



Please ask for Graham Ibberson
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The Chair and Members of Cabinet

16 January 2023

Dear Councillor,

Please attend a meeting of the CABINET to be held on TUESDAY, 24 JANUARY 2023 at 11.00 am in Committee Room 1, Town Hall, Rose Hill, Chesterfield, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to items on the Agenda
2. Apologies for Absence
3. Forward Plan

Please follow the link below to view the latest Forward Plan.

[Forward Plan](#)

Items Recommended to Cabinet via Cabinet Members

Deputy Leader

4. General Fund Revenue Budget Summary (Pages 3 - 22)

Cabinet Member for Housing

Chesterfield Borough Council, Town Hall, Rose Hill, Chesterfield S40 1LP

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5. HRA Rent and Service Charge setting 2023/24 (Pages 23 - 38)

Yours sincerely,

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

Head of Regulatory Law and Monitoring Officer

For publication

General Fund Revenue Budget Summary

Meeting:	Cabinet
Date:	24 January 2023
Cabinet portfolio:	Deputy Leader
Directorate:	Finance

1.0 Purpose of report

1.1 To provide Cabinet with an update on the development of the General Fund Revenue Budget for 2023/24 and future years.

2.0 Recommendations

2.1 To note the updated budget projections for 2022/23.

2.2 To note the progress in the development of the budget for 2023/24 and the Medium-Term Financial Plan (MTFP) for years 2023/24 to 2026/27.

2.3 To note that work continues to refine the draft estimates for 2023/24 and future years and to identify ways in which a balanced budget can be achieved, and that this will form part of the MTFP Council report in February 2023.

3.0 Reasons for recommendations

3.1 This report presents an updated assessment of the Council's forecast outturn for 2022/23 and progress in addressing the deficit in year.

3.2 This report also sets out the context of the financial environment for the medium-term and represents the Council's first phase of its draft budget and MTFP setting proposals for 2023/24 to 2026/27. It is acknowledged that further work is required to produce a balanced position for 2023/24 and for the subsequent years of the plan.

4.0 Report details

Background

- 4.1 Like all local authorities, Chesterfield Borough Council continues to face financial challenges. The sustained period of austerity, the ongoing risks and uncertainties over future funding, the budgetary impacts from Covid-19 and a period of exceptionally high inflation, have all impacted on the financial position of the Council.
- 4.2 In response to these challenges, the Council has already made significant savings in previous years and taken steps to manage demand and deliver services in the most efficient way. It is within this context that the Council must develop its approach to balancing the 2023/24 budget, and the MTFP.
- 4.3 The financial impact of Covid-19 and the cost-of-living crisis on the demand for Council services has been significant, resulting in new cost pressures and reductions across the Council's income streams, particularly in areas such as, car parking, markets and town centre retail units. Income remains significantly below pre-pandemic levels and may never fully recover.
- 4.4 It should also be noted that details of the Council's funding, post 2023/24 financial year, from the Government is uncertain. The provisional settlement is only for one-year 2023/24 (with some guiding principles and additional amounts identified for 2024/25) which makes medium term financial planning highly unpredictable. We know from the overall government spending plans that future growth is limited and that further savings are likely to be required although, without detailed spending plans, it is difficult to predict how significant these will be.
- 4.5 The report sets out the assumptions which underpin the General Fund revenue element of the MTFP and the proposals to reduce net costs that will contribute towards the delivery of a balanced budget. At this stage there are still significant budget gaps remaining over the 4-year plan.

Council Plan

- 4.6 A new four-year plan has been developed for 2023 – 2027 and will be presented to Council on 22 February 2023. 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 a collective corporate effort during the period and draws upon our extensive 'State of the Borough' evidence base and communications, consultation and engagement activities. We have also utilised horizon scanning tools to take us through to 2027 and beyond. The Plan identifies

the key commitments places increased focus on achieving real outcomes to deliver our vision of 'putting our communities first'. Alongside the Council Plan we have developed a year 1 2023/24 Delivery Plan which sets out the key milestones and measures we will need to achieve to keep the Council Plan on target for delivery. The Delivery Plan will be reviewed annually and approved by Cabinet in March.

- 4.7 Our Performance Management Framework has also been updated to accompany the Council Plan. The framework will underpin the Council Plan, measure and demonstrate our success in terms of milestones, outputs, outcomes and measures and effectively review and challenge performance.

Financial Settlements and Funding Allocations

- 4.8 The Provisional Local Government Settlement was announced on 19 December 2022 and was more positive for local government than had been expected, although much of the increase was directed towards those authorities with social care responsibilities.
- 4.9 The settlement sets out the Core Spending Power (CSP) including the main grant allocations for individual authorities from the Department of Levelling-up, Housing and Communities (DLUHC) and is a measure of resources technically available to local authorities to fund service delivery. It comprises Council Tax, and the main government grants, including the baseline for Business Rates retention. DLUHC use an estimate for our Business Rates figures in the settlement calculation, reflecting their projections of growth, impact of capped multiplier, revaluations and shifts in rating lists. It is important to note that the Government assumes in the CSP calculation that councils will increase Council Tax at the maximum allowed level. If the Council, therefore, does not implement at the maximum level, then its spending power would be reduced going forward with no funding from government to mitigate this.
- 4.10 The Government has published that, in their assessment, Chesterfield's overall annual increase in core spending power will be **4.5%** or **£9.36** per dwelling in 2023/24 as set out in Table 1.

TABLE 1: CORE SPENDING POWER			
Detail	Revised 2022/23 £m	Provisional 2023/24 £m	Year-on- year change £m
Revenue Support Grant	0.458	0.663	0.205
Business Rates Baseline and Tariff	3.373	3.499	0.126
Settlement Funding Assessment	3.831	4.162	0.331
Compensation for lower BR multiplier (<i>DLUHC estimate</i>)	0.345	0.596	0.251
Council Tax requirement (<i>DLUHC estimate</i>)	5.371	5.584	0.213
New Homes Bonus (NHB)	0.440	0.398	(0.042)
Lower Tier Services Grant	0.154	0.000	(0.154)
Services Grant	0.233	0.131	(0.102)
Grants rolled in	0.158	0.000	(0.158)
Funding Guarantee	0.000	0.135	0.135
Total	10.532	11.006	0.474
Increase			0.474
Increase by dwelling			£9.36
			4.5%

- 4.11 The most disappointing aspect of the settlement was it provided funding allocations for one year only, although it did give some direction on what the funding may look like in 2024/25, stating that: *the core settlement will continue in a similar manner for 2024/25. The major grants will continue as set out in 2023/24.* This does provide some assurance that funding levels will be uplifted by inflation in 2024/25.
- 4.12 The announcement reflected a net increase of **£1.056m** in settlement funding over and above that assumed in the budget assumptions in the February 2022 report. The following paragraphs set out the allocations of government funding for 2023/24 and the assumptions we have had to make for future financial years in the absence of further information.
- 4.13 **Revenue Support Grant (RSG)** - Authorities currently continue to receive RSG from the Government in addition to their retained Business Rates. The current MTFP assumed **£458k** in 2023/24 and no RSG from 2024/25 onwards. This assumption was based on the best information available at the time. The settlement has confirmed that Chesterfield will receive **£663k** in 2023/24, however this has increased primarily due to the rolling in of specific grants (£158k - Council Tax Administration Grant). After accounting for this adjustment RSG will have increased by **£47k**. It is assumed that this level will continue in 2024/25.

