Minute No. 30

++++ Attended for Minute No. 24, 25 and 30

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

No declarations of interest were received.

**23 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Blakemore.

**24 DEPUTY LEADER - COUNCIL PLAN AND CORPORATE  
PERFORMANCE**

The Deputy Leader and Assistant Director – Policy and Communications submitted a progress report on the Council Plan for Year 1, 2019/20. The

Executive Director and Assistant Director – Economic Growth also attended to answer the member's questions. The Council Plan 2019 – 2023 had been agreed by Council in February 2019. The plan identified the key priorities, objectives and commitments of the Council over a four year period.

To track and challenge progress annual delivery plans would be developed. The first delivery plan for 2019/20 was agreed in February 2019. The performance against the delivery plan for quarter two (July – September 2019) was highlighted in the officer's report.

The Assistant Director advised that 78% of the key milestones remained on target compared to 75% at the end of quarter 1. Progress varied across the three themes. Challenges had been experienced for 22% of the activities but remediation was taking place or being considered to bring these activities back on target.

A number of key activities had been completed including:

- Opening the Saltergate Multi Storey Car Park;
- Commencing work on new residential properties at Waterside;
- Opening the new 3G pitch at Queen's Park.

42 performance measures had been identified as key to year one delivery of the plan. It was possible to collect data for 12 of the measures at quarter 2. Ten performance measures were currently meeting their targets and two were currently performing below target.

The Corporate Management Team leads for all amber rated milestone activities would be meeting with relevant key officers to develop improvement strategies which would aim to support further progress in quarters three and four.

Members enquired whether the issues with the electric charging points in the Saltergate Multi Storey Car Park had been resolved and it was confirmed that the issues had been resolved. Members also asked whether free parking would be introduced for electric vehicles and were advised that a balance needed to be found between carbon and economic sustainability.

Clarification regarding the meaning of the key milestones and measures was sought. The Assistant Director provided an explanation and advised that the measures were on target or ahead of scheduled.

Members noted that the leisure centres had been rated amber and enquired about the efforts being made to bring in revenue in the current challenging financial environment. It was explained that areas of significant importance, such as income, were highlighted as amber and closely monitored.

Members thanked the officers for providing the update and answering their questions.

### **RESOLVED –**

1. That the update be noted.
2. That Council Plan and Corporate Performance be considered at the work programming sessions for inclusion on the work programme for 2020/21.

## **25 DEPUTY LEADER - BUDGET**

The Deputy Leader and Chief Accountant presented the General Fund Budget Monitoring and Medium-Term Forecast Update report.

The original budget for 2019/20 forecasted a deficit of £202k. At the end of the second quarter the position had improved to an anticipated surplus of £52k at year end. The favourable variances which had resulted in the increased surplus included:

- Vacant posts in the Spirepride and Building Cleaning teams which would cumulatively deliver non-recurring savings of £110k in 2019/20;
- Additional income of £44k from Derbyshire Building Control Partnership company which comprised of a £24k recharge to the company for the Assistant Director – Economic Growth carrying out Managing Director duties on behalf of the company and £20k dividend income to be paid from profits generated by the company in 2018/19;
- IT savings delivery, the savings target for 2019/20 was £227k and at the second quarter £207k savings had been achieved.

It was indicated that the medium-term outlook would continue to be challenging and showed increasing deficits of £803k in 2020/21 rising to £1.1m by 2021/22.

The most significant risks and pressures to the medium-term financial forecast included:

- Continued delivery of budget savings at the required level and at the right time was challenging. The Council had demonstrated a good track record of tackling budget deficits and delivering savings, but this would become more difficult over time as easier options were exhausted.
- Fees and charges income could be affected by the state of the economy, particularly the continuing uncertainty around Brexit.
- Property rents from the Council's industrial, commercial and retail units could also be affected by the state of the economy. Current occupancy levels remained high and the Council would continue to invest in its rental properties but income from rental properties continued to decline.

Members asked whether there had been any consideration of areas where income could be increased and were advised that this was also part of the work taking place regarding commercialisation.

