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e-mail: committee@derbyshiredales.gov.uk

24 February 2021

To: All Councillors

As a Member of the Council, please treat this as your summons to attend a **virtual meeting** of the **Budget Meeting** on **Thursday, 04 March 2021 at 6.00pm** via the Zoom application.

(Joining details will be provided separately).

Under Regulations made under the Coronavirus Act 2020, the meeting will be held virtually. As a member of the public you can view the virtual meeting via the District Council's website at www.derbyshiredales.gov.uk or via our YouTube channel.

Yours sincerely

James McLaughlin
Director of Corporate and Customer Services

AGENDA

1. APOLOGIES

Please advise the Committee Team on 01629 761133 or e-mail: committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

As the Council cannot hold meetings at the Town Hall, Public Participation can only take place using the Zoom application or by written representations. Members of the public are able to comment or ask questions on the items listed in the agenda and must give notice before 12 noon on the day preceding the meeting by:

Web-form: Make your submission here
Email: committee@derbyshiredales.gov.uk
Post: Democratic Services, Derbyshire Dales District Council, Town Hall, Matlock DE4 3NN
The Committee Team will assist any member of the public without access to electronic means by capturing their concerns over the telephone.

Phone: 01629 761133 (working days only 9am – 5pm)

Written representations, received by the deadline will be read out at the meeting, verbal contributors will be given instructions on how to join the meeting after giving notice.
All meeting proceedings open to the public will be streamed live on our YouTube channel when all non-exempt items are being considered. Recordings of the meeting will also be available after the event on the District Council's website.

3. APPROVAL OF THE MINUTES OF PREVIOUS MEETING

21 January 2021

4. INTERESTS

Members are required to declare the existence and nature of any interests they may have in subsequent agenda items in accordance with the District Council's Code of Conduct. Those interests are matters that relate to money or that which can be valued in money, affecting the Member her/his partner, extended family and close friends. Interests that become apparent at a later stage in the proceedings may be declared at that time.

Page Nos.

5. CORPORATE PLAN 2021/22 **05 - 22**

To consider setting the Corporate Plan targets for adopted priorities, as detailed in Appendix 2, for 2021/22 and to note the performance to date, against the 2020/21 Corporate Plan targets.

6. SERVICE PLANS 2021/22 **23 - 25**

To consider approval of the District Council's Service Plans for 2021/22, which include the relevant Corporate Plan targets for operational use in 2021/22.

To Follow:

Appendix 1 - Draft Service Plans 2021-2022

7. CARBON REDUCTION WORKS: ASHBOURNE LEISURE CENTRE **26 - 28**

To consider a report seeking approval for the inclusion of the sum of £734,006 within the Capital Programme for 2021/22, for the proposed decarbonisation works at Ashbourne Leisure Centre. Also, to consider approval to continue to work with Freedom Leisure and Leisure Energy to deliver the scheme of decarbonisation works.

8. CAPITAL PROGRAMME UPDATE **29 - 41**

To consider approval of the revised Capital Programme and financing arrangements for 2020/21, 2021/22 and 2022/23 as detailed in Appendix 1 and approval that the Programme be financed, as set out in the report and for the use of internally borrowed funds from the Council's cash balances of £617,000. Also to note the potential future liabilities outlined in Appendix 2.

9.	**REVENUE BUDGET 2021/22** To consider approval of the District Council's Revenue Budget for 2021/22 and to update the revised Revenue Budget for 2020/21.	**42 - 76**
10.	**COUNCIL TAX SETTING 2021/22** To consider setting the Council Tax 2021/22 in accordance with the provisions of the Local Government Finance Act 1992.	**Report To Follow**
11.	**MEDIUM TERM FINANCIAL STRATEGY 2021/22 TO 2025/26** To consider approval of the Medium Term Financial Strategy (MTFS) for 2021/22 to 2025/26 and agreement that when setting budgets for 2021/22 and beyond, wherever possible, spending be focused on the Council's corporate priorities. Also to consider approval for the approach, as set out in the MTFS, for achieving the savings required to set balanced budgets i.e. that there will be a hold on any significant service reductions until the outcome of the funding / business rates reviews is known. **To Follow:** Appendix 1 – Medium Term Financial Strategy 2021/22 to 2025/26	**77 - 81**
12.	**CAPITAL STRATEGY REPORT FOR 2021/22** To consider approval of the District Council's Capital Strategy Report for 2021/22.	**82 - 89**
13.	**TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22** To consider approval of the Treasury Management Strategy Statement, the Annual Treasury Management Investment Strategy and the MRP policy and Prudential indicators (as set out in Appendix 1) for 2021/22. **To Follow:** Appendix 1 – Prudential Indicators & MRP Policy	**90 - 101**
14.	**CORPORATE INVESTMENT STRATEGY AND COMMERCIAL INVESTMENT STRATEGY FOR 2021/22** To consider approval of the Corporate Investment Strategy and Commercial Investment Strategy for 2021/22. **To Follow:** Appendix 2 - Draft Corporate Investment Strategy 2021/22 Appendix 3 - Draft Commercial Investment Strategy 2021/22	**102 - 107**
15.	**SEALING OF DOCUMENTS** To authorise that the Common Seal of the Council be affixed to those documents, if any, required completing transactions undertaken by Committees or by way of delegated authority to others, since the last meeting of the Council	

NOTE: For further information about this Agenda or on “Public Participation” call 01629 761133 or e-mail: committee@derbyshiredales.gov.uk

NOT CONFIDENTIAL – For public release **Item No. 5**

COUNCIL
04 MARCH 2021

Report of the Director of Regeneration and Policy

CORPORATE PLAN 2021/22

PURPOSE OF REPORT

The Corporate Plan is the District Council's primary policy document. It sets out the top priorities for the District Council, and provides the framework for allocating scarce resources through the budget that follows on this agenda. This report recommends 23 specific targets for 2021/22 for the Corporate Plan priority areas adopted by Council on 14 December 2020. The report also presents performance against the Corporate Plan targets 2020/21 as at the end of the third quarter.

RECOMMENDATIONS

1. That Corporate Plan targets for adopted priorities for 2021/22 are set as detailed in Appendix 2 to this report.
2. That performance to date against 2020/21 Corporate Plan targets, as set out in the report, is noted.

WARDS AFFECTED

All

STRATEGIC LINK

Every policy, strategy, plan and action of the District Councils flows from the Corporate Plan. The Corporate Plan is put into effect by the Budget, which in turn is supplemented by service plans, policies and strategies. Through the Performance and Development Review scheme (PDR), employees' activities and appraisals are linked to the Corporate Plan.

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1 BACKGROUND

1.1 The Corporate Plan sets out the top priorities of the District Council, and is the key strategy from which the District Council's Revenue Budget, Capital Programme and Service Plans cascade.

1.2 To allocate resources solely based on priorities for improvement is impossible, because the District Council has only limited flexibility within its budgets. Nevertheless, the Corporate Plan does give the Council an important steer on the direction of travel it needs to take when setting discretionary budgets. It indicates priority areas for improvement and helps direct where the District Council needs to focus service delivery and policy development. By *not* identifying other areas as priorities, the Corporate Plan indicates where discretionary budgets should not be focused.

1.3 The District Council's Corporate Plan 2020-2024 was adopted at the meeting of Council on 5th March 2020. It identifies three key priorities areas, and for each a number of key target areas and actions, that the District Council would seek to implement to achieve them. The three key priority areas are:

- *'People'* – Providing You with a **High Quality Customer Experience**
- *'Place'* – Keeping the Derbyshire Dales **Clean, Green and Safe**
- *'Prosperity'* – Supporting Better **Homes and Jobs** for You

1.4 Members agreed that there should be 44 Corporate Plan targets for 2020/21. A summary of progress against each of these corporate targets as at quarter three in 2020/21 is shown in section 3 of this report with detail in Appendix 3.

1.5 For the coming financial year (2021/22), this report recommends 23 specific targets for 2021/22 for the 21 Corporate Plan priority action areas adopted by Council on 14 December 2020. As a reminder, the priority action areas for 2021/22 that Council adopted in December are at out in Appendix 1. Proposed targets for these priority action areas are set out in section 2 of the report with detail in Appendix 2.

2 SETTING CORPORATE PLAN TARGETS 2021/22

2.1 In order to set budgets and plan services for the 2021/22 financial year, targets need to be set. Service targets come to Council at the same time as the budget is set, which enables resourcing to be taken into account.

2.2 Twenty-three specific Corporate Plan targets for 2021/22 (Appendix 2) are proposed, in accordance with the 21 priorities adopted by Council on 14 December 2020 (Appendix 1).

2.3 Key areas include: improving online customer services, addressing the climate change agenda, improving outdoor facilities in a number of areas, developing opportunities for businesses to be established on new sites, continuing to provide appropriate housing and adaptations to residents, and providing advice to families and businesses. Full details of the specific targets for 2021/22 are set out in Appendix 2.

2.4 Performance against these 2021/22 targets will be reported to Council during the coming year.

3 PERFORMANCE AGAINST CORPORATE PLAN TARGETS 2020/21 at Q3

3.1 For the current year's Corporate Plan, Council set 44 specific targets. Progress on these targets is detailed in Appendix 3.

3.2 The latest Quarter 3 figures indicate that 23 of the targets for which data is available are on track to be fully achieved during 2020/21 (shown in Green in Appendix 3). The remaining 21 targets are still in progress and are likely to be achieved later than originally planned. As might be expected, delays have been caused by the focus of the Council being on the emergency response during the COVID-19 pandemic.

3.3 Corporate Plan targets where performance is particularly strong include those that relate to improved customer service, in particular the improved website, an improved payment service, an increase in the information available in 'My Account' (waste collection dates, Councillor details), and extending the number of trackable services.

3.4 Adaptations to the homes of 76 people with disabilities exceeded the target of 50 by March 2021. Good progress has been made on achieving the Council's Climate Change strategies and plans, for example the installation of 27 electric vehicle charging points in Ashbourne [8], Matlock [8], Bakewell [8] and Wirksworth [3].

3.5 Businesses have received support during the COVID crisis, in many cases beyond the pledges detailed in the Corporate Plan such as the administration of, and advice regarding, a variety of new Government funding schemes to support businesses through the crisis.

3.6 Corporate Plan targets that have progressed but are unlikely to be fully met on schedule due to the impact of COVID, include:

- The implementation of measures to achieve 2% reduction in CO2 from local authority buildings was not met in 2020/21; however work is ongoing to meet targets in 2021/22
- Progress on the implementation of a refurbishment programme for the Bandstand at Ashbourne Memorial Gardens by April 2021 has a revised completion date of Dec 2021
- Work with public and private sector partners to complete infrastructure improvements at Ashbourne Airfield Industrial Estate has progressed. Works started on the A52 roundabout in October 2020 and works on link road are anticipated to commence April 2021
- The launch of a Derbyshire Dales Place Branding Initiative was delayed; however a new narrative, a draft 'Invest in the Dales' video, and new web pages have been prepared. Three business champion videos have been completed.
- Twelve of 80 new affordable homes have been completed
- Both the review of the effect of increase in Council Tax Premium in May 2020 and the exploration of further policy options relating to empty homes, have begun
- Procurement was completed in October for the Phase 1 survey and projects for the Heritage Lottery Fund bid, for the Hurst Farm Regeneration Project. Phase 1 works will be complete in August 2021
- 259 vulnerable households were provided with debt and welfare advice instead of the target of 350 vulnerable households

3.7 Targets adversely affected but likely to be progressed or completed in the latter part of 2021 or early 2022 include:

- The implementation of a recycling education and promotional programme
- The development a Community Tree Planting Programme (now scheduled for implementation in 2021/22)

- Work on the Ashbourne Memorial Pavilion will be complete by Sept 2021
- A review and implementation of revised core standards for Clean and Green by April 2021 was postponed until 2021/22, due to the team's focus on Covid related duties
- Exploration of further policy options to reduce the number of empty homes by December 2020 (some options have been identified)
- The programme for further publicly accessible EV charging points in car parks across the Derbyshire Dales will be progressed in 2021/22

4 RISK ASSESSMENT

4.1 Legal

The Corporate Plan is fully compliant with all relevant legislation. The legal risk is assessed as being low.

4.2 Financial

Service and financial planning is an integrated process. The budget and service plans are prepared simultaneously, and actions for 2021/22 are to be funded from within budgetary provision for 2021/22. The financial risk is therefore considered to be low at this stage.

4.3 Corporate Risk

There is a risk that Corporate Plan targets may not be achieved. Progress is monitored regularly by Service Managers and by Corporate Leadership Team. The risk of not achieving corporate targets is classified as medium.

5 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

CONTACT INFORMATION

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BACKGROUND PAPERS

Description	Date
Council report: Corporate Plan 2020 to 2024	5 March 2020
Council report: Corporate Plan 2020-2024 – performance 2020/21 and priorities 2021/22	14 December 2020

ATTACHMENTS

Appendix 1 Corporate Plan Priority Actions 2021/22 (adopted at Council Dec 2020)
Appendix 2 Corporate Plan Targets 2021/22
Appendix 3 Corporate Plan Actions 2020/21, Q3 updates

APPENDIX 1 **CORPORATE PLAN 2020-24 : PRIORITY ACTIONS 2021/22** as adopted at Council 14 December 2020

Priority	Target Area	Pledge	ACTION 2021/22
'People' – Providing You with a High Quality **Customer Experience**	Offer you the ability to access more services yourself 24/7 online	Designing our online services to keep you informed of progress	Expand the number of services that are fully trackable by March 2022
	Maintain high customer satisfaction about the quality of services we deliver	Undertaking an annual online survey of residents to establish customer satisfaction and priorities	Undertake Annual Survey using the Online Residents Panel to assess resident satisfaction with DDDC Services by November 2021
'Place' – Keeping the Derbyshire Dales **Clean, Green and Safe**	Achieve net zero carbon emissions from District Council operations by 2030	Preparing and Implementing a Climate Change Strategy	Implement Year 1 actions of the adopted Climate Change Strategy
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Preparing and Implementing a Climate Change Strategy	Support the retrofit of energy efficiency measures in homes across the district
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Preparing and adopting a Supplementary Planning Document on Climate Chang	Complete the adoption of a Supplementary Planning Document on Climate Change
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Implementing a programme of Electric Vehicle charging points in our car parks	Develop a programme for further publicly accessible EV charging points in car parks across the Derbyshire Dales
	Invest capital resources in our main parks to improve facilities where feasible	Improving facilities initially in Ashbourne Recreation Ground	Complete the transfer and re-build of Ashbourne Memorial Pavilion and refurbishment of the Bandstand and paths
	Invest capital resources in our main parks to improve facilities where feasible	Improving facilities initially in Ashbourne Recreation Ground	Work in Bath Gardens, Bakewell, towards achieving Green Flag Award (then Ashbourne Memorial Gardens in the following year)
	Developing maintenance plans for green spaces and verges we manage to encourage greater biodiversity	Review and implement revised core standards for Clean and Green by April 2021	Review and implement revised core standards for Clean and Green by April 2022
	Publish an annual report on air quality in the District and identify any appropriate mitigation measures for areas of lower air quality	Publish an Air Quality Monitoring Report by July 2020 and where necessary commence appropriate mitigation measures and create an action plan by March 2021	Carry out a Detailed Assessment, and progress to an Air Quality Management Area and Action Plan as necessary
'Prosperity' – Supporting Better **Homes and Jobs** for You	Invest resources in developing key employment sites	Facilitating the development of Ashbourne Business Park and Phase 1 housing at Ashbourne Airfield	Work with public and private sector partners to complete infrastructure improvements at Ashbourne Airfield Industrial Estate

Priority	Target Area	Pledge	ACTION 2021/22
	Invest resources in developing key employment sites	Prioritising regenerating housing and employment sites	Re-shape Regeneration Services to drive investment in brownfield and other key strategic housing/employment sites,
	Promote investment to stimulate the economy of our market towns	Initiating a development scheme for the Bakewell Road site, Matlock town centre	Invest in the redevelopment of the Bakewell Road town centre site, Matlock
	Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations	Launching the Derbyshire Dales Place Branding Initiative	Re-start place-based marketing with a Derbyshire Dales 'open for business' campaign to promote the area for economic investment
	Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations	Continuing to provide a high quality, free, 1:1 business advice service to small and medium sized businesses	Continue to provide a high quality, free, 1:1 business advice service to small and medium sized businesses
	Promote housing development that meets the needs of the present and future population of the District	Building new Council homes to rent and continuing to build social rented homes in partnership with Housing Associations	Commence the programme to build new Council homes to rent
	Promote housing development that meets the needs of the present and future population of the District	Helping disabled people adapt their homes so they can continue to live there	Provide adaptations to the homes of disabled people
	Delivering a permanent site to meet identified traveller needs	Identify opportunities for the provision of permanent Traveller site and conclude negotiations with landowners by July 2020.	Deliver a permanent site to meet identified Traveller needs
		Complete a review of the Derbyshire Dales Local Plan	Carry out the Derbyshire Dales Local Plan review process as determined by Council
		Support communities in developing Neighbourhood Plans	Support the Brailsford and Ashbourne Neighbourhood Plans through the statutory process towards completion
		Continue to provide debt and welfare advice to vulnerable households	Continue to provide debt and welfare advice to vulnerable households

APPENDIX 2 – Corporate Plan Targets 2021/22

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
'People' – Providing You with a High Quality **Customer Experience**	Offer you the ability to access more services yourself 24/7 online	Designing our online services to keep you informed of progress	Expand the number of services that are fully trackable by March 2022	CP20/PE6	Increase the number of services that are fully trackable by March 2022, by 20, across all departments	Corporate and Customer Services
	Maintain high customer satisfaction about the quality of services we deliver	Undertaking an annual online survey of residents to establish customer satisfaction and priorities	Undertake Annual Survey using the Online Residents Panel to assess resident satisfaction with DDDC Services by November 2021	CP20/PE7	Undertake Annual Survey using the Online Residents Panel to assess resident satisfaction with DDDC Services by November 2021	Regeneration and Policy
'Place' – Keeping the Derbyshire Dales **Clean, Green and Safe**	Achieve net zero carbon emissions from District Council operations by 2030	Preparing and Implementing a Climate Change Strategy	Implement Year 1 actions of the adopted Climate Change Strategy	CP20/PL1	Implement Year 1 actions of the adopted Climate Change Strategy and report on effect of actions in terms of CO_2 reductions. Implement decarbonisation works at Ashbourne Leisure Centre.	Regulatory Services

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Preparing and Implementing a Climate Change Strategy	Support the retrofit of energy efficiency measures in homes across the district	CP20/PL16	Support the retrofit of energy efficiency measures in homes across the district	Housing Services
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Preparing and adopting a Supplementary Planning Document on Climate Chang	Complete the adoption of a Supplementary Planning Document on Climate Change	CP20/PL5	Complete the adoption of a Supplementary Planning Document on Climate Change by June 2021	Regeneration and Policy
	Work with partners across the county and region to deliver this new goal through all relevant strategies	Implementing a programme of Electric Vehicle charging points in our car parks	Develop a programme for further publicly accessible EV charging points in car parks across the Derbyshire Dales	CP20/PL7	Develop a programme for further publicly accessible EV charging points in 2 car parks across the Derbyshire Dales by April 2022	Neighbourhoods
	Developing maintenance plans for green spaces and verges we manage to encourage greater biodiversity	Review and implement revised core standards for Clean and Green by April 2021	Review and implement revised core standards for Clean and Green by April 2022	CP20/PL12	Review and implement revised core standards for Clean and Green by April 2022	Clean and Green

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
	Publish an annual report on air quality in the District and identify any appropriate mitigation measures for areas of lower air quality	Publish an Air Quality Monitoring Report by July 2020 and where necessary commence appropriate mitigation measures and create an action plan by March 2021	Carry out a Detailed Assessment, and progress to an Air Quality Management Area and Action Plan as necessary	CP20/PL14	Carry out a Detailed Assessment by April 2021 and progress to an Air Quality Management Area and Action Plan as necessary by March 2022	Regulatory Services
	Invest capital resources in our main parks to improve facilities where feasible	Improving facilities initially in Ashbourne Recreation Ground	Complete the transfer and re-build of Ashbourne Memorial Pavilion and refurbishment of the Bandstand and paths	CP20/PL17	Complete the transfer and re-build of Ashbourne Memorial Pavilion and refurbishment of the Bandstand and paths by September 2021	Community Development & Regulatory Services
		Improving facilities initially in Ashbourne Recreation Ground	Work in Bath Gardens, Bakewell, towards achieving Green Flag Award (then Ashbourne Memorial Gardens in the following year)	CP20/PL18	Secure Green Flag award for Bath Gardens, Bakewell (then Ashbourne Memorial Gardens in the following year)	Community Development & Regulatory Services

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
'Prosperity' – Supporting Better **Homes and Jobs** for You	Invest resources in developing key employment sites	Facilitating the development of Ashbourne Business Park and Phase 1 housing at Ashbourne Airfield	Work with public and private sector partners to complete infrastructure improvements at Ashbourne Airfield Industrial Estate	CP20/PR1	Completion of the A52 Roundabout by July 2021. Complete link road by October 2021	Regeneration and Policy
		Prioritising regenerating housing and employment sites	Re-shape Regeneration Services to drive investment in brownfield and other key strategic housing/employment sites	CP20/PR2	Re-shape Regeneration Services by March 2022	Regeneration and Policy
	Promote investment to stimulate the economy of our market towns	Initiating a development scheme for the Bakewell Road site, Matlock town centre	Invest in the redevelopment of the Bakewell Road town centre site, Matlock	CP20/PR3	Secure completion of first phase of development by March 2022	Regeneration and Policy
	Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations	Launching the Derbyshire Dales Place Branding Initiative	Re-start place-based marketing with a Derbyshire Dales 'open for business' campaign to promote the area for economic investment	CP20/PR6	Re-start place-based marketing with a Derbyshire Dales 'open for business' campaign to promote the area for economic investment by July 2021	Regeneration and Policy

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
	Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations	Continuing to provide a high quality, free, 1:1 business advice service to small and medium sized businesses	Continue to provide a high quality, free, 1:1 business advice service to small and medium sized businesses		Continue to provide a high quality, free, 1:1 business advice service to 75 small and medium sized businesses	Regeneration and Policy
	Promote housing development that meets the needs of the present and future population of the District	Building new Council homes to rent and continuing to build social rented homes in partnership with Housing Associations	Commence the programme to build new Council homes to rent	CP20/PR8	Commence the programme to build new Council homes to rent by March 2022	Housing
		Helping disabled people adapt their homes so they can continue to live there	Provide adaptations to the homes of disabled people	CP20/PR10	Provide adaptations to 70 homes of disabled people by March 2022	Regulatory Services
	Delivering a permanent site to meet identified traveller needs	Identify opportunities for the provision of permanent Traveller site and conclude negotiations with landowners by July 2020.	Deliver a permanent site to meet identified Traveller needs	CP20/PR13	Secure planning permission for a permanent Traveller site by March 2022	Housing

