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Wednesday, 21 February 2024

To All Councillors:

As a Member of the **Council**, please treat this as your summons to attend a meeting on **Thursday, 29 February 2024** at **6.00 pm** in the **Council Chamber, Town Hall, Matlock, DE4 3NN**

Yours sincerely,

Helen Mitchell
Director of Corporate and Customer Services

This information is available free of charge in electronic, audio, Braille and large print versions, on request.

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AGENDA

1. APOLOGIES FOR ABSENCE

Please advise the Democratic Services Team on 01629 761133 or email committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

To enable members of the public to ask questions, express views or present petitions, **IF NOTICE HAS BEEN GIVEN**, (by telephone, in writing or by email) **BY NO LATER THAN 12 NOON OF THE WORKING DAY PRECEDING THE MEETING**. As per Procedural Rule 14.4 at any one meeting no person may submit more than 3 questions and no more than 1 such question may be asked on behalf of one organisation.

3. 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 the time.

4. APPROVAL OF MINUTES OF PREVIOUS MEETING (Pages 5 - 16)

25 January 2024

5. LEADERS' ANNOUNCEMENTS

Announcements of the Leader of the Council.

6. DERBYSHIRE DALES PLAN 2024-28 (CORPORATE PLAN) (Pages 17 - 54)

This report reiterates the Aims, Themes and Principles approved by Council in December 2023, and proposes priorities, outcomes and delivery plans for adoption as the detailed Derbyshire Dales Plan for the period 2024-2028.

7. MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2028/29 (Pages 55 - 102)

This report seeks the Council's approval for the Medium-Term Financial Strategy for 2024/25 to 2028/29. 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.

8. SECOND HOMES COUNCIL TAX PREMIUM (Pages 103 - 142)

This report seeks approval from the Council to adopt the 100% premium for Council tax relating to second homes with effect from 1st April 2025.

9. CAPITAL PROGRAMME UPDATE (Pages 143 - 166)

This report outlines spending for each project against the approved 2023/24 capital programme as at 31st January 2024 and seeks approval for an updated capital programme for 2023/24 to 2028/29 and associated financing. Two new projects are proposed for inclusion in the revised programme.

10. REVENUE BUDGET 2024/25 (Pages 167 - 228)

This report seeks approval for the District Council's and Revenue Budget for 2024/25 and updated Medium Term Financial Plan.

11. COUNCIL TAX SETTING 2024/25 (Pages 229 - 244)

This report enables the Council to calculate and set the Council Tax for 2024/25.

12. TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25 (Pages 245 - 266)

This report determines the Treasury Management Strategy Statement for 2024/25.

13. CAPITAL AND INVESTMENT STRATEGY REPORT FOR 2024/25 (Pages 267 - 298)

This report seeks approval for the Council's Capital Strategy, Minimum Revenue Provision policy and the Corporate Investment Strategy for 2024/25.

NOTE

For further information about this Agenda or on "Public Participation" call 01629 761133 or email committee@derbyshiredales.gov.uk

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Agenda Item 4

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Council

Minutes of a Council meeting held at 6.00 pm on Thursday, 25th January, 2024 in the Council Chamber, Town Hall, Matlock, DE4 3NN.

PRESENT Councillor Steve Wain - In the Chair

Councillors: Dawn Greatorex, Robert Archer, Matt Buckler, Martin Burfoot, Sue Burfoot, Neil Buttle, David Chapman, David Hughes, Stuart Lees, Dermot Murphy, Peter O'Brien, Peter Slack, Roger Shelley, Nick Wilton, Peter Dobbs, Gareth Gee, Anthony Bates, Kelda Boothroyd, Marilyn Franks, Andy Nash, Lucy Peacock, Simon Ripton, Nick Whitehead, David Burton, Geoff Bond, Joanne Linthwaite, Nigel Norman Edwards-Walker, John Bointon, Laura Mellstrom, Steve Flitter and Susan Hobson

Jim Fearn (Communications & Marketing Manager), Samantha Grisman (Clean & Green Manager), Lucy Harrison (Democratic Services Assistant), Karen Henriksen (Director of Resources), Helen Mitchell (Director of Corporate and Customer Services (Monitoring Officer)), Jason Spencer (Electoral and Democratic Services Manager), Dave Turvey (Events Manager), Ashley Watts (Director of Community and Environmental Services) and Paul Wilson (Chief Executive)

Note:
"Opinions expressed or statements made by individual persons during the public participation part of a Council or committee meeting are not the opinions or statements of Derbyshire Dales District Council. These comments are made by individuals who have exercised the provisions of the Council's Constitution to address a specific meeting. The Council therefore accepts no liability for any defamatory remarks that are made during a meeting that are replicated on this document."

APOLOGIES

No apologies were received.

293/23 - PUBLIC PARTICIPATION

STATEMENT and QUESTION from Mr Nick Elliott, Matlock Community Land Trust

"Matlock Community Land Trust has been established with the aim of acquiring land currently owned by the County Council, to adapt the land for enhanced community use.

Our plans if successful would deliver approximately nine houses for affordable rent on the brown field site (formerly the car park on Cavendish Road) along with much needed off street parking for the area and finally an area for allotments and recreation now even more needed after the loss of similar provision at Starkholmes.

Would elected members of the Council consider meeting the MCLT to explore possible avenues of partnership working and also if financial support is possible."

RESPONSE:

The Council has worked successfully with community land trusts in Bradwell and Youlgreave. We recognise the valuable contribution CLTs can make in the provision of affordable homes. I understand the Housing Department and Matlock Community Land Trust have already met twice and discussed development and finance. I'm sure Members would be keen to encourage further engagement with the Housing Department about how we can work together in the future.

294/23 - INTERESTS

Item 2 - Public Participation

Councillors Steve Wain, Martin Burfoot and Sue Burfoot declared a non-pecuniary interest in Item 2 due to attending meetings of the Matlock Community Land Trust.

Item 10 – Local Council Tax Support Scheme for 2024/25

Councillor Peter O'Brien declared a non-pecuniary interest in Item 10 due to a family member being in receipt of the Discretionary Hardship Fund.

Item 11 – Review of Polling Districts and Polling Places

Councillor Steve Flitter declared a non-pecuniary interest in Item 11 due to being the director of a building used as a polling station.

295/23 - CHAIRMAN'S ANNOUNCEMENTS

Councillor David Burton, Civic Chair, made the following announcements:

"Members I think it's important to acknowledge the sad news that Mark Wakeman has resigned as Ward Member for Bakewell. He was an outstanding and committed Ward Member and brought great credibility to the Council in the manner and way he served Bakewell. I am personally grateful to Mark as he was one of the first Members to respond to my appeal and wish him all the best for the future.

Tonight, I bring to your attention my Civic Charitable Appeal 'Send a child to Hucklow'.

Please take time at home to read my Appeal Letter with the enclosed 'Annual Report'.

My hope is that from your direct donations Members of this Council will collectively raise enough money to fund one Child the opportunity of a full weeks holiday at The Nightingale Centre Great Hucklow.

May I suggest that members consider a minimum donation of £10 - Cheques made out to "Send a child to Hucklow Fund' and returned in the envelope provided at the Town Hall Reception."

296/23 - COMMITTEES

It was moved by Councillor Neil Buttle, seconded by Councillor Steve Flitter and

RESOLVED

That the non-exempt minutes of the Committees listed in the Minute Book for the period 05 December 2023 to 20 December 2023 be received.

Voting

30 For
01 Against
01 Abstention

The Chair declared the motion **CARRIED.**

297/23 - QUESTIONS (RULE OF PROCEDURE 15)

Question from Councillor David Chapman to Councillor Steve Flitter, Leader of the Council:

"Will this Council be requesting a portrait of King Charles III to hang in the Town Hall?"

Councillor Flitter provided the following response.

RESPONSE:

On 15th November, the Council received a letter from the Department for Levelling up Housing and Communities offering a free, framed portrait of his Majesty the King to celebrate the new reign. The Council placed an order on 24th November with delivery expected before April.

Question from Councillor Susan Hobson to Councillor Steve Flitter, Leader of the Council:

"Why is the full membership of Derbyshire Dales District Council being denied the opportunity to discuss the report into the independent investigation of the complaint that was sent to all councillors, and why is this information only to be discussed at committee level by 9 councillors ?"

Councillor Flitter provided the following response.

RESPONSE:

Thank you for your question.

Members agreed to the terms of reference for the Governance and Resources Committee at Council in July 2023 further to the hard work undertaken by the Constitution Working Group. In it the terms of reference clearly state that the business of the Committee is to look at 'issues identified of significant strategic importance'. It also clearly states the functions of Council business that the Committee has responsibility for are complaints, HR and corporate governance. It is therefore right and proper that this matter is looked at by the Governance and Resources Committee.

Elected Members are free to attend any Committee meetings and I am confident that Cllr Wilton as Chair would welcome that attendance.

None of the ten allegations made were fully upheld. Four were partially upheld and that is essential to recognise. This Council must and will learn from this complaint and I have full faith in the Governance and Resources Committee to lead on that improvement.

Question from Councillor Dermot Murphy to Councillor Steve Flitter, Leader of the Council:

"*In recent months there have been major concerns about drainage and flooding issues relating to planning applications presented to the planning committee for consideration. Matlock and Ashbourne applications have come in for intensive scrutiny as two areas that suffer from ever increasing flooding events. Severn Trent Water have responded to applications stating they have capacity to handle ever greater amounts of drainage and sewage demand. Ward Councillors have brought to the attention of the members of planning committee the reality of the Severn Trent Water systems failing.*

The evidence is undeniable. The cumulative effect of all the new developments in recent years makes members wonder where is all the new infrastructure to cope with the ever increasing demand. I would like to ask Councillor Flitter in his role as DDDC leader to request STW attend a meeting with all councillors to explain how they process requests for further demands on their systems. The evidence in recent years makes one really question their responses to our planners.

I am sure Councillor Flitter will agree flooding is a soul destroying experience for our residents and there is very little as a local authority we can do. Further concerns surrounds the sight of human waste and other detritus which has been proved to make local school children ill in one example. As Councillors we have a duty of care for our residents and with a heavy heart we often have to approve applications that we really have little confidence in?"

Councillor Flitter provided the following response.

RESPONSE:

Thank you for your question.

Members may know that our Scrutiny Committee has already set out its intention to look in detail at this very issue. I understand that the Scrutiny Committee has agreed to establish a politically equal Task Group to move this work forward and correspondence to Group Leaders has been made to establish the Task Group.

As part of that work, I am more than happy to support colleagues on that Task Group by writing to Severn Trent requesting that they attend a meeting to give evidence. I will take the advice of my Task Group colleagues as to whether such a meeting would be best served by the attendance of all Members or whether it should form part of the planned work of the Committee. As Councillor Murphy has a keen interest in this issue I would encourage him to have a close interest in or take part in this enquiry, directly.

298/23 - APPROVAL OF MINUTES OF PREVIOUS MEETING

It was moved by Councillor David Burton, Seconded by Councillor Martin Burfoot and

RESOLVED

That the minutes of a meeting of Council held on 14 December 2024 be approved as a correct record.

Voting

27 For
01 Against
04 Abstentions

The Chair declared the motion **CARRIED.**

299/23 - DERBY AND DERBYSHIRE STRATEGIC LEADERSHIP BOARD

The Chief Executive introduced a report providing Members with an update on work taking place with Derby and Derbyshire Councils on a revised approach to collaborative and partnership working. The report sought Member approval to participate in a new Joint Committee of Derby and Derbyshire's Councils – the D2 Strategic Leadership Board.

Members were informed that as work progressed towards the establishment of a proposed new East Midlands Mayoral Combined County Authority, which would bring new opportunities to improve outcomes for people and places throughout Derby and Derbyshire, it was important to ensure that Derby and Derbyshire Councils strategic approach to collaborative and partnership working continued, had the flexibility to evolve to meet changing circumstances and was fit for purpose in managing the interface with this new authority, which would have key responsibilities for major investment strategies and programmes for the East Midlands region.

The D2 Strategic Leadership Board was proposed as offering a single framework for discussion and decision making across agendas incorporating the remits of the Vision Derbyshire Joint Committee and the D2 Economic Prosperity Committee; and additionally, accommodating the proposed D2 Growth Board alongside the proposed D2 Business Board. This meant that the Derbyshire Economic Recovery Board and the Derbyshire Economic Partnership would no longer exist.

The proposed structure for the new Board was attached at appendix 1 to the report.

It was moved by Councillor Peter Dobbs, seconded by Councillor Peter Slack and

RESOLVED

1. That Council notes the outcome of the governance review undertaken by the Vision Derbyshire Joint Committee and the proposals to merge appropriate governance structures into a single new framework for Derbyshire Councils, which will include a new formal decision-making Joint Committee called the Derbyshire Strategic Leadership Board.

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

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

4. That Council approves the Council's active participation in the D2 Strategic Leadership Board and appoints the Leader of the Council – Cllr Steve Flitter, as the Council's representative on the D2 Strategic Leadership Board, and Deputy Leader – Cllr Peter Slack, as substitute.

5. That Council notes the intention that the SLB be the body for the nomination of district and Borough representatives to the East Midlands Combined County Authority, when established, further noting that this is subject to the CCA's agreement that this be the mechanism.

6. That Council notes the intention that the County Council will act as the host authority for the Joint Committee.

7. That Council notes the dissolution of the D2 Joint Committee for Economic Prosperity, the enactment of which is subject to the establishment for the D2 Strategic Leadership Board, and that the Council's Constitution is amended accordingly.

8. That Council notes the dissolution of the Vision Derbyshire Joint Committee, the enactment of which is the subject to the establishment of the D2 Strategic Leadership Board, and that the Council's Constitution is amended accordingly.

Voting

24 For
00 Against
08 Abstained

The Chair declared the motion **CARRIED.**

300/23 - STRUCTURAL CHANGES TO THE ORGANISATIONAL ESTABLISHMENT

The Chief Executive introduced a report setting out proposals to realign organisational resources in order to ensure the Council was adequately resourced to deal with existing and future priorities and challenges.

Members were informed that as Head of Paid Service, it was the Chief Executives responsibility to inform Council of the staffing resources required to discharge the function of the authority and to reflect upon the future ambition of the Council and advise whether the Council had the resources in place to deliver on the collective ambition of the Council.

It was noted that in September 2022, members agreed to invest in a comprehensive package of external support measures provided by 'Circling Squares', to support the Chief Executive, Corporate Leadership Team, Senior Management Team and Elected Members. The Circling Squares report made a number of recommendations as detailed in section 1.3 of the report.

In addition to considering implementation of the findings of the Circling Squares report, an opportunity had presented itself through the retirement of the Director of Regulatory Services to look at the distribution and alignment of the Council's functions across the respective directorates and identify areas where service alignment could be improved in response to the new priorities of the Progressive Alliance. The proposed changes to the organisation structure were outlined in section 2 of the report.

It was moved by Councillor Flitter, seconded by Councillor Martin Burfoot and

RESOLVED (unanimously)

1. That approval be granted for the implementation of the changes to the Council's establishment structure as outlined at Section 2.

The Chair declared the motion **CARRIED**.

19:26: Councillor Gareth Gee left the meeting during debate and returned at 19:28.

301/23 - LOCAL COUNCIL TAX SUPPORT SCHEME FOR 2024/25

The Director of Resources introduced a report providing information relating to proposed changes to, and sought approval to adopt, the Local Council Tax Support Scheme for the financial year 2024/25.

The government requires each billing authority to determine a Council Tax Reduction Scheme for each financial year. It was highlighted that no significant changes were being proposed to the scheme to be adopted for 2024/25 and so no new consultation with the public or precepting authorities had been necessary.

Alongside the 'main' Local Council Tax Support Scheme, the Council also has a Discretionary Hardship Fund to provide further financial support to CTS applicants facing undue financial hardship. When setting the budget for 2023/24, a budget of £20,000 was approved for the Discretionary Hardship Fund. It was suggested that the Discretionary Hardship Fund budget remain as £20,000 for 2024/25. Should the amount appear to be insufficient during 2024/25, the Director of Resources would present a further report to Council to explain the reasons and to request additional funding.

It was moved by Councillor Roger Shelley, seconded by Councillor Neil Buttle and

RESOLVED (unanimously)

1. That the Council approves and adopts the scheme detailed in this report as the Local Council Tax Reduction Scheme for 2024/25.

2. That £20,000 be set as the budgeted amount for all Discretionary Hardship Fund applications under Schedule 11 of the scheme 2024/25 (to be reviewed by a further report to Council during the year if it appears that this amount may be insufficient).