- 4.14 **Business Rates** - The baseline funding level is the guaranteed allocation that has been determined by the government assessment of relative needs and resources. The localisation of Business Rates requires the Council to estimate the amount of Business Rates to be collected. The locally retained element of Business Rates is 50%, of which the Council retains 40%, 9% goes to Derbyshire County Council and 1% to Derbyshire Fire and Rescue Authority. The monitoring and estimating of Business Rates is a local responsibility and the financial risk, due to Business Rates volatility, is one that could impact on the Council's overall funding position.
- 4.15 Under the retained Business Rates system any authority whose Business Rates income is more than their initial 'baseline' funding level, as is the case for Chesterfield, will pay the balance in the form of a tariff to Government which is used to fund other authorities where their respective Business Rates income is lower than expected. Chesterfield is a member of the Derbyshire Business Rates Pool which allows Derbyshire authorities to retain a greater proportion of income than operating independently under the national scheme. The MTFP assumed a return of **£300k** from the Pool in all years of the MTFP, although a further **£390k** has been assumed for 2023/24 based on the latest information available.
- 4.16 The 2023 Business Rates revaluation will be implemented from April 2023, which will see every non-domestic property receive a revised revaluation. This will impact on both the baseline funding and the tariff.
- 4.17 The Business Rates multiplier has been frozen for the third consecutive year. Local Authorities are provided with grant which compensates for the reduction in Business Rates income that can be collected.
- 4.18 The actual amount of Business Rates used in the February MTFP report will be those locally assessed and included in the return to government in the form of the NNDR1, which will also include any Business Rates growth above the baseline. This information will not be known until the end of January 2023.
- 4.19 **Council Tax** - The Government has confirmed that the referendum limit for the basic increase in Council Tax will be the higher of up to 3% or £5 on a Band D equivalent.
- 4.20 The total Council Tax Requirement of £5.584m assumed by DLUHC for 2023/24 is slightly higher (£79k) than had previously been assumed in the MTFP. This is because they have assumed different parameters in their own analysis of our likely tax base growth.

- 4.21 The current MTFP includes Council Tax increases of **1.99%** per annum in 2023/24 and across all years of the MTFP. The estimated Council Tax Base for 2023/24 has increased from **29,858.12** Band D equivalents to **30,222.43**. The MTFP assumes property growth of **0.5%** each financial year against the 2023/24 baseline and an assumed collection rate of **98.25%**. A **2.99%** increase on a Band D equivalent, which is the maximum that can be applied before triggering the referendum limit, together with the increase in the taxbase would provide an additional **£94k** in income, **£5.599m** in total. The Band D Council Tax would increase by **£5.38** from **£179.89** to **£185.27** in 2023/24.
- 4.22 **The New Homes Bonus (NHB)** scheme was first introduced in 2011/12 to help address the national housing shortage. The scheme was designed to reward those authorities that increased their housing stock either through new build or by bringing empty properties back into use. Historically, this source of funding has been relatively low for Chesterfield. The Government has previously stated that 2022/23 represented the final year of this funding stream, therefore the MTFP assumed no NHB from 2022/23 onwards. The settlement has extended this for a further year in 2023/24 with confirmation that the Council will receive **£398k**.
- 4.23 **Lower Tier Services Grant (LTSG)** was introduced in 2021/22 to provide damping to authorities with cash-terms reductions in Core Spending Power. This grant has now been removed and replaced with a new **Funding Guarantee of £135k**. No assumption has been made in the MTFP of any further allocations of LTSG in 2023/24 onwards.
- 4.24 **Service Grant** – This was a new one-off grant for 2022/23. The **£131k** announced for general services is distributed using the original formula for assessing relative needs across the sector, using the 2013/14 Settlement Funding Assessment (SFA) as a basis of allocation. The year-on-year reduction of £102k is due to the removal of funding predicated on the now reversed NI levy, some funding distributed to Supporting Families Programme and to increasing RSG. No assumption has been made in the MTFP of any further allocations of the Service Grant in 2023/24 onwards.
- 4.25 **Funding Guarantee** – This grant is being introduced in 2023/24 and is designed to ensure that authorities receive at least 3% increase in CSP.
- 4.26 Whilst the provisional Local Government Finance Settlement (LGFS) for 2023/24 has prioritised maintaining financial stability in the immediate term, it is not enough to fund all the spending growth and still requires significant savings and increases in income generation.

2022/23 Budget

- 4.27 The Council approved the General Fund Revenue Budget for 2022/23 on 22 February 2022. The budget was constructed in accordance with the Council's budget principles and the Medium-Term Financial Plan (MTFP) was balanced for the first two financial years with an expectation that the gaps in the latter two years of the MTFP would be met from savings delivered through the Council's Organisational Development programme.
- 4.28 The budget for 2022/23 was produced against the backdrop of the ongoing Covid-19 pandemic and some of the medium and long-term effects of the pandemic relating to the demand for Council services were difficult to project. The budget assumed that income from fees and charges and expenditure levels would return to pre-Covid levels from 2022/23 with the exception of Sports Centre income which was anticipated would take one year longer to recover
- 4.29 In the months since the Medium-Term Financial Plan (MTFP) was approved, the national fiscal and economic situation has changed dramatically and a number of in-year spending pressures have emerged particularly in relation to unprecedented and unpredicted inflationary pressures around energy, fuel, contracts and pay (leading to increase costs of service delivery), increased demand for our services and a challenging employment market leading to recruitment and retention issues.
- 4.30 At the end of Period 6 the forecast deficit for 2022/23 had risen to **£1.053m** which, after management actions, mitigations and a further one-off contribution from the Derbyshire Business Rates Pool, was reduced to **£703k**.
- 4.31 Further savings of **£90k** are expected due to the delays in filling vacant posts together with additional income of **£60k** from venues and Sports Centres and other efficiencies **£83k**. This will reduce the projected overspend to **£470k**.
- 4.32 The Council is committed to delivering services within its approved budget and has been working collectively to agree clear, robust, and immediate management actions to reduce the remaining adverse forecast. Whilst there is an expectation that the Council may need to utilise a proportion of the Budget Risk Reserve to achieve a balanced outturn, this should only be after close monitoring and identification of further mitigations. The Council will continue to monitor the financial position carefully over the next two months to identify areas where spending can be contained, and income maximised to ensure projected departmental expenditures are managed within approved budgets.