Priority	Target Area	Pledge	ACTION 2021/22 (adopted by Council 14 December 2020)	Ref. no	PROPOSED TARGET 2021/22	Service area
		Complete a review of the Derbyshire Dales Local Plan	Carry out the Derbyshire Dales Local Plan review process as determined by Council	CP20/PR16	Carry out the Derbyshire Dales Local Plan review process as determined by Council	Regeneration and Policy
		Support communities in developing Neighbourhood Plans	Support the Brailsford and Ashbourne Neighbourhood Plans through the statutory process towards completion	CP20/PR17	Support the Brailsford and Ashbourne Neighbourhood Plans through the statutory process towards adoption by June 2021	Regeneration and Policy
		Continue to provide debt and welfare advice to vulnerable households	Continue to provide debt and welfare advice to vulnerable households	CP20/PR18	Continue to provide debt and welfare advice to 300 vulnerable households	Housing

APPENDIX 3 Q3 Update – Corporate Plan Actions 2020 to 2021

Pledge	Action	Q3 update
Including clearer information about your Clean and Green Service on our website	Introduction of faster, and improved website homepage including greater functionality and mobile access by April 2020.	Achieved 1st April 2020. New homepage, improved information
Enabling online direct debits and card payments for services such as garden waste collection	Implement a new payment portal to expand payment options (accepting Debit Cards, Credit Cards and PayPal) and ensure fully integrated payments are added to all online forms by April 2020. Introduce integrated Direct Debit payments on selected online forms by August 2020	Achieved 1st April 2020 Achieved Nov 2020
Providing an online facility to request District Council services such as litter clearance and street cleaning	Increase the information available to you automatically in the 'My Account' e.g. Waste collection dates, Councillor details, weather alerts etc. by April 2020	Achieved 1st April 'My account' launched
Designing our online services to keep you informed of progress	Implement a 'My Account' feature to track service requests by April 2020. Expand the number of services that are fully trackable by March 2022	Achieved 13 waste services, 10 clean and green services, 5 payment services (e.g. paying for council tax, business rates, invoices etc.) and car park discount season tickets
Undertaking an annual online survey of residents to establish customer satisfaction and priorities	Undertake Annual Survey using the Online Residents Panel to assess resident satisfaction with DDDC Services by November 2020	Achieved 18th October 2020 survey completed
Reviewing opportunities as we strive to be a more commercially minded District Council	Review the role and purpose of the Commercial Board by July 2020	Deleted by Council July 2020

APPENDIX 3 Q3 Update – Corporate Plan Actions 2020 to 2021

Pledge	Action	Q3 update
Maintain other customer access channels	Continue to maintain and publicise a variety of offline customer contact channels for the District Council's services through Dales Matters and other media.	Achieved. Dales Matters published, approx100 media releases, and posters, adverts and banners
Engage with community groups and encourage projects run by community groups	Provide up to £36,600 of grant funding to local community groups for projects that benefit the wider community in Derbyshire Dales.	£22,806 at Q3
	Support community groups to successfully host events on District Council land by March 2021	All events cancelled due to Covid
Achieve a sustainable financial position by prudent management of resources and reviewing services	Continue to explore opportunities to deliver £250,000 efficiency savings and/or additional income by 2023/24	On hold pending the outcome of the government review of Council funding. An announcement on the review is expected in autumn 2021
Preparing and Implementing a Climate Change Strategy	Implement measures to achieve 2% reduction in CO_2 from local authority buildings as compared to the previous calendar year by March 2021.	Clear Lead Consulting Report agreed Oct 2020. Recruitment underway for Climate Change Officer, who will be responsible for undertaking assessment work upon commencement of employment.
	Develop a strategy to improve energy efficiency at all buildings of asset value £10,000 and above by March 2021.	Agreed projects at DDDC buildings will achieve energy efficiency at all buildings of asset value £10,000 and above by March 2021.
Preparing and adopting a Supplementary Planning Document on Climate Change	Appoint Consultants to Assist with Preparation of Climate Change SPD by October 2020. Publish for public consultation Climate Change SPD by January 2021. Complete adoption of SPD on Climate Change by June 2021.	Achieved: consultants appointed Aug 2020 Consultation commenced Feb 2021 Scheduled for June 2021

APPENDIX 3 Q3 Update – Corporate Plan Actions 2020 to 2021

Pledge	Action	Q3 update
Implementing a programme of Electric Vehicle charging points in our car parks	Introduce publicly accessible EV charging points in at least one car park in each of our market towns by April 2020.	Achieved May 2020. To date 27 charging points have been installed: Ashbourne [8], Matlock [8], Bakewell [8] and Wirksworth [3]
	Develop a programme for further publicly accessible EV charging points in car parks across the Derbyshire Dales by April 2021	It is anticipated that 2 further car parks will be provided with EV charging points during 2021/22.
Promoting greater recycling especially of food waste	Implement a recycling education and promotional programme by December 2020	Postponed due to Covid
Developing a community tree planting programme	Develop a Community Tree Planting Programme by April 2021 for implementation in 2021/22	Postponed due to Covid
Improving facilities initially in Ashbourne Recreation Ground	Support the transfer and re-build of Ashbourne Memorial Pavilion and the Bowls Pavilion on Ashbourne Recreation Ground by March 2021.	The Ashbourne Memorial Pavilion will be complete by Sept 21, the lease is being finalised, and the Bowls Pavilion on Ashbourne Recreation Ground has been built and the transfer will be complete in Sept 2021
	Implement a refurbishment programme for the Bandstand at Ashbourne Memorial Gardens by April 2021.	Delayed due to Covid. Survey completed, procurement late spring, revised completion date Dec 2021
Developing maintenance plans for green spaces and verges we manage to encourage biodiversity	Review and implement revised core standards for Clean and Green by April 2021.	Postponed until 2021/22 due to Covid
Work with partners and communities to maintain high levels of community safety	To work with DFRS and other partners to review and relaunch the Council's Bonfire Safety Campaign by October 2020	No bonfires in 2020 due to Covid. Will be reassessed in 2021 Covid-19 dependent.
Publish an annual report on air quality in the District and identify any appropriate mitigation measures for areas of lower air quality	Publish an Air Quality Monitoring Report by July 2020 and where necessary commence appropriate mitigation measures by March 2021	Achieved: Published on website Oct 2020.

APPENDIX 3 Q3 Update – Corporate Plan Actions 2020 to 2021

Pledge	Action	Q3 update
Facilitating the development of Ashbourne Business Park and Phase 1 housing at Ashbourne Airfield	Work with public & private sector partners to complete infrastructure improvements at Ashbourne Airfield Industrial Estate, opening up 8 ha of new employment land by December 2020	Commencement of scheme delayed due to COVID. However, works started on new A52 roundabout end of October 2020 and works on link road anticipated to commence April 2021.
Pursuing funding to unlock employment land at Middleton Road/Cromford Road, Wirksworth	Pursue funding opportunities to unlock employment land and support initial phase of workspace development at Middleton Road, Wirksworth by March 2021	Feasibility work delayed due to COVID. Landowner's Development Team previously furloughed. Further site investigation information required and a revised Development Appraisal
Initiating a development scheme for the Bakewell Road site, Matlock town centre	Secure investment to enable development of the Bakewell Road town centre site, Matlock by March 2021	£800,000 District Council investment agreed at November 2020 Council and investment from operator agreed in principle. Draft Heads of Terms prepared and planning application due to be submitted.
Continuing to provide a high quality, free, 1:1 business advice service to small and medium sized businesses	Provide support to 75 established businesses in the Derbyshire Dales by March 2021, enabling the creation of local jobs 9 Dales businesses supported to access grants or loans from D2N2, Government and EU to enable growth by March 2021	7 businesses have been supported to access other Government of EU grants totalling £190,000 in grant assistance In addition the Economic Development Team / Business Advice Service has been re-directed to support COVID business survival, in particular the administration of COVID business grants. Several hundred businesses signposted to available support or provided with initial advice. Launched in November 2020, a further 136 businesses have been awarded grants through the discretionary COVID Additional Restrictions Grant fund to date.
Launching the Derbyshire Dales Place Branding Initiative	Launch a Derbyshire Dales Place Branding Initiative to promote the area as a business location by May 2020	Delayed due to re-allocation of team resources to support COVID business survival. Narrative prepared, x3 business champions videos completed and draft Invest in Dales video prepared. New web pages in preparation. Anticipated re-launch in July 2021.

APPENDIX 3 Q3 Update – Corporate Plan Actions 2020 to 2021

Pledge	Action	Q3 update
Building new Council homes to rent and continuing to build social rented homes in partnership with Housing Associations	Procure a Development Agent and Managing Agent, register with Homes England and the Regulator of Social Housing, to help enable a programme of new Council Housing by August 2020	Nottingham Community HA was selected as the Council's contractor in Dec 2021. Original business plan being revised using NCHA's appraisal software. Several opportunities are being worked up including new build, conversions, purchase of empty homes and an S106 scheme.
	Complete 80 new affordable homes by March 2021	There were no completions in Q3 due to delays caused by Covid 19.
Encouraging the provision of smaller-sized open market homes to meet local demand	Implement Policy HC11 in the Derbyshire Dales Local Plan through the determination of planning applications	Achieved: ongoing
Helping disabled people adapt their homes so they can continue to live there	Provide adaptations to the homes of 50 disabled people by March 2021.	Achieved: 76 adaptations completed
Exploring further policy changes which could further reduce the number of empty homes	Undertake a further review the effect of increase in Council Tax Premium in May 2020 Explore further policy options to reduce the number of empty homes by December 2020.	Initial work undertaken to identify the up to date extent of empty properties in advance of development of policy options. The focus of this has been the option to increase the premium on the homes empty for more than 5years and more than 10years. No further options yet developed.
Delivering a permanent site to meet identified traveller needs	Identify opportunities for the provision of permanent Traveller site and conclude negotiations with landowners by July 2020.	Potential sites identified at Q2, and Council resolution to move forward with site made on 2nd September 2021. Delegated authority to proceed with application for planning permission given to Director of Housing.
Submitting a £1m Heritage Lottery Fund bid for the Hurst Farm Regeneration Project	Complete the Phase 1 survey and projects for the Heritage Lottery Fund bid for the Hurst Farm Regeneration Project by March 2021	8 of the 10 consultants have been procured and studies etc. are underway.

APPENDIX 3 **Q3 Update – Corporate Plan Actions 2020 to 2021**

Pledge	Action	Q3 update
Make it easier for local firms to do business with us through our procurement processes	Review the Council's procurement processes to encourage local firms to do business with the District Council by April 2021	Delayed due to Covid. Review now to be undertaken during 2021/22.
Complete a review of the Derbyshire Dales Local Plan	Commence Initial Planning for Review of Derbyshire Dales Local Plan by December 2020 and adoption by December 2022	Review commenced Sept 2020. Adoption scheduled for June 2023 [Q2]
Support communities in developing Neighbourhood Plans	Provide ongoing Officer support to neighbourhood areas including technical and procedural advice	Ongoing support to Ashbourne, Brailsford and Kirk Ireton Neighbourhood Plans.
Continue to provide debt and welfare advice to vulnerable households	Provide debt and welfare advice to 350 vulnerable households by March 2021	259 Total: CAB supported 10 existing clients and 25 new clients with 333 debt issues and managed debt of £105,054. Adullam HA supported 29 existing clients and 17 new clients, affecting debt of £44,941 and generating £33,670 in benefit and £27,211 in other financial gains Age UK have 155 existing clients and supported 23 new clients generating £32,521 in new (weekly) benefits and £3,768 in one off payments

NOT CONFIDENTIAL – For public release **Item No. 6**

COUNCIL
4 MARCH 2021

Report of the Director of Regeneration and Policy

SERVICE PLANS 2021/22

PURPOSE OF REPORT

The Corporate Plan is the District Council's primary policy document. It establishes the top priorities for the coming years, and sets the framework for allocating scarce resources through the forthcoming budget process. Service Plans form a more detailed annual delivery plan of these objectives and are tabled for approval at the same time as the budget - which provides the resource to deliver these objectives. This report recommends that the draft Service Plans set out in Appendix 1 be approved for operational purposes.

RECOMMENDATION

That the Service Plans 2021/22 as set out in Appendix 1 are approved for operational purposes for the year 2021/22.

WARDS AFFECTED

All

STRATEGIC LINK

Every plan, strategy policy, and action of the District Councils flows from the Corporate Plan. The Corporate Plan is put into effect by the Budget and Service Plans, which in turn are supplemented by other policies and strategies. Through the Performance and Development Review scheme (PDR), employees' activities are directly linked to the Corporate Plan.

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1. BACKGROUND

1.1 As Members will be aware the Corporate Plan sets the District Council's ambitions and high priorities for the four year duration of the Council. It seeks to balance aspirations and resources, and thereby influence the budget setting process. It is based upon residents' priorities and upon statistical evidence, and includes specific Corporate Plan targets which are reviewed annually.

1.2 By contrast, Service Plans include most of the operational details for individual service areas. Service Plans are prepared annually in line with Corporate Plan, and are the second element of the 'Golden Thread' - the term used to describe the linking of common priorities from the Corporate

Plan through the chain of strategies, policies and processes developed by the District Council.

1.3 Service Plans indicate Work Programme and Performance Indicators for Services, as well as setting out past performance and future targets. They are approved by Council alongside the budget at this meeting of Council each year. They enable resources to be identified to deliver planned targets.

1.4 Good service planning is vital for effective performance management. Key actions and objectives are linked with meaningful performance indicators, which demonstrate improvement wherever possible. Service plans include the following:

- Summarised Corporate Plan priorities
- Service Overview: describes objectives and key activities
- Service Area Resources: sets out available staffing and budget
- Service Performance: a table containing indicators, targets, level achieved and annual improvement trends
- Other work-streams: tasks which do not fit into performance indicator phrasing but which are key in-year activities

2. SERVICE PLANS 2021/22

2.1 In line with the guidance and advice set out in the District Council's Performance Management Handbook 2021, Service Plans for 2021/22 have been prepared. These are set out in Appendix 1 and are recommended for approval.

2.2 As set out in the report on the Corporate Plan, elsewhere on the Agenda of this meeting, the Service Plans identify a number of key Corporate Performance Indicators which will be reported to Members on six monthly basis to Council. The Service Plans also set out service-specific indicators which seek to set out how individual elements of the service is performing. These indicators also allow for mitigation measures to be put in place in order to rectify poor or under performance.

2.3 Service Plans are normally published on the District Council's website by the end of June each year, in order to allow outturn figures for the previous financial year to be included in the final versions.

3. RISK ASSESSMENT

3.1 Legal

Service Plans set out the operational programme and targets for individual services. Legal requirements are taken into account in the delivery of each element of the operational programme. The legal risk is assessed as being low.

3.2 Financial

Service and financial planning is an integrated process. The budget and service plans are prepared simultaneously, and actions for 2021/22 are funded from within the revenue budget or capital programme for 2021/22 are to be agreed by Council at the same meeting in March 2021. Information relating to the proposed budget for 2021/22 is shown in respective service plans. The financial risk is therefore assessed as low.

3.3 Corporate Risk

There is a risk that Service Plan targets may not be achieved. Progress is monitored regularly by Service Managers and by Corporate Leadership Team. Whilst priority actions are developed by Service Managers as part of the combined service planning and budget setting process, given the continuing financial pressures on the District Council, the risk of not achieving service targets is classified as low for 2021/22 and high for future years.

4. OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

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5. CONTACT INFORMATION

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6. BACKGROUND PAPERS

Description	**Date**	**File**
Council: Corporate Plan 2020-24	5th March 2020	

7. ATTACHMENTS

Appendix 1 Draft Service Plans 2021-2022 **(TO FOLLOW)**

NOT CONFIDENTIAL – For public release **Item No. 7**

COUNCIL
04 MARCH 2021

Report of the Director of Regulatory Services

CARBON REDUCTION WORKS: ASHBOURNE LEISURE CENTRE

PURPOSE OF REPORT

This report explains the work that has been undertaken with partners to build a case for funding decarbonisation works at Ashbourne Leisure Centre and the subsequent offer of funding under section 31 of the Local Government Act 2002 that has been received. Authority is sought to include these works in the Capital Programme for 2021/22 and to continue to work with those partners to deliver the scheme.

RECOMMENDATION

1. That Council includes the sum of £734,006 within the Capital Programme for 2021/22, for the proposed decarbonisation works at Ashbourne Leisure Centre;
2. That officers continue to work with Freedom Leisure and Leisure Energy to deliver the scheme of decarbonisation works to Ashbourne Leisure Centre.

WARDS AFFECTED

Ashbourne South

STRATEGIC LINK

Decarbonising the energy systems at Ashbourne Leisure Centre contributes to the Council's ambitions to tackle climate change and will reduce its scope 3 emissions. The approach that has been taken to developing the scheme and making the bid for funding also contributes to the aim to work with partners to deliver reductions in carbon emissions.

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1 SUMMARY

1.1 At the beginning of October 2020 Government announced the establishment of a £1billion fund, called the Public Sector Decarbonisation Scheme (PSDS) as part of the Chancellor's 'Plan for Jobs' commitment to support the UK's economic recovery from Covid 19, supporting skilled jobs in the low carbon and energy efficiency sectors. The scheme was also intended to support the Government's net zero and clean growth goals and was to be delivered by Salix Finance on behalf of the Department for Business, Energy and Industrial Strategy (BEIS).

1.2 The PSDS provides grant funding for energy efficiency and heat decarbonisation measures across the public sector, central government departments and non-departmental public bodies. The finance was targeted at non-domestic buildings in England and is intended to support the delivery of green investment initiatives to deliver significant carbon and financial savings in the public sector and stimulate the economy.

1.3 Officers considered all the capital schemes listed in the Climate Change Strategy and Action Plan, but none met the criteria set out by BEIS to be eligible for the PSDS, either in terms of the type of works or the cost per tonne carbon saved. However, working with Leisure Energy on behalf of Freedom Leisure, it was determined that it would be possible to make a viable bid for funding in relation to works at Ashbourne Leisure Centre. This was possible as although PSDS was only available to public sector bodies, the rules allowed for those bodies to make bids on behalf of private sector partners, taking account of the arrangements that exist in many areas in relation to services such as leisure provision.

2 ASHBOURNE LEISURE CENTRE

2.2 Ashbourne Leisure Centre can be split into 2 halves; 'wet' and 'dry'. Wet refers to the swimming pool, where substantial works were undertaken to the air handling unit and gas boilers just over 2 years ago. However, the gas boilers on the dry side are beyond economic repair and were being considered for a like-for-like replacement. The announcement of this new funding stream opened up an opportunity to bid for funding to replace the carbon intensive gas boilers with a low carbon alternative of air source heat pumps, which could take the heat load for the whole site, with new gas boilers as back up.

2.3 Although removing the reliance on gas as the main source of heating reduces the carbon footprint of the operations, it also increases electricity use at the facility. Therefore the scheme also includes the installation of renewable photo-voltaic generation and a Building Energy Management System (BEMS). These items of work are only eligible for funding through the PSDS by virtue of removing the reliance on gas heating.

3 PUBLIC SECTOR DECARBONISATION SCHEME

3.1 Having identified Ashbourne Leisure Centre as a potentially eligible PSDS project officers worked with Leisure Energy, acting on behalf of Freedom Leisure to submit a bid to Salix for £734,006. The bid was submitted on 8 December 2020 and on 8 January 2021 we were notified that our bid had been unsuccessful. The reason given for the failure of the bid was that the Scheme had been heavily over-subscribed and it was suggested that funding had only been awarded to those projects that could complete by 31 March 2021.

3.2 Further discussions were held with Leisure Energy and it was agreed that the Council should submit an 'appeal' against this decision, on the basis that had we know that projects would need to complete by 31 March 2021, we would have planned the project accordingly. This response was provided to Salix on 11 January 2021.

3.3 On 25 January 2021 we were informed that whilst the PSDS was fully committed Salix may be able to offer an alternative source of funding under section 31 of the Local Government Act 2002. As the Ashbourne Leisure Centre project had based the technical assessment Officers were invited to attend a webinar with Salix where this option would be more fully explored. The webinar was held on 1 February 2021 and it became clear that there was a high likelihood of the project being funded. Officers confirmed the willingness of the authority to accept section 31 funding and a grant offer for the full £734,006 was received on 10 February 2021.

3.4 Hopefully Members can see that this has been a fast moving and dynamic process. As a result the Council has been offered a grant of £734,006 to progress a decarbonisation project in one of the leisure centres owned by the Council and managed by Freedom Leisure on our behalf. It would not have been possible to develop and submit the bid without the full commitment of Freedom Leisure and the expertise provided through their consultants, Leisure Energy. Both of these will now be needed to deliver the project by 30 September 2021, which is a requirement of the funding. However, officers are confident that this can be achieved. Therefore agreement is sought to include the project within the Capital Programme for 2021/22, to the total value of the section 31 grant of £734,006.

4 RISK ASSESSMENT

4.1 Legal

The Council has been provided external funding for a project that helps it achieve its aim of reducing carbon emissions. As long as the Council complies with any conditions attached to the grant then the legal risk is low.

4.2 Financial

As stated in the report, the estimated capital expenditure for the decarbonisation project at Ashbourne Leisure Centre is £734,006, which can be fully funded by a government grant under section 31 of the Local Government Act 2002. A funding agreement will be in place. Officers are confident that, by working with fully committed partners, the project will be delivered by the deadline of 30 September 2021. The financial risk is therefore assessed as low.

5 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

6 CONTACT INFORMATION

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7 BACKGROUND PAPERS

None.

NOT CONFIDENTIAL – For public release **Item No. 8**

COUNCIL
04 MARCH 2021

Report of the Director of Resources

CAPITAL PROGRAMME UPDATE

PURPOSE OF REPORT

This report seeks approval for an updated capital programme and associated financing.

RECOMMENDATION

1. That the revised Capital Programme and financing arrangements for 2020/21, as detailed in Appendix 1, in the sum of £7,790,985 be approved

2. That the Revised Capital Programme for 2021/22, as detailed in Appendix 1, in the sum of £7,578,159 (including slippage from 2020/21 of £2,706,173) be approved

3. That the Programme for years 2022/23 onwards, as detailed in Appendix 1 in the sum of £1,731,162 be approved;

4 That the Programme be financed as set out in the report and the use of internally borrowed funds from the Council's cash balances of £617,000 be approved.

5. That the potential future liabilities outlined in Appendix 2 be noted

WARDS AFFECTED

All

STRATEGIC LINK

The Council's Capital Programme takes into account all the priorities and targets within the Corporate Plan and these are identified in the Capital Strategy. The Proposed Capital Programme will assist in delivering Council services that are important to residents' well-being and the Dales economy.