The Chair declared the motion **CARRIED**.

302/23 - REVIEW OF POLLING DISTRICTS AND POLLING PLACES

The Electoral and Democratic Services Manager introduced a report which sought Member approval to progress outline plans for a statutory review of polling districts and polling places within the district. The report recommended officer delegation to make amendments to polling places for elections to be held between now and completion of review.

The Electoral Administration Act 2006, as amended, introduced a duty on all local authorities in Great Britain to review their polling districts and polling places at least once every five years. Under section 18C of the Representation of the People Act 1983, the next compulsory review must be undertaken within a 16-month window between 1 October 2023 and 31 January 2025.

Members were informed that although the Council had been unable to commence the review itself earlier, due to capacity issues arising from the introduction of tranche 2 of the Elections Act 2022, some preparatory work had been carried out as detailed in section 2.8 of the report. This included writing to contacts at all existing polling places to establish whether the premises were still available and to assess their suitability.

It was noted that it was unlikely that the review would result in significant changes to existing polling districts due to the whole of the district remaining in a single parliamentary constituency.

It was moved by Councillor Kelda Boothroyd, seconded by Councillor Martin Burfoot and

RESOLVED

1. To note that the compulsory polling district and places review commenced on Monday 4 December 2023.

2. To note the outline timetable for the review and the process described in this report.

3. To authorise the Electoral Registration Officer to take the necessary measures as soon as possible to give effect to parliamentary constituency changes, ensuring that the register reflects existing and new constituency boundaries, until they are fully in force.

4. To authorise the Electoral Registration Officer to take the necessary measures to give effect to any new or amended polling districts on completion of the polling district review,

ensuring that the register reflects existing and new boundaries, until the boundaries are fully in force.

5. To delegate to the Governance and Resources Committee the power to designate polling districts in accordance with section 18 and 18A of the Representation of the People Act 1983.

6. To delegate the power to designate polling places in accordance with section 18 and 18B of the Representation of the People Act 1983 to the Director of Corporate and Customer Services including the changes set out in paragraph 2.11.

Voting

31 For
00 Against
01 Abstention

The Chair declared the motion **CARRIED**.

303/23 - REFERRED ITEM - RECOMMENDATIONS OF THE COMMUNITY & ENVIRONMENT COMMITTEE

Members were asked to consider the recommendations of the Community and Environment Committee which sought Council approval of a supplementary budget estimate of £10,000 to facilitate a 12-month subscription to Earthsense.

It was moved by Councillor Peter Dobbs, seconded by Councillor David Hughes that the recommendation of the Community and Environment Committee be accepted with the addition as set out below:

2. That following conclusion of its use in Ashbourne, Officers establish a plan for moving the monitor around the District to record NOx and particulate matter pollution.

It was moved by Councillor Sue Burfoot that a recorded vote be taken, this was seconded by Councillor Steve Flitter. The amended motion was put to a recorded vote as follows:

For: 23, Councillors: Robert Archer, Kelda Boothroyd, Matt Buckler, Martin Burfoot, Sue Burfoot, David Burton, Neil Buttle, Peter Dobbs, Steve Flitter, Marilyn Franks, Dawn Greatorex, David Hughes, Joanne Linthwaite, Laura Mellstrom, Andy Nash, Peter O'Brien, Lucy Peacock, Simon Ripton, Roger Shelley, Peter Slack, Steve Wain, Nick Whitehead and Nick Wilton.

Against: 7, Councillors: Anthony Bates, John Bointon, Geoff Bond, Edwards-Walker, Susan Hobson, Stuart Lees and Dermot Murphy.

Abstentions: 2, Councillors: David Chapman and Gareth Gee.

It was therefore **RESOLVED**

1. That a supplementary budget estimate of £10,000, to facilitate a 12-month subscription to Earthsense, be approved.

2. That following conclusion of its use in Ashbourne, Officers establish a plan for moving the monitor around the District to record NOx and particulate matter pollution.

The Chair declared the motion **CARRIED.**

The meeting adjourned at 20:24 and reconvened at 20:32.

304/23 - DURATION OF MEETINGS (MOTION TO CONTINUE)

At 20:23, it was moved by Councillor Steve Wain, seconded by Councillor Robert Archer and

RESOLVED (Unanimously)

That in accordance with Rule of Procedure 13, the meeting continue until 21:00.

Voting

25 For
07 Against
00 Abstained

The Chair declared the motion **CARRIED.**

305/23 - VEHICLE REPLACEMENT PROGRAMME - 2023/24

The Director of Community and Environmental Services introduced a report requesting the transfer of £166,133 of funds already approved and allocated to the Vehicle Replacement Programme for 2024/25 into the current financial year.

At the meeting of Council held on 14th December 2023, Members were presented with the Capital Programme Update Report. This report indicated that the Vehicle Replacement Programme, which formed part of the Council's Capital Programme, was going to be underspent by £166,133. Therefore, the amount was moved into the following financial year as slippage.

Members were informed that the Clean and Green Manager had been working with the Council's Procurement Officer to purchase replacement vehicles for the Clean and Green service in line with the Council's Procurement Policy. The underspend of £166,133 would not have been used as a saving and would have been used for the same purpose but in the following financial year. It was, however, required in this current financial year. It was noted that this would not require any increase in fund to those already approved by Members.

In response to concerns raised prior to the meeting, a revised officer recommendation was circulated to Members as follows, this was moved by Councillor Peter O'Brien and seconded by Councillor Peter Dobbs.

'That capital funds for the purchase of any diesel fleet are not committed in 2023/2024, that approval is given to use the vehicle renewal reserve for the leasing of vehicles in the short term and the purchase of any future non-electric fleet is paused until such time as the Vehicle Replacement Programme is considered by the Community and Environment Committee, to ensure alignment with the Council's approved Climate Change Strategy and Action Plan'

It was moved by Councillor Susan Hobson that a recorded vote be taken, this was seconded by Councillor Stuart Lees. The revised officer recommendation, as moved and seconded, was then put to a recorded vote as follows:

For: 3, Councillors: Neil Buttle, Peter Dobbs and Peter O'Brien

Against: 29, Councillors: Robert Archer, Anthony Bates, John Bointon, Geoff Bond, Kelda Boothroyd, Matt Buckler, Martin Burfoot, Sue Burfoot, David Burton, David Chapman, Edwards-Walker, Steve Flitter, Marilyn Franks, Gareth Gee, Dawn Greatorex, Susan Hobson, David Hughes, Stuart Lees, Joanne Linthwaite, Laura Mellstrom, Dermot Murphy, Andy Nash, Lucy Peacock, Simon Ripton, Roger Shelley, Peter Slack, Steve Wain, Nick Whitehead, Nick Wilton.

Abstentions: 0, Councillors

The Chair declared the motion **LOST.**

It was then moved that Councillor Steve Flitter, seconded by Councillor Martin Burfoot and

RESOLVED

1. That £166,133 be transferred from the 2024/25 Vehicle Replacement Programme capital budget to the current year for the purchase of vehicles.

Voting

27 For
02 Against
03 Abstentions

The Chair declared the motion **CARRIED.**

306/23 - DURATION OF MEETINGS (MOTION TO CONTINUE)

At 20:59, it was moved by Councillor Neil Buttle, seconded by Councillor David Hughes and

RESOLVED

That in accordance with Rule of Procedure 13, the meeting continue until 21:45.

Voting

21 For
11 Against
00 Abstained

The Chair declared the motion **CARRIED.**

307/23 - FREEDOM LEISURE - ADDITIONAL FUNDING DUE TO THE INCREASED COST OF ENERGY

The Director of Community and Environmental Services introduced a report outlining the request for additional funding to support Freedom Leisure with increased utility costs for the 3 financial years from 2023/24 to 2025/26.

The Council has four leisure centres, sited in Ashbourne, Bakewell, Matlock and Wirksworth, the management and development of these was outsourced to Freedom Leisure, a not for profit organisation in August 2018.

In February, Freedom Leisure provided a report to Officers which outlined a request for financial support of £730k to cover the increase of energy costs for 2022/23, which was an estimated 500% increase. This amount was revised to £626k in a follow up report.

Officers and representatives from Freedom Leisure attended a workshop in June 2023 with Members to discuss the financial pressures the Leisure Industry were under and the impact this had on Freedom Leisure in Derbyshire Dales. Freedom Leisure provided a 3-year business plan which showed a deficit of £405,147 over the 3 years, mainly attributed to the increase in energy costs.

Following this workshop, Sport England announced a £60 million support fund to support swimming pool facilities with the impact of increased costs. The joint partnership bid submitted by officers of the Council and Freedom Leisure was successful in receiving £29,679 to support the increased costs at Bakewell Swimming Pool. Following the successful funding bid and achievements of Freedom Leisure improving their financial position, the request for support was now a total of £151,385.

It was moved by Councillor Nick Whitehead, seconded by Councillor Lucy Peacock and

RESOLVED (Unanimously)

1. That approval be given to a supplementary revenue budget for 2023/24, financed from the General Reserve, to support the partnership in addressing the significant increase in energy costs up to the value of £85,587.

2. That approval be given to financial support to assist the partnership in addressing the significant increase in energy costs up to the value of £34,116 in 2024/25 and £31,682 in 2025/26, with these amounts to be reflected in the budget for 2024/25 and the Medium-Term Financial Plan for 2025/26.

3. That this financial support be ring-fenced to the Derbyshire Dales contract and paid to Freedom Leisure on a monthly basis through open book accounting and monthly meetings with the contract managers up until 31st March 2026.

The Chair declared the motion **CARRIED.**

Meeting Closed: 9.42 pm

Chair

Agenda Item 6

OPEN REPORT
COUNCIL

Council – 29 February 2024

DERBYSHIRE DALES PLAN 2024-28 (CORPORATE PLAN)

Report of the Leaders of the Progressive Alliance

Report Author and Contact Details
Steve Capes, Director of Regeneration and Policy
01629 761371 or steve.capes@derbyshiredales.gov.uk

Wards Affected
District-wide

Report Summary
The Derbyshire Dales Plan (corporate plan) is the District Council's primary policy document. It establishes the Council's policies and priorities and sets the framework for allocating scarce financial and human resources through the budget.

The report reiterates the Aims, Themes and Principles approved by Council in December 2023, and proposes priorities, outcomes and delivery plans for adoption as the detailed Derbyshire Dales Plan for the period 2024-2028.

Recommendations

1. That the Aims, Themes and Principles approved by Council on 14 December 2023 as the basis of the new Derbyshire Dales plan (and set out in Appendix 1) be noted.
2. That the Theme priorities, outcomes and Delivery Plans set out in Appendices 2 to 7 be adopted as the new Derbyshire Dales Plan 2024-28

List of Appendices

Appendix 1	Aims, Themes and Principles (for information)
Appendix 2	Theme priorities and outcomes for approval
Appendix 3	Environment Delivery Plan for approval
Appendix 4	Housing Delivery Plan for approval
Appendix 5	Place Shaping Delivery Plan for approval
Appendix 6	Community services Delivery Plan for approval
Appendix 7	Corporate and finance Delivery Plan for approval

Background Papers
- Governance and Resources Committee, 15 February 2024
- Community and Environment Committee, 8 February 2024
- Council, 14 December 2023
- Governance and Resources Committee, 14 September 2023
- Council, 24 November 2022

Exempt from Press or Public
No

Derbyshire Dales Plan 2024-28 (Corporate Plan)

1 Background

1.1 The Derbyshire Dales Plan (corporate plan) sets out the aims of the District Council for the coming years and lists the key improvement projects. The Plan is the over-arching strategy for the District Council as it sets out specific areas to maintain and improve service delivery in the coming years.

1.2 The current corporate plan was adopted by Council in March 2020 and has three themes:

- *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.

1.3 Derbyshire Dales District Council has limited human and financial resources with which to deliver its statutory and discretionary services and initiatives. Despite being one of the smallest principal councils in the country, the Council has succeeded in delivering significant projects and services; but only by carefully prioritising what it does, when it does it, and to what level.

1.4 The preparation of the Derbyshire Dales Plan provides the opportunity for the new administration to set out the District Council's priority services and projects, and to ensure that appropriate budgetary and staffing provision is made to deliver these. It then provides a yardstick against which progress over the coming years can be measured.

1.5 This report updates work on the new Derbyshire Dales Plan since the report to Council on 14 December 2023 at which the high-level plan (Aims, Themes, Principles) were approved. It seeks adoption of priorities, outcomes and Delivery Plans for each of the five themes, which have been developed by Member Working Groups.

2 Key Issues

2.1 Council on 24 November 2022 considered and agreed the initial steps for the preparation of new Corporate Plan for the period 2024 and beyond, taking into account staff and financial resources. This followed an informal cross-party 'sounding board' session with Members on 18 October 2022.

2.2 Consulting residents, Members and staff on their views on the relative importance of District Council services and their satisfaction with those services, plus gathering their aspirations for the future, gave the Council an important steer on the direction of travel it needs to take. The results of this consultation, plus statistical evidence on the needs of the Derbyshire Dales district, were presented to the Governance and Resources Committee on 14 September 2023. An all-Member Workshop was held on 19 September, where hard evidence from data and residents' consultation was presented.

2.3 To recap, the evidence base presented to Members sets out the key issues for the Derbyshire Dales to be as follows:

Significantly **low local wages** and **high local house prices** are contributing to a declining and **ageing population**; and together with **CO2 emissions** and **insulation** these are concerns.

2.4 Residents' survey respondents said the three services most important for the Council to prioritise spending on are:

1. **Keeping town centres, villages, and streets safe, clean, and clear of litter, dog fouling and fly tipping**
2. **Household waste and recycling collections**
3. **Creating and sustaining local jobs and business opportunities**

2.5 Since September, meetings were held of Progressive Alliance Working Groups, some of which had officer input. Through this process, and meetings between the Corporate Leadership Team and Progressive Alliance Leaders, a set of high-level Aims, Themes and Principles were developed. These were considered at an All-Member Workshop on 4 December 2023. They were subsequently approved as the basis for the new Derbyshire Dales Plan by Council on 14 December 2023, and they are attached at Appendix 1.

2.6 In order to create delivery plans, aligned with the budget for 2024/25, Council resolved that (for each of the five themes) a cross-party working group be established. These met first in January and completed their initial task in February. They each comprised one Member from each of the four political groups. The Chair of each working group was selected by its members at its first meeting. Each working group had officer support. The output of each working group was to arrive at a delivery plan for the 2024/25 financial year initially. Each working group reported to a 'parent' policy committee, as follows:

- *Community and Environment Committee (8 February, meeting cancelled due to snow)*
  1. Environment
  2. Housing
  3. Place shaping and Economy
  4. Community services and resources

- *Governance and Resources Committee (15 February)*
  5. Financially sound, fair and responsive Council (corporate)

2.7 The work undertaken by Circling Squares (Council, 29 September 2022) identified that the current Corporate Plan includes too many targets, projects and actions. In order to match ambition to resources, a challenge for the working groups was to manage expectations with regard to prioritisation and resourcing. Therefore, Working Groups tested ambitions against resources to ensure that there are adequate resources, both human and financial. Therefore, of necessity, not all ambitions will have full captured in this plan. However it is a living document and Members are able to remove some priorities in future in order to accommodate new ones.

2.8 The Member Working Groups with officer involvement operated as a highly effective mechanism for progressing understanding and agreement in a joint officer-member and cross-party manner. Members may wish to consider re-using the mechanism in future.

3 Options Considered and Recommended Proposal

3.1 The recommended next step is to adopt and deliver the new Derbyshire Dales Plan (corporate plan).

4 Consultation

4.1 The Derbyshire Dales Plan preparation has involved extensive consultation with members, residents and staff, as set out in this and previous reports.

5 Timetable for Implementation

5.1 The new Derbyshire Dales Plan would come into force from April 2024. It will replace the current Corporate Plan which runs to March 2024.

6 Policy Implications

6.1 The new Derbyshire Dales Plan will set the overall direction for the delivery of Council services and policies. This may result in different service areas adopting new and revised policies, depending upon the extent of changes envisaged in the Plan.

7 Financial and Resource Implications

7.1 The development of a new Derbyshire Dales Plan will require an appropriate level of budgetary provision to deliver the projects and proposals included therein. This may necessitate some prioritisation and redeployment of existing budgets and staff.

7.2 In this regard, the crucial task for Members will be to select from the multitude of possible activities and projects (all of which fit within priorities) and agree a focused programme that is deliverable within available financial and staff resources. Such an approach allows for the development of a realistic and deliverable plan.