Medium Term Forecasts – Updated Assumptions

- 4.33 **Inflation** - Inflation has risen dramatically since the 2022/23 budget was set. In July 2021 the Consumer Price Index (CPI) inflation was 2% rising to 5.4% by the time the 2022/23 budget was being finalised. The MTFP assumes no allowance for general inflation, but specific contractual inflation has been included within the pressures where appropriate. In November 2022 CPI rose by 10.7%, down from 11.1% in October. Due to the high levels of uncertainty and volatility in the current year, which looks likely to continue into 2023/24, it is recommended that **£300k** be set aside in a central contingency for inflationary increases. This can be allocated to services in-year once the estimates become more certain. The December CPI will be published on 18 January 2023.
- 4.34 **Utility Costs** - The Council has previously benefited from low prices for utilities. However, these contracts are due to expire in March 2023 and the retendering of these contracts will cost significantly more than the current budget provision. A report was presented to Cabinet in December, setting out the procurement process and delegations required to secure best value for the Council.
- 4.35 On 9 January 2023 the Government announced a new Energy Bills Discount Scheme (EBDS) from April 2023 to April 2024 for eligible non-domestic consumers. The existing Energy Bill Relief Scheme currently provides a discount on wholesale gas and electricity prices for all non-domestic consumers. The scheme came into effect on 1 October 2022 and was always intended to run until 31 March 2023. It was designed as a temporary six-month measure to protect non-domestic consumers from soaring energy costs, cutting the cost of power bills and providing them with the certainty they needed to plan through the acute crisis this winter. The Council has been protected in 2022/23 from the significant increases seen in utility prices as its current energy contracts endure until 31 March 2023. These contracts were secured at rates significantly below the current government cap levels.
- 4.36 The government has been clear that such levels of support were time-limited and intended as a bridge to allow businesses to adapt. The latest data shows wholesale gas prices have now fallen to levels just before Putin's invasion of Ukraine and have almost halved since the current scheme was announced. The new scheme therefore strikes a balance between supporting businesses over the next 12 months and limiting taxpayer's exposure to volatile energy markets, with a cap set at £5.5 billion based on estimated volumes.

- 4.37 Eligible non-domestic consumers will now receive a per-unit discount to their energy bills during the 12-month period from April 2023 to March 2024, subject to a maximum discount, but it is not clear what the impact will be for Chesterfield until the new contract is in place. However, it is estimated that the additional costs for gas and electricity will be in the region of **£976k**. This estimate will be amended once the new contract is in place.
- 4.38 **Pay inflation** - In July 2022 National Employers offered an increase of £1,925 on all Green Book pay points, with effect from 1 April 2022. This is significantly above the 2% assumed within the MTFP for 2022/23 and creates a base pressure in 2023/24 onwards of **c£1.079m** per annum. The current MTFP assumes a pay award of 2%, in 2023/24, which is deemed insufficient given the current projections for inflation. A further 2% increase, to 4%, would result in additional costs of **c£350k** per year.

New Cost Pressures

- 4.39 The budget assumptions have been reviewed and updated to take account of known changes, increased pressures, and inflationary increases. These have been included based on the latest forecasts, however there are risks that these may materialise differently to that assumed at the time of setting the budget and these will be reviewed on an ongoing basis. Key assumptions are set out in Table 2 with further explanations below:

New Cost Pressures	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Climate Change - extension of existing posts	61	61	96	96
Revenues and Benefits debt recovery cost increases	26	26	26	26
Unit 4 financial management system hosting costs	120	120	120	120
External Audit – additional requirement following review - new contract 23/24	10	10	10	10
Homelessness- temporary accommodation/ Bed and Breakfast	65	65	65	65
Professional Legal fees Housing - Private Sector	10	10	10	10
Car parks reduced income	400	400	400	400
Markets reduced income	150	150	150	150
Town Centre retail units and Pavement reduced income	112	112	112	112

Waste Management - Contract inflation and legislative changes	120	120	120	120
Review of Tier 4 management structure	38	140	140	140
Health and Safety review	55	55	55	55
Total Pressures	1,167	1,269	1,304	1,304

- 4.40 Climate Change –The Council’s climate change activity has, so far, been funded using specific reserves. The mainstream funding of operational budgets is now required to support the implementation of the Climate Change Action Plan and target delivery up to 2030.
- 4.41 Revenues and Benefits debt recovery - costs have increased as there are more arrears due to the current financial climate. In addition, the contractual costs of producing and posting reminders and summonses have increased significantly.
- 4.42 Financial Management System - increase hosting costs and additional licence fees associate with the migration to the new cloud based financial management system.
- 4.43 External Audit – The procurement of audit services through the national scheme for the next appointing period 2023/24 to 2027/28 has now concluded and costs have increased significantly from those in 2017, due in part to a less competitive market.
- 4.44 Homelessness – Bed and Breakfast/temporary accommodation. Homelessness services are under significant pressure, and this will only increase with the cost-of-living crisis and more people facing eviction. Pressures on the General Fund have arisen from the increased use of bed and breakfast temporary accommodation and the need for additional staff, but this has been mitigated to some extent by maximising the use of external grant funding to pay for staff costs wherever possible.
- 4.45 Private Sector Housing Legal and Professional – Additional costs have arisen due to increased demand for enforcement activity in relation to private sector landlords, which has necessitated the use of external solicitors at a higher cost.
- 4.46 Car Parks – Income from all car parks is lower than forecast due to the longer than expected recovery of the economy post pandemic, the ongoing economic impact on town centre footfall (the impact of cost inflation on shopping habits and higher fuel prices) and slippage on expected increases

in demand arising from delays in the letting of the Elder Way retail units and completion of the Northern Gateway Enterprise Centre. The reduction in income is forecast to be **£400k** on a budget of £2.760m.

- 4.47 Markets – Occupancy levels, and corresponding rental income from market stalls is forecast to be **£150k** lower than anticipated. Chesterfield’s markets have not seen a recovery following the pandemic and it is not anticipated that the situation will improve as the cost-of-living crisis continues.
- 4.48 Town centre retail and Pavement shopping centre - rental income from the Pavement shopping centre and other retail units is forecast to be lower than expected due to the renegotiation of leases to retain tenants, non-renewal of leases and an increase in the number of empty retail units.
- 4.49 Waste Management Contract - Indexation of the refuse contract is based on the prevailing rate of CPI in March and is applied from May. The CPI rate to be applied to the contract was higher than the rate included in the budget assumptions resulting in additional costs on a base contract of £1.950m. The waste management contract is due for renewal in May 2026.
- 4.50 Review of Tier 4 Management Structure - retention of existing fixed term roles to support the Council in continuing to deliver its services and meeting future challenges.
- 4.51 Health and Safety Review – Additional resources require to support the new way of working, including the review of policies and procedures, to deliver on our service improvement commitments.