1 REPORT

1.1 Background and Introduction

The Council approved the initial Capital Programme for 2020/21 at the Council meeting on 5th March 2020. The programme has subsequently been updated at the Council meeting on 27th August 2020, following closure of the Council's accounts for 2019/20, and on 14 December 2020 to approve new bids and cost revisions on some schemes. This report identifies new bids and highlights a funding requirement of £617,000 if all of the outlined potential schemes are approved.

1.2 New Schemes

The revised Capital Programme includes a new scheme (shown in Table 1 below), which is the subject of a report elsewhere on the agenda for this Council meeting.

New schemes are prioritised to reflect:

High Priority (shaded green): Projects that directly support the delivery of Corporate Plan priorities; which can be funded from within existing capital resources and can be delivered within a timescale of 12 months.

Medium Priority (shaded Amber): Projects that directly or indirectly support the Corporate Plan Priorities; can be funded from within existing capital resources and can be delivered within a timescale of 2 years.

Low Priority (shaded red): Projects where the costs are yet to be determined or cannot be implemented without external grant assistance or financial borrowing.

Table 1: New Bid

Scheme	Priority	2020/21	2021/22	2022/23 onwards	Source of Finance
Decarbonisation scheme at Ashbourne Leisure Centre	Low	0	734,006	0	Grant

1.3 Revised Capital Programme 2020/21

1.3.1 Proposed Capital Expenditure 2020/21

The revised capital programme for 2020/21 has been updated to reflect new bids and is summarised below:

Priority	Revised Budget 2020/21 £
People	37,200
Place	936,906
Prosperity	2,261,736
Other	4,555,143
Total Capital Expenditure	7,790,985

The spending shown in the table above is the aggregate of the scheme costs. All grants and contributions have been dealt with as part of the financing arrangements (shown below). The major projects where expenditure is forecast to be more than £250,000 for 2020/21 are as follows:

Major projects 2020/21	£
Disabled Facilities Grants	401,736

Social Housing Grant – Rural Villages	255,000
Non Traditional Homes Improvement Schemes	800,000
Social Housing Grant – Bakewell Road, Darley Dale	570,000
Energy Efficiency GHG LAD Phase 1B	880,000
Commercial Vehicle Renewal Scheme	464,350
Waste Vehicles – Waste Contract	3,612,382

1.3.2 Financing Arrangements 2020/21

The overall financing package for forecasted expenditure in 2020/21 is as follows:

Sources of Funding	£	£
Capital Receipts		701.376
Grants and Contributions		1,951,736
Use of Reserves:		
Capital Programme Reserve	359,871	
Grants Unapplied Reserve including Section 106	635,000	
Information Technology Reserve	9,000	
Vehicle Renewals Reserve	464,350	
Carsington Reserve	20,070	
Customer Innovation Reserve	28,200	
Waste Vehicles Reserve	3,612,382	
Total Reserves		5,128,873
Total Financing		7,790,985

1.3.3 Carry Forwards 2020/21

Following a review of the Capital Programme at the end of January, Project Managers have revised their spending expectations for 2020/21. This has resulted in a proposed Carry Forward of £2,706,173 from the budgeted spend of £10,386,944 as forecasted in November. This includes an additional grant of £110,266 for the Disabled Facilities Grant schemes. The Carried Forward Grant has been added to the 2021/22 budgets pending approval.

The table below provides details of amounts over £50,000 carried forward from 2020/21 to 2021/22.

Project	Amount carried forward (£)
Blenheim Road, Ashbourne	250,000
Disabled Facilities Grants	200,000
Bakewell ABC Car Park improvements	77,781
Ashbourne Pavilion Project Works	114,573
Ashbourne Pavilion Project Grant	175,000
Ashbourne Memorial Gardens and Bandstand	60,000
Empty Homes - Council Houses	300,000
Social Housing Programme (Various sites)	825,000
Hurst Farm Social Club	110,000
Non Traditional Homes improvement schemes	251,295

1.4 Revised Capital Programme 2021/22

1.4.1 Proposed Capital Expenditure 2021/22

The revised capital programme for 2021/22 has been updated to reflect the new bid and is summarised below:

Priority	Revised Budget 2021/22 (£)
People	11,000
Place	1,832,230
Prosperity	4,902,790
Other	832,139
Total Capital Expenditure	7,578,159

The spending shown in the table above is the aggregate of the scheme costs and includes the proposed Carry forward from 2020/21 of £2,706,173. All grants and contributions have been dealt with as part of the financing arrangements (shown below). The major projects where expenditure is forecast to be more than £250,000 for 2021/22 are as follows:

Major projects 2021/22	£
Blenheim Road Redevelopment	250,000
Disabled Facilities Grants	691,470
Social Housing Grant – Matlock YMCA	500,000
Social Housing Grant – Wirksworth Community Land Trust	350,000
Social Housing Grant – Harlaam Wirksworth	280,000
Empty Homes - Council Houses	300,000
Commercial Vehicle Renewal Scheme	280,000
Potential Purchase of land at Longcliffe	250,000
Bakewell Road, Matlock Development	790,820
Decarbonisation scheme at Ashbourne Leisure Centre	734,006

1.4.2 Financing Arrangements 2021/22

The overall financing package for forecasted expenditure in 2021/22 is as follows:

Funding Source	£	£
Capital Receipts		1,439,871
Grants and Contributions		691,470
Use of Reserves:		
Capital Programme Reserve	1,340,599	
Carsington Reserve	6,690	
Grants Unapplied Reserve including Section 106	3,013,579	

Information Technology Reserve	81,000	
Economic Development Reserve	10,000	
Vehicle Renewals Reserve	280,000	
Invest to Save Reserve	564,950	
Total Reserves		5,446,818
Internal Borrowing"		150,000
Total Financing		7,578 159

*See 1.5.3 below.

1.5 Revised Capital Programme 2022/23 Onwards

1.5.1 Proposed Capital Expenditure 2022/23 Onwards

The revised capital programme for 2022/23 onwards has been updated to reflect new bids and is summarised below:

Priority	Revised Budget 2022/23 Onwards £
Prosperity	491,470
Place	467,000
Other	772,692
Total Capital Expenditure	1,731,162

The spending shown in the table above is the aggregate of the scheme costs. All grants and contributions have been delayed, as part of the financing arrangements (shown below). The major projects where expenditure is forecast to be more than £250,000 for 2021/22 are as follows:

	£
Disabled Facilities Grants	491,470
Commercial Vehicle Renewal Scheme	536,000
Climate Change Roof mounted PV	467,000

1.5.2 Financing Arrangements 2022/23 Onwards

The overall financing package for forecasted expenditure in 2022/23 onwards is as follows:

	£	£
Capital Receipts		110,000
Grants and Contributions		491,470
Use of Reserves:		
Capital Programme Reserve	70,000	

Carsington Reserve	6,692	
Vehicle Renewals Reserve	536,000	
IT Reserve	50,000	
Total Reserves		662,692
Internal Borrowing*		467,000
Total Financing		1,731,162

*See 1.5.3 below.

1.5.3 Internal Borrowing

Internal borrowing is a treasury management practice, whereby an authority delays the need to borrow externally, by temporarily using cash it holds for other purposes, such as funds held in earmarked reserves. This allows the authority to avoid paying interest costs until the original expenditure planned for the 'borrowed' cash falls due.

Our estimated figure of gross internal borrowing is a cumulative measure of the potential liabilities from this form of financing at any point in time.

While there is an expectation that internal borrowing needs to be repaid, it does not represent a formal debt which necessarily needs to be settled in full in the same way as external borrowing

The proposed schemes to install a Biomass Boiler and Roof Mounted Photovoltaic solar panels to Matlock Town Hall is estimated to cost £617,000 in total. Funding for these schemes cannot currently be financed from the Council's Capital reserves, and no external Grants or Contributions are currently available for this purpose.

The Biomass Boiler installation is due to take place in 2021/22 and the Roof mounted Photovoltaic solar panels project is due to take place in 2022/23. If funding from reserves or contributions cannot be identified before the work commences, financing can be sought internally from the Council's working capital cash balances. The loss of investment income would be minimal due to falling interest rates.

The revenue Impact of internal Borrowing on the Council's Budget from 2021/22 onwards is shown below:

Scheme	Cost	Useful Life	Estimated Cost of Minimum Revenue Provision (MRP) per annum	Forecast Savings Generated per annum	Net Revenue Effect
Town Hall Biomass Boiler	£150,000	20 years	£7,500	(£10,000)	(£2,500)
Roof Mounted PV	£467,000	25 years	£18,680	(£64,000)	(£45,320)

1.6 Sources of Funding for Capital Programme

1.6.1 Reserves and Balances

The table below shows the forecasted impact on the Council's Reserves and Balances of the above proposals:

Reserves	Opening balance (£)	Internally Borrowed Funds (£)	Expected Receipts (£)	Used In Capital Programme (£)	Estimated Balance 31 March 2024 (£)
Capital Receipts	2,962,476		550,000	3,302,330	210,146
Section 106	6,289,844			4,483,255	1,806,589
Capital Programme Reserve	1,807,120			1,807,120	-
Other Strategic Reserves	3,990,601		600,000	4,590,601	-
Capital Grants	235,693		3,897,626	2,300,000	1,833,319
Internal Borrowing	-	617,000		617,000	-
Total Funding	**15,285,734**	**617,000**	**5,047,626**	**17,100,306**	**3,850,054**

1.6.2 Officer Comments

The table above demonstrates that, if the capital programme proposals set out in this report are approved, sources of capital funding are forecast to reduce to £3,850,054 by 31 March 2024. However, grants and contributions and the amounts in other strategic reserves are set aside for specific purposes; if these are excluded the amount available for new capital schemes reduces to only £210,146.

The Corporate Leadership Team has identified a number of future capital liabilities and potential new projects that will be required in the next two years that have not been included in this revised capital programme. These projects are set out in Appendix 2. They total £85,000 but do not include the estimated cost of a traveller site, works at Lovers Walk or works identified in condition surveys at the Town Hall.

For a small district council in the current economic climate a capital programme of £17 million can be seen as fairly healthy. Members should note, however that much of the capital programme is spent on enhancing and replacing existing assets and that existing funds are likely to be depleted by 2023/24 and there will be a requirement for internal borrowing of £617,000.

2 RISK ASSESSMENT

2.1 Legal

The capital programme report has no legal implications as spending is within Council budgets. Internal borrowing is permitted under relevant guidelines.

2.2 Financial

If the proposed capital programme is approved, there is a need to borrow internally to meet the financing requirements of the capital programme for 2020/21 to 2023/24 onwards and most of the Council's sources of funding (except grants and contributions that can only be used for specific purposes) will be depleted by 31 March 2024, leaving little for future projects and capital improvements to existing assets. The financial risk, therefore, remains high.

The Council's Financial Strategy, approved in March, states that "Any under-spending on the revenue account will be transferred to strategic reserves to finance the Capital Programme, top up the Investment Fund or to prepare for future revenue account pressures". Should an under-spending arise, capital financing requirements will be considered alongside other financial pressures. The Financial Strategy also states "The revenue consequences of all capital schemes should be assessed and included in the Medium Term Financial Plan"; such costs and potential income streams are identified as part of the business case for each capital project.

A risk assessment of the Capital Programme has been undertaken in the formulation of the schemes. The most significant risks are:

- Forecast capital receipts may not be achieved;
- Overspending on capital schemes with no available finance to meet the overspending;
- Budgets for individual projects may be insufficient when tenders are received;
- Insufficient funding for future projects (the Council's future requirement to finance mandatory Capital expenditure, such as Disabled Facility Grants, will need to be kept under review);
- Insufficient funding to deal with unforeseen capital expenditure, for example, if there was a requirement similar to the costs of addressing structural damage at the Memorial Gardens Toilets.

3 OTHER CONSIDERATIONS

3.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

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5 BACKGROUND PAPERS

None

6 ATTACHMENTS

Appendix 1: Capital Programme

Appendix 2: Potential Future Liabilities

Appendix 1 Capital Programme by Corporate Priority

People								
Service Area	**Earmarked Schemes**	**Corporate Priority (new)**	**Total Capital Programme approved December 2020**	**2020/21 including new schemes March Council**	**2021/22**	**2022/23**	**2023/24**	**Total Capital Programme approved March Council**
Resources	V13 Income Management system upgrade	People	20,000.00	9,000.00	11,000			20,000
Chief Executive	Customer Innovation Project - White Space	People	15,000.00	15,000.00				15,000
Chief Executive	Customer Innovation Project - Direct Debit set up	People	13,200.00	13,200.00				13,200
	Total Programme	**Total**	**48,200**	**37,200**	**11,000**	**-**	**-**	**48,200**

Place								
Service Area	Earmarked Schemes	Corporate Priority (new)	Total Capital Programme approved December 2020	2020/21 including new schemes March Counc	2021/22	2022/23	2023/24	Total Capital Programme approved March Council
Housing Services	Hurst farm Estate Cladding Programme	Place	51,296	-	51,296			51,296
Housing Services	Non Traditional Homes improvement schemes	Place	1,000,000	800,000.00	200,000			1,000,000
Regulatory Services	Condition Surveys - Parks & Pavilions	Place	67,355	20,000.00	47,355			67,355
Community & Environme	Ashbourne Pavillion Project	Place	150,573	36,000.00	114,573			150,573
Community & Environme	Ashbourne Pavillion Project Grant	Place	175,000	-	175,000			175,000
Community & Environme	Bakewell Riverside Path	Place	10,000	-	10,000			10,000
Community & Environme	Hall Leys Park Ranger Station	Place	1,157	1,157.00				1,157
Community & Environme	Bakewell Riverside Path	Place	3,749	3,749.00				3,749
Regulatory Services	Ashbourne Memorial Gardens and Bandstand	Place	70,000	10,000.00	60,000			70,000
Regulatory Services	Climate Change: Energy Efficiency Measures	Place	65,000	-	65,000			65,000
Regulatory Services	Climate Change: Town Hall Biomass Boiler	Place	150,000	-	150,000			150,000
Regulatory Services	Climate Change: Electrification of Heater	Place	55,000	-	55,000			55,000
Regulatory Services	Climate Change: Roof mounted PV	Place	467,000	-		467,000		467,000
Community & Environme	Surface repairs & full relining of car parks	Place	21,000	21,000.00				21,000
Community & Environme	Reinstatement of paths at Broadwalk Park	Place	10,000	10,000.00				10,000
Community & Environme	Extensive structural & roof repairs required at Hall Leys Park Clock Tower	Place	40,000	-	40,000			40,000
Community & Environme	Resurfacing of of Paths in Hall Leys Park	Place	30,000	-	30,000			30,000
Community & Environme	Ashbourne Recreation Gound Footbridge replacement	Place	40,000	-	40,000			40,000
Community & Environme	Ashbourne Recreation Building Rationalisation	Place	45,000	15,000.00	30,000			45,000
Community & Environme	Dimple Palying Fields, Matlock	Place	30,000		30,000			30,000
Community & Environme	Hall Leys Park Play area - Plant Equipment	Place	20,000	20,000.00				20,000
Regulatory Services	Decarbonisation - Ashbourne Leisure Centre	Place			734,006			734,006
	Total Programme	**Total**	**2,502,130**	**936,906**	**1,832,230**	**467,000**	-	**3,236,136**

Prosperity								
Service Area	Earmarked Schemes	Corporate Priority (new)	Total Capital Programme approved December 2020	2020/21 including new schemes March Council	2021/22	2022/23	2023/24	Total Capital Programme approved March Council
Regeneration & Policy	Blenheim Road	Prosperity	250,000	0	250,000			250,000
Regulatory Services	Disabled facilities Grants	Prosperity	1,474,410	401,736	691,470	491,470		1,584,676
Housing Services	Social Housing Grants - Bakewell Lady Manners School	Prosperity	80,000	80,000				80,000
Housing Services	Social Housing Grant - Cromford / Matlock Bath	Prosperity	100,000	0	100,000			100,000
Housing Services	Social Housing Grant - Tideswell	Prosperity	412,500	0	412,500			412,500
Housing Services	Social Housing Grant - Rural village affordable Housing Grant	Prosperity	410,000	255,000	155,000			410,000
Housing Services	Social Housing Grant - Darley Dale	Prosperity	157,500	0	157,500			157,500
Housing Services	Social Housing Grant - Luke Lane / Mercaston Lane	Prosperity	135,000	0	135,000			135,000
Housing Services	Social Housing Grant - Matlock YMCA with NCHA	Prosperity	500,000	0	500,000			500,000
Housing Services	Social Housing Grant - Wirksworth community land trust	Prosperity	350,000	0	350,000			350,000
Housing Services	Social Housing Grant - Bakewell Alms-house Trust	Prosperity	35,000	0	35,000			35,000
Housing Services	Social Housing Grant - Bakewell Road, Darley Dale	Prosperity	570,000	570,000				570,000
Housing Services	Social Housing Grant - Harrison Alms-house Charity	Prosperity	26,500	0	26,500			26,500
Housing Services	Social Housing Grant - Ashbourne Empty Property Buy Back	Prosperity	25,000	25,000				25,000
Housing Services	Hurst Farm Social Club	Prosperity	110,000	0	110,000			110,000
Housing Services	Social Housing Grant - Bradwell	Prosperity	40,000	40,000				40,000
Housing Services	Social Housing Grant - Calver	Prosperity	43,000		43,000			43,000
Housing Services	Social Housing Grant - Matlock Almshouse Trust	Prosperity	212,000		212,000			212,000
Housing Services	Council Housing Station House	Prosperity	104,000		104,000			104,000
Housing Services	Social Housing Grant - Wirksworth	Prosperity	280,000		280,000			280,000
Housing Services	Empty Homes - Council Houses	Prosperity	300,000	0	300,000			300,000
Housing Services	Energy Efficiency GHG: LAD Phase 1B	Prosperity	880,000	880,000				880,000
Economic Developmen	Potential Purchase of land at Longcliffe	Prosperity	250,000	0	250,000			250,000
Economic Developmen	Bakewell Road, Matlock Development	Prosperity	800,820	10,000	790,820			800,820
	Total Programme	**Total**	**7,545,730**	**2,261,736**	**4,902,790**	**491,470**	**0**	**7,655,996**

Other

Service Area	Earmarked Schemes	Corporate Priority (new)	Total Capital Programme approved December 2020	2020/21 including new schemes March Counc	2021/22	2022/23	2023/24	Total Capital Programme approved March Council
Community & Environme	Pay & Display Ticket Machines	Other	6,000.00	6,000.00				6,000
Community & Environme	Fishpond Meadow, Ashbourne: Car Park improvements	Other	27,000.00	27,000.00				27,000
Community & Environme	Bakewell ABC Car Park improvements	Other	129,500.00	51,719.00	77,781			129,500
Community & Environme	Monsal Head car Park improvements	Other	10,500.00	10,500.00				10,500
Regulatory Services	Darley Dale Down Station Improvements	Other	22,590.00	-	22,590			22,590
Community & Environme	Wirksworth Steeple Arch cemetery extension	Other	60,000.00	40,000.00	20,000			60,000
Community & Environme	Commercial Vehicles	Other	1,280,350.00	464,350.00	280,000	214,000	322,000	1,280,350
Community & Environme	Waste Vehicles	Other	3,612,382.00	3,612,382.00				3,612,382
Community & Environme	Miscellaneous Grants	Other	120,000.00	30,000.00	30,000	30,000	30,000	120,000
Community & Environme	Carsington fund grants	Other	33,452.00	20,070.00	6,690	6,692		33,452
Regulatory Services	Hulland Ward Recreation Ground	Other	22,000.00	-	22,000			22,000
Community & Environme	Capital Investment Transfer of Leisure	Other	89,678.96	41,600.96	48,078			89,679
Community & Environme	Ashbourne Leisure Centre - Condition surveys	Other	144,520.81	144,520.81				144,521
Community & Environme	Air handling unit at ARC	Other	40,000.00	40,000.00				40,000
Community & Environme	Public Conveniences Condition survey works	Other	7,053.12	-	7,000			7,000
Resources	Microsoft Enterprise Agreement	Other	80,000.00	-	-			-
Regulatory Services	Works to war Memorials	Other	30,000.00	10,000.00	20,000			30,000
Regulatory Services	Estates salaries	Other	100,000.00	25,000.00	25,000	25,000	25,000	100,000
Community & Environme	Redevelopment of Bakewell Rec Toilets Building	Other	80,000.00	-	80,000			80,000
Regulatory Services	2020/21 New Property Condition Surveys	Other	10,000.00	7,000.00	3,000			10,000
Community & Environme	Bakewell ABC Various	Other	40,000.00		40,000			40,000
Regulatory Services	Small Sewer Site Flagg	Other	25,000.00	25,000.00				25,000
Regulatory Services	Harrison Way, Northwood	Other	40,000.00		40,000			40,000
Community & Environme	Shrovetide Walk, Ashbourne	Other	40,000.00	-	40,000			40,000
Resources	Uninterruptable power supply	Other	20,000.00		20,000			20,000
Resources	Production Server replacement	Other	30,000.00			30,000		30,000
Resources	Network switch replacement	Other	30,000.00		30,000			30,000
Resources	Disaster recovery Storage	Other	20,000.00			20,000		20,000
Resources	VDI Server Replacement	Other	30,000.00			30,000		30,000
Resources	SQL 2012 Replacement	Other	10,000.00		20,000			20,000
Resources	Server 2016 Replacement	Other	20,000.00			20,000		20,000
Resources	Windows 2016 Server consultancy	Other	20,000.00			20,000		20,000
		Other						
		Other						
		Other						
		Other						
		Other						
	Total Programme	**Total**	**6,230,027**	**4,555,143**	**832,139**	**395,692**	**377,000**	**6,159,974**
	Total Programme	**Total**	**16,326,086**	**7,790,985**	**7,578,159**	**1,354,162**	**377,000**	**17,100,305**

Appendix 2

UNFUNDED PROJECTS AND FUTURE LIABILITIES

Project	Details	Estimated cost £
Burials Review	Repairs identified in 2009 survey	44,000
Bakewell Cemetery Chapels	Repairs to roofs	20,000
Traveller Site	New site(s) to meet housing need	TBD
Lovers Walks, Matlock Bath	Detailed inspection of cliff faces, design of scheme & cost of remedial works	TBD
Matlock Town Hall	Replace metal windows (identified in 2014 condition survey)	TBD
WIFI Server Replacement	Replacement WiFi at Matlock Town Hall, deferred pending a review of future Town Hall use and service demands	21,000
	Total	**85,000**

NOT CONFIDENTIAL – For public release **Item No. 9**

COUNCIL
04 MARCH 2021

Report of the Director of Resources

REVENUE BUDGET 2021/22

PURPOSE OF REPORT

This report seeks approval for the District Council's Revenue Budget for 2021/22, whilst also seeking approval to update the District Council's Revised Revenue Budget for 2020/21.