Members enquired if there was potential for any more additional income from Town Hall rental and were informed that negotiations continued.

Members thanked the Chief Accountant for providing the update and answering their questions.

#### **RESOLVED –**

1. That the update be noted.
2. That Budget be considered at the work programming sessions for inclusion on the work programme for 2020/21.

#### **26 FORWARD PLAN**

The Forward Plan was considered.

#### **RESOLVED –**

That the Forward Plan be noted.

#### **27 WORK PROGRAMME FOR THE OVERVIEW AND PERFORMANCE**

## **SCRUTINY FORUM**

The Work Programme for the Overview and Performance Scrutiny Forum was considered.

### **RESOLVED –**

That the Work Programme be approved.

## **28 OVERVIEW AND SCRUTINY DEVELOPMENTS**

Councillor Peter Innes, as Joint Scrutiny Chair, had been appointed to the D2N2 Local Enterprise Partnership Scrutiny Working Group. The first meeting was scheduled to take place on 2 December, 2019.

### **RESOLVED –**

That the update be noted.

## **29 MINUTES**

The Minutes of the Overview and Performance Scrutiny Forum held on 19 September, 2019 were presented.

### **RESOLVED –**

That the Minutes be approved as a correct record and signed by the Chair.

## **30 DEPUTY LEADER - MORE ENVIRONMENTALLY FRIENDLY COUNCIL**

The Deputy Leader and Assistant Director – Health and Wellbeing attended to present a progress report on the efforts which were being made to make CBC a more environmentally friendly council.

CBC declared a Climate Emergency on 17 July, 2019 and resolved to establish a Chesterfield Climate Change Working Group to respond to this challenge.

The first meeting of the working group had taken place on 23 October 2019. The Committee were informed that a productive meeting had taken

place which set the scene in terms of the scale of the issue which Chesterfield faced and provided the working group an opportunity to outline the areas which they felt were important. These areas would then be used to inform future meetings and would require further review to support the development of the Council's action plan.

The working group was in a relatively early phase of development but based on feedback received from the first session the group dynamic appeared to be correct. A second meeting of the working group was scheduled for 25 November 2019 and this meeting would focus on developing priorities for the action plan based on the themes identified by the group.

Progress on the action plan would be communicated when appropriate to a wider reference group made up of the individuals who were not selected for the working group and who expressed an interest to be part of a reference group.

The working group was committed to making a difference and ensuring that Chesterfield developed an action plan which would result in a co-ordinated approach to support a low carbon, resilient and sustainable borough.

A discussion took place around the staff resourcing for the work being carried out. There had been a budget commitment allocated to support the work but it was important to ensure absolute clarity is given to anyone involved in this area of work. It is very much the approach of the working group that changes are embedded into the day-to-day activities of the authority and the wider community.

A suggestion to include sustainability questionnaires in pre-qualifying requirements to suppliers was made and the members were informed that some of these were in place, but it was acknowledged that further work in this area will be required.

The Assistant Director was asked about how the working group members were selected. A significant number of people had expressed an interest in the working group but a manageable size was needed to ensure that the core working group was able to function effectively. The working group included 16 members of the public.

Members asked about the age range of the working group because climate change was a significant concern of young people. The decision had been made to invite people over the age of 18 years old to join the working group to mitigate any concerns relating to safeguarding. Members encouraged sharing information and documentation with schools to keep young people informed about the working group.

**RESOLVED –**

1. That the update be noted.
2. That an update on the More Environmentally Friendly Council be brought to the Overview and Performance Scrutiny Forum on 23 January, 2020.

**31 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 involved the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

**32 DEPUTY LEADER - MORE ENVIRONMENTALLY FRIENDLY COUNCIL - APPENDIX 1**

Pursuant to Minute No.30 – The Assistant Director – Health and Wellbeing submitted Appendix 1 of the More Environmentally Friendly Council report for consideration.

**33 LOCAL GOVERNMENT ACT 1972 - RE-ADMISSION OF THE PUBLIC**

**RESOLVED –**

That the public be readmitted to the meeting following consideration of an item containing exempt information.