Updated Gaps

- 4.52 The MTFP agreed at Council in February 2022 included forecast gaps, after savings plans, of **£61k** in 2024/25 rising to **£458k** in 2026/27. Table 5 sets out the revised forecast position once the refreshed assumptions have been taken into account. The revised gap for 2023/24 of **£2.426m** rises to **£4.192m** in 2025/26.

Table 3: Other Adjustments				
Gaps/ changes	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
MTFP Gaps - February 2022	0	61	453	458
Pay award 2022/23 - £1,925	1,079	1,079	1,079	1,079
Pay award assume 4% for 2023/24	350	380	400	420
Gas	495	495	495	495
Electricity	481	481	481	481
Contractual inflation contingency	300	300	300	300
Sub total gaps	2,705	2,796	3,208	3,233
New pressures	1,167	1,269	1,304	1,304
Subtotal gaps	3,872	4,065	4,512	4,537
Provisional Settlement – Additional funding				
Additional RSG	-47	-47		
New Homes Bonus	-398			
Lower Tier Service Grant	0			
Funding Guarantee	-135	-135		
Service Grant	-131	-131		
S31 Grants	-251	-251	-251	-251
Business Rates Pool Contribution	-390			
Council Tax increase (figure assumes a 2.99% increase - maximum that can be applied before triggering the referendum limit)	-94	-94	-94	-94
Gaps	2,426	3,407	4,167	4,192

Options for addressing the gaps – proposals

- 4.53 To close the current **£2.426m** budget gap for 2023/24, **£1.120m** of new savings proposals have been included within the draft MTFP. Some of these proposals are one off and, as such, will fall out in future financial years. The ongoing impact of these savings proposals is **£1.066m** in 2025/26. Savings will be subject to the appropriate decision making and consultation as required.

Table 4: Savings Proposals

Detail	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
<u>Efficiencies and effective use of grant funding</u>				
General Efficiency savings - non staffing	98	71	71	71
General Efficiency savings - staffing including vacant posts	67	67	67	67
Effective charging/ maximising the use of grants	200	200	155	155
Further efficiencies – still being worked through	85	85	85	85
Total efficiency and grant proposals	450	423	378	378
<u>Other savings proposals</u>				
Increase charging for planning fees	50	50	50	50
Organisational Development savings	200	200	200	200
Charge administration fee on S106	25	25	25	25
Closure of APC facilities at the coach station	-	35	35	35
Review of catering facilities	15	15	15	15
Reduce spend on Civic activities	5	5	5	5
Further integration of teams within Revenues and Benefits function to achieve efficiencies	-	42	42	42
Review and restructure of Organisational Development team	65	65	65	65
Charge for planning pre application advice	15	15	15	15
Review of contribution of DEP fees	15	15	15	15
Targeted activity and promoted events at the Museum and Winding Wheel	104	104	-	-
Service redesign of environmental services	130	130	130	130
Rationalisation of the use of hire facilities	6	6	6	6
Relocation of Customer Services and Revenues and Benefits teams to the Town Hall	40	86	86	86
Total other savings proposals	670	792	688	688
Total of proposals	1,120	1,215	1,066	1,066

4.54 Details relating to the new proposals are set out below:

- **Efficiencies and effective use of grant funding** - These are proposal that have no impact on service delivery and no policy implications. They are as a direct result of a forensic, line by line review of individual budgets and targeting historic underspending. This work is on going and it is expected that further savings will materialise. In addition, a review of grant funding has resulted in further savings through the appropriate charging to grant funded activities.

- **Increased charging from Planning fees** Government is permitting local authorities to charge more for planning fees as part of its reform proposals, providing the authority can demonstrate improvements in the planning service.
- **Charging an administration fee on S106 agreement** – Introduction of a 5% monitoring fee through Section 106 planning obligations to cover the cost of monitoring and reporting on delivery of Section 106 obligations. Enabled as part of the Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019. This will be implemented from April 2023.
- **Organisational Development Savings** - An Organisational Development (OD) Strategy was adopted last year, with the aim of achieving “a joined-up approach to aligning resources, working practices and performance with the strategic ambition of the Council; shaping capability and culture to enable resilient delivery of our priorities.” Savings include a review of the Safer Streets initiative, printing and postage efficiencies, Integration of the Housing and Customer Services functions and a review of the Contact Centre Telephony.
- **Closure of Automatic Public Convenience facilities at the Coach Station** – Closure of the rented facility at the coach station and appropriate signposting to alternative facilities nearby. The current arrangement does not represent value for money due to the low usage and high annual rental. The rental is nearing the end of the agreement and the exit clause requires appropriate notice to deliver savings for 2024/25.
- **Review of Catering Facilities** – A full review of all catering facilities provided by the Council in light of the increase cost of service delivery. Focus delivery on those facilities that provide a cost plus return to the Council.
- **Reduce spend on Civic Activities** – review of operational budgets within this service.
- **Further integration of teams within Revenues and Benefits function to achieve efficiencies.** Opportunity to increase efficiencies in 2024/25 by integrating the Business Rates and Accounts Payable teams.
- **Review and restructure of Organisational Development Team** – to enable the continued delivery of the Organisational Development programme.
- **Charge for planning pre-application advice** - Introduction of a process and charge for a pre-application service delivered by

Strategic Planning and Development Management. This will be implemented from 1 April 2023.

- **Review of contribution of Derbyshire Economic Partnership fees to the County Council.** Review of activities and outcomes from partnership working.
- **Targeted activity and promotion of events at the Museum and Winding Wheel** – during the Stephenson Memorial Hall construction and refurbishment period (2023/24 and 2024/25). Review will target delivery of activities that provide a cost plus return to the Council, whilst still fulfilling the stated objectives within the Council Plan.
- **Service Redesign - Environmental Services** – A fundamental review of the street scene and landscaping service to focus on core activity. This will include a service redesign and optimisation of performance within the service.
- **Relocation of Customer Services and Revenues and Benefits teams to the Town Hall** - Savings will be achieved through reduced operational costs. Opportunities for asset rationalisation will also be created from this proposal. One off-funding will be required to enable the relocation of the customer access provision within the Town Hall. Further work will need to be undertaken to establish costs and funding options.

4.55 **Fees and Charges** – The MTFP is constructed on the basis that additional income will be generated from fees and charges, the process for reviewing income to be realised includes an assessment of each fee to identify how it meets the Council’s strategic purpose and the level of increase that is proposed as well as considering the present economic conditions. The fees have been based on a robust estimate of the impact of cost increase, demand for the service and the Council’s overall financial position. Individual fees and charges reports have been presented to Cabinet, recommending increases and variation to fees which are estimated to deliver additional income of **£315k**, £214k of which is being generated by income from the Sports Centres.

4.56 **Reserves and Risks.** Reserves are an important part of the Council’s financial strategy and are held to create long-term financial stability. They enable the Council to manage change and are a key element of its financial standing and resilience. The Council’s key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance to mitigate future financial risks. The General Fund working balance has been maintained at **£1.5m** to recognise the financial risks and uncertainties that the Council is currently facing.

