

STAVELEY TOWN COUNCIL

DRAFT HEADS OF TERMS OF FINANCIAL RESCUE PACKAGE

These Heads of Terms are agreed between Chesterfield Borough Council (CBC) and Staveley Town Council (STC)

Chesterfield Borough Council

1. CBC will seek to provide STC with a loan to the value of £XXXXk for the exclusive purpose of:
 - a) clearing STC's debts¹ and
 - b) enabling STC to set a balanced budget and
 - c) enabling STC to set an appropriate level of precept for the financial year 2023/24 and
 - d) covering any costs and expenditure reasonably incurred by CBC under these terms.
2. CBC will draw up the terms of the loan agreement, in accordance with these terms and any other relevant provisions, in cooperation with STC and in consultation with the Department for Levelling Up, Housing and Communities (DLUHC). The loan will need to be secured on STC land and property of an equivalent value, interest applied to it at the prevailing market rate and the loan and interest repaid in full within 5 financial years.
3. CBC will seek to secure the necessary funding and capitalisation direction from DLUHC or will support STC to secure such a direction through the provision of a warranty where it proves necessary for an application for loan funding to be made to the Public Works Loan Board.
4. CBC will provide STC with appropriate levels of audit, accounting, and governance support and resources to enable it to fulfil its obligations under the terms of the financial rescue package.
5. CBC will provide STC with HR advice and support to ensure any staffing implications arising from STC's adherence to the terms of the financial rescue package are appropriately handled.
6. CBC will maintain a contemporaneous and accurate record of all expenditure incurred [and staff time taken] in meeting its obligations with a view to adding the final sum to the value of the loan paid to STC.

¹ To be clear, CBC will not provide loan funding to cover any expenditures for which there is no formal STC approval e.g., the additional £89k that has apparently been spent on the Town Deal project or where external funds have not been properly applied for their intended purposes e.g., the 5% advance of Town Deal funding.

7. CBC will make the annual precept payments to STC for the financial year 2023/24 in two parts:
 - a) on 14 April 2023 and
 - b) 1 September 2023.

Staveley Town Council

1. STC will provide CBC with full and unrestricted access² to its financial management systems to validate historic, current, and future liabilities. To include:
 - a) Money owed in salaries and wages to STC staff
 - b) Money owed to creditors
 - c) Money owed from debtors
 - d) Money that needs to be reassigned for its intended purposes e.g., Community Infrastructure Levy (CIL) payments
2. STC will provide CBC with a list of its land and property assets e.g., Staveley Hall and where available:
 - a) Land Registry title information (Registered Title Number, and/or copy of registered title) and
 - b) latest valuation reports on each asset.
3. STC will prepare and submit to CBC a draft budget for the financial year 2023/24 evidencing balance between expenditure and income (the latter backed by credible cash flow forecasts), appropriate business cases in respect of STC's commercial operations, and contingency sums to cover documented risks.
4. STC will set a precept in support of their budget estimates at a level that reflects the current economic climate and cost of living challenges faced by the town's / parish's residents³.
5. STC will take immediate steps to ensure statutory compliance with the terms of the Community Infrastructure Levy (CIL) Regulations.
6. STC's council and councillors must commit at all times to adhere to the terms of STC's constitution, including standing orders, financial rules and Code of Conduct, and relevant law.
7. STC will provide a bi-monthly financial management report to CBC on or before the [XX] day of the relevant month demonstrating:

² Access to be facilitated by STC's Town Clerk and Responsible Finance Officer

³ CBC recognises that there is no referendum limit for Town / Parish Councils

- (a) that expenditure and income performance is in line with the agreed budget estimates / cashflow forecasts for the financial year 2023/24 and
 - (b) where expenditure and / or income performance is not in line with the budget estimates / cashflow forecasts for the financial year 2023/24 setting out in detail the actions and reasoned justification for such actions to be taken to correct the adverse position.
8. STC will reply promptly to any enquiry by CBC in relation to these terms or the loan agreement and shall facilitate their performance.

Chesterfield Borough Council and Staveley Town Council

1. CBC and STC will independently and jointly (as appropriate) consult their respective external auditors (Mazars and PKF Littlejohn) on the terms of the financial rescue package. STC will provide a written authorisation to enable CBC to liaise directly with PKF Littlejohn where appropriate.
2. CBC and STC will independently arrange for the terms of the financial rescue package to be respectively:
 - (a) reported to, recommended for approval to, and considered at meetings of CBC's Council and STC's Council [CBC shall also be provided with a copy of the draft report to be submitted to STC for the purpose of CBC comment and amendment] and
 - (b) for the adopted terms and loan agreement to be signed by CBC's Chief Executive and Service Director – Finance (or sealed by CBC as appropriate) and STC's Town Clerk and Responsible Finance Officer or other appropriate STC signatory agreed in advance by CBC (or sealed by STC as appropriate).
3. CBC and STC will prepare and approve a joint media statement setting out the terms of the financial rescue package. Neither CBC or STC or its members will issue / publish in any form any further statement on these arrangements which has not been agreed in advance between CBC and STC.
4. CBC and STC will explore the option of appointing external independent associates to an 'improvement board' tasked with ...
 - a. Investigating the circumstances behind and causes of STC's current financial problems
 - b. Developing a short-term and medium-term improvement programme to return STC to solvency and to a position where it can deliver value for money services to Staveley's residents and businesses.