7.3 The working groups have each developed a delivery plan for the 2024/25 financial year initially. As the delivery plans are developed further, this is likely to result in resources being re-aligned with the new Aims. Where the financial implications of the new delivery plans have been costed, they have been reflected in the draft budget and Medium-Term Financial Plan that are due to be approved at the same Council meeting as this Corporate Plan.

7.4 Elsewhere on the agenda for this Council meeting is report on the proposed revenue budget for 2024/25. Within that report approval is sought to transfer a further amount to the Corporate Plan Priority Reserve at 31 March 2024. Subject to Members' approval of the recommendations in the revenue budget report, this will increase the balance on the Corporate Plan Priority Reserve to £935,456 as at 31 March 2024. £51,896 has been earmarked in 2024/25 and £149,575 in 2025/26 to finance a capital project, leaving an uncommitted balance of £733,985. This uncommitted balance of £733,985 would be available to finance revenue or capital expenditure to support key actions in the delivery plans (subject to relevant approvals).

7.5 The financial risk of this report's recommendations is assessed as low.

8 Legal Advice and Implications

8.1 This report refers to the Derbyshire Dales Plan which as stated is the District Council's primary policy document and a statutory requirement under the Local Government Act 2000. There are two recommendations contained within this report; the legal risk of challenge associated with taking the decisions as recommended has been assessed as low.

9 Equalities Implications

9.1 As the Derbyshire Dales Plan will impact all Council services, Equality Impact Assessments (EIAs) will be carried out on delivery plans prior to the implementation to ensure the Council meets its statutory duties on equalities. The EIAs will highlight and, if needed, suggest mitigation for potential positive and/or negative implications.

10 Climate Change and Biodiversity Implications

10.1 There was a 'green thread' running through the Working Group discussions and climate change and biodiversity considerations have been integral to the development of Delivery Plans. There will be further opportunities to consider these implications as plans are brought forward for implementation in the coming years.

11 Risk Management

11.1 To be considered as activities emerge.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Chief Executive	Paul Wilson	21/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	21/02/2024
Monitoring Officer	Helen Mitchell	21/02/2024

APPENDIX 1 AIMS, THEMES AND PRINCIPLES 2024-28

AIMS

We have a clear goal: Thriving communities in a thriving environment.

We will:

- ***Build flourishing and sustainable communities for residents and businesses through our housing polices, economic development plans, local development plan, and service provision***
- ***Protect and enhance the Derbyshire Dales environment by prioritising climate change and working with partner organisations to minimise pollution and improve biodiversity***
- ***Create an open and modern Council by working with our communities, and engaging with partners (including other public authorities and infrastructure bodies) to champion rural towns and villages***

THEMES

From 2024 to 2028, we will focus on five themes:

- ❖ ***Housing that meets the needs of Derbyshire Dales residents***
- ❖ ***Prosperous and sustainable Derbyshire Dales communities and businesses***
- ❖ ***A thriving environment in the Derbyshire Dales***
- ❖ ***Resources and services to enable communities to flourish***
- ❖ ***A financially sound, fair and responsive Council***

PRINCIPLES

The mission and themes described the position we want to get to. The following principles state how we want to get there.

- ***Place thriving communities and environmental sustainability at the heart of all policies and actions***
- ***Pursue excellence in the services Derbyshire Dales provides***
- ***Manage our financial affairs responsibly and sustainably while using public resources prudently and effectively***
- ***Undertake and monitor all activities with diligence to ensure fairness, equality and non-discrimination***
- ***Recognising the statutory role of the Peak District National Park Authority, work together to ensure that communities across Derbyshire Dales benefit from the outcomes of this plan***
- ***Collaborate at county, mayoral and regional levels where more effective access and use of resources is possible and better outcomes will be achieved***
- ***Supporting and enabling community self improvement through Parish and Town Councils and community groups***
- ***Recognise the local knowledge and expertise in the Derbyshire Dales communities***
- ***Be accountable to the communities that we serve***

APPENDIX 2 THEME PRIORITIES AND OUTCOMES

Theme 1 Environment

A thriving environment in the Derbyshire Dales

Overall aims:

- Protect and enhance the Derbyshire Dales environment
    - Derbyshire Dales is a great place to live, work and visit; our decisions must secure that fir future generations. Our Council will have sustainability at its heart: sustainable communities in a sustainable environment

Priorities

- **Net zero and biodiversity net gain**: facilitate District carbon neutrality by 2040 and biodiversity net gain (BNG), including more than 10% BNG in new developments through policies in the revised Local Plan, working with other stakeholders and facilitating householders and businesses
- **Future of Dales agriculture and land management**: work with other stakeholders to help farmers adopt sustainable agricultural practices and contribute to the Dales carbon footprint reduction, biodiversity and water retention in the land
- **Landscape**: protect and enhance the landscape initially through policies in the revised Local Plan and a subsequent revised strategy
- **Pollution**: actively monitor, identify and proactively address air and water pollution sources in the Dales in conjunction with other authorities; encourage communities in monitoring through citizen science
- **Recycling**: increase recycling and reduce landfill particularly associated with organic waste, plastics, rare and dangerous elements
- **Homes and infrastructure**: work with utilities and infrastructure providers to facilitate householders reduce their carbon footprints, un-recycled rubbish; enforce planning conditions including on site management companies regarding biodiversity requirements

Programme	Outcomes
Climate change and biodiversity	• A “web of green” is incorporated in all Council policies and functions with an emphasis on Clean and Green, Planning, Economic Development and Housing • The climate action plan is extended to set a goal of carbon neutrality for the District by 2040 working with partners and stakeholders in business, housing and voluntary sectors
Dales agriculture and land management	• Farm diversification grants are allocated and implemented • DDDC supports Parish councils in gaining access to resources to increase the number of allotments
Landscape	• Policies in the Local Plan address strategic landscape protection and enhancement • Revision of the Landscape strategy SPD once the Local Plan is adopted
Pollution	• The AQAP in Ashbourne is finalised and adopted as a priority action • Measures to minimise the impact of vehicle and other sources of air pollution (including particulates) in the District are developed and implemented • Severn Trent Water is proactively and assertively lobbied through all available means to reduce river pollution and overtopping of drainage and foul water sewers
Recycling	• Acknowledging the success of recycling in the Dales, higher targets and measures to achieve them are implemented
Housing and infrastructure	• Insulation and heat pumps to reduce the Dales carbon footprint are in widespread use • Developers are required to provide designs for critical infrastructure with applications • Planning conditions and building regulations are enforced • Standards for site management companies are adopted following work at a national level to which the District Council has contributed

Housing that meets the needs of Dales residents

Overall aim:

- To deliver a 'whole District' Housing Strategy which has at its centre the belief that everyone should have the right and ability to live and prosper within their own community, and that the existing and future housing stock should be 'fit for purpose' in the context of the challenges of climate change

Priorities

- Maximise the number of affordable homes built each year over the period of the plan, and beyond, to meet the determined District housing need with availability matched with local housing need across the whole District and available funds and land.
- Maintain our good track record on homelessness. Minimising homelessness within Derbyshire Dales.
- Stem the loss of housing stock to second and holiday homes so that they are managed and communities are not lost. This will be accomplished by utilising the council tax and planning system.
- Work to ensure that all rented housing, private and social, is fit to live in with a robust council team to support tenants.
- Noting the legal framework in which Home Options is provided, maintain the Home Options scheme and seek new ways of using housing services to maintain and enhance communities
- Provide support and guidance for improving the housing stock to cope with climate change and the cost of living
- Urgently work with communities, and the gypsies and travellers themselves, to provide safe, secure and properly serviced temporary and permanent sites for travellers and gypsies to comply with the law and the Local Plan

Programme	Outcomes
Increasing the affordable housing stock	• A housing and related financial and land banking strategy to support maximising the delivery of affordable houses (2024) • An understanding of where new houses are needed and growth targeted to meet the local demand • Providers, experts, PDNPA and local groups have been brought together to input in delivering the housing strategy • The Housing development function is reinforced to support the growth activities • Affordable Housing delivery has been maximised year on year
Prevent and minimise homelessness	• Reviewed and implemented the Homelessness Strategy due June 2024
Second and Holiday homes	• Provisions within the Local Plan that changes from residential to Holiday/Second homes require planning permission. These provisions apply across Derbyshire Dales and the Peak Park • Council tax premium is in place and agreement on how the extra income is used to support the local communities
Improving Housing stock	• *A one-stop centre to advice householders exists for guidance, trusted trader and grants (County, Citizens Advice, Rural Action Derbyshire and Age UK undertake these services)*
Quality of Rental stock	• A support and maintenance charter for providers and tenants developed and enforced
Housing allocation	• Home Options, S106 and Derbyshire Dales clauses are reviewed
Travellers	• Temporary and permanent sites are found and a strategy developed for the future

Prosperous and sustainable Dales communities and businesses

Overall aims:

- Encourage the provision of attractive well-paid employment and local career opportunities for residents through a focus on higher value adding and growth sectors
- Maintain support for existing sectors/individual businesses focused on advice, grant funding and investment for micro, small and medium-sized businesses
- Use the planning system to facilitate sustainable, thriving, resilient communities across the Derbyshire Dales

Priorities

1. Influence the mayoral authority to increase the attractiveness of Derbyshire Dales to high value adding, growing sectors and business decarbonisation by:
    a. Encouraging utilities to provide the required telecoms, electricity, water and transport infrastructure for housing and commercial use
    b. Facilitating increased opportunities for and take up of education, apprenticeships and training in higher value occupations by Derbyshire Dales residents
2. Ensuring sites are available for housing and business use through the Local Plan
3. Working with public and private stakeholders to access grant funding to bring brownfield sites back into use and to support the delivery of infrastructure
4. Continue to improve the attractiveness of Dales towns and villages through targeted grant-funded redevelopment
5. Maintain the business support delivery, alongside external partners, aimed specifically at achieving a high level of grant take-up
6. Adopt a revised Local Plan to guide land development and facilitate sustainable, thriving, resilient communities

Programme	Outcomes
Facilitate town centre regeneration	• The Ashbourne Reborn programme successfully delivered • Matlock's Bakewell Road site redeveloped successfully • A pipeline of other town and large village centre regeneration projects has been enabled with a view to future funding opportunities
Unlock stalled brownfield sites	• A masterplan for the development of Ashbourne Airfield phases 1 and 2 • Plans for other strategic brownfield sites prepared with support from Homes England and implementation partners in place
Support small and growing businesses	• The business support role facilitates access to grant aid and financing from other agencies • Focus in particular on manufacturing, engineering, knowledge-based and creative/digital industries, decarbonisation opportunities and the rural economy (including farm diversification)
Strategic framework	• Revised economic plan developed in conjunction with the mayoral authority • Revised Local Plan adopted by end 2026 with related documents including the revised infrastructure plan
Implement the strategic plans	• The profile of Derbyshire Dales is raised regionally and with targeted sectors, and infrastructure provision and site availability improved

Resources and services to enable communities to flourish

Overall Aim: *Recognising the excellent work done under this theme already, provide resources and services that create resilience in communities and that enable individuals within them to live fulfilling lives*

Priorities

Play Areas: Ensure that children across the district have access to safe and well-maintained District Council play areas.

Leisure Centres: Continue to work closely with our partners at Freedom Leisure to ensure the Council's Leisure Centres are operated and maintained to a high standard and meet the needs of residents and visitors.

Wellbeing: To promote and look to support the wider wellbeing offer.

Parks, Open Spaces and Street Environment: Continue to maintain and improve District Council parks, open spaces and street environment, with a focus on enhancing community use, and where possible, have a positive impact on the environment.

Events: Continue to provide and support events that bring together Dales communities and attracts visitors.

Markets: To review and enhance the markets offer to the local community and businesses.

Public Toilets: To ensure good provision of public toilets across the district for residents and visitors.

Car Parks: To develop and implement a car parks improvement plan that supports communities and local businesses.

Waste & Recycling: To provide an effective waste and recycling collection service with a focus on waste reduction.

Emergency Planning: Maintain the Council's high standard of response to civil emergencies and incidents.

Community Safety Partnership: To maintain the low levels of crime and Anti-Social Behaviour.

Programme	Outcomes
Play areas	Undertake a review of play areas; identifying gaps in provision and appropriate management plans and develop a strategy to improve the provision of play areas across the district.
Leisure Centres	To hold regular contract performance reviews and site inspections
Wellbeing	To maintain, manage and promote a variety of physical activity and wellbeing initiative across the district and in communities.
Parks, Open Spaces and Street Environment	To develop a parks and open space improvement plan, which encourages the engagement of community groups
Events	To ensure that events which take place on District Council owned land consider the impact on the local community and the environment. To help promote community events to encourage greater attendance to events in the district.
Markets	Undertake a review of markets, with the aim of increasing stall occupancy and footfall, enhancing the visitor offer and promoting sustainable communities.
Public Toilets	Review the provision of public toilets across the district and undertake a feasibility study to consider the reopening of toilets where there is an affordable and identified need.
Car Parks	Explore opportunities to develop our Car Parks and consider differential charging within the district with local businesses and residents at the forefront.
Waste & Recycling	To consider alternative service delivery options and develop an implementation plan for the collection of household waste and recycling, following the end of the Serco contract. To develop a strategy to support the reduction of waste produced and collected.
Emergency Planning	Continue to play an active role within the wider emergency planning partnership, including the Derbyshire Resilience Forum.
Community Safety Partnership	Continue to work with the Community Safety Partnership, including the Police, and improving communications with the community on crime and safety.

A financially sound, fair and responsive District Council

Overall aims

- The Council is the champion of the Derbyshire Dales community when working with partner organisations in the public and private sectors and in the provision of its own services.
- The Council supports particular vulnerable groups for which it has a responsibility by taking a lead even when unpopular decisions have to be made.
- The Council takes actions to ensure that the Derbyshire Dales are an attractive working and leisure environment, including leading by example with conditions for its own workforce.

Priorities AND Outcomes

1. **Thriving Local Democracy** – to strengthen the participation of residents and businesses to greater influence the work of the District Council

2. **Future Workforce, Future Workplace**– to improve the competitiveness of Derbyshire Dales as a place to work by enhancing the working environment for staff.

3. **Sound Financial Management -** to manage the financial affairs of the District Council responsibly and sustainably.