- 4.57 The Council has also established a Budget Risk Reserve, as a supplement to the General Fund Working Balance, to provide a further contingency for unforeseen items. The General Fund Draft Outturn 2021/22 was presented to Cabinet in June 2022 and recommended that £440k of the 2021/22 surplus be prudently transferred to the Budget Risk Reserve to mitigate the forecast risks and pressures emerging for 2022/23 and 2023/24.
- 4.58 Given the size and scale of the financial challenges the Council is facing, it is recommended that **£990k** of the budget risk reserve be utilised to smooth the gap in 2023/24. This will enable the Council to take a more strategic approach to reviewing priorities and managing the gaps over the medium term. This exact figure for the use of this reserve will not be known until the figures are finalised as part of the February MTFP.
- 4.59 The use of reserves in this way is in line with the government's expectations, DLUHC encouraged "*local authorities to consider how they can use their reserves to maintain services in the face of immediate inflationary pressures*". The government also outlined that it would consult with "*trusted partners*", including the Local Government Association, on releasing data on reserves held by councils.
- 4.60 Sections 32 and 43 of the Local Government Finance Act 1992 require councils to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting. This formal report, along with the Reserves Policy, will be included within the final MTFP report to Cabinet and Council in February 2023.

Updated Gaps

- 4.61 Table 5 sets out the revised gaps, after factoring in the above savings proposals, increased fees and charges and use of reserves.

Table 5: Updated Gaps				
Gaps	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Gap prior to savings	2,426	3,407	4,167	4,192
New Savings	(1,120)	(1,215)	(1,066)	(1,066)
Fees and Charges	(316)	(316)	(316)	(316)
Use of Reserves	(990)	-	-	-
Budget gaps to be addressed	0	1,876	2,786	2,810

Conclusion & Next Steps

4.62 This report presents the first draft of the budget for 2023/24 and MTFP. There are still a number of key factors that will influence the shape of the next phase of the budget process:

- Further work will be undertaken to check and challenge the budget assumptions for 2023/24 and over the medium term in light of new information and the volatile environment that the Council is operating in, particularly in relation to the energy contracts which are due for renewal on 1 April 2023.
- The final Local Government Finance Settlement will not be announced until mid-February 2023.
- The Business Rates (NNDR1) projections are still being worked through. They are particularly complex and challenging to calculate this year due to the additional reliefs for businesses and the revaluation and transitional arrangements. These changes are being worked through but will not be available until the end of January.

4.63 Whilst the Local Government Finance Act 1992 requires the Council to set a legal budget and Council Tax precept for the forthcoming financial year i.e., 2023-24, we will not be in a position to provide for a balanced MTFP over the 4-year period. Whilst there is no legal requirement to set a balanced MTFP, this is considered good practice with an expectation that the financial strategy is based on a balanced plan in the medium term (the Autumn Statement and provisional LGFS still leaves the overall resource equation uncertain with the reforms to local government funding delayed further until at least 2025/ 26).

4.64 The 2024/25 budget process will, therefore, require an early focus to allow maximum time for the development and delivery of future budget savings. There are likely to be difficult decisions for the Council to make.

4.65 The Full Council will consider the final budget and the Council Tax for 2023/24 at its meeting on 23 February 2023. The Cabinet will have to decide its final budget proposals ahead of the Council meeting.

5.0 Alternative options

5.1 Throughout the budget preparation process a range of different options, scenarios and assumptions have been considered.

6.0 Implications for consideration – Council Plan

6.1 The first value for money milestone in the Council Plan is to deliver the Council's MTFP and actions. This report updates progress against that milestone.

6.2 The ability for the Council to appropriately manage its day-to-day finances and to be able to achieve a balanced budget position is critical to the continued delivery of the full range of council services that are targeted at supporting the priorities set out in the Council Plan.

7.0 Implications for consideration – Financial and value for money

7.1 Financial and value for money implications are detailed in section 4.

8.0 Implications for consideration – Legal

8.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. Further work is required over the coming months to balance the in-year budget for 2021/22 and to be able to set a balanced budget for 2023/24 in February 2023.

9.0 Implications for consideration – Human resources

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

10.0 Implications for consideration – Climate Change

10.1 Individual climate change impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific savings / spending options.

11.0 Implications for consideration – Equality and diversity

11.1 Individual equality and diversity impact assessments are not required for the budget process. These are included as part of the decision-making processes for specific savings / spending options.

12.0 Implications for consideration – Risk management

12.1 There are several significant risks inherent in any budget forecasting exercise and the risks increase as the period covered increases. The most significant budget risks include:

- The economic context and high level of inflation

- Government funding reforms and uncertainty over funding beyond 2024/25
- Business Rate pooling opportunities and threats.
- Business Rate appeals, valuation changes, etc.
- Service demand changes e.g., Homelessness
- Non delivery of savings.
- Delivering the required budget savings on time and to the value required.
- Achieving income targets for rents, fees, charges and interest
- Recruitment and retention of appropriately skilled staff.
- Ability to fund climate change demands and pressures
- Funding of asset management property repairs review

12.2 These and other financial risks will be fully evaluated in the Budget Risk & Sensitivity Analysis, which will be included in the final budget report in February 2022.

Decision information

Key decision number	
Wards affected	

Document information

Report author	Contact number/email
Theresa Channell Service Director Finance and S151 Officer	Theresa.channell@chesterfield.gov.uk
Background documents	
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>	
Appendices to the report	

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For publication

Annual Housing Revenue Account rent and service charge setting review (H000)

Meeting:	Cabinet
Date:	24 January 2023
Cabinet portfolio:	Cabinet Member for Housing
Report by:	Service Director – Housing
For publication	

1.0 **Purpose of report**

- 1.1 To seek Cabinet approval to set housing rent and service charge levels for 2023/24.

2.0 **Recommendations**

- 2.1 To approve, for 2023/24, that individual social rents for current general needs tenants be set based on the current national social rent policy, giving a rent increase of 7.0% with effect from 3 April 2023.
- 2.2 To approve, for 2023/24 and onwards, that 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. Target rents are to increase by 11.1%.
- 2.3 To approve, for 2023/24, that individual social rents for current sheltered housing scheme tenants be set based on the current national social rent policy, giving a rent increase of 11.1% with effect from 3 April 2023, which will also apply to new and transferring tenants.
- 2.4 To approve, for 2023/24, that individual affordable rents be set based on the current national social rent policy giving a cash rent increase of 7.0% with effect from 3 April 2023.
- 2.5 To approve, for 2023/24 and onwards, that where an affordable rent property is re-let to a new or transferring tenant the rent level be set by reference to 80% of the market rent (including service charges where applicable) for a similar property at the time of letting or the formula rent for the property, whichever is greater.
- 2.6 To approve the principle that the true costs of delivering services should be passed onto tenants and therefore, service charges should be increased to ensure services break even. It is recommended that the service charges are increased as set out in **Appendix 1** Housing Revenue Account Service Charges 2023/24.