RECOMMENDATIONS

1. That the level of Council Tax for 2021/22 is increased by £5 per band D (2.33%) from the 2021/22 level to £219.27 for Band D.

2. The estimated net revenue expenditure for 2021/22 totalling £11,015,556 as detailed in the Summary Revenue Account in Appendix 2, is approved.

3. The net revenue expenditure for 2020/21 (revised budget) totalling £12,671,464 as detailed in the Summary Revenue Account in Appendix 2, is approved.

4. The minimum level of uncommitted working balances is approved at £1,000,000 at 1st April 2021, and £1,000,000 at 1st April 2022.

5. The net sum of £4,419,167 is transferred from strategic reserves in 2021/22, as shown in Appendix 2 and detailed in Appendix 6.

6. The net sum of £3,066,860 is transferred to strategic reserves in 2020/21 (revised budget), as shown in Appendix 2 and detailed in Appendix 6.

7. The following amounts are calculated by the Council for the chargeable financial year 2021/22 in accordance with Section 31A of the Localism Act 2011:-
   i. aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) thereof is £44,090,313;
   ii. aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) thereof is £35,691,106;
   iii. calculation under Section 31A(4) being the amount of which the aggregate at (i) above exceeds the aggregate of (ii) above, as the Council Tax Requirement for 2021/22 is £8,399,207.

8. That service reductions to achieve the Corporate Savings Target "Continue a programme to identify efficiency savings and/or additional income of £250,000 a year by 2023/24" as identified in the Corporate Plan be put on hold pending the outcome of the government review of Council funding.

9. That the Director of Resources' report on the robustness of the budget and the adequacy of reserves in accordance with clause 25 of the Local Government Act 2003 is noted.

WARDS AFFECTED

All

STRATEGIC LINK

All the Council's aims and priorities, as contained in the Corporate Plan 2021/22 (to be considered elsewhere on the agenda for this Council meeting), and various service strategies, have been taken into account in determining these revenue spending proposals. Revenue spending proposals are shown in each of the draft service plans for 2021/22 (to be considered elsewhere on the agenda for this Council meeting).

REPORT

1. INTRODUCTION

1.1 Revenue spending proposals for all the Council's services and activities are given in Appendix 1 to this report. These are linked to the service plans for 2021/22 (to be considered elsewhere on the agenda for this Council meeting).

1.2 The forecasts of revenue spending requirements include both the revenue financing costs and running/operating expenditure associated with the Capital Programme.

1.3 In addition to considering the spending proposals for the forthcoming year, the Code of Practice on a Prudential Approach to Local Authority Commitments requires the preparation of a Medium Term Financial Plan. This shows the known changes in financial commitments for future years, in order that the implications for future spending requirements are identified in advance and included in the strategic planning process. An updated Medium Term Financial Plan is provided in Appendix 5.

2 LOCAL GOVERNMENT FINANCE SETTLEMENT

2.1 Introduction

Details of the provisional Local Government Finance Settlement for 2021/22 were provided to Council Members in January. Final settlement figures were issued on 4th February 2021 and approved by parliament on 10 February 2021. The final settlement for the Council is in line with the provisional settlement published on 18th December 2020. Although the Council is only in receipt of a small number of government grants the settlement still has a significant impact on the council’s finances. The key points of the final settlement relevant to the District Council are set out below.

2.2 The national context

i. Local government has received an average **Core Spending Power (CSP)** increase of 4.5% (£2.2bn). This increase in CSP is better than in any year for more than a decade (with the exception of 2020-21) and represents real terms growth. It will do very little to address local government’s funding shortfall, or the very serious funding problems in some local authorities.

ii. However, a particularly worrying feature of the settlement is the increased reliance on increasing council tax. 87% of the increase in CSP is from council tax increases, and is accompanied by relatively low increases in grant funding. Social care authorities will be able to increase Band D by up to 5%, and district councils will be able to increase by the higher of 2% or £5 (expected but still very welcome). Fire authorities will still only be able to increase their Band D by 2% - even though police and crime commissioners can increase their precept by up to £15. There is no wider dispensation to allow councils to increasing council tax, even where councils are really struggling.

iii. Very little of the new grant increases are funded with new money. Almost all the increases are funded by using the New Homes Bonus (NHB) returned surplus. This approach breaks the principle of returning the surplus to local government and thus makes forecasting more difficult.

iv. A new grant (**Lower Tier Services Grant**) effectively uses £111m of the NHB returned surplus. It is a peculiar grant with the purpose of helping to minimise the range of increases in CSP, and particularly to ensure that no authority receives a reduction in CSP. It is very heavily weighted towards district councils, and particularly those that are losing from the changes in NHB. It is probably a short-term grant that will disappear when wider reforms of local government funding are introduced (possibly in 2022/23)

v. There are particularly large increases in COVID funding. Allocations from tranche 5 of the COVID funding (£1.55bn) have been announced, alongside a methodology for distributing the £670m to support council tax. At first glance, the proposals for compensating authorities for tax income support seem more generous than expected, but we have not yet had time to fully review the proposals.

vi. Other key elements in the 2020-21 provisional settlement are:

vii. Revenue Support Grant (RSG) will be increased in line with the Consumer Price Index (CPI) (£13m, 0.55%).

viii. Negative RSG. There will continue to be no adjustment for “negative RSG” (i.e. “negative RSG” continues to be funded).

ix. Baseline Funding Level (BFL – the baseline share of business rates that an authority is allowed to keep) will be frozen in 2021/22 because the business rate multiplier will be frozen in 2021//22 However there will be a grant to compensate councils for income lost by the decision to freeze the multiplier in 2021/22.

x. Council tax. MHCLG assumes every authority will increase Band D council tax by the maximum allowed, which is £5 per Band D (2.33%) for DDDC. In its CSP figures, MHCLG has assumed that the tax-base will increase in 2021/22 for each authority in line with their average tax-base increase since 2016/17. The tax-base will most likely be much lower than this because COVID has resulted in lower growth rates and lower collection rates, combined with higher costs of Local Council Tax Support.

xi. Social care funding. Existing social care grants will continue (£1.8bn Improved Better Care Fund (IBCF), £240m Winter Pressures, and £1,410m social care support grant). A further £300m social care grant was announced in the Spending Review 2020 (SR20) – but only £150m is new money, with £150m top-sliced from New Homes Bonus. The Government estimate that local authorities will have access to an additional £1.0bn of resources, based on £300m additional funding for social care and a further £0.7bn raised from the precept.

xii. New Homes Bonus. It is estimated that the overall cost of New Homes Bonus will be £622m, which in theory leaves a surplus of £278m (out of the £900m budget) to be returned to local government. There will be no returned surplus in 2021/22. The government has recently issues a consultation paper on New Homes Bonus which can be found here. The deadline for responses is 7 April 2021.

xiii. Rural Services Deliver Grant. Increase in funding (4m to £85m) compared to 2020/21, and no change in methodology (funding will be received by authorities in the top-quartile for super-sparsity).

xiv. The Fair Funding Review and Business Rates Retention Review have been deferred for a further year; the outcome will not be implemented until 2022/23. An announcement is expected in Autumn / Winter 2021.

2.3 The local context

- The District Council's 2021/22 **Settlement Funding Assessment** (SFA) of of £1.675 million is the same as for 2020/21. This is £23,000 less than the amount assumed in the Council's Medium Term Financial Plan for 2021/22 where an inflationary increase had been expected.

- The **core spending power** for this Council has increased from £9,165,000 (adjusted) in 2020/21 to £9,281,000 in 2021/22 (an increase of 1.27%). The table below shows how the core spending power for Derbyshire Dales District Council is calculated and the elements of change:

Table 1: Core spending power 2021/22 compared with 2020/21

Source of Funding	2020/21 Adjusted £000s	2021/22 £000s	Change £000s	Change %	Comments
Settlement Funding Assessment	1,675	1,675	0	0.0%	
New Homes Bonus	631	398	-233	-36.93%	
Rural Services Delivery Grant	401	421	20	5.0%	
Council Tax (excl. parish precepts)	6,391	6,629	238	3.72%	Assumes £5 increase in council tax and growth in tax base at same level as last 5 years.
Compensation for under-indexing the business rates multiplier	67	87	20	29.85%	
Lower Tier Services Grant	0	71	71		New for 2021/22
Total Core Spending Power	9,165	9,281	116	1.27%	

- The **increase in the Council Tax** income shown in the table above at 3.72% reflects the government's assumed maximum £5 (2.33%) increase (on Band D), as well as an increase in the council tax base that reflects new homes at a rate of growth equal to that over the last 5 years. This rate of growth is probably over optimistic. The MTFP assumed a council tax increase of 1.94% (£4.16 per band D).

- **Rural Services Delivery Grant** (RSDG) increases by 5% to £421,000. In the MTFP approved in August we had assumed that this grant would reduce to £200,000 in 2021/22; this means that RSDG for 2021/22 is £221,000 more than included in the MTFP.

- The **New Homes Bonus** (NHB) has been retained but 2021/22 new allocations will be for 2020/21 only, with no legacy payments. The government will make legacy payments on allocations made in earlier years which are due to be paid in 2021/22. There will be no returned surplus in 2021/22. This results in NHB of £398,000 for 2021/22, which is £233,000 less than 2020/21 but £109,000 more than had been assumed in the MTFP.

- A new **Lower Tier Services Grant** Of £71,000 for 2021/22 helps to ensure that no authority receives a reduction in CSP.

- **Negative Revenue Support Grant** has been funded in the settlement so is no longer a cost pressure in 2021/22. The MTFP had assumed a cost of £380,000.

The increases in grants and council tax over the assumptions in our medium term financial plan amount to an increase in funding of £858,000 for 2021/22 as shown in table 2 below.

Table 2: Funding in 2021/22 settlement compared with MTFP					
Source of Funding	**MTFP £000s**	**Settlement £000s**	**Change £000s**	**Change %**	**Comments**
Settlement Funding Assessment	1,698	1,675	-23	-1.4%	MTFP assumed inflationary increase
Negative RSG	-380	0	380	-100.0%	Negative RSG removed from settlement
Compensation for under-indexing the business rates multiplier	68	87	19	27.94%	
Lower Tier Services Grant	0	71	71		New for 2021/22
New Homes Bonus	289	398	109	37.72%	
Rural Services Delivery Grant	200	421	221	110.5%	
Council Tax (excl. parish precepts)	6,548	6,629	81	1.24%	Assumes £5 increase in council tax and growth in tax base at same level as last 5 years.
Total Core Spending Power	8,423	9,281	858	10.19%	

2.4 Covid-19 Funding

The Council has been allocated £294,000 from tranche 5 (2021/22) of the COVID funding to cover additional service costs and lost income due to the pandemic`, as well as £80,500 to be used for council tax hardship cases.

2.5 Officer comments: A one year settlement

This settlement relates to 2021/22 only and there is no certainty that this level of funding will continue into future years. While the provisional settlement results in significantly more grant being received for 2021/22 than had been anticipated in the medium term financial plan, it is more difficult to predict the level of finance settlement that might be received from 2022/23 onwards given the lack of clarity over future funding levels.

The positive settlement for 2021/22 should not be taken as an indication of the likely funding position in future years. Significant changes in local government finance are due to take place from 2022/23. For example, the retained business rates of £1.675m for 2020/21 could be reduced significantly as part of the government's review of business rates retention, Rural Services Delivery Grant (£421,000 in 2021/22) and Lower Tier Services Grant (£71,000 in 2021/22) could disappear after the Fair Funding Review. New Homes Bonus is expected to reduce from £398,000 in 2021/22 to £218,000 in 2022/23 and possibly be removed altogether after that. As mentioned above, a consultation is underway regarding the future of NHB.

2.6 Officer comments: Using the additional funding

Part of the increased funding of £858,000 was already expected as a result of the spending review announcement (though the MTFP had not been until after the final settlement). The MTFP approved in August 2020 showed a funding gap (the corporate saving target) of £517,000 for 2021/22. In the revenue spending proposals for 2021/22, the additional funding has been used to contribute towards achieving a balanced revenue budget.

Another issue that affects the budget surplus / shortfall is the level of the Council Tax increase that Members approve for 2021/22. The MTFP assumed an increase of 1.94% (£4.16) in line with recent years. The settlement indicates that the referendum limit would allow an increase of £5 (2.33%) on the band D Council Tax. This provides additional income of around £25,000 over a 1.94% increase.

2.7 Local Government Finance Settlement: Conclusion

The settlement for 2021/22 is much better than expected. Most of the financial uncertainties for future years, that have been explained repeatedly, still remain. This settlement helps greatly for 2021/22 but the financial uncertainties and need for corporate savings remain for 2022/23 and subsequent years. The settlement gives us a chance to delay our savings decisions for a while (see the section on the Medium Term Financial Plan below), giving us **an opportunity to plan savings for the medium term** while awaiting the outcome of the government reviews into funding and non-domestic rates.

3. NET SPENDING AND COUNCIL TAX REQUIREMENT

3.1. The net cost of services is detailed in Appendix 1. The calculation of net revenue expenditure and the Council Tax requirement is shown in detail in the Summary Revenue Account in Appendix 2 and is summarised in the table below:-

Table 3 – Summary Revenue Account

	Estimate 2020/21 £	Revised Estimate 2020/21 £	Estimate 2021/22 £
Net Cost of Services (as Appendix 1)	10,517,345	12,529,303	10,718,189
Income from investment properties	(101,956)	(101,056)	(102,556)
Net interest	90,528	137,260	188,150
Statutory sum for debt repayment	302,424	209,725	211,773
Net revenue expenditure	**10,808,341**	**12,775,232**	**11,015,556**
Transfer to/(from) strategic reserves (detailed in Appendix 6)	(548,967)	3,066,860	(4,419,167)
External Funding Requirement	**10,259,374**	**15,842,092**	**6,596,389**
Funded by:			
Retained Business Rates	(2,602,786)	(6,610,030)	(2,868,832)
New Homes Bonus	(630,790)	(630,790)	(397,613)
Rural Services Delivery Grant	(401,179)	(401,179)	(420,990)
Council tax collection fund deficit / (surplus)	(102,632)	(102,632)	80,418
NDR collection fund (surplus) / deficit	(130,596)	(130,596)	3,949,040
Lower Tier Services Grant	0	0	(71,358)
Other Government Grants	0	(1,575,474)	(294,083)
Total external funding (excl. council tax)	**(3,867,983)**	**(9,450,701)**	**(23,418)**
DDDC Council Tax Requirement	6,391,391	6,391,391	6,572,971
Town and Parish Council Precepts*	1,741,162	1,741,162	1,826,236

Council Tax Requirement (Appendix 2)	**8,132,553**	**8,132,553**	**8,399,207**

*Two parish precepts to be confirmed

3.2 A summary of variances between the Original Budget 2020/21 and the Revised Budget 2020/21is given in Appendix 3. The overall position for 2020/21 is now forecast to be £48,316 better than reported to Council in August 2020, mainly as a result of income not reducing by as much as had been expected. This has reduced the amount that is required from the general reserve. The following table highlights significant variances (over £100,000).

Table 4 – Variances for revised budget 2020/21 over original budget 2020/21

Budget Head	**Variance £000**
Corporate Director Post	(101)
Loss of income from ice cream concessions	103
Reduction in car parking income	916
Reduction in Bakewell market income	127
Additional contract payments in support of leisure services during coronavirus pandemic	478
Additional contract payments in support of waste services during coronavirus pandemic	122
Reduction in trade waste income	104
Tree maintenance works	167
Additional Unidentified Covid pressures (offset by government grants)	188
Increase in Retained Business Rates	(4,007)
Increase in Other Government Grants (Covid grants)	(1,575)
Increase in transfers to reserves – to mitigate against Retained Business Rates surplus above	3,957
Increase in transfers to / (from) reserves (excl. Business Rates)	(341)

3.3 The estimates for 2021/22 result in an increased council tax requirement of £181,580 against the original budget for 2020/21. A summary of variances when comparing the 2021/22 estimates to the 2020/21 original estimates is given in Appendix 4. Significant variances (over £100,000) are shown in the table below:-

Table 5 – Variances for proposed budget 2021/22 over original budget 2020/21

Budget Head	Variance £000
Corporate Director Post	(101)
Increase in costs associated with waste contract (full year effect)	326
Garden Waste Income (new in 2021/22)	(548)
Additional Unidentified Covid pressures (offset by additional government grants)	294
Reduction in Income from Retained Business Rates & Collection Fund deficit	3,813
Transfers to / from reserves (incl. NNDR deficit)	(3,870)
Increase in Government Grants	(152)
Council Tax Collection Fund Deficit (relating to prior year losses)	183

3.4 The previous Waste Management Contract ended in August 2020, with the new contract costing considerably more. The waste contract is the biggest single contract let by the District Council and one of the most high profile services received by the public. Since the previous waste contract was entered into, the waste sector and particularly the recycling elements have changed considerably. As reported to Council in December 2019, the award of a new waste contract from August 2020 has resulted in a significant increase in costs, both revenue and capital, and further financial risks arising from the Council taking on 70% of the risk of price fluctuations for recycling materials. The service costed approximately £2.1m for 2020/21 but this has increased to around £3.2m (including £0.1m in one-off costs) for 2021/22. In order to offset the significant increase in costs, councillors agreed in December 2019 that charges for the garden waste collection service would be introduced from 1st April 2021/22. Income received to date for 2021/22 exceeds the amount forecast in December 2019 by £90,000.

3.5 The Summary Revenue Account (Appendix 2) sets out the spending proposals for this Council and the precepts of the Town/Parish Councils for 2021/22. The estimates of cost reflect the spending needs of the current service plans and policies of the Council. Following the transfers to/from reserves, there is a breakeven position in the 2021/22 budget, with expenditure matched by income.

4. COUNCIL TAX

Council Tax Collection Fund Balance

4.1 In determining its demand on the Council Tax, the Council must take account of any balances relating to Council Tax transactions, reflecting the difference between anticipated yield and collection rate compared to those actually achieved.

4.2 At 31st March 2021 there is expected to be a deficit on the Council Tax collection fund. The District Council's share of the deficit is £80,418, which has to be taken into account in setting the 2021/22 Council Tax level.

Non-domestic Rates Collection Fund Balance

4.3 In determining its demand on the Council Tax, the Council must take account of any balances relating to Non-Domestic Rates transactions, reflecting the difference between anticipated yield and collection rate compared to those actually achieved.

4.4 At 31st March 2021 there is expected to be a deficit on the non-domestic rates collection fund. The District Council's share of the deficit is £3,949,040, which has to be taken into account in setting the 2021/22 Council Tax level. The majority of this deficit is offset by a transfer from reserves in 2021/22, reflecting a government grant received in 2021/22 and carried forward through reserves.

Council Tax Requirement and Proposed Council Tax Increase

4.5 The Council Tax is calculated by dividing the Council's Council Tax Requirement by its Council Tax Base. Taking the above factors into account, this Council's requirement (excluding parish council precepts) from the Council Tax for 2021/22, including a comparison with 2020/21, is calculated as follows:-

Table 6 – Council Tax Calculation

	2020/21	2021/22
Council Tax Requirement (DDDC)	£6,391,391	£6,572,971
Council Tax Base	29,828.68	29,976.17
DDDC Council Tax - Band D	£214.27	£219.27
Increase per band D		£5.00
Increase %		2.33%

4.6 The Ministry of Housing, Communities and Local Government (MHCLG) has announced the following council tax principles for 2021/22 in relation to shire district councils:

"a referendum will be required if the authority sets an increase of 2% (or more than 2%), or more than £5, whichever is greater."

The recommendations in this report do not exceed that limit.

4.7 The table below shows the proposed band D Council tax for 2021/22 and the previous 5 years:-

Table 7 – Council Tax Levels since 2016/17

Financial Year	Band D Council Tax	Increase on Previous Year
2016/17	£193.34	1.94%
2017/18	£198.34	2.59%
2018/19	£204.27	2.99%
2019/20	£209.27	2.45%
2020/21	£214.27	2.39%
Proposed 2021/22	£219.27	2.33%

It is important to note that the proposed increase in council tax for 2021/22 will benefit each subsequent financial year, when the council faces uncertainty on levels of government funding.

5. MEDIUM TERM FINANCIAL PLAN

5.1 In considering its spending requirements the Council must have regard to its future commitments and its ability to finance those requirements either internally through balances or through its precept on the Council Tax. It is necessary, within the limitations inherent in any forward planning exercise, to consider the implications of future spending needs and produce a financial strategy to deal with them.

5.2 The Medium Term Financial Plan, which is summarised in the table below and shown in detail at Appendix 5, sets out in broad terms the anticipated future spending requirements. This takes account of current and known additional requirements. The quantified additional requirements are based on the planned intentions of the Council and any future impact of decisions already implemented, but cannot be conclusive, as other changes will undoubtedly occur over time.

Table 8 – Summarised Medium Term Financial Plan

	Original Budget 2020/21	Revised Budget 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Net Revenue Expenditure	10,808	12,775	11,015	9,824	10,161	10,336	10,422
Transfers to/(from) reserves	(549)	(888)	(463)	193	138	230	230
Net Spending Requirement	**10,259**	**11,887**	**10,552**	**10,017**	**10,299**	**10,566**	**10,652**
Funded By:							
Income from Council Tax	(6,494)	(6,494)	(6,493)	(6,725)	(6,912)	(7,114)	(7,311)
Income from Business Rates	(2,910)	(3,139)	(3,052)	(3,055)	(3,115)	(3,178)	(3,242)
NNDR Payment to Pool	177	354	177	181	185	189	193
Covid 19 Grants & Contributions	0	(1,576)	(294)	0	0	0	0
Negative Revenue Support Grant	0	0	0	390	400	410	420
Rural Services Delivery Grant	(401)	(401)	(421)	(200)	(200)	(200)	(200)
New Homes Bonus	(631)	(631)	(398)	(218)	0	0	0
Lower Tier Services Grant	0	0	(71)	(72)	(73)	(74)	(75)
Total Income	**(10,259)**	**(11,887)**	**(10,552)**	**(9,699)**	**(9,715)**	**(9,967)**	**(10,215)**
Savings to be achieved	**0**	**(0)**	**0**	**318**	**584**	**599**	**437**

5.3 The Medium Term Financial Plan demonstrates that, with the proposed increase in council tax, there is a balanced budget for 2021/22. However, the Medium Term Financial Plan shows that further grant losses are expected from 2022/23 onwards (see below) and that, as a result, there is a need to identify additional ongoing savings or income of around £318,000 a year by 2022/23, rising to almost £600,000 in 2024/25. The approach to achieving these savings is set out in section 7 of this report.

5.4 Several funding streams (New Homes Bonus, Rural Services Delivery Grant and Revenue Support Grant) received from Government, all have a significant direct impact on the Council. The MHCLG has previously indicated all of these funding streams might reduce and the information received has been used to model the Council's future MTFP.