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Corporate Plan 2024
A thriving environment in the Derbyshire Dales

Aim: A thriving environment in the Derbyshire Dales

1. Climate Change and Biodiversity

Initiatives	Targets
Scope out a detailed pathway to a net zero district Create and maintain strong partnerships to push climate change measures Review and develop a partnership approach to scope 3 emissions	Expand climate action plan to become net zero district by 2040 Continue to implement plans to meet the existing target for the District Council to be net zero in terms of its own emissions by 2030

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Expand climate action plan to become a net zero district by 2040	Commission and complete fundamental review of the existing Climate Change Strategy and Action Plan					December 2025
	Set realistic evidence based target for whole district net zero					April 2026
	Develop a plan which sets out how the Council will support the generation of renewable energy					April 2025
	Prioritise and support the annual Green Event as a means of delivering these initiatives					Annual event
Continue to implement plans to meet the existing target for the District Council to be net zero in terms of its own emissions by 2030	Complete decarbonisation works to Arc Leisure					April 2025
	Complete decarbonisation works to Wirksworth leisure centre					April 2025

	Develop and commence implementation of the fleet decarbonisation programme					From April 2025
	Determine the feasibility of the potential solar farm and develop alternative option as part of the review of the Climate Change Strategy and Action Plan					December 2025
	Review the Council's approach to scope 3 emissions as part of the review of the Climate Change Strategy and Action Plan					December 2025
Implement arrangements to respond to the District Council's duty to conserve and enhance biodiversity	Commission a fundamental review of the Council's opportunities to conserve and enhance biodiversity					April 2024
	Develop biodiversity implementation plan to respond to the recommendations of the review					April 2025
	Through the review of the Local Plan consider the opportunities to increase levels of biodiversity net gain achieved through the Planning system					April 2027
	Review commercial opportunities to buy poor value land and sell BNG units to developers					Ongoing
	Work with partners to contribute to DCC's statutory requirement to produce a Local Nature Recovery Strategy					Ongoing
	Facilitate and support community led biodiversity projects					Support the Derbyshire Swift Conservation Project in 24/25
	Review opportunities to manage District Council owned land for nature					Ongoing

2. Future of agriculture and land management

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Promote the increased	Work with town and parish councils to complete an audit of allotment and					April 2025

provision of allotments	community growing provision across the district and develop a policy for supporting the development of further provision					
Work to support and improve land management	Promote and support schemes provided by DEFRA and other agencies for sustainable farming and land management					Ongoing
	Review District Council owned SSSI assets from a land management perspective					April 2026
	Implement the agreed actions from the review of SSSI sites					April 2028

3. Pollution

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Improve air quality throughout the district by addressing air pollution	Use the review of the Local Plan to develop a policy that ensures that major developments have pollutant impact reports					April 2027
	Develop a simple and effective online tool to enable the reporting of air pollution incidents					April 2025
	Develop and implement a system for the monitoring of fine particulate matter in air					July 2024
	Agree and adopt an effective air quality action plan for the Ashbourne Air Quality Management Area					TBC
Work with partners to reduce water pollution throughout the district	Through its elected members the Council will take advantage of opportunities to lobby Government, Severn Trent and the Environment Agency to act on pollution control and to monitor and evidence pollution levels in rivers					Ongoing

	Continue to engage with partners such as Severn Trent, the Environment Agency and Derbyshire County Council over issues of water pollution and flooding					Ongoing
	Work with partners to assist in the development and promotion of a simple and effective online tool to enable the reporting of water pollution incidents to the correct regulatory authority					April 2025
	Publicise the existing online reporting of river water sampling results provided by the Environment Agency					April 2025
Promote community engagement in pollution issues	Review the resource implications and potential benefits of encouraging communities to become involved in pollution monitoring through citizen science					April 2026

4. Landscapes						
CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Protect and enhance the landscape	Through the review of the Local Plan ensure that policies and guidance relating to landscapes are reviewed and updated to maximise the protection and enhancement of those landscapes					April 2027
	Work with partners to identify opportunities to utilise landscapes for general benefit					Ongoing

5. Recycling						
CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Increase waste recycling rates	Review recycling participation rates through the use of Whitespace to identify low-rate hot spot areas. Develop an approach to engage with residents, set					April 2025

	targets for improvement and measure success					
	Work with partners to develop plans to support initiatives to reduce waste throughout the district					April 2025

6. Infrastructure						
CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Ensure that the necessary infrastructure is provided for new housing stock	Ensure that robust legal and funding mechanisms are in place to ensure that biodiversity net gain and landscaping schemes are fully delivered through the Planning system					April 2026
	Use the Local Plan review to pursue the goals of the climate change supplementary planning document					April 2027
Improve standards in the existing housing stock	Implement the private rented sector pathfinder project and evaluate the findings for potential further action to improve standards in the private rented sector					Complete study by April 2025, complete evaluation by April 2026
Ensure that the general infrastructure in the district is fit for purpose	Engage with distribution network operators and other partners to ensure that the electricity grid and other forms of infrastructure are fit for future demands					Ongoing
	Develop a local validation checklist to set out requirements in respect of critical infrastructure for major planning applications, including foul and surface water drainage					April 2025

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Corporate Plan 2024
Housing: Housing that meets the needs of Derbyshire Dales residents

Aim: ***Housing that meets the needs of Derbyshire Dales residents***	
Sustainable, resilient communities	Everyone should have the right and ability to live and prosper within their own community
Increasing prosperity	To improve the number of homes with an EPC rating of C or above in the district

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	206/27	2027/28	
1. Maximise delivery of affordable homes within available resources	• Appoint consultants to hold a development summit/conference to showcase rural housing issues and delivery. Develop a strategy and action plan to identify barriers, review current practices and negotiate with external partners.	■				Produce a specification for the contract, go out to tender and appoint a consultant Q2 2024/25 Monitor progress, receive recommendations and report to Members and stakeholders Q4 2024/25
	• Take forward the recommendations of the consultants to deliver a step change in delivery of affordable homes.		■	■	■	
2. Improve Levels of Satisfaction and Standard of Property Maintenance for Tenants in Social and Affordable Housing	• Work with Platform Housing Group and other registered providers to improve customer satisfaction	■	■	■	■	Institute Quarterly Meetings with Platform Housing, and other providers as appropriate Review the new Tenant Satisfaction Measures (TSMs) for all registered providers in the District

3. Prevent and minimise homelessness	• Undertake the Homelessness Review and adopt the Homelessness and Rough Sleeping Strategy for 2024/25 to 2029/30					Complete the strategy in Q1 2024/25
	• Implement the actions plan contained within the new Homelessness Strategy • Continue to support residents affected by homelessness using the available resources provided via government grants					Take forward the actions developed with the Strategy. The % of homeless households seeking assistance from the Council, for whom this intervention helped resolve their situation
4. Reduce the Impact of Second and Holiday Homes on the Vitality and Sustainability of Our Communities	• Review the Government's response to the consultation on new powers relating to Council Tax premiums on 2nd homes. (Govt have not announced a date for the publication of their response to the 2nd homes consultation)					By Q3 2024/25 review the government's response
	• Implement the 2nd Homes premium from 1st April 2025					Charge 100% Council Tax on 2md homes from 1st April 2025
	• Monitor the Council Tax database to gauge the changes in 2nd homes, holiday lets and empty homes					Annual reporting to identify emerging trends in property numbers
5. Improve the energy efficiency of existing housing stock, alleviating fuel poverty and reducing emissions'	• Deliver current fuel poverty schemes and bid for available new funding streams					Continue to deliver existing schemes (HUG2 to March 2025, Devo Retrofit to Sept 2024) Bid for new LARS funding (to 2028) when available
	• Work with partners to provide a 'one stop' retrofit advice service for residents who may be willing to pay for improvements and explore opportunities to grow the network of retrofit advisers in the district					Through the HEAT project to December 2024

	• Support the growth of the local construction and green technology sector by surveying local businesses and speaking with training providers to understand the skills gap within these sectors.					24/25 – conduct survey and follow up, undertake gap analysis and complete an options appraisal for support. 25/26 – build programme of support
5. Traveller sites	• Following on from the work by consultants to identify a list of potential traveller sites, pursue opportunities to bring forward two permanent traveller sites					Identify 2 permanent sites for inclusion in the Local Plan Work with owners of suitable land to bring forward, obtain planning consent and deliver new permanent sites
OPTIONAL PROGRAMMES (WHEN RESOURCES PERMIT)	**ACTIONS**		**2025/26**	**206/27**	**2027/28**	**TARGETS**
6. Empty Homes	• Develop further actions to bring empty homes back in to use					Receive a report and recommendations Q1 2024/25
7. Review the Home-Options Allocation Policy	• Proposed to review across the Home-Options Partnership					Adopt a revised policy by Q4 2024/25
8. Assessing housing need	• Develop ward based housing information to identify 'hotspots' of need					Ward based housing information produced for each ward

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Corporate Plan 2024
Place Shaping: Planning, Economic Development & Regeneration

Aim: ***Prosperous and sustainable Dales communities and businesses***

Sustainable, resilient communities	Reduced commuting to high value jobs elsewhere
	New opportunities for young people in Derbyshire Dales
Increasing prosperity	Increased GVA
	Increased income levels in Derbyshire Dales
Business growth especially in higher value sectors	Increased business growth in higher value sectors

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	206/27	2027/28	
1. Work with and influence new <u>Mayoral Combined Authority</u> to ensure it addresses the identified needs of the Derbyshire Dales	• Offer Derbyshire Dales' *Rural Innovation Grant* as an exemplar ring-fenced funding model for rural small business support that the Mayor can adopt from day one					MCA adopts ring fenced fund for rural small business support
	• Develop a market towns and small sites regeneration ring-fenced funding model, working with other district councils, to offer to the Mayor					MCA adopts ring fenced fund for market towns and small site regeneration
	• Encourage the Mayor to improve access to FE and apprenticeship provision for Dales residents, including Green Skills					MCA improves skills and training for Dales residents
2. Unlock stalled <u>brownfield sites</u> in and close to market towns in order to build new homes and grow SMEs	• Produce a masterplan for the development of Ashbourne Airfield phases 1 and 2					Publish Masterplan by March 2025
	• Bring forward plans for other strategic brownfield sites with support from Homes England					Apply for Homes England support by Sept 2024
3. Facilitate <u>town centre regeneration</u> to improve public realm and stimulate spend and investment	• Deliver the Ashbourne Reborn *Levelling Up Fund* programme					By the end of 2025, all three Ashbourne Reborn projects will be complete: • Public realm • Highways • Link Community Hub

	• Undertake phased redevelopment at Matlock's Bakewell Road site					Phase 1 complete by June 2024
	• Develop a pipeline of other town and large village centre regeneration projects ○ Working with Community Development team on smaller projects and environmental schemes					Promote capital proposal development fund (using criteria agreed Nov 2022) when Senior Regeneration Officer in post
4. Adopt a revised <u>Local Plan</u> to guide land development and facilitate sustainable, thriving, resilient communities	• Submit the Local Plan to the Secretary of State by June 2025 and adopt by Dec 2026 ○ Ensure all existing and prospective industrial/workspace land is zoned accordingly in proposals maps ○ Revise the Infrastructure Plan to address required improvements in digital connectivity, electricity network and drainage provision ○ Publish Design Guide alongside the Local Plan ○ Incorporate enhanced climate change and biodiversity policies in the revised Local Plan ○ Include if appropriate policies regarding second homes and holiday homes ○ Influence the Peak District National Park Authority to accommodate more housing development in the Park to ensure northern Dales communities remain sustainable, through joint Member and officer meetings					Submit Local Plan by June 2025 Adopt Local Plan by December 2026
	• Support towns and parishes with Neighbourhood Plans					Promote Neighbourhood Planning to interested town and parish councils as a means of helping communities thrive
	• Publish annual planning policy monitoring and reports as required by Government					Annual Monitoring Report, Brownfield Land Register, and Self and Custom Build Register published each year

5. Provide advice and grants to support the decarbonisation of Derbyshire Dales businesses	• Decarbonisation advice via Derbyshire Dales Accelerator Programme • Decarbonisation grants					38 Businesses supported with decarbonise advice and decarbonisation plans 10 businesses supported to access De carbonisation grants Businesses supported with decarbonisation advice/plans/grants to evidence a 15% reduction in tonnes of CO2 emissions
6. Provide one-to-one impartial business advice with a focus on micro and small businesses with growth potential	• Derbyshire Dales Business Advice					50 Businesses supported annually
7. Provide grant funding to support micro and SME business growth, with a focus in particular on manufacturing, engineering, knowledge-based and creative/digital industries and the rural economy (including farm diversification)	• Rural innovation grant (BAG, BDG, BGG), including: ○ Farm diversification grants ○ Flood resilience measures for individual businesses					60 businesses supported financially/grants 30 businesses improving productivity/adoptinf new the firm technology/processes. 28 Jobs created
8. Provide support to new-start businesses	• Through the Vision Derbyshire programme, provide free 1:1 advice and seedcorn funding for new start businesses within their first year of trading • Promote this programme to the Mayor					50 pre-starts supported 12 new businesses created
9. Revise Economic Plan	• Refresh Plan utilising recent evidence and results of Spring 2024 business survey					Refresh Plan by June 2024
OPTIONAL PROGRAMMES (WHEN RESOURCES PERMIT)	**ACTIONS**		**2025/26**	**206/27**	**2027/28**	**TARGETS**

10. Tourism and place branding, with a focus on higher value jobs	• Refresh Partnership Agreement with Visit Peak District in in 2026 • Continue to participate in Local Visitor Economy Partnership (LVEP) and sit on Board					June 2026
11. As and when sites are available, raise the profile of the Derbyshire Dales for inward investment by supporting higher value businesses	• (Subject to item 2 above)					
12. Broadband and 4/5G/digital connectivity to be developed	• Encourage Mayor to improve rural connectivity					March 2025

Corporate Plan 2024
Resources and services to enable communities to flourish

Aim: Resources and services to enable communities to flourish

CORE PROGRAMMES	ACTIONS	WHEN				COMMENTS
		2024/25	2025/26	2026/27	2027/28	
Car Parks	Implement the outcomes of Phase One of the Car Park Review Working Group. • Consider the introduction of differential parking charges. • Charges which consider the end user • Encourage a greater number of visitors to town centres to support local businesses • Review the resident concession offer • Work with the Clean & Green team to improve the appearance of our car parks					
	Consult and Implement the outcomes of Phase Two of the Car Park Review: • Review of disabled parking provision • Review of motorhome facilities • Review of Cycle provision • Work with DCC with installation of EV Chargers across the District					
	Consult and Implement the outcomes of Phase Three of the Car Park Review: • Consider options for expanding our car parks in areas with high visitor numbers • Identify car parks which can additionally be used to meet corporate objects, such as land for housing • Consider car park sustainability options					
	Explore the possibility of providing resident permit applications via CRM					

	Work with DCC to increase the number of EV chargers across the District for residents and visitors.					
	Implement a Car Park improvement programme for the next five years					

CORE PROGRAMMES	ACTIONS	WHEN				COMMENTS
		2024/25	2025/26	2026/27	2027/28	
Council Owned Toilets	Report the findings of the Public Toilet Working Group Review: • Provision and access • Condition survey's • Supporting community-based facilities • Charging structures					
	Implement the outcome of the Public Toilet Review					

CORE PROGRAMMES	ACTIONS	WHEN				COMMENTS
		2024/25	2025/26	2026/27	2027/28	
Waste Collection and Recycling	Develop an implementation and delivery plan for the end of the current waste and recycling contract					
	Undertake a review of overall waste collection services across the district, with a view to understand any opportunities					
Parks and Other Open Spaces	Conduct a review and survey to identify areas for refurbishment and improvement for council owned parks and open spaces, including children's play areas.					
	Develop a Parks and Open Spaces Strategy which consider provision and accessibility. Conduct a including a gap analysis					
	Facilitate and encourage Parish and Town Councils and local voluntary and charitable organisations to apply for funding and undertake improvement schemes on Council					

	and their own land and support them as they progress, as part of biodiversity project					
	Retain Green Flag Awards in our Parks					
	Review the Public Spaces Protection Order in 2025 with focus on BBQ and Open Fires					
	Work with all Partners to raise awareness for discouraging BBQs/Open Fires					
	Continue to review alternative weed control methods and explore other opportunities					
	Undertake a review of the Cemetery provision and consider options for green burial options					

CORE PROGRAMMES	ACTIONS	WHEN				COMMENTS
		2024/25	2025/26	206/27	2027/28	
Leisure, Wellbeing and Community Events	Develop a Leisure Strategy which includes outreach/rural provision and leisure centres.					
	Undertake an options appraisal for service delivery for the end of the current contract					
	Undertake a review of District Council operated Markets					
	Promote District Council and community leisure and wellbeing activities across the district					
Perceptions of Feeling Safe	Conduct Community Safety Survey					
	Support the Derbyshire Community Safety Partnership to produce a district-wide Communication Strategy					

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Corporate Plan 2024: Financially sound, fair and responsive council

Aim: To be a financially sound, fair and responsive council

- To strengthen the participation of residents and businesses to greater influence the work of the District Council
- To improve the competitiveness of the Derbyshire Dales as a place to work by enhancing the working environment for staff
- To manage the financial affairs of the Council responsibly and sustainably

CORE PROGRAMMES	ACTIONS	WHEN				TARGETS
		2024/25	2025/26	2026/27	2027/28	
Thriving Local Democracy	Review role and function of Area Forums	Q3				
	Review and implement changes to the Council's Petitions scheme	Q3				
	Complete a series of Scrutiny reviews into issues that matter to the public	Year long				
	Deliver the Customer Access Strategy	Q2				
	Strengthen District and Parish Engagement	Q3				
Future Workforce, Future Workplace	Review existing terms and conditions to ensure Derbyshire Dales remains a great place to work	Q1				
	To continue engagement with One Public Estate in resect of the reconfiguration of Matlock Town Hall	Year long				
Sound financial management	Identify measures required to enable a balanced budget to set for FY 2025/26	Year long				

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Agenda Item 7

OPEN REPORT
COUNCIL

Council – 29 February 2024

MEDIUM TERM FINANCIAL STRATEGY 2024/25 TO 2028/29

Report of the Director of Resources (Section 151 Officer)

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Wards Affected
District-wide

Report Summary
This report seeks the Council's approval for the Medium-Term Financial Strategy for 2024/25 to 2028/29. 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.

Recommendations

1. That approval is given to the Medium-Term Financial Strategy (MTFS) for 2024/25 to 2028/29, attached as Appendix 1 to this report;
2. That Council agrees that, when setting budgets for 2024/25 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:
   - I. Steps are taken in 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26.
   - II. Savings for 2026/27 and beyond be put on hold pending the outcome of the government reviews of local authority funding (the Fair Funding Review) and business rates retention.