3.0 **Reasons for recommendations**

- 3.1 To enable the Council to set the level of council house rents in accordance with Government guidelines and the Rent Standard.
- 3.2 To enable the Council to set service charges for 2023/24 and ensuring the cost of delivering services continues to break even.
- 3.3 To contribute to the Council's corporate priority 'to improve the quality of life for local people'.

4.0 **Report details**

National Social Rent Policy

- 4.1 The Council is required to keep a separate account for its activities as a landlord. This is called the Housing Revenue Account (HRA). The HRA is governed by the Local Government and Housing Act 1989 and by determinations made under this Act by the Ministry of Housing Communities and Local Government.
- 4.2 Under the HRA self-financing regime we are required to ensure that our HRA Business Plan is financially viable, delivers reasonable standards for tenants, and maintains properties to at least the minimum Decent Homes Standard.
- 4.3 Future investment in the Housing Service and the housing stock is largely funded through income from the properties and is therefore directly influenced by decisions on rent levels, additional borrowing or the use of cash reserves.
- 4.4 Social rents are usually set according to the Government's National Social Rent policy and the Welfare Reform and Work Act 2016. In accordance with the Government's National Social Rent Policy, which came into effect from 1st April 2020, rents may increase by up to CPI plus 1%, until 1 April 2024. The basis for annual rent increases is the September Consumer Price Inflation (CPI) which in 2022 is 10.1%, meaning the maximum rent increase projected for April 2023 should be **11.1%**.
- 4.5 Due to the high rate of inflation the Government conducted a consultation on rent increases with all Registered Providers, which closed on 12 October 2022. This asked for comment on the effects on social housing business plans of either a 3%, 5% or 7% ceiling on rent increases for 2023-24, in the event that September CPI was above the rate of increase on average earnings. On 17 November 2022, the Chancellor of the Exchequer announced in the Autumn Statement that the increases in actual social housing rents – including social and affordable based rents - would have a ceiling of a 7% rise for 2023-24.
- 4.6 Documents provided by the Government to accompany the Autumn Statement confirm that the 7% restriction is a change to the National Social Rent Policy for one year only and that increases for the following year will be a maximum of CPI + 1%. The document also provides an exemption from the ceiling for supported housing providers, including local authorities, to allow rents for supported housing to rise by up to 11.1%.
- 4.7 In addition, where a property is re-let during the financial year (and where it is not already at target rent), the new tenant's rent level can continue to be increased to the target rent for that property. The Government is increasing the target rent by 11.1%.

4.8 The direction from the Government to the regulator of social housing is provided at the following link:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1123928/Direction_to_RSH.pdf

Rent setting for 2023/24

4.9 Without the changes to the Government’s National Social Rent Policy and the RSH Rent Standard, rents for current tenants would have continued to increase by CPI plus 1%. This would have resulted in a rent increase of 11.1% in 2023/24 based on CPI in September 2022 of 10.1%.

4.10 The changes to the rent standard through the Direction to the Housing Regulator restricts rent rises to current general needs tenants to 7%. This gives an average social rent in 2023/24 of £88.77 per week and an average affordable rent of £109.43 per week.

4.11 The Council manages 141 sheltered housing properties in six schemes. The rents for these properties are to increase by 11.1%. The Government has made an exception to sheltered housing schemes due to the higher costs of management of sheltered properties – more intensive housing management and increased compliance checks over general need housing. This gives an average rent in a sheltered property of £94.69.

	Properties	Average rent 2022/23	Average rent 2023/24	Average target rent 2022/23	Average target rent 2023/24 (11.1% rise)
General needs	8,681	£82.95	£88.77 (7%)	£85.55	£95.05
Sheltered	141	£85.24	£94.69 (11.1%)	£86.23	£95.80
Affordable rent	6	£102.27	£109.43 (7%)	N/A	N/A

Social Rent

4.12 A social rent is calculated by a formula based on local earnings (70%), 1999 property values (30%) and then adjusted to account for the number of bedrooms in a property. Chesterfield Borough let 8,822 properties at a social rent as at 6 December 2022.

Affordable Rent

4.13 Affordable rented homes are properties delivered through the Affordable Homes Programme 2011-15 and let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable rent is subject to rent controls that require a rent of up to 80% of the local market rent (including service charges). Chesterfield Borough Council let six properties at an affordable rent as at 6 December 2022.

4.14 The rent at the date of first letting is set at a maximum of 80% of the market rent for a similar property in the area at that time including service charges. On a change of tenancy, the rent must be re-calculated by reference to 80% of the market rent (again inclusive of service charges) at that date. This may mean that the rent decreases rather than rising, depending on market conditions prevailing at the time. In addition, affordable rents must not be lower than what would be the social formula rent for the property.

Service charge setting 2023/24

4.15 Details of increases to heating charges, garage rents, garage site rents, garden assistance scheme, water charges, community room charges and warden services are set out in **Appendix 1**.

Rent, fees and charges summary

4.16 The table below shows the annual impact of the recommended rent increase and fee and charge increases set out in **Appendix 1** on the 2022/23-year end balance:

Description	Additional income in 2023/24
Heating Service charge	£71,234
Garage rents	£51,698
Garage sites	£2,540
Water charges	£0
Garden assistance scheme	£310
Community room hire	£0
Communal staircase cleaning	£22,346
Sheltered scheme support charge	£0
Sheltered and Independent Living service charges*	£26,167
Rent increase	£2,653,000
Total of proposed increases	£2,827,295

5.0 Alternative options

5.1 Consideration has been given to applying lower rent increases than the levels set by government. This is not recommended for the following main reasons:

- The HRA faces major challenges over the coming years, particularly in relation to delivering new affordable council homes, investing in stock to ensure high quality homes, meeting the Council’s climate change ambitions, and investing in staff resources to improve performance, satisfaction and compliance with the standards set by the Social Housing Regulator.
- The cost of delivering investment in our housing stock has increased in line with inflation, which with a reduced rent increase makes this more challenging.
- In order to maintain the current stock and develop new homes, the HRA needs to borrow beyond its current level of debt. Increased borrowing brings additional

interest charges which reduces the amount of HRA revenue available to provide essential housing services.

- If rents are not increased in line with National Rent Policy not only does this reduce the rent income for the year in question, but also cumulatively for all future years.

6.0 Implication for consideration - Financial and value for money

6.1 The financial implications are an intrinsic element of this report. The recommendation that all Chesterfield Borough Council general needs rents (social and affordable) will increase by 7% and all sheltered scheme rents will increase by 11.1%, will result in an additional £2,653,000 of income in 2023/24 compared to 2022/23.

6.2 The service charges are increased at a rate to cover the cost incurred in providing that service. This means that increases can vary more widely. The changes in the service charges will bring in an additional £174,295 in 2023/24 compared to 2022/23.