5.5 The MHCLG continues to review the arrangements for Local Government financing. However, as experienced in the 2021/22 settlement, changes to allocations can be received late in the day. As the provisional and final settlements are not normally received until December and January respectively (February this time) prior to financial year start, the Council has limited time to respond to changes introduced by the MHCLG.

5.6 The Council has reserves and balances that could be used in the short term to address any savings requirements for 2022/23 while a thorough review of income and expenditure is undertaken and an action plan developed.

5.7 The MTFP includes the impact of several key developments for the council over the MTFP period. These include increased savings from the leisure management contract, the triennial review of the pension fund and additional savings or revenue income arising from investments being made through the capital programme e.g. climate change and regeneration projects.

5.8 The assumptions made in preparing the MTFP are shown in Appendix 5. It is possible that some of these assumptions may turn out to be too cautious or over-optimistic. Some scenario testing has been carried out to demonstrate the impact of different assumptions on the savings requirement identified in the medium term plan. The results of that testing is set out below:

Table 9 – Results of scenario testing for Medium Term Financial Plan

	Estimates 2021/22 £000s	Estimates 2022/23 £000s	Estimates 2023/24 £000s	Estimates 2024/25 £000s	Estimates 2025/26 £000s
Current MTFP, as table above					
Surplus (-) / Deficit	0	318	584	599	437
Loss of RSDG					
Surplus (-) / Deficit would be:	421	518	784	799	637
No Negative Revenue Support Grant (RSG)					
Surplus (-) / Deficit would be:	0	(72)	184	189	17
Loss of New Homes Bonus (NHB) from 2022/23					
Surplus (-) / Deficit would be:	0	536	584	599	437
No Negative RSG and NHB retained at 2022/23 legacy payments level					
Surplus (-) / Deficit would be:	0	(72)	(34)	(29)	(201)
Business Rates Income above baseline reduces by 10%					
Surplus (-) / Deficit would be:	108	429	697	714	554
No growth in council tax base after 2020/21					
Surplus (-) / Deficit would be:	0	352	675	750	650
No growth in council tax base after 2020/21					
Surplus (-) / Deficit would be:	0	285	492	448	224

6. RESERVES AND BALANCES

6.1 In examining the immediate and longer term spending plans, for both revenue and capital, it is necessary to consider the levels of balances which are available and, of those, the ones that will be required to meet spending plans. Transfers to/from reserves are detailed in Appendix 6. The estimated position on the Council's Reserves and Balances as at 31st March 2020 and 31st March 2021 is detailed in Appendix 7. A number of points need to be taken into account:-

Working Balances

6.2 It is considered essential that the Council retains a level of uncommitted balances to meet emergency, unforeseen and unknown eventualities. This includes positive opportunities that may arise as well as disastrous or onerous liabilities.

6.3 In the absence of these balances any such expenditure would fall directly on the General Fund and Council Tax requirement. This could result in significant financial consequences for service provision. As budgets have been tightened and contingencies removed, the need for adequate working balances becomes even more important. Whilst it is impossible to advise on the precise level because of the uncertainty involved, it is considered prudent to retain uncommitted working balances of approximately 10% of net revenue expenditure. Working balances at 31st March 2022 are set at £1,000,000, which is considered adequate for the purpose described above.

Use of Balances

6.4 The effect of the Council's spending proposals and commitments on the General Reserve is shown in the Medium Term Financial Plan in Appendix 5, and a summary of reserves is given in Appendix 7. It can be seen that the estimated General Reserve balance is £738,000 at 31st March 2022.

6.5 Balances, by their very nature, can be used only once. Therefore, the continued use of balances to support ongoing spending is not sustainable beyond the life of the available amount. A strategy which is based on the continued use of balances to support regular spending can only have a finite life. Therefore, in looking at the use of available balances regard must to taken of the future demands upon them in terms of both capital and revenue spending. In addition, interest is earned on the investment of unused balances (albeit at very low interest rates at the current time). Utilisation of balances will therefore reduce the interest earned in future years.

6.6 It should be noted that the Medium Term Financial Strategy (for Members' approval elsewhere on the agenda for this meeting) allows the General Reserve to be used for meeting "one-off" expenditure or for "invest-to-save" proposals, but restricts its use for funding ongoing revenue expenditure to exceptional circumstances.

Strategic Reserves

6.7 The Council has strategic reserves for specific purposes and these should continue to be earmarked for the identified purpose. This ensures the availability of the amounts in these reserves for those purposes and defrays demands on the revenue spending and general balances. Details of transfers to/from reserves are shown in Appendix 6 and details of strategic reserves are given in Appendix 7.

6.8 It is important that reserves are reviewed on at least an annual basis to ensure they are adequate for the purpose, but not excessive, based on an assessment of needs, an understanding of risks, and taking into account the opportunity costs of maintaining reserves. An annual review of strategic reserves is given at Appendix 8. The statement lists the various strategic reserves, the purposes for which they are held, and the forecast levels at 31st March 2022, based on the requirements shown in the proposed budget for 2021/22 and the Medium Term Financial Plan. The outcome of the review is reflected in the Statutory Report in Section 8 below.

6.9 Following this review of reserves, strategic reserves are estimated to total £16.9 million at 31st March 2021 and £7.3 million at 31st March 2022.

7 SAVINGS

7.1 The Council has worked hard over recent years to make substantial savings that have enabled the organisation to present a balanced budget each year. These savings have been achieved through exploring different ways of delivering services, e.g. outsourcing, shared services, the introduction of new revenue income streams and through a series of service reviews that have examined each service area and made significant efficiencies. The service reviews that have been undertaken have not only generated efficiency savings but have also introduced service improvements for customers / residents. The Corporate Leadership Team has also carried out a detailed scrutiny of every service budget and removed any that the trends indicate may not be required in future years. Any underspends made each year are also analysed to identify those that can be classed as ongoing savings.

7.2 The need to achieve further savings is set out in the Medium Term Financial Plan (see Appendix 5 and section 5 of this report). The approach to achieving the savings is set out in the Council's Medium Term Financial Strategy, which is recommended for Members' approval elsewhere on the agenda for this Council meeting. Given the amount set aside in usable revenue reserves, the timing of the required savings, and the uncertainty surrounding council funding (arising mainly from the outcome of the anticipated level of the government's Fair Funding Review and its review of the Business Rates Retention scheme), the Council's approach to meeting the Corporate Savings Target and closing the budget gap is to refrain from significant service reductions at the present time, until the outcome of the government reviews is known. The Council will continue to explore commercial and investment opportunities to help it to achieve a sustainable financial future. The overall aim of this approach is that the Council will be far less reliant on government funding and will become more self-sufficient. The approach will focus on income generation and investment in economic development that will lead to growth. In the longer term, this approach will provide the Council with more financial resilience than depending on government grants.

8 CHIEF FINANCE OFFICER'S STATUTORY REPORT

8.1 Clause 25 of Part 2 of the Local Government Act 2003 requires that the Officer appointed for the purposes of Section 151 of the Local Government Act 1972 must, when calculating the net budget requirement, report to Members on:-

- the robustness of the estimates made for the purposes of the calculation;
- the adequacy of the proposed financial reserves.

The Council is required to take the report into account when making the calculations for its budget.

Robustness of estimates

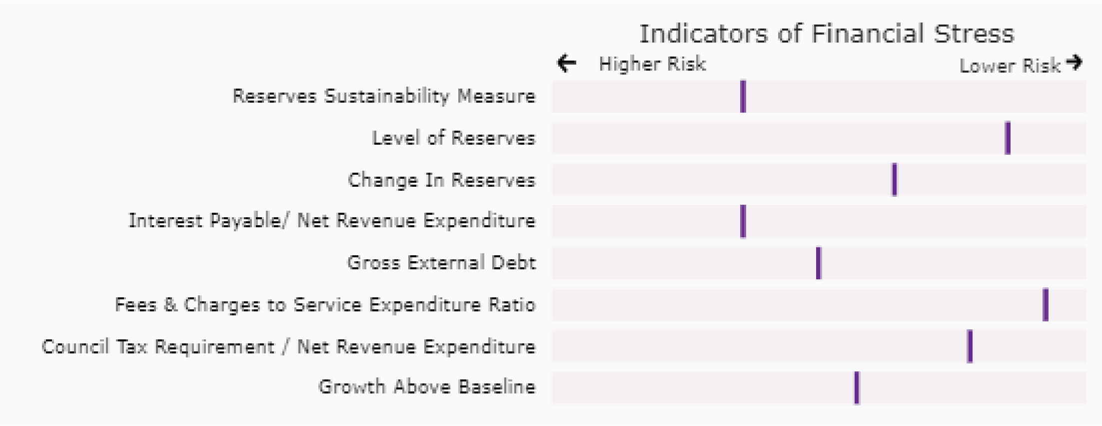
8.2 In accordance with this requirement, the Director of Resources is of the opinion that the processes used in calculating the net budget requirement for 2021/22 are robust and accurate, while depending on estimation. In reaching this opinion, the Director of Resources is satisfied that adequate account has been taken of the following factors:-

- last year's outturn;
- the current year's income and expenditure to date;
- expected pay & price increases;
- pension contributions;
- the impact of interest rate movements;
- demand for services;
- the revenue impact of capital investment;
- local predictions of future government grant allocations;
- debt recovery performance;
- future Council Tax Base changes;
- future increases in Council Tax;
- expected income from business rates;
- the timing and level of capital receipts;
- expected savings from service reviews;
- expected revenue income streams resulting from capital investment;
- a realistic forecast has been made of major income streams, e.g. car parks income;
- resource allocations are in line with service plans, Council policies and priorities;
- the budget process is supported by clear guidelines in the approved Medium Term Financial Strategy and Capital Strategy, financial regulations, a clear timetable with allocated roles and responsibilities, and a Budget Holder's Manual for staff involved in the preparation of estimates,
- the process is underpinned by the Council's Risk Management framework.

Financial Resilience

8.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) has developed a Financial Resilience Index, which is a comparative analytical tool designed to provide councils with a clear understanding on their position in terms of financial risk. The index is made up of set of indicators, which can be used to compare against similar authorities. The graphic below shows and overview for this Council, based on information at 31 March 2020, with a comparison against similar authorities.

Chart 1 – CIPFA Financial Resilience Index Summary 2019/20

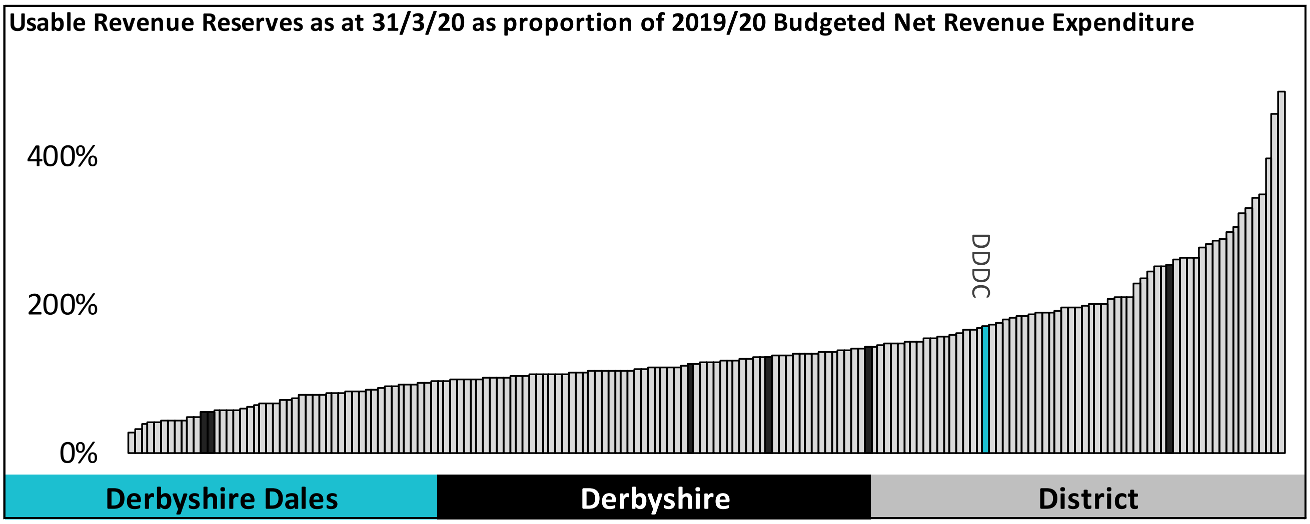


Indicator	Min	Indicator Value	Max
Reserves Sustainability Measure	14.33	100.00	100.00
Level of Reserves	65.64%	295.61%	300.00%
Change In Reserves	-17.32%	63.64%	265.23%
Interest Payable/ Net Revenue Expenditure	0.00%	3.33%	39.89%
Gross External Debt	£0k	£5,450k	£135,339k
Fees & Charges to Service Expenditure Ratio	13.11%	31.32%	56.16%
Council Tax Requirement / Net Revenue Expenditure	51.45%	100.00%	100.00%
Growth Above Baseline	12.00%	68.00%	112.00%

The most recent analysis (for 2019/20) shows that for most indicators the Council performs in the median or low risk range when compared to other similar councils, demonstrating a well-balanced approach to financial management against a backdrop of significant demand pressures and central government funding cuts. The Council ranks as middle to high risk for “Reserves Sustainability”; this was expected as it has been apparent for some time that strategic reserves (especially those to fund the capital programme) are reducing. Interest payable divided by net revenue expenditure is also classed as middle to high and relates to debt repayment.

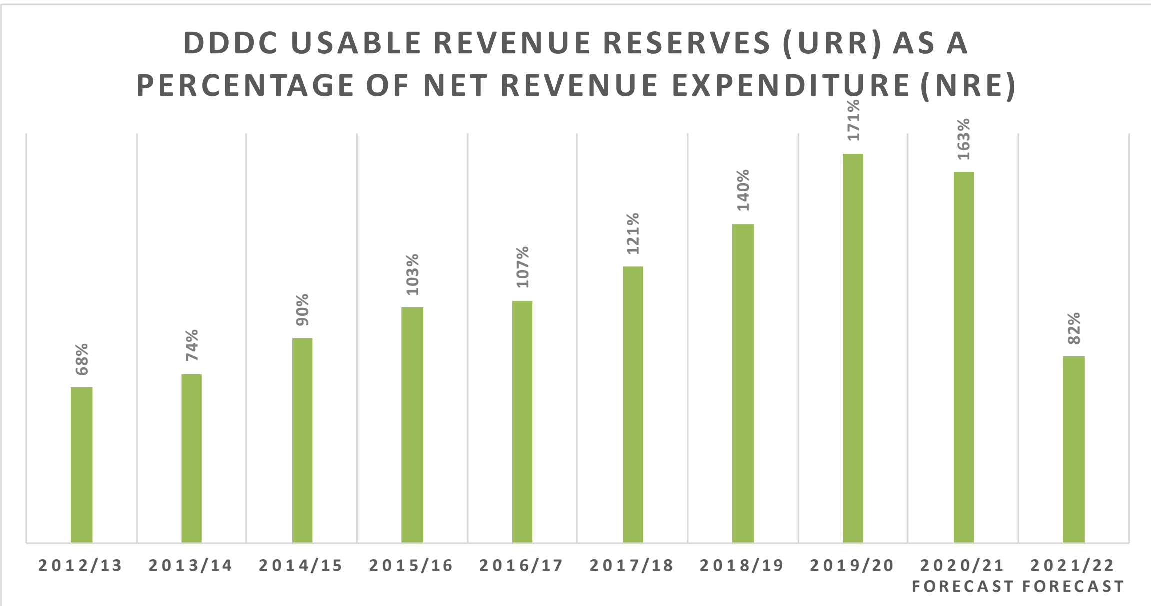
8.4 The chart below, produced by LG Improve, compares levels of Usable Revenue Reserves as a percentage of net revenue expenditure across all district councils at 31 March 2020. This is an indicator of financial resilience with the higher percentages indicating higher resilience. The result for Derbyshire Dales is shown in blue and is in the mid to upper quartile. There is no prescribed level for this indicator, but the median appears to be around 100%; at 31 March 2020, the result for Derbyshire Dales District Council was 171%.

Chart 2 – Usable Revenue Reserves as % of Net Revenue Expenditure at 31 March 2020: All Districts



8.5 Since 31 March 2020 all local authorities' financial resilience has been impacted by the coronavirus pandemic lockdowns and consequent lost income and additional spending. While there has been support from central government, in this Council's case a significant transfer from usable reserves is required to balance the 2020/21 revenue account. The table below shows the Council's results from 2012/13 with forecasts for 31 March 2021 and 31 March 2022, based on spending proposals. The results show that financial resilience was increasing up to 2019/20, but the impact of coronavirus in 2020/21 and the use of reserves to fund the capital programme in 2021/22 mean that resilience will decline in 2021/22. At a rate of 82% for 2021/22, the Council has sufficient reserves to fund almost a full year's net revenue expenditure.

Chart 3 – Usable Revenue Reserves as % of Net Revenue Expenditure



8.6 It is the Director of Resources' opinion that there are sufficient reserves at present to provide resilience for revenue spending but higher levels of reserves would provide added resilience. The Medium Term Financial Strategy, the subject of a report elsewhere on the agenda for this meeting, suggests measures to address this. Members may recall that the approach taken by the Council was supported by the external auditor in his Value For Money conclusion for the audit of the 2019/20 accounts. The Director of Resources is satisfied that the Council's Financial Reserves, as summarised in Appendices 7 & 8, are adequate. In reaching this opinion, the Director of Resources has taken into account the following factors:-

- the budget process is robust and accurate for the reasons given above;
- an assessment has been made of the major risks;
- the Bellwin scheme is a source of emergency financial assistance which "reimburses local authorities for costs incurred on, or in connection with, their immediate actions to safeguard life and property;
- the Council does not have a history or culture of overspending its budgets;
- the level of reserves has been determined with regard to CIPFA guidance on local authority reserves and balances;
- the Council has adequate systems of budgetary control throughout the year.

9 Financial Management Code

9.1 CIPFA has published a Financial Management Code (the FM Code) to support good financial management, as well as demonstrating a local authority's financial sustainability. The Code is based on a series of principles supported by specific standards and statements which are considered necessary to managing its finances over both the short and medium term, managing financial resilience to meet foreseen demands on services and to manage unexpected shocks in its financial circumstances. Local authorities are required to evidence their performance against the standards from April 2021, though it has recently been announced that a "direction of travel" rather than full compliance will be acceptable at the start of the financial year. The FM Code will help external auditors in forming their value for money opinion as part of the audit of a local authorities' year-end accounts.

9.2 A review of the Council's financial management arrangements against the standards set out in the Code is being undertaken at the time of writing this report. A report on the Financial Management Code, which will identify any areas that need to be strengthened, will be presented to the Governance & Resources Committee on 11 March 2021. No significant problem areas are anticipated, though a few areas require some improvements.

10 TOWN / PARISH COUNCIL PRECEPTS

10.1 The precepts of Town/Parish Councils for 2021/22 are shown in Appendix 9 to this report and total £1,826,236 for 2021/22 (subject to the formal notification of two parish councils), an increase of £85,074 (4.89%) over 2020/21. However, this has not resulted in a similar percentage increase in council tax for parishes, as there has been an increase in the council tax base. As shown in Appendix 2, the average Parish Council Tax increases from £58.37 in 2020/21 to £60.92 in 2021/22, an increase of £2.55 (4.37%).

10.2 These precepts have to be shown as part of the District Council's requirements as detailed in the Summary Revenue Account. As part of Council Tax setting, the individual Town/Parish precepts become a special expense chargeable against each specific area and are raised from the Council Tax levied on that area.

11. CONSULTATION

11.1 Consultation on the District Council's spending plans has been restricted in 2021 by the lockdown and not being able to use community forums as a form of engagement. Consultation on the proposed revenue and capital spending proposals, and the proposed increase I the council tax in 2021/22 has been carried out mainly by publicising details on the Council's website and social media channels land inviting feedback. This consultation commenced on 17 February 2021 and is due to end on 3 March 2021. A summary of the consultation responses will be provided to councillors on 4 March 2021.

11.2 The statutory consultation with representatives of National Non-Domestic Ratepayers was carried out by providing a link to details of the Council's spending proposals in the Council's "Business News". Businesses were sent an information leaflet relating to non-domestic rates. The details were sent by email on 6 February 2020. This consultation commenced on 17 February 2021 and is due to end on 3 March 2021. A summary of the consultation responses will be provided to councillors on 4 March 2021.

12. RISK ASSESSMENT

12.1 Legal

The Local Government Finance Act 1992 requires the Council to set the Council Tax by 11th March for the following financial year. There are no legal considerations with Service Reviews at this stage. The legal risk arising from the report is low.

A requirement (by way of Standing Order 2014 No. 165), to adopt a mandatory standing order came into force on 25 February, 2014. The provisions require that immediately after any vote is taken at a budget decision meeting of an authority there must be a recorded vote in the minutes of the proceedings of that meeting showing the names of the persons who case a vote for the decision or against the decision or who abstained from voting. Therefore, a recorded vote will be taken once a decision on this item has been taken.

12.2 Financial

Significant risks within the revenue budget include:-

- Uncertainty about the level of Government funding (especially New Homes Bonus, Rural services Delivery Grant (or a replacement mechanism to reflect the additional costs faced by rural authorities) and Negative RSG) and the business rates retention scheme, especially from 2022/23 onwards. This financial risk is assessed as High.
- Uncertainties relating to business rates income, which can be very volatile, especially since the coronavirus pandemic. This risk is assessed as High.

- Uncertainties relating to collection of council tax income and growth in the tax-base, which has been impacted by the coronavirus pandemic. This risk is assessed as Medium to High.
- Income from sales, fees and charges not being achieved. The Council has no direct control over, for example, the level of car parking income, which is affected by factors such as the weather. While there might be some support in additional government grants, it is unlikely that this will fully offset losses. This source of income is significant to the Council's budget process and, therefore, this financial risk is assessed as High.
- Uncertainty due to the value of income from disposal of recycling material (though this is mitigated somewhat by the establishment of a reserve). Given the volatility in the current markets for recyclable materials, this financial risk is assessed as High.
- Targeted savings not being achieved. As stated in the body of the report, the Medium Term Financial Plan indicates that the Corporate Savings Target requires further ongoing savings or additional income of £381,000 by 2022/23, rising to almost £600,000 in 2024/25 (though reducing in 2025/26). While it is hoped that additional government funding will help to close this gap, meeting it will be a significant challenge on top of savings that have already been made. This financial risk is therefore currently considered to be High.

The financial risk in respect of the Council's long-term financial position is assessed as "High".

11.3 Corporate Risk

As identified in the report, the key risks result from the need to make savings in the medium term. This risk is considered to be High; it has been reflected on the Council's Strategic Risk Register, together with some mitigating actions.