List of Appendices

Appendix 1 Medium-Term Financial Strategy 2024/25 to 2028/29

Background Papers

Date	Description	Location
05/02/2024	Details of Final Local Government Finance Settlement for 2024/25	Local authorities' individual allocations can be found in the final 2024/25 Local Government Finance settlement

Consideration of report by Council or other committee
N/A

Council Approval Required
Yes

Exempt from Press or Public
No

Medium-Term Financial Strategy 2024/25 to 2028/29

1. Introduction and 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 2024/25 to 2028/29. 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.

1.2 The MTFS explains that beyond 2025/26 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 that are now expected to be implemented from 2026/27 onwards. This, and the absence of multi-year financial settlements (announcements of grant funding) from government 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 2024/25. However, the MTFP also shows that there is a savings target of around £1.1m for 2025/26, that rises to £2.6m in 2026/27, £3.6m in 2027/28 and £3.9m in 2028/29. The changes from 2026/27 relate mainly to the forecast impact of government reviews of "Fair Funding" and business rate retention.

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. Given the amount set aside in the General Reserve and other usable revenue reserves, the timing of the required savings, and the uncertainty surrounding external 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 meeting the Savings Target and closing the budget gap is to:

- Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this Strategy.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

It is expected that any savings will be focussed on low priority services.

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. Key Issues

2.1 The current Medium Term Financial Strategy was approved in March 2021. At that time a budget gap of £144,000 had been closed for 2021/22 and a balanced budget was set for that year. The Medium-Term Financial Plan (MTFP) at the time illustrated that there remained a budgetary shortfall ranging from £300k to £600k for the subsequent four financial years. The 2021 MTFS set out an approach to addressing the shortfalls. There has since been an economic downturn, high inflation, higher interest rates and a cost-of-living crisis. These have had a significant impact on the Council's finances.

2.2 Medium Term Financial Planning remains very difficult. The uncertainties include:

- The future of government grants;
- The outcome of the government's Fair Funding Review;
- Business rates – the impact of the proposed changes to business rates including changes to the funding baseline and local share, 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 cost-of-living crisis, 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 Living 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.

2.3 The purpose of the MTFS is set out in section 2.1 of that document (Appendix 1). The Medium-Term Financial Strategy (MTFS) should provide a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which improvement and transformation of the Council's services can progress within the resources that are available.

2.4 The MTFS identifies the estimated financial commitments of the Council alongside the likely level of resources available to it over the next five financial years. It provides a financial overview against which budgets will be set and aligned with Council priorities, to ensure the sustainability of the Council's budget.

2.5 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 for each of the next five financial years;
- An explanation of the approach to achieving savings;
- A risk assessment.

2.6 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 2024/25 Final Local Government Finance Settlement (plus inflation) but with the removal of New Homes Bonus after 2024/25, the removal of the Funding Guarantee after 2025/26 and an adjustment for negative revenue support grant from 2026/27;
- Income from the second homes Council Tax premium of £200,000 p.a. from 2025/26;
- From 2024/25, Council Tax will increase by 2.99% each year and there will be growth of 195 band D equivalent properties a year. 2.99% is currently the maximum permitted increase, without a referendum. Officers recommend that this is the minimum necessary to achieve a sustainable financial plan;
- Business Rates will increase by CPI. A business rates baseline reset will take place in 2026/27. The council will remain a member of the Derbyshire Business Rates Pool. Any balance on the business rates collection fund will be offset by a transfer to or from the business rates fluctuations reserve

2.7 The Medium-Term Financial Plan demonstrates that, with the proposed increase in council tax, there is a balanced budget for 2024/25. However, the Medium-Term Financial Plan shows that there is a savings target of around £1.1m for 2025/26, that rises to £2.6m in 2026/27, £3.6m in 2027/28 and £3.9m in 2028/29. The changes from 2026/27 relate mainly to the forecast impact of government reviews of "Fair Funding" and business rate retention.

2.8 The MTFS sets out the Council's approach to meeting the corporate savings target and closing the budget gap over the medium term. Given the amount set aside in the General Reserve and other usable revenue reserves, the timing of the required savings, and the uncertainty surrounding external 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 meeting the Savings Target and closing the budget gap is to:

➢ Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this Strategy.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

It is expected that any savings will be focussed on low priority services.

2.9 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.

2.10 As well the need to make savings (or generate additional income) to balance its revenue budget over the coming years, the Council's sources of finance for capital expenditure 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).

2.11 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 considering the opportunity costs of maintaining them. The principles for reserves and balances are set out in section 2.2 of the MTFS; the individual reserves are described and balances reviewed for adequacy in Appendix C of the MTFS.

2.12 It should be noted that balances on strategic reserves (especially those to fund the capital programme) are reducing. Appendix B shows that strategic reserves are forecast to reduce from £17 million at 31st March 2023 to £11 million at 31st March 2024 and £7 million at 31st March 2025; these reductions will increase the Reserves Sustainability risk and those for other measures related to risk balances. This indicates that the Council will have reduced ability and flexibility to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This has been the case for many local authorities this year who have issued Section 114 notices or declared financial emergencies.

2.13 In addition to the above, there is a need to build up a reserve to be utilised when the Council's current fleet of waste vehicles require replacement in 4 years' time, or to plan for increased annual revenue costs at the end of the current contract if future vehicles are to be leased. The current vehicles were acquired in 2020/21 and 2021/22 at a cost of £3.6m. It would be prudent to set up annual contributions from the revenue account, if affordable, or to earmark a substantial sum from any increased government funding or revenue account underspend to build up the Waste Vehicles Reserve that has been established for this purpose and is forecast to have a balance of £500,000 at 31 March 2025. Any residual balance could be considered for a transfer to the Capital Programme Reserve or "Invest To Save" Initiatives, or to mitigate against future funding pressures.

2.14 Section 3.5 of the report illustrates the importance of income from Fees and Charges. For 2024/25 budgeted income from sales, fees and charges amounts to £8.7m and makes up 37% of all income, i.e. more than council tax (which generates 30% of income).

2.15 Section 3.7 of the MTFS includes a description of the Council's processes for setting and managing budgets. The Director of Resources, in conjunction with The Financial Services Team and the Corporate Leadership Team, will monitor performance against the Medium-Term Financial Strategy, the Medium-Term Financial Plan, Revenue Budget and Capital Programme

3 Options Considered and Recommended Proposal

3.1 Other options for the level of council tax increase were considered and the impact of several options on the Council's income was discussed at member briefings. The recommended increase of 2.99% was chosen because:

- this is the maximum council tax increase permissible without the need for a referendum,
- 2.99% was assumed by government when they issued the Local Government Finance Settlement,
- taking this action now will give a higher starting point to assist in balancing the budget in future years,
- the proposed increase of 2.99% is lower than current levels of inflation (CPI is currently 4%), and
- a council tax freeze in 2024/25 would have meant taking around £212,000 from reserves, or making savings or raising income from other sources, of that magnitude to balance the budget.

4 Consultation

4.1 There has been no direct public consultation on this Medium-Term Financial Strategy. However, during 2023 the Council carried out extensive consultation on its Corporate Plan and priorities. The responses from the consultation have been used to form the Corporate Plan (to be approved at this Council meeting) and to set spending priorities that are reflected in the budget proposals for 2024/25, in the Medium-Term Financial Plan and in this MTFS.

5 Timetable for Implementation

5.1 The approved MTFS will take immediate effect, following approval at the Council meeting on 29th February 2024.

6 Policy Implications

6.1 All the Council's aims and priorities, as contained in the Corporate Plan actions and targets for 2024/25 (to be considered elsewhere on the agenda for this Council meeting), and various service strategies, have been considered when determining the proposed revenue budget and capital programme and the Medium-Term Financial Plan.

6.2 To avoid an overspend against the revenue budget, or capital programme, no new projects or liabilities should be taken on without a full assessment of financial and staffing resources. The ability to add to the corporate plan will therefore be limited unless financial savings can be made in other areas and / or additional income can be generated. The same applies to staffing resources.

6.3 The Medium-Term Financial Plan has identified that significant savings will be required from 2025/26. The Medium-Term Financial Strategy sets out the approach to achieving these savings. To make savings to balance future budgets will mean that some services and activities must be reduced. This will require challenging decisions to be made and it will be important to ensure that spending plans are aligned to corporate plan priorities. In other words, savings will be directed to low priority service areas.

7 Financial and Resource Implications

7.1 The uncertainties associated with medium term financial planning are set out in section 3.4 of the MTFS. They include changes to the rates of inflation and interest rates, shortfalls in income from fees and charges, changes to the Business Rates Retention Scheme and reductions in Government Grants.

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

7.3 The MTFS indicates that there is a forecast budget gap of around £1.1m for 2025/26, that rises to £2.6m in 2026/27, £3.6m in 2027/28 and £3.9m in 2028/29. The changes from 2026/27 relate mainly to the forecast impact of government reviews of “Fair Funding” and business rate retention.

7.4 The recommended approach to this budget gap is to :

- Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this Strategy.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

It is expected that any savings will be focussed on low priority services.

7.5 The financial risk in respect of the Council’s medium-term financial position is assessed as “High”. However, the financial risk associated with the recommendations made in this report is assessed as ‘Medium’, as the MTFS itself is a tool to mitigate financial risks. There are risks associated with this strategy, which are described in part 5 of the MTFS. These risks will be mitigated by robust budget monitoring, together with contingency plans that will be used if the savings target is not achieved (or turns out to be greater than expected when the outcome of the government reviews is known).

8 Legal Advice and Implications

8.1 The adoption of a Medium-Term 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 statutory and discretionary services.

8.2 The report also sets out savings targets which are currently speculative and will be the subject of more detailed findings and reports in due course.

8.3 The overall legal risk is therefore assessed as ‘Low to Medium’.

9 Equalities Implications

9.1 There are no equalities implications arising directly from this report.

10 Climate Change Implications

10.1 There are not any direct climate change implications arising from the recommendations of this report.

11. Risk Management

11.1 Financial and legal risks are explained above. As identified in the report, the key risks result from the need to make savings or raise additional revenue income in the medium-term, and from a lack of available finance for the capital programme. Some of the savings that are required have the potential to damage the Council’s reputation if not handled properly. This risk is considered to be Medium. The risk associated with financial sustainability is set out above; it has been reflected on the Council’s Strategic Risk Register, together with some mitigating actions, and it assessed as ‘High’.

Report Authorisation

Approvals obtained from:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	21/02/2024
Director of Resources (S.151 Officer)	Karen Henriksen	21/02/2024
Director of Corporate & Customer Services (Monitoring Officer)	Helen Mitchell	21/02/2024

Medium-Term Financial Strategy 2024/25 to 2028/29

Draft for approval by Full Council on 29th February 2024

This Medium-Term Financial 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.

Table of Contents

If you have any questions or comments about this Medium-Term Financial Strategy please contact finance@derbyshiredales.gov.uk

1. Executive Summary

1.1 This Medium-Term Financial Strategy (MTFS) 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.

1.2 It is based on a five-year rolling forecast from 2024/25 to 2028/29 and is intended to be reviewed annually (usually in November but delayed this year awaiting the outcome of the Local Government Finance Settlement). The MTFS provides the financial context for the Council's financial resource allocation and budget setting processes.

1.3 CIPFA has published a Financial Management Code (the FM Code) to support good financial management. The FM Code emphasises the need for robust arrangements to ensure financial sustainability. This Medium-Term Financial Strategy forms a key part of those arrangements.

1.4 During 2023/24 the Council's financial position has been impacted by the impact of inflationary pressures but this has been offset by additional income from investments. The forecast outturn for 2023/24 (as reported to Council on 14 December 2023) results in a forecast underspending of £795,579 for 2023/24. It has been agreed that if that underspending remains at the year-end then it will be transferred to specific reserves.

1.5 For improved financial resilience, it is recommended in the report on the revenue budget (to be presented to Council for approval on 29th February 2024) that the Working Balance should be increased to £1.4m (which requires a transfer of £400,000 from the General Reserve).

1.6 Since 2013/14 all local authorities have faced significant reductions in Government funding, although there have been some small increases in recent years. By 2024/25 the Council's annual Settlement Funding Assessment (the main source of government grant funding that includes Revenue Support Grant and Business Rates Baseline Funding) will have reduced by 51% or £1.9m from 2013/14. This equates to £54 per band D property.

1.7 The impact of changes in the economy (such as from changes in inflation and interest rates) bring more uncertainty and instability, as does the potential outcome of the Government's Fair Funding Review and changes to the system of Business Rates Retention, which are expected to be announced in late 2025.

1.8 The Council has responded well to the grant cuts in the past and has already made savings (or raised additional income from fees and charges) of over £2.7 million since 1st April 2014. At the same time, public expectations are increasing, there are cost pressures arising from increased demand on some services, such as homelessness, and there are additional costs relating to corporate priorities, such as the cost of becoming carbon neutral.

1.9 In addition to these pressures on the revenue budget over the coming years, the Council's sources of capital funding are becoming depleted. The Council's Capital Strategy 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).

1.10 The Council has strategic reserves for earmarked purposes to assist the Council in achieving its priorities. Strategic reserves are forecast to reduce from £17 million at 31st March 2023 to £11 million at 31st March 2024 and £7 million at 31st March 2025.

1.11 The CIPFA Financial Resilience Index compares levels of reserves and debt against income, compared with similar local authorities. It can be seen that Derbyshire Dales District Council's levels of reserves and debt relative to income were around the median as at 31 March 2023. However, as explained above, reserve levels are expected to reduce as balances are used to finance revenue and capital expenditure in 2023/24 and 2024/25. These reductions will increase the Reserves Sustainability risk. This indicates that the Council will have reduced ability and flexibility to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This has been the case for many local authorities this year who have issued Section 114 notices or declared financial emergencies.

1.12 It is the opinion of the Director of Resources (the Section 151 Officer) that, while there are sufficient reserves at present to provide resilience for revenue spending, higher levels of reserves are required in the medium-term to improve financial resilience and to provide for known future liabilities, such as replacement waste vehicles. Should there be an under-spending or a significant increase in government funding, it is recommended that consideration should be given to increasing contributions to reserves to cover the costs of replacing capital assets, such as vehicles. Making such annual contributions will improve financial resilience, as well as reducing overall costs (compared to the cost of borrowing).

1.13 The Medium-Term Financial Plan (MTFP) contained in this document (Appendix A) shows that there is a balanced budget for 2024/25 but that beyond that significant savings (or additional income) will be required to balance annual budgets. The Council has a statutory duty to set a balanced budget each year.

1.14 The MTFP shows that there is a savings target of around £1.1m for 2025/26. The MTFP also shows that the savings target rises to £2.6m in 2026/27, £3.6m in 2027/28 and £3.9m in 2028/29.

1.15 The changes from 2026/27 relate mainly to the forecast impact of government reviews of "Fair Funding" and business rate retention. Given the amount set aside in the General Reserve and other usable revenue reserves, the timing of the required savings, and the uncertainty surrounding external 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 meeting the Savings Target and closing the budget gap is to:

- Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this Strategy.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

It is expected that any savings will be focussed on low priority services.

1.16 Coming on top of the savings that have already been made in the past, the savings target of £1.1m for 2025/26 will be challenging to meet. £1.1m is roughly 8% of net revenue spending. The Council will face some difficult decisions during 2024/25 as work is undertaken to identify the measures required so that a balanced budget can be set for 2025/26.

1.17 While there is a great deal of uncertainty over the Council's future funding position from 2026/27, it is proposed that (while the Council will continue to look for efficiency savings) there will be a hold on any significant service reductions to address savings targets from 2026/27 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.

1.18 The Council will explore opportunities to reduce expenditure or increase income to help it to achieve a sustainable financial future. As well as ensuring that Council services offer value for money, we will identify opportunities for savings arising from transformation, 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.

1.19 There are risks associated with this strategy, which are described in part 5 of this Strategy. These risks will be mitigated by robust budget monitoring, together with contingency plans that will be used if the savings target is not achieved (or turns out to be greater than expected when the outcome of the government reviews is known).

2. Overview

2.1 Purpose of Strategy

The Medium-Term Financial Strategy (MTFS) provides a robust, consistent and sustainable approach to establishing and maintaining a stable and prudent financial basis on which improvement and transformation of the Council's services can progress within the resources that are available.

The MTFS identifies the estimated financial commitments of the Council alongside the likely level of resources available to it over the next five financial years. It provides a financial overview against which budgets will be set.