7.0 Implications for consideration - Legal

7.1 The Council, as a registered social landlord is required from 1st April 2020 to set rents in accordance with the Regulator of Social Housing's Rent Standard.

8.0 Implications for consideration – Human Resources

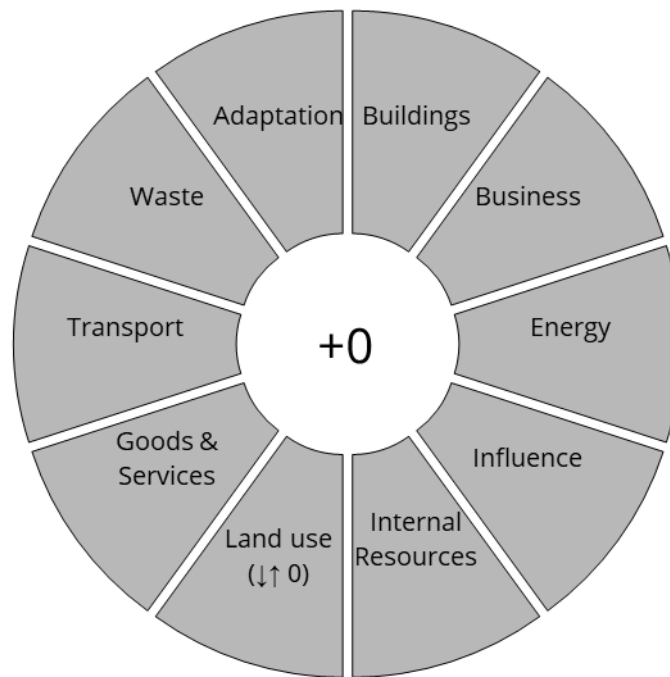
8.1 None

9.0 Implications for consideration – Council Plan

9.1 Contributes to two of our key priority areas - to improve quality of life for local people and to provide value for money services.

10.0 Implications for consideration – climate change

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



Chesterfield Borough Council has committed to being a carbon neutral organisation by 2030 (6 years and 11 months away).

11.0 Implication for consideration – equality and diversity

11.1 In setting the National Social Rent Policy, an Equalities Impact Assessment has been carried out nationally. This can be viewed through the following [link](#). The impact on tenants with protected characteristics has been considered when setting fees and charges and where possible these have been minimised to mitigate any negative impact.

12.0 Implications for consideration - risk management

Description of the risk	Impact	Likelihood	Mitigating action	Impact	Likelihood
Increased rents means rents more unaffordable	M	M	All rents are below the local housing allowance levels. Revenues operate a wide range of activities to maximise the Council’s rent collection including offering direct debits that automatically adjust to collect the increased rents	M	L

Description of the risk	Impact	Likelihood	Mitigating action	Impact	Likelihood
Continued high levels of inflation in subsequent years may lead to further limitation on rent increases	H	H	Raising rents within the maximum allowance whilst possible will protect income for future years and is required to cover unrestrained increases in expenditure in periods of high inflation.	M	M
Future September rates for CPI may be lower than predicted within the Business Plan	H	L	Continued use of the September rate of inflation (CPI) to increase rents should ensure that peaks and troughs in inflation are managed on average over the years.	M	L
Continued RTB sales at approximately 70 per annum will reduce the stock and the rental income available to maintain the housing stock and services at the required level.	M	M	Maintenance of rent increases at the maximum levels allowed will help to ensure that there are sufficient resources to maintain the housing stock.	L	L
Failure to increase actual rents in line with the increase in the formula rent will lead to actual rents falling below target rents and additional administration costs on relet. Actual rents are currently £2.60 per week below target. As at 3 April all tenanted properties will be an average of £6.73 below target rent.	M	H	The formula or target rent for a social property will rise by 7% for 2023/24 in line with the Government rent formula and the Rent Standard. The Council has a policy of moving rents to target on re-let to aim achieve the rental income required to support the HRA debt payments – minimising the number of properties below target reduces the cost of administering rent changes.	L	L

Decision information

Key decision number	1125
Wards affected	All

Document information

Report author	
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Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
N/A	
Appendices to the report	
Appendix 1	Housing Revenue Account Service Charges 2023/24

Appendix 1: Housing Revenue Account Service Charges 2023/24

1.0 District and group heating

- 1.1 Tenants linked to a group heating scheme (sheltered housing schemes) pay for heat through a service charge. Service charges paid with the rent apply to all tenants linked to a group heating scheme. Value added tax is not payable on service charges.
- 1.2 Heating charges are not eligible for Housing Benefit or the housing element of Universal Credit.
- 1.3 The cost of energy has increased rapidly over the past twelve months and the cost of providing heating to the sheltered schemes has similarly increased. It is proposed that in order for the group heating schemes to continue to break even in 2023/24, the charges are increased as detailed in the table below:

	Current charge (per week)	Revised charge (per week)	Increase in 2023/24 (per week)
1 bedroom	£18.77	£29.70	£10.93
2 bedroom	£19.30	£30.54	£11.24
3 bedroom	£19.83	£31.38	£11.55

- 1.4 These figures are based on officers' best estimates of the costs for 2023/24. As with all service charges, heating charges are recalculated annually. Any changes in energy prices over the next 12 months will be reflected in the 2024/25 charges.
- 1.5 The Government has made additional support and cost of living payments available to those on means tested benefits to help with increased energy costs and high levels of inflation. The Housing Service's tenancy sustainment and Independent Living teams will continue to work with tenants to ensure that they claim the maximum amount of benefits.

2.0 Garage rents and garage sites

- 2.1 Income streams from both garage rents and garage site leases currently cover expenditure and create a surplus for investing in housing management services. An increase in lease and rental charges to match

the September Retail Price inflation rate is recommended. This will revise the charges as follows.

	Current charge	Revised charge	Increase in 2023/24
Garage rents	£8.04 per week	£9.05	£1.01 (per week)
Garage site – shale surface	£59.49 per annum	£66.99	£7.50 (per annum)
Garage site – asphalt	£74.85 per annum	£84.28	£9.43 (per annum)
Garage site – other	£81.96 per annum	£92.29	£10.33 (per annum)

2.2 Garage rents are not eligible for Housing Benefit or the housing element of Universal Credit.

3.0 Water charges

3.1 With the exception of some of the sheltered schemes, water charges are no longer collected on behalf of Severn Trent. For the remaining properties where charges are collected it is proposed to hold the water rate charge at the existing £3.70 per week charge.

3.2 Water charges are not eligible for Housing Benefit or the housing element of Universal Credit.

4.0 Garden assistance scheme

4.1 The current Garden Assistance Scheme contract was awarded to Spirepride in April 2018. In order to comply with the Equality Act 2010, the service is provided free to disabled people.