**34 SCRUTINY MONITORING**

The Scrutiny Monitoring Schedule was considered.

**RESOVLED –**

That the Scrutiny Monitoring Schedule be approved.

**35 SCRUTINY PROJECT GROUP PROGRESS UPDATES**

Councillor Lisa Collins, Lead Member for the Air Pollution Scrutiny Project Group, provided an update on the progress of the group. The group had met and considered a large amount of data regarding the current position of air pollution in Chesterfield. The group aimed to work with three schools in the Borough to accumulate statistics about the air quality levels at each school.

**COMMUNITY, CUSTOMER AND ORGANISATIONAL SCRUTINY  
COMMITTEE**

**Thursday, 28th November, 2019**

Present:-

Councillor P Innes (Chair)

Councillors Borrell  
Fordham

Councillors Kellman

Councillor Sarvent, Cabinet Member for Town Centres and Visitor  
Economy +

Wendy Blunt, Health and Wellbeing Officer +  
Brian Offiler, Democratic and Scrutiny Officer  
Anthony Radford, Arts and Venues Manager +  
Ian Waller, Assistant Director – Health and Wellbeing ++

+ Attended for Minute No. 23

++ Attended for Minute Nos. 24 and 25

**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 Bagshaw, L Collins  
and Dyke.

**22 MINUTES**

The Minutes of the meeting of the Community, Customer and  
Organisational Scrutiny Committee held on 26 September, 2019 were  
presented.

**RESOLVED –**

That the Minutes be approved as a correct record and signed by the Chair.

23 **CABINET MEMBER FOR TOWN CENTRES AND VISITOR ECONOMY  
- CHESTERFIELD THEATRES MARKETING AND PRICING  
STRATEGIES**

The Cabinet Member for Town Centres and Visitor Economy and the Arts and Venues Manager presented a report on the marketing and pricing strategies of Chesterfield Theatres in the context of the overall attendance and budget figures for the theatres.

The report identified the purpose, objectives and key issues for the Scrutiny Committee's review of this topic.

The report referred to the medium-term financial plan to further reduce the operating deficits of the venues, building on the financial improvements achieved in recent years, in line with the priority and objective within the Council plan for 2019-23.

The Arts and Venues Manager explained that ticket prices, and whether concessionary prices would be available, for shows at the Pomegranate Theatre and Winding Wheel Theatre were negotiated with the visiting production companies. Where concessionary prices were available, these were applied in line with the Council's concessionary policy agreed in 2016. He also referred to special promotions, such as family tickets, standby tickets and discounts for Friends of the Pomegranate.

The Health and Wellbeing Officer outlined the activities undertaken to improve access to the venues, including screenings for people with dementia and their carers, signed, audio described, and relaxed performances for some shows.

The report referred to the transport methods people used to attend the theatres and the growing proportion of tickets purchased online.

It was noted that consideration was currently being given to extending the existing membership scheme to include shows at the Winding Wheel, introducing a membership scheme for cinema screenings and exploring the use of scanners to enable paper-less tickets to be offered.

Arising from Members' questions and discussion the following points were raised:

- The activities to encourage greater access to theatre events were developed through a local Access Group, supported by a small budget, with the aim of attracting 1,000 customers;
- Programming of theatre shows was planned 6 – 18 months ahead through a process of negotiation and contracting with production companies to identify suitable shows, with the aim to enable the theatres to operate successfully within the competitive commercial environment locally;
- Whether there was scope to extend the range of special promotions to encourage greater engagement in cultural activities, such as special deals for local schools or young offenders.

The Chair thanked the Cabinet Member for Town Centres and Visitor Economy, the Arts and Venues Manager and the Health and Wellbeing Officer for their contribution to the meeting.

#### **RESOLVED –**

That a further progress report on the marketing and pricing strategies of Chesterfield Theatres be provided to the Scrutiny Committee in March, 2020.