12. OTHER CONSIDERATIONS

12.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property considerations.

13. CONTACT INFORMATION

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Email: karen.henriksen@derbyshiredales.gov.uk

14. BACKGROUND PAPERS

Date	Description	Location
04/02/2021	Details of Final Local Government Finance Settlement	Local authorities' individual allocations can be found at:

	(approved by parliament on 10 February 2021)	https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2021-to-2022

15. ATTACHMENTS

Appendix 1	Service Summary
Appendix 2	Summary Revenue Account
Appendix 3	Variations in spending proposals for revised budget 2020/21 compared to 2020/21 original estimate
Appendix 4	Variations in spending proposals for proposed budget 2021/22 compared to 2020/21 original estimate
Appendix 5	Medium Term Financial Plan
Appendix 6	Transfers to and from Strategic Reserves
Appendix 7	Summary of Revenue Balances, Provisions and Strategic Reserves
Appendix 8	Annual Review of Strategic Reserves
Appendix 9	Parish Precepts

Appendix 1 - Service Summary

	Original Budget 2020/21 £	Updated Revised Budget 2020/21 £	Proposed Budget 2021/22 £	Variance Proposed Budget against Original Budget £
Chief Executive	454,349	365,566	371,397	(82,952)
Community and Environmental Services	3,605,102	5,651,845	3,281,896	(323,206)
Corporate Services	1,903,476	1,842,677	1,972,854	69,378
Housing	587,641	479,584	586,350	(1,291)
Regeneration & Policy	648,057	526,042	610,792	(37,265)
Regulatory Services	1,083,859	1,077,703	1,114,325	30,466
Resources	2,234,861	2,585,886	2,780,575	545,714
Net cost of Services	**10,517,345**	**12,529,303**	**10,718,189**	**200,844**

Appendix 1 - Service Summary

	Original Budget 2020/21 £	Updated Revised Budget 2020/21 £	Proposed Budget 2021/22 £	Variance Proposed Budget against Original Budget £
Chief Executive	454,349	365,566	371,397	(82,952)
Community and Environmental Services	3,605,102	5,651,845	3,281,896	(323,206)
Corporate Services	1,903,476	1,842,677	1,972,854	69,378
Housing	587,641	479,584	586,350	(1,291)
Regeneration & Policy	648,057	526,042	610,792	(37,265)
Regulatory Services	1,083,859	1,077,703	1,114,325	30,466
Resources	2,234,861	2,585,886	2,780,575	545,714
Net cost of Services	**10,517,345**	**12,529,303**	**10,718,189**	**200,844**

Please note the following amendments to the Original Budget 2020/21 compared to the Budget 2020/21 reported to Council 5th March 2020.

	Original Budget (5th March 2020) 2020/21	Original Budget (Current Structure) 2020/21	Difference

Chief Executive	591,388	454,349	(137,039)
Regulatory Services	1,067,412	1,083,859	16,447
Corporate Services	1,782,884	1,903,476	120,592
	3,441,684	**3,441,684**	**0**

This is due to Civil Contingencies Emergency Planning transferring from Chief Executive to Regulatory Services, and Customer Innovation Project transferring from Chief Executive to Corporate Services. No overall impact.

Appendix 2 - Summary Revenue Account

	Original Budget 2020/21	Updated Revised Budget 2020/21	Proposed Budget 2021/22	Variance Proposed Budget against Original Budget
Cost of Services (As shown in Appendix 1)	**10,517,345**	**12,529,303**	**10,718,189**	**200,844**
Non Service Items:				
Interest on Balances	(134,472)	(87,750)	(37,000)	97,472
Borrowing Interest Paid	225,000	225,010	225,150	150
Statutory Debt Repayment	191,500	98,801	100,849	(90,651)
Loan Premium Due	110,924	110,924	110,924	0
Income from Investment Properties	(101,956)	(101,056)	(102,556)	(600)
Net Revenue Expenditure	**10,808,341**	**12,775,232**	**11,015,556**	**207,215**
Transfers to / from Reserves	**(548,967)**	**3,066,860**	**(4,419,167)**	**(3,870,200)**
(as detailed in Appendix 6)				
Funding Requirement	**10,259,374**	**15,842,092**	**6,596,389**	**(3,662,985)**
Funded by External Funding				
Retained Business Rates including S31 Grant Payments to and from Pool	(2,602,786)	(6,610,030)	(2,868,832)	(266,046)
Business Rate Collection Fund (Surplus)/ Deficit	(130,596)	(130,596)	3,949,040	4,079,636
CT Collection Fund (Surplus)/ Deficit	(102,632)	(102,632)	80,418	183,050
Rural Services Delivery Grant	(401,179)	(401,179)	(420,990)	(19,811)
New Homes Bonus	(630,790)	(630,790)	(397,613)	233,177
Lower Tier Services Grant	0	0	(71,358)	(71,358)
Other Government Grants	0	(1,575,474)	(294,083)	(294,083)
Total External Funding	**(3,867,983)**	**(9,450,701)**	**(23,418)**	**3,844,565**
Total Council Tax Requirement (inc Parishes)	(8,132,553)	(8,132,553)	(8,399,207)	(266,654)
Town and Parish Precepts	1,741,162	1,741,162	1,826,236	85,074
(As detailed in Appendix 9)				
District Council Tax Requirement	**(6,391,391)**	**(6,391,391)**	**(6,572,971)**	**(181,580)**
Total	**0**	**0**	**0**	**0**

*Two parish precepts subject to formal notification

	Original Budget 2020/21	Revised Budget 2020/21	Proposed Budget 2021/22	Variance Proposed Budget against Original Budget	
Council Tax Base	29,828.68	29,828.68	29,976.17	147.49	
Basic amount of Tax Band D (including average of Town / Parish)*	£272.64	£272.64	£280.20	£7.56	2.77% Increase
DDDC amount of Tax Band D	£214.27	£214.27	£219.27	£5.00	2.33% Increase
Average Town / Parish Tax Band D*	£58.37	£58.37	£60.92	£2.55	4.37% Increase

*Two parish precepts subject to formal notification

Appendix 3 - Significant variations in spending proposals 2020/21 Revised Budget compared to 2020/21 Original Budget

	Variance (£'000)	
Vacant Corporate Director post	(101)	
Ice Cream Concessions - loss of Income	103	
Reduction in Car park Income	916	
Reduction in Bakewell Stall Market income	127	
Public Conveniences - additional staffing & cleaning costs and reduced income	84	
Reduction in trade waste income	104	
Additional Management Payments to Freedom Leisure	478	
Additional Contract Payments to Serco for Waste	122	
Cancellation of Matlock Bath Illuminations/Venetian Nights	44	
Tree Maintenance Works	167	
Additional Income from Cemeteries	(27)	
Homelessness Schemes - Second Homes	(105)	Offset by contribution to Revenue Grants Unapplied
Reduced activity relating to the Local Plan	(83)	Offset by reduced contribution from Local Plan Reserve
Vacant Senior Planning Policy Officer	(29)	
Additional Unidentified Covid pressures (Centralised)	188	Offset by additional government grants
Removal of Provision for Staff Turnover - achieved across Services	50	
Temporary Agency Staff	40	
Interest paid / receivable	(46)	
Transfers to / from reserves (incl. NNDR deficit)	3,616	
Non-domestic rates income incl. deficit	(4,007)	
Increase in government grants	(1,575)	
Other minor variances	(66)	
Total	**0**	

Appendix 3 - Variations in spending proposals per service 2021/22 Proposed Budget compared to 2020/21 Original Budget

	Variance (£'000)
Chief Executive	
HR and Payroll Assistant 4.5hours	5
Apprentice	4
Corporate Training	4
Deletion of Corporate Director post	(101)
Other items	5
Total	**(83)**

Community & Environment Services		
Additional Grants in Sports Development	(48)	
Closure of Matlock Market	17	
Bakewell ABC	(44)	
Ice Cream Concessions - reduced Income	83	
PC's Cleaning	25	
PC's Additional Staffing offset by reduced Agency	21	
Contract Payments	248	
Garden Waste Charges	(548)	
Other items	(77)	
Total	**(323)**	
Corporate Services		
Information Governance Officer	30	Funded from Committed Expenditure Reserve
Business Support Assistant from 22 to 37 hours	11	
CRM Software	44	Funded from Customer Innovation and ICT Reserve
Other items	(16)	
Total	**69**	
Housing	(1)	
Regeneration & Policy		
Reduced expenditure relating to Local Plan	(50)	Offset by Contribution from Local Plan Reserve
Other items	13	
Total	**(37)**	
Regulatory Services		
Climate Change Officer	35	
Matlock Town Hall Consultancy	(30)	
Travellers Site	11	
Contractor costs offset by Part of Env Health Technician	12	
Other items	2	
Total	**30**	
Resources		
Additional Unidentified Covid pressures (Centralised)	294	Offset by £254K non ringfenced grant - tranche 5
1% Pay Award Contingency (Centralised)	76	
ICT - Microsoft 365	50	Offset by contribution from ICT Reserve
ICT - Servers	25	Offset by contribution from ICT Reserve
Accountancy Restructure	41	

Internal Auditor	39
Other items	21
Total	**546**
Total Variance to Net cost of Services	**201**

Appendix 4 - Significant variations in spending proposals 2021/22 Proposed Budget compared to 2020/21 Original Budget

	Variance (£'000)	
Deletion of Corporate Director post	(101)	
Additional Grants in Sports Development	(48)	
Bakewell ABC increased income	(44)	
Ice Cream Concessions - reduced Income	83	
Public Conveniences: Additional cleaning costs	46	
Additional costs of new waste collection contract	326	
Garden Waste Income	(548)	
Information Governance Officer	30	Funded from Committed Expenditure Reserve
CRM Software	44	Funded from Customer Innovation and ICT Reserve
Reduced expenditure relating to Local Plan	(50)	Offset by Contribution from Local Plan Reserve
Climate Change Officer	35	
Matlock Town Hall Consultancy (one-off in 2020/21)	(30)	
Additional Unidentified Covid pressures (Centralised)	294	Offset by £254K non ring-fenced grant
1% Pay Award Contingency (Centralised)	76	
ICT - Microsoft 365	50	Offset by contribution from ICT Reserve
ICT - Servers	25	Offset by contribution from ICT Reserve
Accountancy Restructure	41	
Internal Auditor	39	
Transfers to / from reserves (incl. NNDR deficit)	(3,870)	
Non-domestic rates income incl. deficit	3,813	
Council tax collection fund deficit	183	

Increase in government grants	(152)
Other minor variances	(60)
Increase in DDDC council tax requirement for 2021/22, compared with original estimate 2020/21	**182**

Appendix 5 - Medium Term Financial Plan

	Note	Original Budget 2020/21	Revised Budget 2020/21	Proposed Budget 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Forecast 2025/26
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Service Funding Requirement		**10,517**	**12,529**	**10,718**	**10,718**	**9,524**	**9,860**	**10,032**
Adjustment for Service Costs Funded from Strategic Reserves					(837)	55	(92)	0
Inflation								
Pay Awards					146	149	152	155
Contracts					129	132	135	138
Fees and Charges					(74)	(75)	(77)	(79)
General Inflation					67	68	69	70
Pressures / Savings - Recurring								
Increasing savings from leisure review					(300)	(50)	0	0
Additional income garden waste collections (full fee of £50)					(156)	0	0	0
Potential increase in pension contributions following revaluation					0	150	0	0
Vision Derbyshire Partnership Working					(20)	0	0	0
Ice Cream Concession Installation of Electric Points					(8)	(14)	0	0
Ice Cream Concession Increased Income					(70)	0	0	0
Bakewell Road Development (cinema) rental income					(48)	(15)	(15)	(2)
Climate Change revenue income / savings from capital investments					(23)	(65)	0	(198)
Net Cost of Services		**10,517**	**12,529**	**10,718**	**9,524**	**9,860**	**10,032**	**10,116**
Non Service Items: Debt Repayment etc.		291	246	297	300	302	304	307
Net Revenue Expenditure		**10,808**	**12,775**	**11,015**	**9,824**	**10,161**	**10,336**	**10,422**
Transfers to /(from) reserves relating to Collection Fund Accounting	7	0	3,958	(3,958)	0	0	0	0
Transfers to/(from) reserves for current year		(981)	(1,937)	(874)	(37)	(92)	0	0
Contributions to reserves for future years costs								
Corporate Plan Priorities Reserve		202	202	0	0	0	0	0
Election reserve annual contribution		30	30	30	30	30	30	30
Local plan reserve		50	50	50	50	50	50	50
Revenue Grants Unapplied		0	615	183	0	0	0	0
Vehicle renewal fund		150	150	150	150	150	150	150
Total Net Spending Requirements		**10,259**	**15,843**	**6,596**	**10,017**	**10,299**	**10,566**	**10,652**
Funded By:								
Revenue Support Grant	1	0	0	0	390	400	410	420
Business Rates Baseline Funding	2	(1,675)	(1,675)	(1,675)	(1,709)	(1,743)	(1,778)	(1,814)
Settlement Funding Assessment		**(1,675)**	**(1,675)**	**(1,675)**	**(1,319)**	**(1,343)**	**(1,368)**	**(1,394)**
Other business rates income, net of payment to pool	3/7	(927)	(4,935)	(1,193)	(1,165)	(1,187)	(1,211)	(1,235)
NDR Collection Fund (surplus)/deficit	7	(131)	(131)	3,949	0	0	0	0
Rural Services Delivery Grant	4	(401)	(401)	(421)	(200)	(200)	(200)	(200)
Lower Tier Services Grant		0	0	(71)	(72)	(73)	(74)	(75)
New Homes Bonus	6	(631)	(631)	(398)	(218)	0	0	0
Covid 19 Grants & Contributions		0	(1,576)	(294)	0	0	0	0
Council Tax Collection Fund (surplus) / deficit		(103)	(103)	80	9	9	0	0
Financing from Council Tax	5	(6,391)	(6,391)	(6,573)	(6,734)	(6,921)	(7,114)	(7,311)
Total Income		**(10,259)**	**(15,843)**	**(6,596)**	**(9,699)**	**(9,715)**	**(9,967)**	**(10,215)**
Corporate Saving Target		**0**	**0**	**0**	**318**	**584**	**599**	**437**

Notes:

1. Negative RSG removed in 2020/21 and 2021/22 settlements. Effects of future negative grant cannot be dismissed.
2. Assumed business rates baseline funding will increase by inflation each year (assumed 2%)
3. Assumed NDR receipts as per current pool arrangements. Changes to future distributions unknown.
4. RSDG only confirmed for 2021/22, assumed reduction thereafter.
5. Council Tax Growth assumed at 150 properties for 2022/23 and then increasing to 250 per year. Council tax increase of 1.94% from 2022/23 onwards.
6. New Homes Bonus calculated on current year methodology, no new allocations assumed only legacy payments.
7. In accordance with the statutory arrangements for the Collection Fund, the deficit relating to 2020/21 caused by a reduction in NDR income from businesses is recognised the following year. In order to mitigate against swinging surpluses and deficits across financial years, government grant to offset NDR shortfalls is earmarked to reserve in 2020/21 and released to compensate the overall financial position in 2021/22. This is highlighted to reduce confusion.

Appendix 6 - Transfers to and from Strategic Reserves

(Including transfers recommended in this report)

	Estimate 2020/21 £	Updated Revised Budget 2020/21 £	Estimate 2021/222 £
Business Rates Fluctuations Reserve	0	0	0
Committed Expenditure Reserve	0	0	0
Corporate Plan Priority Reserve	201471	201,471	0
Elections Reserve	30,000	30,000	30,000
Funding Uncertainties Reserve	0	0	0
Information Technology Reserve	0	0	0
Local Plan Reserve	50,000	50,000	50,000
Revenue Grants Unapplied	117,072	4,572,649	182,982
Vehicle Renewals Reserve	150,000	150,000	150,000
Waste Contract Fluctuations Reserve	0	0	0
Waste Vehicles Reserve	0	0	0
General Reserve	0	0	0
Total transfers to reserves	**548,543**	**5,004,120**	**412,982**
Business Rates Fluctuations Reserve	(270,000)	(270,000)	0
Committed Expenditure Reserve	0	(1,382)	(30,081)
Corporate Plan Priority Reserve	(10,000)	0	0
Customer Innovation Project	(120,592)	(106,097)	(132,510)
Economic Development Reserve	(42,944)	(53,987)	(42,239)
General Reserve	0	(205,151)	(56,627)
Funding Uncertainties Reserve	0	(490,533)	0
Information Technology Reserve	0	(59,838)	(112,250)
Local Plan Reserve	(150,000)	(67,037)	(100,832)
Revenue Grants Unapplied	(503,974)	(683,235)	(4,357,610)
Ward Member Budgets		0	0
Total transfers from reserves	**(1,097,510)**	**(1,937,260)**	**(4,832,149)**
Total transfers to/(from) revenue reserves	**(548,967)**	**3,066,860**	**(4,419,167)**

Appendix 7 - Summary of Reserves, Revenue Balances and Provisions

(including proposed transfers set out in the body of this report)

Revenue Funding	Balance at 31st. March 2020 £	Estimated Contribution in 2020/21 £	Estimated Use in 2020/21 Revenue £	Estimated Use in 2020/21 Capital	Estimated Balance at 31st. March 2021 £	Estimated Contribution in 2021/22 £	Estimated Use use in 2021/22 Revenue £	Estimated Use in 2021/22 Capital	Estimated Balance at 31st. March 2022 £
Revenue Balances									
General Fund Working Balance	1,000,000	0	0	0	1,000,000	0	0	0	1,000,000
General Reserve	999,839	0	(205,151)	0	794,688	0	(56,627)	0	738,061
	1,999,839	**0**	**(205,151)**		**1,794,688**	**0**	**(56,627)**	**0**	**1,738,061**
Provisions									
Insurances	60,640	0	0	0	60,640	0	0	0	60,640
NNDR Appeals	1,087,624	0	0	0	1,087,624	0	0	0	1,087,624
	1,148,264	**0**	**0**	**0**	**1,148,264**	**0**	**0**	**0**	**1,148,264**
Reserves									
Business Rates Fluctuations Reserve	760,423	0	(270,000)	0	490,423	0	0	0	490,423
Capital Programme Reserve	1,807,120	0	0	(359,871)	1,447,249	0	0	(1,340,599)	106,650
Carsington Improvements	33,452	0	0	(20,070)	13,382	0	0	(6,690)	6,692
Committed Expenditure Reserve	171,125	0	(1,382)	0	169,743	0	(30,081)	0	139,662
Corporate Plan Priority Reserve	0	201,471	0	0	201,471	0	0	0	201,471
Customer Innovation Project	279,397	0	(106,097)	(28,200)	145,100	0	(132,510)	0	12,590
Economic Development Reserve	297,845	0	(53,987)	0	243,858	0	(42,239)	(10,000)	191,619
Elections Reserve	98,056	30,000	0	0	128,056	30,000	0	0	158,056
Funding Uncertainties Reserve	490,533	0	(490,533)	0	0	0	0	0	0
Information Technology Reserve	421,879	0	(59,838)	(9,000)	353,041	0	(112,250)	(81,000)	159,791
Insurances Reserve	464,473	0	0	0	464,473	0	0	0	464,473
Investment Fund / Invest to Save Reserve	564,950	0	0	0	564,950	0	0	(564,950)	0
Job Evaluation	150,000	0	0	0	150,000	0	0	0	150,000
Local Plan Reserve	208,422	50,000	(67,037)	0	191,385	50,000	(100,832)	0	140,553
Member / Officer Indemnity	25,000	0	0	0	25,000	0	0	0	25,000
Revenue Grants Unapplied	8,089,604	4,572,649	(683,235)	(635,000)	11,344,018	182,982	(4,357,610)	(3,013,579)	4,155,811
Vehicle Renewals Reserve	590,063	150,000	0	(464,350)	275,713	150,000	0	(280,000)	145,713
Waste Contract Fluctuations Reserve	712,000	0	0	0	712,000	0	0	0	712,000
Ward Member Budget Reserve	0	0	0	0	0	0	0	0	0
Waste Vehicles Reserve	2,500,100	0	0	(2,500,100)	0	0	0	0	0
	17,664,442	**5,004,120**	**(1,732,109)**	**(4,016,591)**	**16,919,862**	**412,982**	**(4,775,522)**	**(5,296,818)**	**7,260,504**
TOTAL	**20,812,545**	**5,004,120**	**(1,937,260)**	**(4,016,591)**	**19,862,814**	**412,982**	**(4,832,149)**	**(5,296,818)**	**10,146,829**

Appendix 8 - Annual Reserve of Strategic Reserves

(including proposed transfers set out in the body of this report)

Reserve	Purpose	Forecast Balance 31st March 2022
Business Rates Fluctuations Reserve	To provide funding towards potential future losses on Non-Domestic Rates	£490,423 Balance considered to be appropriate at the current time but will need to be re-examined when the full details of changes to the rates retention scheme are known.
Capital Programme Reserve	To provide funding for capital expenditure	£106,650 Required for the five year capital programme and potential future liabilities not yet in the programme. It is recommended that annual contributions are made from revenue, if affordable, to ensure a sufficient balance for future capital projects. Top up is possible if there is a revenue account underspend.
Carsington Improvements	To provide grants towards projects in Parishes bordering Carsington Reservoir. The reserve was established with a deposit	£6,692 Expected to be used by 2022/23
Committed Expenditure	Annual contributions in respect of expenditure which has been committed, but service not received at the end of the financial year,	£139,662 Expected to be used by 2022/23
Corporate Plan Priorities	To provide a source of funding for priority projects emerging from the new Corporate Plan 2020-2024.	£201,471 Balance considered to be appropriate at the current time but will need to be re-examined when the priority projects have been identified.
Customer Innovation	To procure and implement a customer platform that integrates with existing systems to enable us to drive channel shift and to deliver easier, faster and better customer service. To provide our	£12,590 This balance is considered to sufficient to deliver the project.
Economic Development	To provide funding for economic development initiatives.	£191,619 Fully committed to deliver the Economic Development Plan.
Elections	Annual revenue contributions to smooth the cost of four-yearly District Council elections.	£158,056 The aim is to build up a reserve to fund the cost of the May 2023 election.
Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years. Includes Section 106 Contributions. Most grants can only be used for specific purposes.	£4,155,811 Most of the balance is committed to fund the capital programme. The Capital strategy states that the Council will seeks grants and contributions when the opportunity arises.
ICT Renewals	To provide funding for renewal of the Council's information technology equipment, including telephony & central printing equipment.	£159,791 This balance is considered to sufficient to deliver the needs identified in the ICT Strategy.