The MTFS helps to:

- establish a framework within which the Council's revenue and capital budgetary processes are aligned with its main aims and priorities as identified in the Corporate Plan and in other service strategies;
- summarise the current financial position;
- ensure the sustainability of the Council's budget;
- set down overall parameters and objectives for future spending, together with a medium-term forecast of the financial position, identifying spending pressures and savings / efficiency targets for the next four years;
- establish an approach to setting the Council Tax based on keeping increases to a minimum whilst protecting investment in key service priorities;
- establish arrangements for the effective evaluation of the financial aspects of decision-making;
- highlight financial risks and mitigating actions.

2.2 Principles of the Medium-Term Financial Strategy

The principles underlying this MTFS are set out in the following table:

Element	Strategy
Revenue Budget	
Sustainable Budget	To have a balanced sustainable budget in the medium-term to ensure that the Council remains in good financial health and meets the statutory requirement to set a balanced budget.
Budget Model	To use a five-year budget model on which to base short and medium-term decisions on the level of Council Tax and Reserves.
Budget Consultation	To carry out consultation annually with the public and ratepayers to inform Members of stakeholders' views on spending priorities and acceptable levels of Council Tax. The exercise may involve, for example, use of the Residents' Online Panel.
Council Tax	To keep council tax increases to the level necessary to maintain the standards of service required by residents, taking into account factors such as Government policy in respect of capping levels.
Corporate Savings Target	Any 'resource gap' in the Council's budget model (i.e. between spending and income, taking into account forecast commitments, proposed levels of council tax and estimated business rates income and government grants) will be the Council's Corporate Savings Target. Members & officers will need to determine how to meet the Corporate Savings Target in order to achieve a sustainable, balanced budget.
Budgetary Control	Up-to-date, reliable information should be available for Members and Officers. Budget monitoring reports, including a forecast outturn, should be reported to Members quarterly. Reports for budget holders should be available monthly, within 10 working days of month-end, and should highlight significant variances from budget. Budget holders should put in place action plans to deal with significant variances.
Working Balance	The Council will maintain a working balance of approximately 10% of its net revenue expenditure which is considered appropriate to the strategic and operational risks which the authority faces.
General Reserve	Any General Fund Balance over and above the working balance will be termed the 'General Reserve'. The General Reserve will be available for meeting 'one-off' expenditure or development / "invest-to-Save" items, and should only be used to fund ongoing revenue expenditure in exceptional circumstances. The Council will aim to set balanced budgets that do not require the use of the general reserve.

Revenue Account	Any over-spending on the revenue account will be met from the General Reserve. Any under-spending on the revenue account will be used initially to top up the general reserve (if necessary for financial resilience). Any residual balance will be transferred to strategic reserves to finance the Capital Programme, future asset replacements (not yet in the capital programme e.g. replacement waste collection vehicles), other future liabilities, “Invest To Save” Initiatives, or to mitigate against future funding pressures.
Service Growth / Pressures	Any areas of service growth must be identified through the annual service planning and budget process and be subject to business case appraisal. Compensating savings or additional income should always be identified.
Priorities	The District Council’s priorities are those set out in its Corporate Plan. The Corporate Plan is the District Council’s primary policy document. It sets out the District Council’s priorities and areas for improvement and identifies key targets to be achieved. The Corporate Plan priorities will influence spending decisions. A new Corporate Plan is due to be approved on 29 February 2024. Following approval, subsequent revenue budget or capital programme update reports will show spending analysed by Corporate Plan Priority.
Strategic Reserves	Strategic reserves will be maintained for earmarked purposes to assist the Council in achieving its priorities. These include reserves to fund asset replacements and the capital programme, to smooth out significant items of expenditure which do not occur annually, and to provide cover for financial risks and pressures, such as uninsured losses. Balances on reserves will be reviewed at least annually. The MTFP and future revenue budgets will include annual revenue contributions to capital reserves, provided that they are affordable.
Provisions	Provisions should be maintained for potential liabilities which may arise or will be incurred, such as for insurance claims that are going through the settlement procedure or appeals against business rates valuations.
Fees and Charges	Fees and charges will be reviewed annually to maximise income, taking into account the Council’s priorities, the level of inflation, charges levied by other local authorities and perceived customer resistance. The Council will explore opportunities for new areas of charge.
Savings, Efficiencies and Value for Money	The Council will continue to seek efficiencies and value for money in all services through its approach to procurement, transformational and organisational changes and better use of assets, as well as generating extra income from new fees and charges and additional business rates. The Council will explore opportunities to help the Council achieve a sustainable financial future. The Council will continue to consider opportunities for working in partnership with other local authorities and other organisations where this will deliver efficiencies. The Council will evaluate existing partnerships to ensure they continue to deliver best value, and where that is not the case the Council will consider reducing or withdrawing funding (giving appropriate notice). This approach should reduce the impact of the savings on priority services.

Element	Strategy
Capital Programme:	
New projects	Business cases will be produced for all new projects. Business cases will be evaluated by the Capital Programme Working Group and then by the Corporate Leadership Team (taking into account factors such as the Council's priorities, availability of funding, capacity and ability to deliver, revenue account implications and potential for income generation), before being reported to the relevant Policy Committee for approval and then to Full Council for inclusion in the capital programme and financing.
External Funding	External and partnership funding should be explored for all schemes.
Revenue Consequences	The revenue consequences of all capital schemes should be assessed and included in the Medium-Term Financial Plan. This includes any costs of financing as well as any additional revenue spending that will be required to operate the asset.
Prudential Code	Capital expenditure plans, external borrowing and other long-term liabilities must be affordable and within prudent and sustainable levels. Prudential Indicators are reported annually to Council.
Prudential borrowing	The Council will consider the use of prudential borrowing to fund capital investment where it can be demonstrated that this is in keeping with the Council's priorities and where the impact on the revenue account is affordable when the cost of the borrowing is taken into account.

2.3 Background

The Council's Medium-Term Financial Strategy was last approved in March 2021. At that time a budget gap of £144,000 had been closed for 2021/22 and a balanced budget was set for that year. The Medium-Term Financial Plan (MTFP) at the time illustrated that there remained a budgetary shortfall ranging from £300k to £600k for the subsequent four financial years. The 2021 MTFS set out an approach to addressing the shortfalls.

There has since been an economic downturn, high inflation, higher interest rates and a cost-of-living crisis. These have had a significant impact on the Council's finances, which is described below.

2.4 National and International Influences

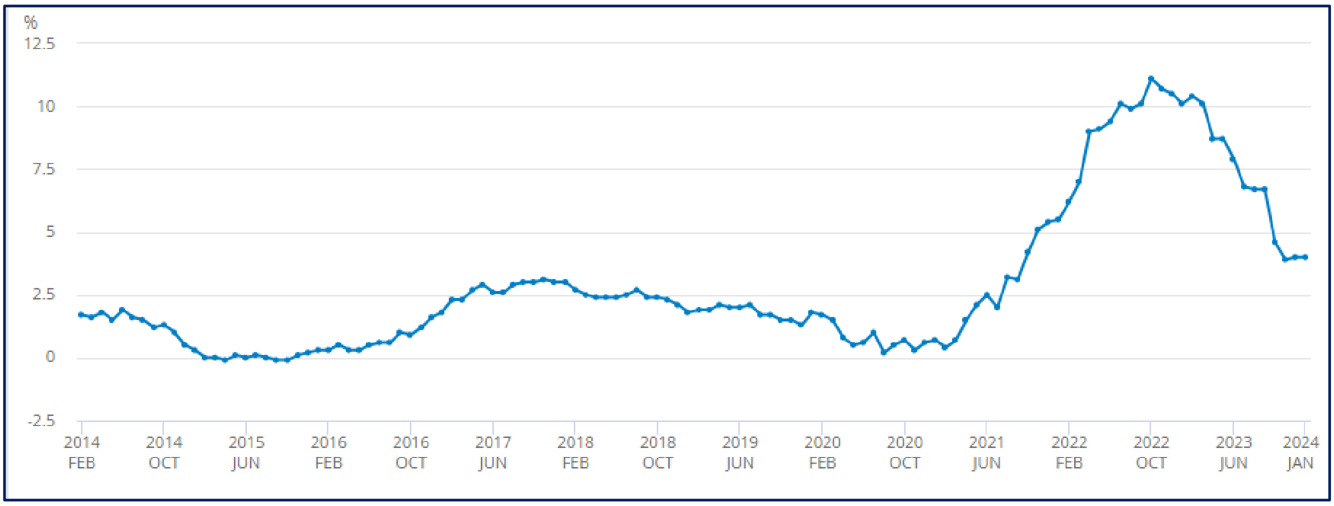
Derbyshire Dales District Council's financial and service planning takes place within the context of the national and international economy. This Medium-Term Financial Strategy has been prepared within that context.

The potential implications of the wider economic situation on the Council's finances include:

- The Council may find it harder to collect sums due to it, for example for council tax and business rates, as a result of the national economy e.g. the cost-of-living crisis.
- Income generated by Treasury Management activities (investing surplus cash) will vary as interest rates rise and fall. For example, during 2023/24 investment income has increased significantly as interest rates rose. This helped to offset the effects of inflationary pressures on service costs and reductions in government grants. However, interest rates are forecast to fall during 2024, which has been considered in the proposed budget for 2024/25 and the MTFP;
- The national living wage, set by Government, has risen at a higher rate than CPI. The Council has no control over this additional cost. The NLW is currently £10.42 per hour for all workers aged 23 and over, it is set to increase by 9.8% to £11.44 in April 2024 and to be extended to all workers aged 21 and over. It is possible that the NLW will continue to rise at percentages above the permitted increase in council tax levels (currently 3%);
- Inflationary pressures may be greater than assumed in the MTFP and budget.
- The Council may find its suppliers and contractors at risk of liquidation, potentially affecting delivery of services;
- The Council will face increased demands for its services. This could be because of increased demands on services e.g. homelessness or because of a need to assist residents falling into hardship (such as for housing benefit or council tax support discretionary hardship reliefs);
- The costs of delivering services have increased, due to pay and price inflation (which have risen faster than increases on government grants or permissible council tax increases).

The chart below shows the change in consumer prices over the last 10 years. This illustrates the much higher rates of inflation that have put pressure on local authority budgets in recent years. Rates have fallen from the peak of 11.1% in October 2022 to 4% for January 2024. The bank of England expects rates to fall further during 2024.

Chart 1: Consumer Price Index Annual Rate 2014 to 2024



Whilst the current economic outlook continues to improve in terms of stable (and expected falls in) inflation, there remains a great deal of uncertainty and change and it is important that the Council has levels of reserves and balances that allow it to withstand unanticipated financial impacts of future developments at a local and national level.

2.5 Government Funding

The Medium-Term Financial Strategy and Medium-Term Financial Plan must consider the forecast changes in government funding. While government funding (in the form of grants) is very important in helping to fund local authority services, the amount of government grants awarded to Derbyshire Dales District Council has declined significantly since 2013/14.

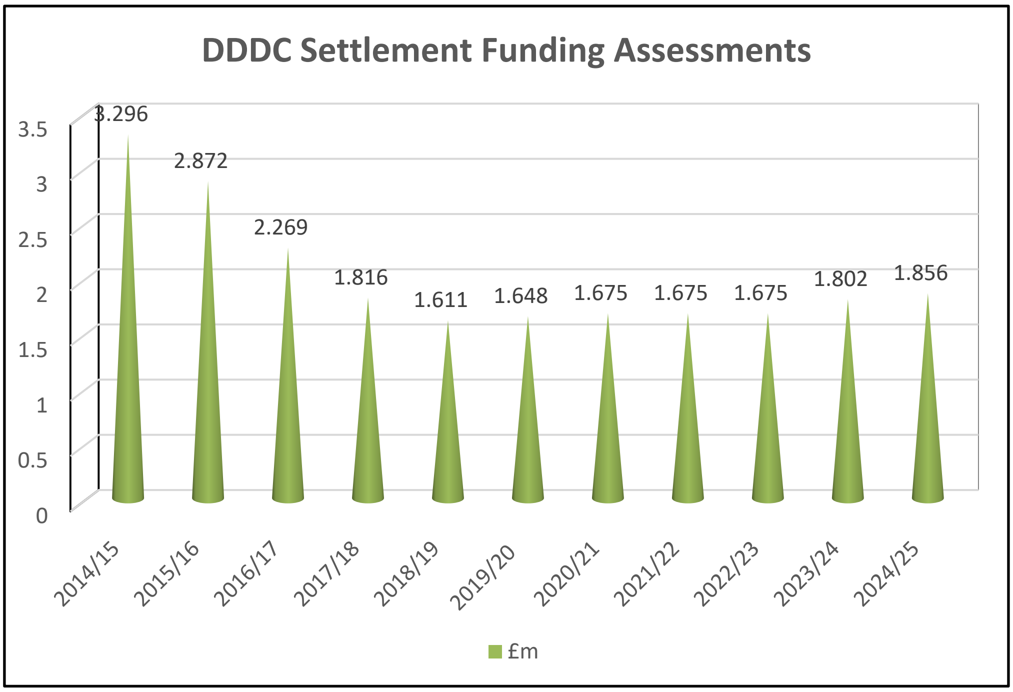
Against a backdrop of declining grant funding, financial planning has been made more difficult by a move from four-year settlements to one-year settlements. In recent years, the Local Government Finance Settlement (the formal announcement of grant funding) has been received in December for the coming financial year only.

Significant changes in local government finance are expected to take place after a parliamentary election. While the outcome of the parliamentary election could change the approach, the Government announced some time ago that it was carrying out a “Fair Funding Review” (to update the grant distribution methodology so that grants would be distributed on an updated assessment of local authority needs) and that it proposed to reset the baseline funding levels for business rates retention (which affects how much business rates income could be retained by each local authority). Modelling by the Council’s consultant indicates that these proposals would significantly reduce external funding for Derbyshire Dales District Council. Implementation is currently expected from 2026/27 (with some damping to offset the impact in the first year). The forecast outcome is included in the latest Medium-Term Financial Plan, shown in Appendix A, and in the charts below.

By 2024/25 the Council’s annual Settlement Funding Assessment (the main source of government grant funding that includes Revenue Support Grant and Business

Rates Baseline Funding) will have reduced by 51% or £1.9m from 2013/14. This equates to £54 per band D property. This is illustrated in the chart below:

Chart 2: DDDC Settlement Funding assessments 2014/15 to 2024/25



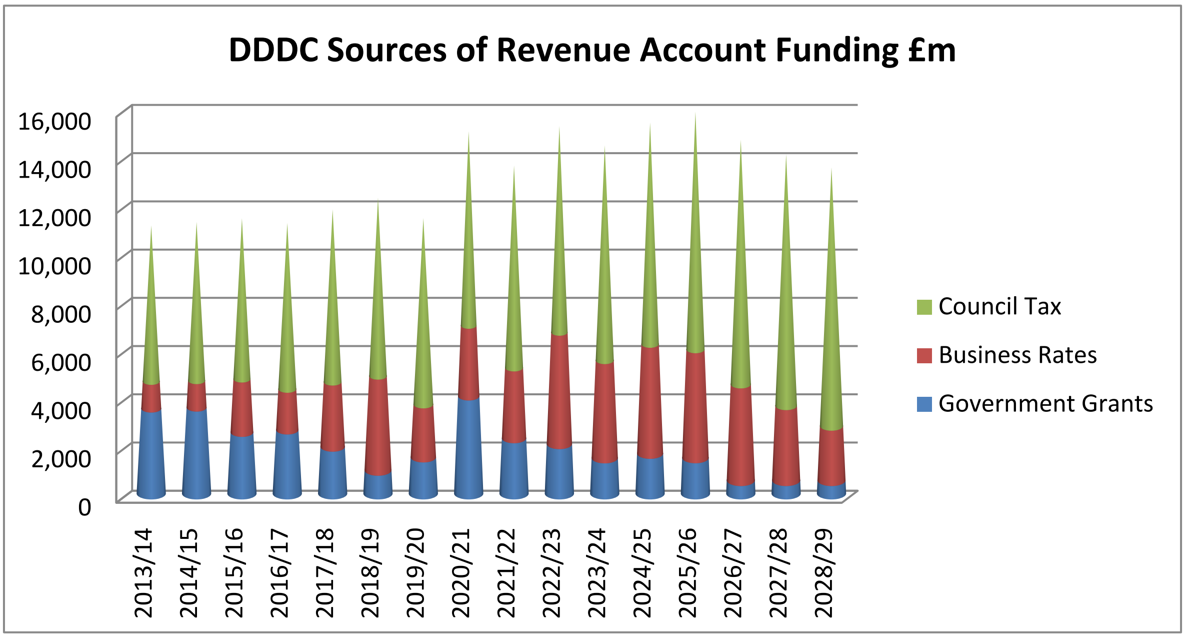
Source: DLUHC Notifications

The chart below shows that not only has funding (and therefore spending) reduced over recent years, but also that the relative proportions (gearing) of funding sources have changed significantly over the period from 2013/14 to 2024/25 and are predicted to change more up to 2028/29.