4.2 The cost of providing the service to any eligible disabled service users will be met from the HRA working balance. Any other service users will be charged as per the table below. The contract price will increase in April 2023 by 8.75% and it is proposed to pass this increase onto all paying clients.

	Current charge (per week)	Revised charge (per week)	Increase in 2023/24 (per week)
Grass Cut	£3.81	£4.14	£0.33

Hedge Cut	£0.74	£0.80	£0.06
Grass and hedge cut	£4.55	£4.95	£0.40

4.3 Garden Assistance Scheme charges are not eligible for Housing Benefit or the housing element of Universal Credit.

5.0 Community rooms

5.1 Housing Services currently manage three community rooms: Wimbourne Crescent and Bonsall Court at Newbold, and Winster Court at Newland Dale. Usage is low at each venue, with income not meeting the costs associated with the maintenance and management of these facilities.

5.2 Charges for the hire of community rooms are in accordance with the table below. Bookings are offered at a fixed price for the usage of the room per slot:

- 9.00a.m to 1.00p.m
- 1.00p.m to 5.00p.m
- 5.00p.m to 9.00p.m

5.3 It is not proposed to increase prices in 2023/24. The charges will therefore remain as set out in the table below:

Type of group	Comments	Charge per slot
Tenant and resident group	Groups which work on behalf of members of the community	Nil charge
Councillor surgery	Surgeries run by Chesterfield BC for Derbyshire County Council Members	Nil charge
Activities for the benefit of vulnerable people and for which funding is not available	For example, preparation and distribution of food hampers to vulnerable people	Nil charge
Activities for the benefit of local people	Activities where a charge can be made for the activity	£8.00

Charitable organisations	Those with a charitable status and registration number	£8.00
Support groups	Groups which support vulnerable or disadvantaged people, and which are non-profit making	£8.00
Other non-commercial groups	Including statutory organisations who use the premises e.g. use as Polling Stations or parties	£12.00
Commercial organisations	Other organisations	£20.00

6.0 Communal staircase cleaning

- 6.1 The contract for cleaning communal staircases is carried out by in house Building Cleaning.
- 6.2 In order that the service continues to recover its costs it is proposed to increase the weekly charge to tenants by 23 pence per week from 3rd April 2023, increasing the charge from £2.28 to **£2.51** per week.
- 6.3 Communal staircase cleaning charges are eligible for Housing Benefit and the housing element of Universal Credit.

7.0 Tenant home content insurance premium tax

- 7.1 There has been no further increase in Insurance Premium Tax since June 2017 when it was set at 12%. It is proposed to leave this charge unchanged for 2023/24 in order that the service continues to recover its costs.
- 7.2 The tax is recovered weekly from tenants as part of their home contents insurance premium, the amount charged will depend on their individual level of home contents cover.
- 7.2 Home content insurance premium tax is not eligible for Housing Benefit or the housing element of Universal Credit.

8.0 Sheltered scheme service charge

- 8.1 There has no change in cost of the services covered by the sheltered scheme service charge. It is therefore proposed to keep this charge at

£15.59 per week. The charge applies to all sheltered housing schemes and will continue to be reviewed annually.

9.0 Careline and Independent Living Service charges

- 9.1 Careline response and support services for older and vulnerable people are currently provided to Derbyshire County Council (DCC) funded and self-funded customers. For those eligible for funding, there are two separate contracts with DCC – floating visiting support- Independent Living Service (ILS) and Careline. Tenants and residents who cannot access funding from DCC can pay for the service.
- 9.2 Derbyshire County Council is currently reviewing the Careline and Independent Living contracts. An offer has been made to extend the contracts with CBC to provide the Careline service until March 2024 and the Independent Living Service to Chesterfield, North East Derbyshire and Amber Valley to March 2024.
- 9.3 The proposed charges are designed to continue the consistency we achieved last year. The changes are designed to reflect the costs of delivering the services in full.

Careline

- 9.4 Under the current Careline contract, Chesterfield Borough Council (CBC) receives **£2.58** per week for each client eligible for this funding. This charge cannot be amended under the current contract. The fees received under the DCC 'Fast Package' are also fixed at **£2.50** per week. Digital funded - DCC will pay for the cost of the alarm equipment and **£1** per week for the sim cost.
- 9.5 Self-funded Careline customers are currently charged £6.75 per week. It is proposed to increase this charge to **£7.00** per week.
- 9.6 The charges in 9.4 and 9.5 are for the Careline alarm. The Careline service can provide and monitor additional telecare items such as smoke alarms and falls detectors. The monitoring of these items is charged on top of the standard charges in 9.3 and 9.4 above. The charge for additional items will remain at **£1.50** per week per item.
- 9.7 In preparing for the analogue to digital switch Careline can now take and deal with digital calls. All newly installed alarms will have to be digital and customers with a digital system are charged £3.00 per week more than for the standard analogue alarm, to cover the cost of new digital equipment and sim card coverage. Additional telecare items would then be charged at £1.50 per item above this price as with the contracted and analogue systems in 9.4 and 9.5 above.

9.8 The proposed charges for Careline and additional telecare services are set out in the table below.

Service (no. of clients as at November 2022)	Current charge (£)	Proposed charge (£)	Change (£) (per week)
Careline DCC Funded			
DCC funded (588)	£2.58	Contracted	n/a
DCC fast package (9)	£2.50	Contracted	n/a
DCC digital funded (19)	£3.58	Contracted	n/a
Careline – Self Funded			
Self-funded analogue (Careline & Telecare) (1,184)	£6.75	£7.00	£0.25p
Self-funded Careline enhanced (+ 1 item)	£8.25	£8.50	£0.25p
Self-funded Careline enhanced+ (+2 items)	£9.75	£10.00	£0.25p
New Careline 'digital' customers (70)	£8.25	£10.00	£1.75
New digital enhance (+1 item) (10)	£9.75	£11.50	£1.75
Derbyshire Dales – Monitor only service (65)	£6.75	£6.75	£0.00
Careline - other contracts			
Housing Association contracts (182)	Variable	£3.50	£0.00

9.9 The Housing Association contract is the provision of the Careline monitoring service only (no response element is provided). As contracts allow and are renewed the charge will be increased to **£3.50** per week to ensure costs of delivering the service and the upgrading to a digital system are covered.

Independent Living Service

9.10 The Independent Living Service contract with DCC is being moved to a fixed price arrangement therefore no weekly charges will be levied to any eligible DCC funded customer.

- 9.11 For self-funded clients within Chesterfield (56 customers) it is proposed to increase charges by £0.91p per week from £3.09 to **£4.00**. This charge is just for the provision of support.
- 9.12 For self-funded clients in Amber Valley and North East Derbyshire (16) who receive the ILS Service and Careline combined, it is proposed to increase charges by £0.25p from £10.75 to £11.00 per week. (£4.00 for support and £7.00 for Careline).
- 9.13 Chesterfield Borough Council will continue to receive **£34.00** for every fall attended (2,573 in 2021/22).

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