Insurances	To provide funding for uninsured losses.	£464,473 A balance of approximately £500,000 is considered appropriate.
Investment Fund	To provide funding towards, for example, interim and temporary resources to provide additional capacity and skills to support the change agenda, and to kick-start investments, subject to suitable	£0 Fully utilised in 2021/22 to fund project in capital programme. Separate reserve is no longer required.
Job Evaluation	To provide funding for the additional cost of job evaluation.	£150,000 Balance considered to be adequate.
Local Plan	Annual revenue contributions to smooth the cost of four-yearly review of the local plan.	£140,553 Annual contributions will be made to provide funding for the next public inquiry. Balance is expected to be adequate.
Member/Officer Indemnity	To indemnify Members and officers against acts or omissions subsequently found to be ultra vires, and against defence costs of	£25,000 Adequate for current needs.
Vehicle Renewals	To provide for the replacement of vehicles.	£145,713 Balance is fully committed. Annual revenue contributions will ensure that the balance is adequate.
Waste Contract Fluctuations	To finance changes in disposal costs which will become part of the new waste contract.	£712,000 Adequate for current needs. To be used in 2020/21.

Appendix 9 – Parish Precepts

PARISH PRECEPT 2020/21 £	BAND D COUNCIL TAX 2020/21 £	PARISH	PARISH PRECEPT 2021/22 £	COUNCIL TAX BASE 2021/22 £	BAND D COUNCIL TAX 2021/22 £
308,675	93.00	Ashbourne	314,060	3,268.94	96.07
105,000	64.37	Bakewell	105,000	1,630.44	64.40
148,637	67.64	Darley Dale	208,637	2,225.51	93.75
310,539	87.48	Matlock	312,650	3,573.97	87.48
57,305	81.55	Tideswell	57,305	698.43	82.05
194,000	105.37	Wirksworth	194,000	1,852.86	104.70
1,200	17.21	Alkmonton & Hungry Bentley	775	70.29	11.03
17,740	74.47	Ashford-in-the-Water	17,740	230.40	77.00
0	0.00	Atlow*	0	52.57	-
2,765	32.44	Ballidon & Bradbourne	0	84.18	-
14,719	22.91	Baslow & Bubnell	15,000	643.45	23.31
4,241	56.87	Beeley	4,241	71.53	59.29
6,500	46.97	Birchover	6,500	135.30	48.04
18,500	55.37	Bonsall	18,500	333.28	55.51
738	7.84	Boylestone	755	97.94	7.71
2,500	16.74	Bradley	2,500	149.98	16.67
51,456	89.47	Bradwell	51,456	603.69	85.24
17,500	28.32	Brailsford	18,947	669.06	28.32
17,160	63.47	Brassington	17,160	271.45	63.22
7,426	20.94	Calver	7,775	360.34	21.58
5,083	38.79	Carsington & Hopton	5,286	132.92	39.77
5,435	38.99	Chelmorton	5,435	141.83	38.32
5,000	23.65	Clifton	5,000	209.46	23.87
18,000	32.78	Cromford	19,000	541.45	35.09
1,000	9.65	Cubley	1,000	102.82	9.73
6,775	28.87	Curbar	6,775	229.25	29.55
13,277	18.44	Doveridge	13,543	716.92	18.89
1,000	17.94	Eaton, Alsop & Newton Grange	1,000	59.51	16.80
1,500	14.23	Edlaston & Wyaston	1,650	100.04	16.49
8,568	54.01	Elton	8,568	156.05	54.91
33,000	75.96	Eyam	40,608	437.48	92.82
1,600	22.21	Fenny Bentley	2,000	71.69	27.90
1,500	19.09	Flagg	1,500	78.97	18.99
2,200	28.04	Foolow	2,200	77.85	28.26
935	7.80	Froggatt	935	127.20	7.35
17,445	49.44	Great Longstone	17,979	346.69	51.86
6,763	16.25	Grindleford	6,898	414.63	16.64
1,800	12.55	Hartington, Middle Quarter	1,800	143.40	12.55
6,000	34.68	Hartington, Nether Quarter	5,000	167.62	29.83
8,000	47.82	Hartington, Town Quarter	8,000	169.16	47.29

500	11.39	Hassop	500	48.76	10.25
58,000	70.21	Hathersage & Outseats	58,000	830.85	69.81
4,580	35.45	Hognaston	4,580	130.60	35.07
1,923	17.56	Hollington	1,962	108.27	18.12
5,251	38.41	Hucklow, Gt & Lt, & Grindlow	5,776	140.86	41.01
0	0.00	Hulland	0	91.77	-
14,500	33.00	Hulland Ward	15,500	466.19	33.25
9,924	43.42	Kirk Ireton	9,924	225.39	44.03
5,525	32.74	Kniveton	5,636	168.66	33.42
8,407	28.14	Litton	9,248	300.95	30.73
3,650	20.55	Longford	3,650	177.63	20.55
1,800	29.51	Mappleton	1,800	56.70	31.75
3,500	20.69	Marston Montgomery	6,500	187.87	34.60
28,000	91.90	Matlock Bath	28,000	299.33	93.54
13,285	42.82	Middleton by Wirksworth	13,350	312.08	42.78
4,000	59.89	Middleton & Smerrill	4,000	65.21	61.34
6,908	46.72	Monyash	6,908	147.77	46.75
1,800	13.36	Norbury & Roston	1,800	141.79	12.69
4,590	18.72	Northwood & Tinkersley	4,590	244.39	18.78
1,000	4.35	Offcote & Underwood	1,250	230.67	5.42
2,600	16.12	Osmaston & Yeldersley	2,600	166.40	15.63
4,900	41.76	Over Haddon	5,100	122.90	41.50
9,255	44.13	Parwich	9,255	217.16	42.62
736	13.56	Pilsley	751	55.29	13.58
2,900	16.18	Rodsley & Yeaveley	2,900	186.54	15.55
6,552	37.00	Rowsley	6,552	181.87	36.03
1,500	36.22	Sheldon	1,500	44.23	33.91
6,028	46.27	Shirley	6,258	132.49	47.23
0	0.00	Snelston	0	99.45	-
5,500	18.12	South Darley	6,000	298.45	20.10
6,458	40.30	Stanton-in-the-Peak	6,588	162.77	40.47
11,282	56.20	Stoney Middleton	11,621	200.67	57.91
7,178	44.07	Sudbury	7,178	160.33	44.77
6,076	30.12	Taddington & Priestcliffe	7,176	201.30	35.65
19,549	37.60	Tansley	19,549	519.43	37.64
2,325	27.82	Thorpe	2,400	83.82	28.63
2,500	36.17	Tissington & Lea Hall	2,500	66.99	37.32
650	11.89	Wardlow	600	55.06	10.90
17,500	68.26	Winster*	17,500	250.85	69.76
19,048	42.45	Youlgreave	20,056	447.51	44.82
	0.00	All Other Parts of the Council's Area	0	498.37	0.00
1,741,162	**2,946.71**	**Total**	**1,826,236**	**29,976**	**3,000.19**

*** Amount subject to formal confirmation at the time of writing this report**

NOT CONFIDENTIAL – For public release **Item No. 11**

COUNCIL
04 MARCH 2021

Report of Director of Resources

MEDIUM TERM FINANCIAL STRATEGY 2021/22 to 2025/26

PURPOSE OF REPORT

This report seeks the Council's approval for the Medium Term Financial Strategy for 2021/22 to 2025/26. The strategy is intended to set out the Council's strategic approach to the management of its finances and provide a framework within which decisions can be made regarding future service provision and council tax levels.

RECOMMENDATION

1. That approval is given to the Medium Term Financial Strategy (MTFS) for 2021/22 to 2025/26, attached as Appendix 1 to this report;
2. That Council agrees that, when setting budgets for 2021/22 and beyond, spending should be focused on the Council's corporate priorities, wherever possible;
3. That approval is given to the approach set out in the Medium Term Financial Strategy for achieving the savings required to set balanced budgets i.e. that there will be a hold on any significant service reductions until the outcome of the funding / business rates reviews is known.

WARDS AFFECTED

All wards

STRATEGIC LINK

Financial planning is all about allocating finite resources over time, to reach the broad goals set out in an organisation's corporate or business plan. The medium term financial strategy aims to match predicted spending levels within projected resources and maintain an adequate level of reserves, and to allow for the reallocation of resources in line with the authority's objectives and priorities.

1 SUMMARY

1.1 The Council has a statutory duty to set a balanced budget. The Medium Term Financial Strategy (MTFS) shown in Appendix 1 provides a forecast of the Council's financial position over the five years for 2021/22 to 2025/26. The MTFS shows the pressures that the Council faces and the impact of reductions in government funding, at a time when public expectations and pressures on service costs are increasing. This year there are the added financial pressures arising from the impact of the coronavirus pandemic.

1.2 The MTFS explains that beyond 2021/22 there is great uncertainty relating to government funding and retained business rates income, as the government has not yet completed its reviews of local authority funding for 2022/23 onwards. This makes financial planning very difficult at the current time.

1.3 The Medium Term Financial Plan (MTFP) contained within the MTFS indicates that, with the proposed increase in council tax, there is a balanced budget for 2021/22. However, the MTFP also shows that further grant losses are expected from 2022/23 onwards (see below) and that, as a result, there is a need to identify additional ongoing savings or income of around £318,000 a year by 2022/23, rising to almost £600,000 in 2024/25.

1.4 The MTFS sets out the Council's approach to meeting the corporate savings target and closing the budget gap over the medium term. While there is uncertainty over the Council's future funding position, it is proposed that (while the Council will continue to look for efficiency savings) there will be a hold on any significant service reductions until the outcome of the funding / business rates reviews is known. It is considered that the Council has sufficient reserves and balances that would be available to address any immediate funding reduction, giving a period of time to consider the required action in the event of significant funding cuts. There are risks associated with this approach and these are explained in the MTFS.

1.5 The MTFS will assist in managing the Council's financial resilience in the medium term. It indicates that significant savings are required over the medium term and the Council will have to become much more self-reliant in future, depending much less on government grants as a source of funding and more on income from council tax and business rates, or from its own fees and charges.

2 REPORT

2.1 The current Medium Term Financial Strategy was approved in March 2020. Since that time the Council has faced further reductions in government funding but has experienced low levels of inflation. It has also faced the coronavirus pandemic, which has had a significant impact on the Council's financial position and increased financial instability during 2020/21.

Influences on the Council's finances over the next five years include:

- A potential for further significant reductions in government funding resulting from the current review of needs and resources;
- The impact of the proposed changes to business rates including changes to the local share, resetting the business rates baseline, funding of reliefs (especially Small Business Rate Relief), provision for appeals and the impact of revaluation exercises;
- Rising inflation rates (which increase the cost of services);
- The impact of the coronavirus pandemic, especially on collection rates for council tax, business rates and income from fees and charges;
- The value of the pound, which could affect the cost of goods and services;
- Increases in employer pension contributions;
- Nationally agreed pay awards, increases in the National Minimum Wage and changes in the Apprentices Levy;
- The impact of future welfare reforms, which could increase the cost of the Council Tax Support Scheme and Housing Benefit Overpayments;
- Increases in demand for services;
- Achievement of the savings required (see below);

- Potential for a reduction in the cost of leisure services, as the Council's cost is expected to reduce over the life of the contract;
- Potential costs to improve or replace assets, such as waste collection vehicles;
- The impact of volatility in the markets for recycling materials;
- The level of income following the introduction of charges for garden waste collection from 1st April 2021.

2.2 The purpose of the MTFS is set out in section 2 of that document. The aims include setting overall parameters and objectives for future spending to align them with Council priorities and ensuring the sustainability of the Council's budget. The MTFS should be reviewed annually; this year's review was delayed so that the Local Government Finance Settlement for 2021/22 could be reflected.

2.3 The updated MTFS, shown in Appendix 1, includes:

- A statement of principles, including recommendations for the amount that should be retained in working balances and policies for under- or over-spends on the revenue account;
- Details of the Council's current financial position and Outlook;
- An updated Medium Term Financial Plan (MTFP), which shows the corporate savings or additional income that are required to close the budget gap;
- An explanation of the approach to achieving savings;
- A risk assessment.

2.4 The updated MTFP includes forecasts of the Council's income and expenditure over the next five years. Key assumptions are shown, which include:

- The Settlement Funding Assessment from the Government for future years will be as in the 2021/22 Final Local Government Finance Settlement (plus inflation) but with the retention of an adjustment similar to the negative revenue support grant that had been planned for recent years (though not implemented), and a reduction in Rural Services Delivery Grant;
- Council Tax income will increase by around £50,000 p.a. to reflect new homes;
- From 2022/23, Council Tax will increase by 1.94% each year. Officers recommend that this is the minimum necessary to achieve a sustainable financial plan;
- Business Rates Income retained by Derbyshire Dales District Council will increase by 2% p.a.;
- New Homes Bonus that has been awarded for 2021/22 will be for one year only; legacy payments from previous years will be honoured.

2.5 The Medium Term Financial Plan demonstrates that, with the proposed increase in council tax, there is a balanced budget for 2021/22. However, the Medium Term Financial Plan shows that further grant losses are expected from 2022/23 onwards (see below) and that, as a result, there is a need to identify additional ongoing savings or income of around £318,000 a year by 2022/23, rising to almost £600,000 in 2024/25. This is a very challenging target on top of savings that have already been made, and might not be required if the Council's funding position for years after 2021/22 turns out to be better than forecasted.

2.6 Given the value of the savings required, the amount set aside in the general reserve and strategic reserves, the timing of the required savings, and the uncertainty surrounding council funding (arising mainly from the outcome of the anticipated level of the government's Fair Funding Review and its review of the Business Rates Retention scheme), **the recommended approach to making savings to close the budget gap is to refrain from significant service reductions at the present time, until the outcome of the government reviews is known.** The Council will continue to explore opportunities for efficiency savings or new revenue income streams to help it to achieve a sustainable financial future. The overall aim of this approach is that the Council will be far less reliant on government funding and will become more self-sufficient. The approach will focus on income generation and investment in economic development that will lead to growth. In the longer term, this approach will provide the Council with more financial resilience than depending on government grants.

2.7 There are risks with this approach, that are set out in part 5 of the MTFS, which explains that these risks will be mitigated by robust budget monitoring, together with the use of reserves in the short term if the financial position is worse than expected.

2.8 As well as having to make savings (or generate additional income) in order to balance its revenue budget over the coming years, the Council's sources of finance for capital funding are becoming depleted. The Council's Capital Strategy (elsewhere on the agenda for this Council meeting) sets the framework for all aspects of the Council's capital expenditure; including planning, prioritisation, management and funding. The Strategy has direct links to the Council's Asset Management Plan and this Medium Term Financial Strategy (MTFS).

2.8 The MTFS includes a section on reserves and balances. It is necessary to retain sufficient reserves and balances to meet the Council's needs, which are consistent with the Council's priorities, but also to ensure that they are not excessive taking into account the opportunity costs of maintaining them. The principles for reserves and balances are set out in section 2 of the MTFS; the individual reserves are described and balances reviewed for adequacy in section 3 of the MTFS. It is clear that the Council's financial resilience has been weakened by the use of reserves to offset cost pressures and lost income due to the coronavirus pandemic, as well as to fund the capital programme. To address this, it is recommended that for any underspending on the revenue account, the first call should be to top up the general reserve. Any residual balance should be transferred to strategic reserves to finance the Capital Programme or "Invest To Save" Initiatives, or to mitigate against future funding pressures.

2.9 Section 3 of the MTFS includes a description of the Council's processes for setting and managing budgets. The Head of Resources, assisted by the Corporate Leadership Team, will monitor performance against the Medium Term Financial Strategy, the Medium Term Financial Plan, Revenue Budget and Capital Programme.

3 RISK ASSESSMENT

3.1 Legal

The adoption of a Financial Strategy is one of the mechanisms available to the Council to fulfil its responsibilities to properly manage its financial resources and meet its statutory obligations. To maintain that equilibrium, the District Council needs to adopt a risk based approach to decision making which balances the needs of the community and the ability of the District Council to deliver both key and discretionary services. The report also includes savings targets which are currently speculative and will be the subject of more detailed findings and reports in due course. The overall legal risk is therefore assesses as low to medium

3.2 Financial

The uncertainties associated with medium term financial planning are set out in section 3 of the MTFS. They include changes to the rates of inflation, the impact of the coronavirus pandemic, changes to the Business Rates Retention Scheme and reductions in Government Grants.

The key risks and the mitigating actions and controls relating to the MTFS are set out in Section 5 of the MTFS.

The MTFS indicates that there is a forecast budget gap of £318,000 in 2022/23. The recommended approach to this budget gap is to refrain from significant service reductions at the present time, until the outcome of the government reviews is known, using reserves if necessary.

The financial risk is assessed as high.

3.3 Corporate Risk

The Medium Term Financial Strategy sets out the intention to focus spending on the District Council's corporate priorities, as defined in the Corporate Plan. The Corporate Plan is the District Council's primary policy document and business plan. It sets out the District Council's priorities and identifies key targets to be achieved.

The Corporate Plan for 2021/22 is included elsewhere on the agenda for this Council meeting.

Budgets are currently rated High Risk in the District Council's strategic risk register.

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

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6 BACKGROUND PAPERS

None

7 ATTACHMENTS

Appendix 1: Medium Term Financial Strategy for 2021/22 to 2025/26 – **To follow**

NOT CONFIDENTIAL – For public release **Item No. 12**

COUNCIL
04 MARCH 2021

Report of the Director of Resources

CAPITAL STRATEGY REPORT FOR 2021/22

PURPOSE OF REPORT

This report seeks approval for the Council's Capital Strategy for 2021/22.

RECOMMENDATION

That the Capital Strategy Report for 2021/22 is approved.

WARDS AFFECTED

All

STRATEGIC LINK

The above recommendation contributes to all of the Council's Corporate Plan Priorities.

1 CAPITAL STRATEGY REPORT

1.1 This capital strategy report forms a key part of the Council's overall Corporate Planning Framework. It provides a mechanism by which capital expenditure is aligned over a medium term (5 year) planning period.

1.2 This strategy sets the framework for all aspects of the Council's capital expenditure including prioritisation, planning outcomes, management, funding and monitoring, and is linked to the Council's Asset Management Plan, Investment Strategy and the Medium Term Financial Strategy.

1.3 Capital Expenditure and Financing

Capital expenditure is any expenditure that results in the procurement, constrction and enhancement of an assets. For Derbyshire Dales District Council, this includes expenditure 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 at Derbyshire Dales District Council assets costing less than £10,000 are not capitalised and are charged to revenue in the year of purchase.

The Asset Management Plan identifies backlog maintenance issues across the District's property portfolio; improvement and transformation can progress within the resources that are available.

1.4 Sources of Capital Finance

Decisions on capital spending are made against the background of diminishing resources. The main sources of capital finance available to the Council are:

a) Capital Grants and Contributions

Grants are generally awarded to finance specific projects. Grants may be received from central government or other organisations. Some grants come with the expectation of “match funding” from the Council.

The Council will continue to bid for capital grants when the opportunity arises

Developer contributions, usually derived from Section 106 agreements, are awarded to mitigate the impact of developments on communities. These contributions are usually earmarked for specific purposes in planning agreements and often relate to infrastructure projects or affordable housing schemes.

The Council will continue to seek section 106 contributions when appropriate.

Another type of developer contribution is the Community Infrastructure Levy. The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. Development may be liable for a charge under the Community Infrastructure Levy (CIL) if the local planning authority has chosen to set a charge in its area. Derbyshire Dales District Council has not set a Community Infrastructure Levy. Instead, a Developer Contributions Supplementary Planning Document (SPD) has been adopted by the Council.

Officers will periodically monitor the financial viability of development across the District and the Developer Contributions SPD.

The Council is committed to working with partners (e.g. housing associations) to provide assets. Various mechanisms provide opportunities to enhance the Council’s investment potential with support and contributions from other organisations and partners. These may be through match funding, joint funding etc.

A report to Council in December 2018 pointed out that the funding environment is changing dramatically and new approaches need to be explored

The Council will continue to seek private sector investment. Should opportunities arise, officers will explore new approaches for capital contributions, such as joint ventures, and will prepare reports for Members’ consideration.

b) Capital Receipts

Capital receipts are derived from the sales of assets. At Derbyshire Dales District Council this includes a share of receipts from the sale of former council houses, negotiated as part of the stock transfer in 2002, known as the Right to Buy Sharing Agreement. As the Council reviewed its assets some years ago, and disposed of surplus assets at that time, the scope for future capital receipts, other than those under the Right to Buy Sharing Agreement, is limited.

Sometimes a third party will approach the Council with a request to purchase a particular asset, usually land. Each of these opportunities will be explored to identify whether it is in the Council's best interests to agree to a disposal, which would generate a capital receipt.

Subject to Members' approval, the Council will dispose of surplus capital assets to generate capital receipts where there is a sound business case taking into account issues such as financial implications (revenue and capital) and service delivery.

c) Prudential Borrowing

The Council's capital investment falls within, and needs to comply with, the "Prudential Code for Capital Finance in Local Authorities" (The Code). Under the Code local authorities are allowed to set their own limits on the amount that may be borrowed to finance capital expenditure, provided that it is, and can be shown to be, prudent, affordable and sustainable. This method of financing capital expenditure is called "prudential borrowing".

In order for borrowing to be prudent, affordable and sustainable, there must be an identifiable, long-term source of revenue funding for the associated revenue (debt financing) costs. In some cases this will come from revenue savings or additional income arising directly from the capital scheme. For example, building a new car park could generate income through charges. In other cases, there will be no direct additional income or cost saving (but the scheme meets a corporate priority) so the Council will need to ensure that the cost of borrowing will be affordable to the Council's revenue account in the long term.

There could be circumstances where the Council will consider borrowing to then provide loans to other organisations, such as for economic development. This is treated as capital expenditure and funded through borrowing. Officers will explore such schemes and seek Council approval.

The Council is required to make provision for the principal repayment of borrowing; this is known as a Minimum Revenue Provision (MRP). The Council has to prepare an annual statement of its policy on making MRP, and this is reported to Council for approval (elsewhere on the agenda for this meeting).

In future years, new borrowing could be a realistic way of funding capital expenditure. However, in order to meet the Prudential Code, the Council would have to identify sustainable income streams or re-examine its revenue spending priorities in order to generate sufficient revenue capacity to make new borrowing affordable.

Prudential borrowing will be considered as a method of capital financing provided that it is, and can be shown to be, prudent, affordable and sustainable.

d) Internal (self-funded) borrowing

Internal borrowing is a treasury management practice, whereby an authority delays the need to borrow externally, by temporarily using cash it holds for other purposes, such as funds held in earmarked reserves. This allows the authority to avoid paying interest costs until the original expenditure planned for the ‘borrowed’ cash falls due.

The estimated figure of gross internal borrowing is a cumulative measure of the potential liabilities from this form of financing at any point in time.