The chart below shows that:

- Government grants are forecast to reduce from £3.5m (32% of funding) in 2013/14 to £0.5m (4%) in 2026/27.
- Business rates, as a source of funding, rise from £1.1m (10%) in 2013/14 to £4.5m (29%) in 2024/25 and then decline over 2026/27 and 2027/28 to reach £2.3m (17%) in 2028/29 (the fall from 2026/27 reflects the forecast impact of the business rates baseline reset).
- Council tax (including parish precepts) as a source of funding increases from £6.5m (58%) in 2013/14 to £10.7m (79%) in 2028/29.

Chart 3: Sources of revenue account funding 2013/14 to 2028/29



Source: DDDC Statement of Accounts and Medium-Term Financial Plan

Note to chart – The table includes £1.83m in 2020/21 in respect of additional government grants relating to the coronavirus pandemic.

The chart above demonstrates that the Council will become much less dependent on government grants and much more self-reliant in future, relying more on council tax and business rates as sources of funding.

2.6 The Coronavirus Pandemic

In 2021, when the previous MTFS was written, we were amid the coronavirus pandemic, of which some residual impacts are still being felt in 2024.

During the pandemic the Council agreed to take a low-key approach to debt recovery for arrears relating to council tax and business rates. Full debt recovery was resumed after the pandemic, but in-year collection rates have only recently returned to pre-covid levels. Debt recovery is still ongoing for arrears relating to 2022/23 and before.

Income for some services fell during the coronavirus pandemic. In the case of Bakewell Stall Market, income levels have not yet returned to pre-covid levels, despite there being no increase in stall market rents charged by the Council. It is hoped that the situation will improve in the medium-term.

2.7 The Council's Priorities

The Council's priorities are due to be set in February 2024 within a new Corporate Plan. It identifies five themes that will determine the Council's priorities for the coming 4 years:

From 2024 to 2028, we will focus on five themes

- ***Housing that meets the needs of Derbyshire Dales residents***
- ***Prosperous and sustainable Derbyshire Dales communities and businesses***
- ***A thriving environment in the Derbyshire Dales***
- ***Resources and services to enable communities to flourish***
- ***A financially sound, fair and responsive Council***

To ensure adequate funding for priorities, it is important that the Council's budgetary processes are aligned with corporate priorities. The following measures are in place.

- The Council produces Service Plans for all front line and support services. The service planning and budget setting process are aligned.
- All items relating to service growth are considered separately when setting the budget and in conjunction with other spending proposals in order that priorities can be set.
- All Committee reports include a Strategic Link (to the Corporate Plan), and have a mandatory section for Risk Assessment, including legal risks, financial risks and corporate risks.
- The Council's Revenue Budget and Capital Programme reports show spending by priority, giving Members and officers a visual guide how planned spending is matched with priorities.

It is therefore vital that the Council has a robust and sustainable financial strategy in place to ensure that it is able to deliver balanced budgets as required by statute, whilst being able to meet its priorities whenever possible.

3. The Council's Current Financial Position and Outlook

3.1 The Medium-Term Financial Plan

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.

The Medium-Term Financial Plan, which is summarised in the table below and shown in detail at Appendix A, 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.

The Medium-Term Financial Plan (MTFP) shows the Council's proposed budget for 2024/25 and forecasts for 2025/26 to 2028/29. Full details are given in Appendix A; the table below provides a summary:

Table 1: Summarised Medium-Term Financial Plan

	Original Budget 2023/24 £000s	Revised Budget 2023/24 £000s	Proposed Budget 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
Forecast spending	**13,667**	**13,697**	**13,749**	**14,611**	**14,822**	**15,184**	**15,348**
Transfers to/(from) reserves	(1,465)	(2,022)	(439)	265	383	383	(10)
Net Spending Requirement	**12,202**	**11,675**	**13,310**	**14,876**	**15,206**	**15,568**	**15,338**
Funded By:							
Income from Council Tax	(6,955)	(6,955)	(7,122)	(7,769)	(8,045)	(8,330)	(8,625)
Income from Business Rates	(3,775)	(4,045)	(4,531)	(4,491)	(4,829)	(3,956)	(3,132)
Funding Guarantee	(627)	(627)	(915)	(830)	0	0	0
Revenue Support Grant	(65)	(65)	(69)	(86)	848	863	879
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Services Grant	(68)	(68)	(12)	(17)	0	0	0
Total funding	(12,202)	(12,472)	(13,310)	(13,738)	(12,571)	(11,968)	(11,423)
Savings to be achieved	**0**	**(796)**	**(0)**	**1,138**	**2,635**	**3,600**	**3,915**

The MTFP includes the impact of several key developments for the council over the MTFP period. The Medium-Term Financial Plan shown above demonstrates that, while there is a balanced budget for 2024/25, savings of £1.138m being required to balance the budget for 2025/26. It also shows that further grant losses are expected from 2026/27 onwards and that, as a result, there is a need to identify additional savings or income of almost £2.6m a year for 2026/27, rising to £3.9m in 2028/29. The approach to savings is set out in section 3.4.

The MTFP includes the impact of several key developments for the council over the MTFP period. These include the estimated potential increased costs of pay and price inflation, potential costs arising from the triennial review of the pension fund, as well as additional revenue income arising from investments being made through the capital programme e.g. climate change and housing. As stated earlier, the MTFP assumes a significant reduction in government grants and retained business rates from 2026/27.

3.2 Reserves and balances

In examining the immediate and medium-term spending plans, for both revenue and capital, it is necessary to consider the levels of reserves and balances which are available and, of those, the ones that will be required to meet spending plans.

The estimated position on the Council's Reserves and Balances as at 31st March 2024 and 31st March 2025 is detailed in Appendix B. A number of points need to be taken into account and these are set out below.

Working Balances

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.

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, the principles set out in this Medium-Term Financial Strategy state that it is considered prudent to retain uncommitted working balances of approximately 10% of net revenue expenditure. Subject to the approval of full Council on 29th February 2024 for a transfer from the General Reserve, the level of uncommitted working balances at 31st March 2024 will be £1.4m, which is equal to 10% of annual net revenue spending.

Use of Balances

The effect of the Council's spending proposals and commitments on the General Reserve is shown in the Medium-Term Financial Plan in Appendix A and a summary of reserves is given in Appendix B. It can be seen that the estimated General Reserve balance is £3,122,060 at 31st March 2024.

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 be 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.

It should be noted that this Medium-Term Financial Strategy 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

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 strategic reserves are given in Appendices B and C.

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 considering the opportunity costs of maintaining reserves. An annual review of strategic reserves is given at Appendix C. The statement lists the various strategic reserves, the purposes for which they are held, and the forecast levels at 31st March 2025, based on the requirements shown in the proposed budget and capital programme for 2024/25 and the Medium Term Financial Plan.

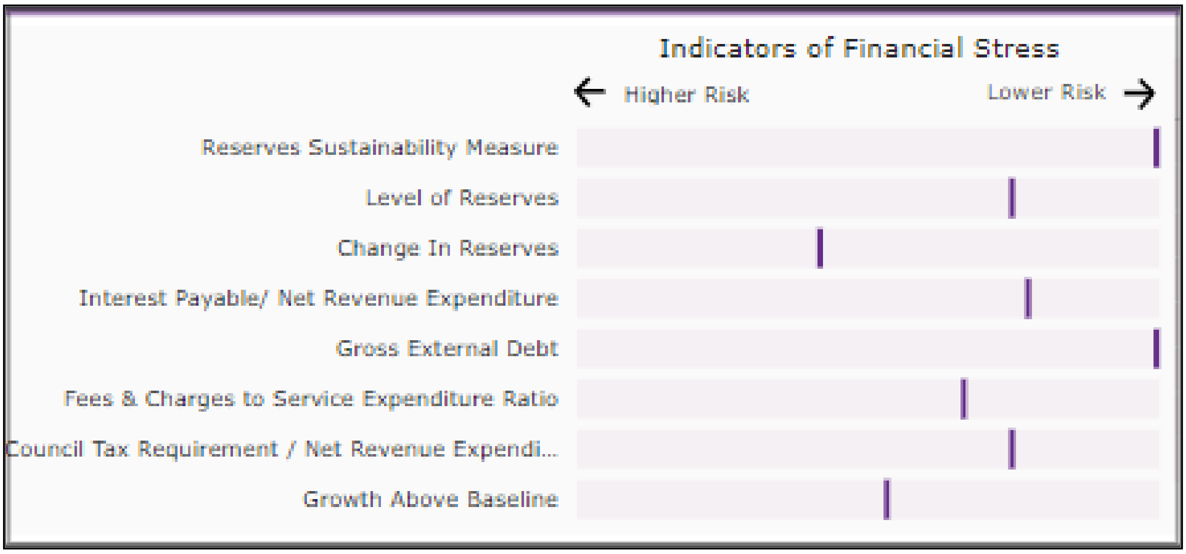
Following this review of reserves, strategic reserves are estimated to total £11 million at 31st March 2024, reducing to £7 million at 31st March 2025.

3.3 Financial Resilience

In simple terms, financial resilience is the ability, from a financial perspective, to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This means having the agility and flexibility to forecast and manage both expenditure and income to meet requirements as they change while delivering a balanced budget.

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 graphics below show an overview for this Council, based on information as at 31 March 2023, with a comparison against similar authorities.

Chart 4: CIPFA Financial Resilience Index Summary 2022/23



The most recent analysis (for 2022/23) shows that for most indicators the Council performs in the median to low 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. However, the Council ranks as slightly above average risk for “Change In Reserves”.

The following chart compares levels of reserves and debt against income, compared with similar local authorities. It can be seen that Derbyshire Dales District Council’s levels of reserves and debt relative to income were around the median as at 31 March 2023.

Chart 5: CIPFA Financial Resilience Index: Debt and Reserves Relative to Income 2022/23

The information set out above shows the position as at 31 March 2023. It should be noted that balances on strategic reserves (especially those to fund the capital programme) are reducing. Appendix B shows that strategic reserves are forecast to reduce from £17 million at 31st March 2023 to £11 million at 31st March 2024 and £7 million at 31st March 2025; these reductions will increase the Reserves Sustainability risk and those for other measures related to risk balances. This indicates that the Council will have reduced ability and flexibility to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This has been the case for many local authorities this year who have issued Section 114 notices or declared financial emergencies.

In addition to the above, there is a need to build up a reserve to be utilised when the Council's current fleet of waste vehicles require replacement in 4 years' time, or to plan for increased annual revenue costs at the end of the current contract if future vehicles are to be leased. The current vehicles were acquired in 2020/21 and 2021/22 at a cost of £3.6m. It would be prudent to set up annual contributions from the revenue account, if affordable, or to earmark a substantial sum from any increased government funding or revenue account underspend to build up the Waste Vehicles Reserve that has been established for this purpose and is forecast to have a balance of £500,000 at 31 March 2025. Any residual balance could be considered for a transfer to the Capital Programme Reserve or "Invest To Save" Initiatives, or to mitigate against future funding pressures.

3.4 Outlook and Approach to Achieving the Savings

Medium Term Financial Planning remains very difficult. The uncertainties include:

- The future of government grants;
- The outcome of the government's Fair Funding Review;
- Business rates – the impact of the proposed changes to business rates including changes to the funding baseline and local share, 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 cost-of-living crisis, 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 Living 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 assumptions made in preparing the MTFP are shown in Appendix A. A prudent approach has been taken. It is possible that some of these assumptions may turn out to be too cautious. A more optimistic version of the MTFP has been produced to reflect the following changes in assumptions:

- ➢ Government grants from 2026/27 retained at same levels as 2025/26, rather than significant reductions;
- ➢ Removal of the expected impact of the Business Rates Reset;
- ➢ No increase in pension costs at next revaluation.

The results of the more optimistic assumptions are set out below in a revised MTFP, shown below.

Table 2: Summarised Medium Term Financial Plan (More Optimistic Version)

	Original Budget 2023/24 £000s	Revised Budget 2023/24 £000s	Proposed Budget 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
Forecast spending	**13,667**	**13,697**	**13,749**	**14,611**	**14,672**	**15,034**	**15,198**
Transfers to/(from) reserves	(1,465)	(2,022)	(439)	265	383	383	(10)
Net Spending Requirement	**12,202**	**11,675**	**13,310**	**14,876**	**15,056**	**15,418**	**15,188**
Funded By:							
Income from Council Tax	(6,955)	(6,955)	(7,122)	(7,769)	(8,045)	(8,330)	(8,625)
Income from Business Rates	(3,775)	(4,045)	(4,531)	(4,491)	(4,506)	(4,521)	(4,537)
Funding Guarantee	(627)	(627)	(915)	(830)	(830)	(830)	(830)
Revenue Support Grant	(65)	(65)	(69)	(86)	(86)	(86)	(86)
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Services Grant	(68)	(68)	(12)	(17)	(17)	(17)	(17)
Total funding	**(12,202)**	**(12,472)**	**(13,310)**	**(13,738)**	**(14,029)**	**(14,329)**	**(14,640)**
Savings to be achieved	**0**	**(796)**	**(0)**	**1,138**	**1,027**	**1,089**	**548**

As can be seen in table 2 above, even if the expected impact of changes in grant funding, business rates reset and the pension fund revaluation are removed from the MTFP, there remains a savings target of around £1.1m for 2025/26. Therefore, it will be necessary to take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26.

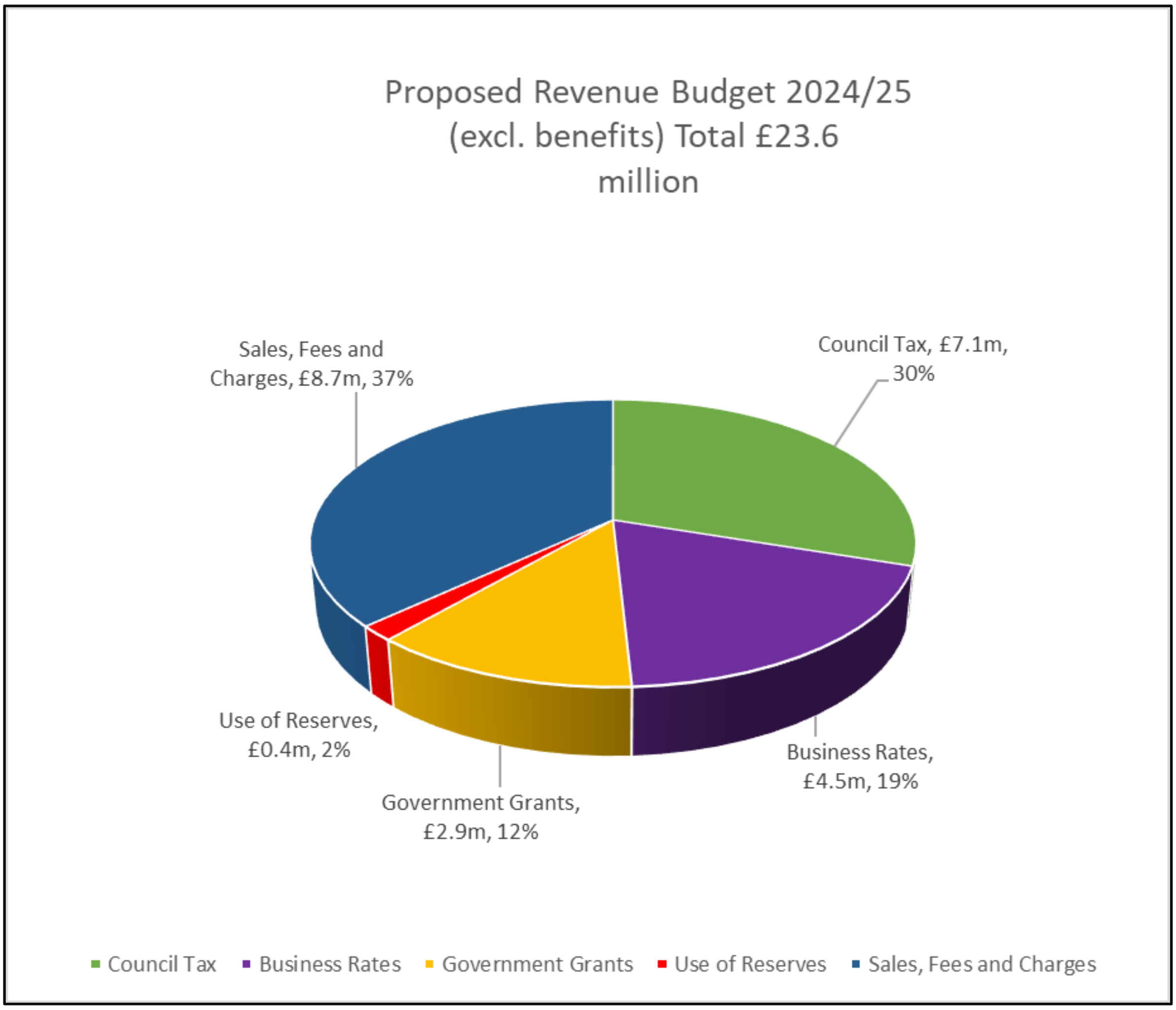
The Council has reserves and balances that would be available to use to balance the budget should unexpected changes arise with insufficient time to address them before the budget has to be set. However, the use of reserves to balance the budget is not sustainable. It is proposed that, during 2024/25, a thorough review of income and expenditure should be undertaken, and an action plan developed to address to the £1.138m savings gap for 2024/25. For years from 2025/26 onwards, at £3m to £4m the savings gap represents around a quarter of net revenue spending so it will be very challenging to meet this target and difficult decisions will need to be taken.