#### **24 CABINET MEMBER FOR HEALTH AND WELLBEING - FALLS PREVENTION PILOT AND HEALTH INTERVENTION PROGRAMMES PROGRESS REPORT**

The Assistant Director - Health and Wellbeing presented a report on the progress of the falls prevention pilot and health intervention programmes, further to the previous report to the Scrutiny Committee in July, 2019 (Minute No. 4).

The report included data on the incidence of hospital admissions from injurious falls and from hip fractures for each district within Derbyshire, which showed that Chesterfield had the highest incidence in the county.

The falls prevention pilot project aimed to emphasise prevention and early intervention to reduce this demand for health and social care services. The pilot project in Chesterfield was now live and included provision of information, awareness raising about falls risks and falls prevention, multi-factorial risk assessment and appropriate interventions.

The report included details of the staffing resources for the project, which was planned to run for a maximum of 18 months, with the aim to engage with 360 people. To date 252 patients from Wheatbridge surgery who had been identified in need of intervention had been contacted, and there had been a 20% uptake rate so far. Additional GP practices could be included if the uptake rate from Wheatbridge was not sufficient.

Further monitoring and evaluation was taking place in order to identify the success of the pilot and areas for improvement.

Arising from Members' questions and comments the following points were clarified:

- The pilot project in Chesterfield included both the information and risk assessment elements in order to aim to reduce the relatively high incidence of falls in the area;
- Other work to encourage physical activity generally and to reduce falls in care homes complimented the pilot project;
- Individuals engaging with the project would have their own personal assessment and this could link with the process for applying for disabled facilities grants where adaptations in the home were required to support people to stay in their own home;

It was suggested that progress of the pilot project be reported to the Scrutiny Committee in March, 2020 and that a representative from Public Health be invited to attend.

The Chair thanked the Assistant Director - Health and Wellbeing for his contribution to the meeting.

**RESOLVED –**

That progress of the falls prevention pilot project be reported to the Scrutiny Committee in March, 2020 and that a representative from Public Health be invited to attend.

**25 CABINET MEMBER FOR HEALTH AND WELLBEING - SHAPING HEALTHY PLACES - STAVELEY AREA**

The Assistant Director - Health and Wellbeing presented a report on the health and wellbeing activities undertaken within the Staveley area and their contribution to the Council Plan objective of 'Help our communities to improve their health and wellbeing'.

The report identified the purpose, objectives and key issues for the Scrutiny Committee's review of this topic.

The report provided details of the Exercise by Referral Derbyshire Framework delivered by Chesterfield Borough Council, which aimed to support people to live healthier lives through decreasing physical inactivity and sedentary behaviour and to maintain long term physical activity behaviour change.

During the 2019-20 financial year 374 people had been referred to the programme across Chesterfield, with over 130 having completed the full 12 week programme and over 120 having increased their levels of physical activity. The data was not currently split between the Healthy Living Centre at Staveley and Queen's Park Sports Centre in Chesterfield.

The report also referred to two individual case studies which illustrated the positive impact of the exercise referral programme and of the Healthy Living Centre on the local community in Staveley.

Arising from Members' questions it was confirmed that the exercise referral programme was funded by Derbyshire County Council and was part of the wider health and wellbeing agenda, including work to overcome isolation and build aspiration, through the Health and Wellbeing Partnership.

It was suggested that progress of the exercise referral programme be reported to the Scrutiny Committee in May, 2020, to include Staveley

specific data, and that the Community Lifestyle Officer be invited to attend.

The Chair thanked the Assistant Director - Health and Wellbeing for his contribution to the meeting.

**RESOLVED –**

That progress of the exercise referral programme be reported to the Scrutiny Committee in May, 2020, to include Staveley specific data, and that the Community Lifestyle Officer be invited to attend.

**26 SCRUTINY MONITORING**

The Committee considered the Scrutiny recommendations implementation monitoring schedule. It was noted that the schedule had been updated to include monitoring of the implementation of the recommendations of the community rooms report, which was scheduled for March, 2020.

**RESOLVED –**

That the Scrutiny monitoring schedule be noted.

**27 FORWARD PLAN**

The Committee considered the Forward Plan for the period 1 December, 2019 – 31 March, 2020.