While there is an expectation that internal borrowing needs to be repaid, it does not represent a formal debt which necessarily needs to be settled in full in the same way as external borrowing.

Internal borrowing will be considered as a method of capital financing provided that it is, and can be shown to be, prudent, affordable and sustainable.

e) Revenue Contributions to Strategic Reserves

The Council has, in previous years and in the 2021/22 budget, made contributions to strategic reserves to provide capital funding. Such reserves include the Capital Programme Reserve, the Vehicle Renewals Reserve and the ICT Reserve. Until recently, such transfers to reserves have generally taken place when a revenue account underspend has been identified, rather than as part of a planned financial strategy. The 2021/22 budget includes £150,000 transfer to the Vehicle Renewals Reserve to fund future vehicle replacements. The Medium Term Financial Plan assumes that this will continue.

In order to provide a source of capital finance, especially for the life cycle (replacement) costs of certain key assets that have a limited life expectancy (such as vehicles and play equipment), the Council’s Medium Term Financial Strategy includes the following statements:

I. the MTFP and future revenue budgets should include annual revenue contributions to capital reserves provided that they are affordable;

II. Any under-spending on the revenue account will be transferred to strategic reserves used to finance the Capital Programme or “Invest To Save” Initiatives, or to mitigate against future funding pressures.

Strategic capital reserves will be used as a method of financing, subject to availability, and (for some reserves) the relevant purpose.

f) Leasing

Due to a change in Accounting for Leases (IFRS16) all Leases both operating and finance leases from 1st April 2021 will be bought on to the balance sheet as a right of use asset if the asset has a lease term of greater than 12 months and is valued at greater than £5,000.

At the present time, leases are not recommended as a source of future capital funding unless there are exceptional circumstances. This is because other sources of finance usually offer greater benefits, especially in terms of cost.

> Finance leases will not be considered as a method of future capital financing unless there are exceptional circumstances and they can be shown to be cost effective (compared to other methods of finance that might be available), prudent, affordable and sustainable.

1.5 Capital Funding Strategy

The capital funding strategy is intended to set out the order that financing will be utilised. Financing will be allocated in the following order:

1. Capital grants and contributions that are linked directly to a specific capital project e.g. a HCA grant or Disabled Facilities Grants. These will be fully allocated to the relevant project. Projects funded by external grants and contributions will not commence until such funding is definitely secured.
2. Capital receipts that are linked directly to a specific capital project e.g. the proceeds from the sale of an asset that will be used as financing for its replacement. Projects funded by capital receipts will not commence until such funding is definitely secured.
3. Capital grants and contributions that are not linked to a particular project but are for a particular purpose e.g. Section 106 agreements for affordable housing - these will be used as funding for projects that meet the specified purpose ahead of other funding sources. Schemes funded by external grants and contributions will not commence until such funding is definitely secured.
4. Transfers from strategic reserves – these will be used to fund capital expenditure subject to availability, and (for some reserves) the relevant purpose.
5. Capital receipts not directly linked to a particular project, where expenditure is within rules set down by the Government. Schemes funded by capital receipts will not commence until such funding is definitely secured.
6. Internal (self-funded borrowing) - where the capital investment itself will produce revenue savings or additional income, which is sufficient to cover the cost of borrowing to fund the investment.
7. Prudential Borrowing will be used to fund capital investment if the cost of the borrowing is affordable within the overall General Fund revenue projections. This will be the funding source of last resort.

1.6 Governance of the Programme

The Council's Capital Programme is prepared annually in March by the Director of Resources in consultation with the Corporate Leadership Team, and reported to full Council for approval. The programme sets out the capital projects that will take place in the forthcoming financial year and the projects that are forecast for the following four financial years. The capital programme is updated in May (to reflect the outturn of the previous financial year and any slippage, as well as adding any new bids) and in October/November (reflecting progress on projects and adding any new bids).

Where expenditure is required or anticipated which has not been included in the Capital Programme, then a revision to the Capital Programme is required before that spending can proceed. Revisions to the Capital Programme must be approved firstly by the Corporate Leadership Team, then by Council. For projects over £25,000, or those of a political nature, a report is required to the relevant policy committee before the project is reported to Council. Revisions to the Capital Programme will generally be taken to Council only in June and October/November each year, unless there are exceptional circumstances.

All projects within the programme will be financed in accordance with the funding strategy set out above. Within the available resources, bids for new capital projects are to be identified by officers and raised at the capital programme working group. In turn these will be evaluated and prioritised by the Corporate Leadership Team prior to seeking Committee / Council approval.

Bids for inclusion are supported by business cases, which must demonstrate that the project provides an effective and value for money solution, and that all possible sources of external funding have been sought. The business cases also identify any implications for the revenue account, such as increased or reduced expenditure or increased income.

Once approved by Council, a project manager is identified to be responsible for the effective control and monitoring of each project, including financial monitoring. The Council has established a corporate property working group and a capital programme working group, which meet regularly to monitor the council's assets and capital programme. Any projects that might exceed the agreed budget must be reported to the Director of Resources. If appropriate corrective action cannot be taken to bring the project back within budget, the additional costs will be reflected in the next update of the capital programme. Changes which result in an increase in the amount of an accepted tender or estimate by 10% or £50,000, whichever is the lower, will be reported to the relevant Policy Committee as soon as possible with an estimate of the probable new cost, and subsequently to full Council for approval of any additional expenditure.

To assist with medium term financial planning, a list of potential future liabilities is reported regularly to Council. This shows possible future capital projects that have not yet been included in the capital programme.

1.7 Risk Management

Significant risks associated with individual capital projects are identified in the business case and in the policy committee report associated with the bid, as well as in departmental risk registers.

The most significant risks to the achievement of the overall capital programme are:

- Forecast capital receipts may not be achieved;
- The danger of overspending on capital schemes with no available finance to meet the overspending;
- Budgets for individual projects may be insufficient when tenders are received;
- Availability of funding for future capital projects (though the current programme is fully financed) means that the Council's future ability to finance mandatory Capital expenditure, such as Disabled Facility Grants, will need to be kept under review and the amount available might be insufficient to deal with unforeseen capital expenditure, for example, if there was a requirement similar to the costs of addressing structural damage at the Memorial Gardens Toilets.

1.8 Capital Prudential Indicators

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the indicators that must be set and monitored each year. These prudential indicators are set out in The Capital and Treasury Monitoring report (elsewhere on the agenda for this Council meeting).

2 RISK ASSESSMENT

2.1 Legal

The report complies with best practice and government guidance on the preparation of the Capital & Treasury Monitoring Statement. The legal risk is therefore low.

2.2 Financial

Financial Information is contained within the report. The financial risk of this report is assessed as low.

3 OTHER CONSIDERATIONS

3.1 In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

4.1 For further information contact:

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5 BACKGROUND PAPERS

5.1 None

6 ATTACHMENTS

6.1 None

NOT CONFIDENTIAL – For public release **Item No. 13**

COUNCIL
04 MARCH 2021

Report of the Director of Resources

TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22

PURPOSE OF REPORT

This report determines the Treasury Management Strategy and Annual Treasury Management Investment Strategy for 2021/22.

RECOMMENDATIONS

1. That the Treasury Management Strategy Statement for 2021/22 be approved;
2. That the Annual Treasury Management Investment Strategy for 2021/22 be approved;
3. That the MRP policy and Prudential indicators (as set out in Appendix 1) for 2021/22 be approved.

WARDS AFFECTED

All

STRATEGIC LINK

The above recommendations contribute to all of the Council's Corporate Plan Priorities

1 REPORT

1.1 TREASURY MANAGEMENT ANNUAL REPORT

The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) requires the Council to approve a treasury management strategy before the start of each financial year.

In addition, the ministry for Housing, Communities and Local Government (MHCLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Council to approve an investment strategy before the start of each financial year.

This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

The Council invests 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 risk are therefore central to the Council's treasury management strategy.

Revised strategy: In accordance with the MHCLG Guidance, the Council is asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

1.2 REPORTING REQUIREMENTS

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

a) The Treasury Management Strategy (this report) – The first, and most important, report covers:
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- A treasury management investment strategy (the parameters on how investments are to be managed).

b) A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c) An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are adequately scrutinised by the Corporate Leadership Team before being recommended to the Council.

1.3 EXTERNAL CONTEXT

1.3.1. Economic background

The impact on the UK from Coronavirus is likely to have a major influence on the Authority's treasury management strategy for 2021/22

Outlook
- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

Forecast:
- Arlingclose expects Bank Rate to remain at the current 0.10% level.

- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period fter spiking in late March as coronavirus became a global pandemic, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 is likely to be significantly lower than in previous years.

Local Context
On 28Th February 2021, the Council held £5.5m of borrowing and £31m of investments. This is set out in further detail at ***Appendix B***. Forecast changes in the balance sheet analysis are shown in table 1 below:

Table 1: Balance Sheet Summary and Forecast

	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m
General Fund CFR	5.7	5.5	5.5	5.3	5.2
Less: External borrowing **	5.5	5.5	5.5	5.5	5.5
Internal (over) borrowing	0.2	0.0	0.0	-0.2	-0.3

** shows only loans to which the Council is committed and excludes optional refinancing.

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 Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The Council's capital expenditure plans do not currently imply any need to borrow over the forecast period. Investments are forecast to fall to £16m as capital receipts are used to finance capital expenditure and reserves are used to finance the revenue budget.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2021/22.

1.3.2. Borrowing Strategy

The Council currently holds £5.5 million of loans, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not expect to need to borrow in 2021/22. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £12 million.

Objectives: The Council'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 Council'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 Council'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 Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term 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 Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised all of its long-term borrowing form the PWLB but will consider long term loans from any sources including banks, pensions and local authorities and will reduce over reliance on one source of funding in line with the CIPFA code. PWLB loans are no longer available to Local Authorities planning to buy investment assets primarily for yield; the Authority intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively the authority may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years.

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

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except our own Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

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 Council has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, which may be available at more favourable rates.

1.3.3. Municipal Bond Agency:

UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lend the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several 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 Council.

1.3.4. Short-term and Variable Rate loans:

These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

1.3.5. 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 Council 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.

1.4 ANNUAL TREASURY MANAGEMENT INVESTMENT STRATEGY

1.4.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £24 million and £58 million, largely due to the substantial funds received from central government for covid business grants. Previous years investment levels are expected for 2021/22 of between £11 million and £25 million.

1.4.2 **Objectives:** The CIPFA code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council'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 Council 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.

1.4.3 **Negative Interest Rates:** The covid 19 pandemic has increased the risk that the Bank of England will 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. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. 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.

1.4.4 **Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to further diversify into more secure and/or higher yielding asset classes during 2021/22. This is especially the case for the estimated £2.0m that is available for longer-term investment. The majority of the Authority's surplus cash remains invested in short-term unsecured bank deposit, certificates of deposits and money market firms. This diversification will represent a continuation of the new strategy adopted in 2017.

1.4.5 **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.

1.4.6 **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 for 2021/22

Sector	Time Limit	Counterparty Limit	Sector Limit
UK Gov't	50 years	Unlimited	n/a
Local Authorities & other government entities	25 years	£4m	unlimited
Secured Investments*	25 years	£4m	unlimited
Banks (unsecured)*	13 months	£2m	unlimited
Building Societies (unsecured)*	13 months	£2m	£4 million
Registered Providers (unsecured) *	5 years	£2m	£10 million
Strategic Pooled Funds	n/a	£4m	£20 million
Money Market funds	n/a	£4m	unlimited
Real estate investment trusts	n/a	£4m	£10 million
Other investments*	5 years	£2m	£4 million
Pooled funds			

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

1.4.7 **Minimum Credit Rating:** Treasury Investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than (A-) where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality or (b) to a maximum of £2 million per counterparty

1.4.8 **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 an insignificant risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

1.4.9 **Secured Investments:** 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.

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

1.4.11 **Registered Providers: (unsecured)** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

1.4.12 **Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

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

1.4.14 **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 on the shares as well as changes in the underlying properties

1.4.15 **Other Investments**: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

1.4.16 **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 £7 million per bank (the practicalities of making large payments, such as precept payments, on any one day mean that funds of that magnitude will be required in the Council's current account). 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.

1.4.17 **Risk Assessment and Credit Ratings**: Credit ratings are obtained and monitored by the Council'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.

1.4.18 **Other Information on the Security of Investments**: The Council 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 and reports in the quality financial press and analysis and advice from Arlingclose. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.
When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

1.4.19 **Investment Limits**: The Council's revenue reserves available to cover investment losses are forecast to be £2 million on 31st March 2020. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£4m per country

1.4.19 **Liquidity Management**: The Council uses cash flow forecasting spreadsheets 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 Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.

1.5 TREASURY MANAGEMENT INDICATORS

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

1.5.1 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit	A

1.5.2 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target
Total cash available within 3 months	£7m

1.5.3 **Interest Rate Exposures**: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	85,000
Upper limit on one-year revenue impact of a 1%fall in interest rates	105,000

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

1.5.4 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	35%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	65%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%

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.

1.5.5 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council'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:

	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£5m	£5m	£5m

1.6 OTHER ITEMS

There are a number of additional items that the Council is obliged by CIPFA or MHCLG to include in its Treasury Management Strategy.

1.6.1 **Policy on Use of 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 Council 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 Council 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.

1.6.2 **Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, allowing it access to a greater range of service but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Head of Resources believes this to be the most appropriate status.

1.6.3 **Investment Training:** The needs of the Council's treasury management staff for training in investment management are assessed annually as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Council employees involved in Treasury Management regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant employees are also encouraged to study for professional qualifications from CIPFA and other appropriate organisations.

1.6.4 **Investment Advisers:** The Council has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues.

1.6.5 **Investment of Money Borrowed in Advance of Need**: The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £12 million. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

1.7 OTHER OPTIONS CONSIDERED

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Resources believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

2 RISK ASSESSMENT

2.1 Legal

The report complies with best practice and government guidance on the preparation of the treasury management strategy statement. The legal risk is therefore low.

2.2 Financial

The budget for investment income in 2021/22 is £37,000. The budget for debt interest paid in 2020/21 is £225,000 based on an average debt portfolio of £5.5 million at an average interest rate of 4.1%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different. The financial risk is assessed as medium.

2.3 Corporate

This strategy sets in place a proposed structure and systems that place security of investments above yield. The risk is therefore assessed as low.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors has also been considered prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

4 CONTACT INFORMATION

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5 BACKGROUND PAPERS

None

6 ATTACHMENTS

Appendix 1 – Prudential Indicators & MRP Policy - **To follow**

NOT CONFIDENTIAL – For public release **Item No. 14**

COUNCIL
04 MARCH 2021

Report of the Director of Resources

CORPORATE INVESTMENT STRATEGY AND COMMERCIAL INVESTMENT STRATEGY FOR 2021/22

PURPOSE OF REPORT

This report seeks approval for the Corporate Investment Strategy and Commercial Investment Strategy for 2021/22.

RECOMMENDATION

1. That the Corporate Investment Strategy for 2021/22 be approved.

2. That the Commercial Investment Strategy for 2021/22 be approved.

WARDS AFFECTED

None

STRATEGIC LINK

Income from investments will contribute to the achievement of all of the Council's Corporate Plan Priorities.

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1 BACKGROUND

1.1 Elsewhere on the agenda for this Council meeting is a report on the Medium Term Financial Strategy (MTFS) that indicates that the Council has to make significant savings in the medium term, unless government funding levels turn out much better than expected. At the Council meeting on 5 March 2018, the Council considered a report on the potential for operating on a more commercial basis to help achieve a sustainable financial future. The report set out an approach for the Council to explore commercial opportunities. Property Investment is now commonly undertaken by local authorities, acquiring assets both within and outside of their governance boundaries. Property investment is capable of generating returns above the usual treasury investment rates, creating positive income. It was agreed that a Commercial Investment Strategy would be required and that the primary purpose of the Strategy would be to create additional revenue streams for the Council to enable the Council to sustain its long-term financial future enabling it to maintain its current services and to add value to the communities of the Derbyshire Dales.

1.2 It was also agreed that the Council's preferred approach in meeting this primary purpose is to consider any future commercial opportunities that can be assessed using the following guiding principles where projects should:-

- meet the Council's Corporate Priorities;
- deliver community benefit;
- require minimum investment for maximum return;
- are primarily within the District boundaries, consideration will be given to opportunities outside these boundaries if the benefit to the Council or Derbyshire Dales is significant:
- grow the business base;
- deliver a diversified portfolio of projects that balance risk and return.
- be in accordance with statutory guidance and best practice issued by CIPFA.

1.3 When investing in property, local authorities must comply with statutory guidance. This includes the Ministry for Housing Communities and Local Government (MHCLG) February 2018 publication, providing updated statutory guidance on capital finance (on local government investments and on minimum revenue provision (MRP)). Two codes of practice (Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes and The Prudential Code for Capital Finance in Local Authorities) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain additional investment guidance, which complements the MHCLG guidance.

1.4 This guidance includes requirements for councils to prepare an annual investment strategy which must be approved before the start of the forthcoming financial year. This document must include:

1. details of the processes used to ensure effective due diligence, defining the authority's risk appetite, including proportionality in respect of overall resources.
2. an explanation of arrangements for independent and expert advice and scrutiny.
3. disclosure of the contribution that investments make *"towards the service delivery objectives and / or place making role of the local authority".*
4. indicators that enable councillors and the public to assess the authority's investments and the decisions taken.

The investment guidance is clear that Councils may not "borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". The definition of investment has recently been extended to include investment in property and the granting of loans to third parties.

In recognition of the importance of commercial income to councils at a time when government funding has been in decline, a council can choose to disregard the Prudential Code and this part of the guidance. In this case its investment strategy should set out why this is the case and what the council's relevant policies are.

1.5 For Derbyshire Dales District Council there are three separate elements to the Strategy:

i. The annual treasury management investment strategy, which covers all cash investments;
ii. The annual Corporate Investment Strategy, which meets the guidance issued by central government in 2018 and focuses on service investments and commercial investments;

iii. The annual Commercial Investment Strategy, which covers the Council's approach to commercial investments (especially property in more detail).

1.6 The Council currently has several other statements and strategies that relate to Capital and Investments, including:

- a Treasury Management Strategy for 2020/21, which includes the Annual Investment Strategy for 2020/21 (approved March 2020 – the draft strategy for 2021/22 is elsewhere on the agenda for this Council meeting),
- a Capital Strategy (approved in March 2020; a revised version for 2021/22 is included elsewhere on the agenda for this meeting for Members' consideration), and
- a Minimum Revenue Provision (MRP) Statement (the statement for 2020/21 was approved in March 2020; the statement for 2021/22 is included elsewhere on the agenda for this meeting for Members' consideration); and
- an Asset Management Plan (approved in January 2019).

1.7 During 2020/21, the Council used the Commercial Investment Strategy when considering a commercial opportunity for the redevelopment of the Market Hall site on Bakewell Road, Matlock.

2 REPORT

2.1 The current Commercial Investments Strategy and Corporate Investments Strategy were approved on 5 March 2020. These strategies have been reviewed, and no significant changes are recommended for 2021/22.

2.2 The proposed Corporate Investment Strategy for 2021/22 is included at Appendix 2 to this report. It reflects the governance arrangements, guiding principles and assessment criteria already approved by Council, the CIPFA Prudential Code for Capital Finance in Local Authorities, the CIPFA Code of Practice on Treasury Management, as well as the government guidance issued in February 2018.

2.3 The proposed Commercial Investment Strategy for 2021/22 is included at Appendix 3 to this report. The objective of the Commercial Investment Strategy is to establish a framework for the identification of commercial investments which, if made, would provide the Authority with an income stream and potential business growth, regeneration or housing opportunities.

2.4 The proposed strategies:

- should ensure that the Council does not expose itself to too much financial risk through borrowing and investment decisions by placing security and liquidity of investments above yield;
- ensure that the council does not borrow more than or in advance of its needs purely in order to profit from the investment of the sums borrowed;
- provide transparency and accountability in investment decisions;

- disclose the steps taken to ensure that those elected members and statutory officers involved in the investments decision-making process have appropriate capacity, skills and information to enable them to take informed decisions;
- include an investment evaluation process. Commercial Investment projects will be considered by the relevant policy committee or Council, using the assessment criteria approved by Council and the risk matrix shown as Appendix B to the Commercial Investment Strategy.

3 RISK ASSESSMENT

3.1 Legal

Statutory guidance issued under S15(1)(a) of the Local Government Act 2003 regulates local government Investments. An 'investment' covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations. The Strategy has been prepared in compliance with the Guidance and all accounting procedures which follow. The legal risk is therefore low.

3.2 Financial

The financial risks and rewards of individual projects will be assessed as they are considered by the relevant policy committee or Council. The financial risk of this report is assessed as low.

3.3 Corporate Risk

By their nature, it is expected that commercial investments might involve more risk than the Council has previously been exposed to; on the other hand, the rewards could be greater. The framework set out in the proposed Investment Strategies provides transparency and should ensure that the Council does not expose itself to too much financial risk through its commercial investment decisions. The risk is therefore assessed as medium.

4 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

5 CONTACT INFORMATION

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6 BACKGROUND PAPERS

None

7 ATTACHMENTS

Appendix 1: Investment Assessment Criteria Approved May 2018

Appendix 2: Draft Corporate Investment Strategy 2021/22 - **To follow**

Appendix 3: Draft Commercial Investment Strategy 2021/22 - **To follow**

Appendix 1

ASSESSMENT CRITERIA FOR INVESTMENT PROJECTS

Overriding Requirement

- Any project to be considered for investment must be presented with a full Business Case and Risk Assessment.
- Council or a relevant policy committee can allocate funds (within Scheme of Delegation) for feasibility studies to help deliver a Business Case if the proposed project has the potential to deliver significant value to the Derbyshire Dales' community.

Proposed Criteria for Individual Projects

1.	Council has necessary legal powers to support the project.
2.	Project / opportunities supports Council priorities and the main aim of the Commercial Investment Strategy.
3.	Project / opportunity provides community benefit.
4.	Financial return and risk is balanced against social and economic return.
5.	Projects / opportunities arising outside Authority boundaries will be considered where rates of return justify the investment.
6.	Projects / opportunities make best use of Council assets / resources.
7.	Rates of return better than investing through Treasury Management processes.
8.	Invest to Save projects that lead to a reduction in costs in service delivery for the Council, e.g. introduction of new technologies.
9.	Priority given to investments that contribute to the growth of Council business rate income.
10.	Projects where it is considered that the relationship would have a negative impact on the Council will not be considered. Examples of specific exclusions – Projects linked with the promotion:- □ Alcohol products where over 25% of those attending or using the services are under 18 □ Tobacco products □ Unhealthy food or unhealthy lifestyles □ Weaponry □ Gambling □ Racism □ Messages of a sexual nature □ Political parties
11.	State Aid implications should be assessed before any investment in a project is agreed.

BACK TO AGENDA