**RESOLVED –**

That the Forward Plan be noted.

**28 WORK PROGRAMME FOR THE COMMUNITY, CUSTOMER AND ORGANISATIONAL SCRUTINY COMMITTEE**

The Committee considered the list of items included on its work programme for 2019/20.

**RESOLVED -**

That the work programme be approved and updated to include the decisions of the current meeting.

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**ENTERPRISE AND WELLBEING SCRUTINY COMMITTEE****Thursday, 5th December, 2019**

Present:-

Councillor Catt (Chair)

Councillors D Collins  
DykeCouncillors Coy  
Snowdon

\*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

**26 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Caulfield and Councillor Hollingworth.

**27 CABINET MEMBER FOR HOUSING - ALLOCATIONS POLICY**

The Housing Options Manager gave a brief overview of the circumstances that had led to the decision to review the Allocations Policy and source new allocations software. It was explained that both the new ICT system and the policy had been due to be implemented in May 2019, with the expectation that a six-month update be given to the committee at the December meeting.

The new allocations policy included the council joining the Derbyshire Home Options Partnership which consists of five local authorities with Derbyshire Dales District Council as the lead. Significant delays occurred due to the legal documentation formalising the partnership not being finalised. In order to minimise service disruptions a decision was made to 'go live' with the system on 19 November 2019.

The Housing Options Manager reported a positive experience during the transition, with 1168 applicants now on the new system. It had been anticipated that the main difficulty would be the fact that there was no longer a paper based application route and so staffing had been put in place accordingly but this issue had not been a significant one.

It was clarified that all applicants on the new system had completed a new registration, to ensure that no dormant applications were transferred over and to ensure that all applications complied with the new policy. All applicants on the existing system received a mail shot advising them of the changes and how to register on the new system.

### **RESOLVED –**

1. That the report be noted.
2. That the Housing Options Manager give a further update to the committee in 2020 on the impacts of the policy and IT system.

## **28 CABINET MEMBER FOR BUSINESS TRANSFORMATION AND CUSTOMERS - COMMERCIAL SERVICES**

The Responsive Repairs Manager presented an overview of the commercial services provided by the council's operational services department since the start of a trial in 2016. It was explained that all the commercial work was done by established posts but managed separately to housing repairs. The focus had been on smaller jobs, sold on reputation and there had been repeat customers.

The Responsive Repairs Manager described the work process involved; one designated officer acknowledges all the enquiries, processes quotes and is the customer liaison. This can lead to a backlog of enquiries and therefore potentially damage to the Council's reputation when demand is high.

Internal audit gave the service a reasonable assurance rating in May 2019 but the Responsive Repairs Manager welcomed the committee's interest in this area. It was acknowledged that this was a good opportunity to review the progress made over the last three years.

The Interim Assistant Director for Commercial Services highlighted that this service was set up as a trial initially. There was clearly demand for a trusted resource in the marketplace at a time when it was difficult to find quality tradespersons. Further investigation was necessary to determine which jobs were most profitable and the ongoing ICT investment would support this, in order to shape the offering moving forward.

**RESOLVED –**

1. That the report be noted.
2. That a task and finish group be established to consider this matter further and report back to the committee.

**29 SCRUTINY MONITORING**

The Committee considered the Scrutiny recommendations monitoring schedule.

**RESOLVED -**

That the Scrutiny monitoring schedule be noted.

**30 FORWARD PLAN**

The Forward Plan for the four month period 1 December, 2019 to 31 March, 2020 was presented for information.

**RESOLVED –**

That the Forward Plan be noted.

**31 WORK PROGRAMME FOR THE ENTERPRISE AND WELLBEING SCRUTINY COMMITTEE**

The 2019/20 Work Programme for the Enterprise and Wellbeing Scrutiny Committee was reported for information.

**RESOLVED –**

That the work programme be noted and updated to include the decisions of the current meeting.

**32**     **MINUTES**

**RESOLVED –**

The Minutes of the meeting of the Enterprise and Wellbeing Scrutiny Committee held on 3 October, 2019 were approved as a correct record and signed by the Chair.