Given the uncertainties involved in forecasting beyond 2025/26, and the current levels of the general reserve and working balances (see above), it is recommended that that significant service reductions for 2026/27 and beyond be put on hold pending the outcome of the government reviews of Council funding.

3.5 Income from fees and charges

Income from fees and charges plays an important and significant role in balancing the Council's budget. The chart below shows that for 2024/25 forecast income from sales, fees and charges amounts to £8.7m and makes up 37% of all income, i.e. more than council tax.

Chart 6: Forecast revenue income 2024/25



The most significant sources of income from fees and charges forecast for 2024/25 are car parking £2.7m and waste collection (including recycling credits) £2.5m.

The Council will explore new revenue income streams as a tool to close the budget gap in future years. The MTFP includes new revenue income streams arising from 2026/27 from capital programme investments.

3.6 Capital Programme

As well as having to make savings to balance its revenue budget over the coming years with the resultant pressures on revenue reserves, the Council's resources for capital funding are becoming depleted. This presents a high risk in terms of funding availability for future capital projects. The Council could, of course, consider borrowing for future capital schemes, but the resulting borrowing costs may not be affordable for the revenue account, unless the asset will generate a revenue income stream to offset borrowing costs.

The Capital Strategy 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 forms a key part of the Council's Medium Term Financial Strategy (MTFS)

This medium-term financial strategy includes a "strategic reserves policy" that the MTFP and future revenue budgets will include annual revenue contributions to capital reserves provided that they are affordable. These contributions will help to provide for the life cycle (replacement) costs of assets. This is explained further in the Capital Strategy. These contributions do impact on bottom line savings to be achieved but will ensure that sufficient funding is available to allow replacement of these assets at the end of their lives. The impact of the revenue contributions has been included in the MTFP shown on Appendix A.

It should be noted that, at the current time, annual revenue contributions are not being made in respect of replacement waste collection vehicles. This should be addressed if there is an improvement in the council's revenue position. This will improve financial resilience, as well as reducing overall costs (compared to the cost of borrowing).

3.7 Budgetary Control & Monitoring the Plans

The Council's financial regulations set out the arrangements for setting and managing budgets.

Annual revenue estimates are prepared jointly by the Director of Resources (in practice, mostly by the Financial Services Team on behalf of the Director)) and each relevant Service Director (or their nominated Senior Managers). The Director of Resources then prepares a budget report for Council.

A rolling budget is maintained throughout the year, using forecast outturns to reflect changes arising in year, virements and supplementary budgets. Quarterly budget monitoring reports are prepared for the Corporate Leadership Team and are presented to the Governance & Resources Committee or full Council.

Each Service Director is responsible for ensuring that the budgets for controllable expenditure on each Service (as shown in the circulated budgetary control reports) are not exceeded and that there are no significant shortfalls in income. Where it appears that such a service provision shall be exceeded by an amount more than £10,000, the Service Director concerned must, in consultation with the Director of Resources, inform the relevant policy committee with recommendations on how the expenditure is to be funded or defrayed.

No expenditure introducing major continuing liabilities to the Council, particularly new projects which involve financial commitments in future years, new policy or extension of services, may be incurred without prior consultation with the Director of Resources and the approval of the relevant policy committee either through the budget or separately in the course of the financial year.

Directors may authorise virements (transfers of budgets) of up to £10,000 from one service provision to another within their respective directorate budget portfolio after consultation with the Director of Resources. Virements from £10,000 to £30,000 within or between directorate portfolios, or by the use of a reserve set aside for the specific purpose, may be approved by the Director of Resources. For virements / budget transfers exceeding £30,000, a report shall be taken to the Governance and Resources Committee.

Budgets for salaries, wages and associated costs may be amended, following approval by the Corporate Leadership Team, provided that total salary costs remain within budget.

A Supplementary Estimate is required where expenditure is required or anticipated which:-

a) has not been included in the Revenue Budget; and

b) cannot be met by the transfer of budgetary provision from another service provision; and

c) would cause the controllable expenditure on the particular service to be exceeded,

Any request for a Supplementary Estimate shall be made to the relevant policy committee after consultation with the Director of Resources. Additional income and savings may be used to finance additional expenditure only after consultation with the Director of Resources who may require a report to the relevant policy committee.

Each service has a designated Budget Holder. The Financial Services Team provides the following:

- Up-to-date reports from the Council's financial management system that show budgets and spending / income;
- Monthly budget monitoring reports for budget holders;
- Monthly budget monitoring reports for major income items for consideration by the Corporate Leadership Team.

Reports will be presented to Council as follows:

- In February / March – Quarter 3 revenue budget monitoring report, revenue budget and Council tax setting for the coming year, updated MTFP, five-year capital programme, treasury management strategy, corporate and commercial investment strategies; Corporate Plan targets.
- In May / June – out-turn (Q4) of revenue account and capital programme for previous financial year, updated capital programme for current year and next four years, updated MTFP; Out-turn of Key Performance Indicators.
- In September – Quarter 1 revenue budget monitoring report.
- In November – Quarter 2 revenue budget monitoring report, annual review of Medium-Term Financial Strategy, updated MTFP and updated capital programme; annual review of Corporate Plan; mid-year update on Key Performance Indicators.

The Medium-Term Financial Plan and Medium-Term Financial Strategy will be communicated to employees and stakeholders and published on the Council's website.

4. Links to other strategies, policies and plans

This Medium-Term Financial Strategy has links to other Council strategies, policies and plans as set out below:

Corporate Plan	Sets out the Council's priorities which are considered when preparing the capital programme, especially when evaluating new bids
Risk Management Policy and Strategy	Establishes a framework for the effective and systematic management of risk, which will ensure that risk management is embedded throughout the Council and makes a real contribution to the achievement of the Council's vision and objectives. All committee reports include a financial risk assessment. The strategic risk register includes an item relating to the Council's budget.
Capital Strategy	Sets out the Council's strategic approach to the management of its Capital Programme and provides a framework within which decisions can be made regarding capital investment and financing
Treasury Management Strategy	Sets out how the Council's investments and borrowings are to be organised, and includes treasury indicators
Minimum Revenue Provision Policy	Shows how residual capital expenditure is charged to revenue over time
Corporate Investment Strategy	Sets out the parameters on how investments are to be managed
Asset Management Plan	Takes into account the balance between capital expenditure on assets and revenue expenditure on repairs.
Procurement Strategy	Reflects the Council's initiatives to remove unnecessary complexity from processes and procedures and embeds best practice to maximise the benefits available from all commercial arrangements.
Economic Development Strategy	Sets out the need for more modern workspace for local firms, in order to accommodate the growth in higher-paid jobs required by the district. A vibrant economy with more homes and businesses should result in increased council tax and business rates that could be used to fund council services.
Equality & Diversity Policy	Explains that the Council will encourage and promote equality as an employer, in the provision of its services, and in carrying out its public functions. This can have an impact on the cost of services.
Corporate Consultation and Engagement Plan	Records all consultation and engagement planned through the financial year. Included are: corporate mechanisms for consultation e.g. community forums; customer satisfaction surveys; and changes to external facing policies, proposals which have a major impact on services, or changes that have an unfair impact on protected groups. This includes consultation on the draft budget.

5. Risk Management

There are significant risks associated with the Medium-Term Financial Strategy. The uncertainties associated with medium-term financial planning are set out in sections 2 and 3 of this strategy. The retention of adequate reserves and the preparation of a savings plan are key mitigating factors but, even so, this financial risk is assessed as High.

The table below identifies the key risks and mitigating actions:

Keys Risks	Mitigating actions and controls
• Lack of resources available to deliver the core Council activities or to replace capital assets. • Controls not performed or overlooked due to time and resource pressures. • Cash flows are not available to maintain standards and quality of service provision. • Increase in claims made to the Council. • Initiatives, development programmes etc. around capital enhancements, car park maintenance etc. may not be performed resulting in members of the public hurt or public property damaged. • Targeted savings or additional income not being achieved. • Loss of a key source of income e.g. government grants or business rates from a large supermarket or quarry. • Increases in pay and prices are higher than forecast. • Income from investments is affected by an unforeseen significant fall in interest rates.	• Monthly reporting of management accounts with monitoring of variations from budgets. • Monthly scrutiny of significant budget variances, overall staffing costs and major income items by the Corporate Leadership Team. • The MTFP and capital programme are regularly monitored and are updated and reported to Council or the Governance & Resources Committee. • Several services have been outsourced, with long-term agreements. The costs are structured within the outsourced contract, allowing the Council to forecast and plan budget costs / savings effectively (except for the inflationary adjustments). • The Council has insurance arrangements in place to protect itself against claims. • Budgets have been balanced for 2024/25 and are due to be approved on 29 February 2024; • This Medium-Term Financial Strategy sets out the approach to achieving the savings that will be required. • The savings target is set and achievement monitored by Corporate Leadership Team (though achievement of savings for 2026/27 and beyond is “on hold” at present). • The working balance and general reserve balance are considered to be sufficient at present to meet costs arising from emergencies and unforeseen events. • Reserves have been established for areas of volatility such as business rates income and waste contract price fluctuations.

6. Glossary of Terms

Budget

A statement of the Council's policies and spending plans for net revenue and capital expenditure over a specified period of time, usually one financial year from 1st April to 31st March.

Business Rates

These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services.

Budget Requirement (or External Funding Requirement)

The Council's revenue budget on general fund services after deducting funding streams such as fees and charges and any funding from reserves. This excludes income from council tax, business rates and non-specific government grants such as Revenue Support Grant, Rural Services Delivery Grant and New Homes Bonus.

Business Rates Baseline Funding Level

The amount of a local authority's start-up funding allocation which is provided through the local share of the estimated business rates aggregate (England) at the outset of the scheme as forecast by the Government. This is due to change from 2026/27 – See Business Rates Local Share.

Business Rates Local Share (Retention)

This is the percentage share of locally collected business rates that will be retained by local government, currently 50%. The local share of business rates is divided between authorities on the basis of proportionate shares set by the government. Currently the 50% local share is shared 40% for Derbyshire Dales District Council, 9% for Derbyshire County Council and 1% for Derbyshire Fire and Rescue Authority.

The Government has announced that the local share of business rates will increase to 75%, though this will be accompanied by additional responsibilities and a change in the business rates baseline funding level. The additional responsibilities, baseline funding level and the share between district and county councils have not yet been determined. It is currently expected that these changes will be introduced in the financial year 2026/27.

Business Rates Pool

As part of the rates retention scheme, authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. This not only allows them to pool their resources under the scheme (which they could do anyway), but ensures that they are treated as if they were a single entity for the purposes of calculating tariffs, top-ups, levies and safety net payments. Derbyshire Dales District Council has been part of the Derbyshire Business Rates Pool since 1st April 2015.

Capital Expenditure

Spending on assets that have a lasting value such as land, buildings, vehicles and equipment. It can also include grants to other bodies towards such assets.

Capital Programme

The Council's plan of future spending on capital projects such as buying land, buildings, vehicles and equipment.

Capital Receipts

The proceeds from the disposal of land or other fixed assets and repayment of certain grants and advances. Capital receipts can be used to finance new capital expenditure within rules set down by the Government, but they cannot be used to finance revenue expenditure, except in specific circumstances defined in regulations.

Capping

See Council Tax Referendum Principles

CIPFA

The Chartered Institute of Public Finance and Accountancy is one of the UK accountancy institutes. Uniquely, CIPFA specialise in the public sector. Consequently, CIPFA holds the responsibility for setting accounting standards for local government.

Collection Fund

A separate statutory account, maintained by the council, to show the transactions of a billing authority in relation to amounts collected from Council Tax and Non-Domestic Rates (NDR) and the payments to central government and major preceptors (the County Council, the Police and the Fire Authority).

Collection Fund Surplus or Deficit

If the Council collects more or less council tax than it expected at the start of the financial year, the surplus or deficit is shared between the billing authority (Derbyshire Dales District Council) and the major preceptors in proportion to the respective council tax precepts These surpluses or deficits have to be returned to the council taxpayer in the following year through lower or higher council taxes. If, for example, the number of properties or the allowance for discounts, exemptions or appeals vary from those used in the council tax base, a surplus or deficit will arise.

A separate Collection Fund is maintained for transactions relating to business rates. Any surplus or deficit arising from business rates is shared in proportion to the business rates local share (see above) and taken into account when setting the council tax for the following financial year.

Contingency

This is money set aside to meet the cost of unforeseen items of expenditure, such as higher than expected inflation or unforeseen events. At Derbyshire Dales District Council the contingency is held in the General Reserve.

Core Spending Power

A measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS). The definition, broadly speaking, is spending power from council tax, Government revenue grants and the local share of business rates

Council Tax

A local tax on domestic property, set by local authorities, calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government, in order to meet its planned spending.

Council Tax Base

This is the figure that is used by the Council in the calculation of the Council Tax. It is the number of band D equivalent properties within the District. This figure is produced by the council counting each property in each council tax band across the district; the number of properties in each band is then multiplied by a factor to convert it into a band D equivalent; these are then added up to produce the total number of band D equivalent properties for the district; an adjustment is then made to reflect Council Tax Support; finally a collection rate is applied and the result is the council tax base.

Council Tax Referendum Principles (Capping)

This is the power under which the Government may limit the maximum level of local authority spending or increases in the level of spending year on year, which it considers excessive. It is a tool used by the Government to restrain increases in council tax. For shire district councils their relevant basic amount of council tax in 2024/25 will require a referendum if it is both

a) 3%, or more than 3%, above its 2023-24 level; and

b) more than £5 above its 2023-24 level.

This means that a shire district council will need to exceed both the percentage and cash referendum thresholds in order to be subject to a referendum; exceeding one principle but not the other would not require a referendum. Councils losing a referendum would have to revert to a lower increase in their bills.

Council Tax Requirement

The Council Tax Requirement is the amount that the Council needs to collect from

Council Tax each year. It is the Budget (or External Funding) requirement less business rates income and non-specific grants.

The Council Tax Requirement is divided by the Council Tax Base to calculate the Band D Council Tax for the financial year.

CPI

The CPI (Consumer Price Index).is the main inflation rate used in the UK. Some of the Council's contracts with suppliers (such as that for waste collection) include an agreement that prices will be increased each year in line with CPI.

Financial Year

The Council's financial year commences on 1st April and finishes on 31st March the following year.

General Fund

This is the main revenue account of the Council which summarises the day to day spending of all services provided by the Council which are funded from the precept, government grants and other income.

General Fund Balances & General Reserve

This represents amounts put aside for, but not allocated to meet, any future spending commitments or unforeseen pressures.

The Council's General Fund Balances include a working balance of £1m (£1.4m from 31 March 2024, if approved by Council on 29 February 2024) to meet emergencies and contingencies, and to assist with cash flow. Any General Fund Balance over and above the working balance is termed the 'General Reserve'. The Council's General Reserve currently stands at £3m.

The Council's Medium Term Financial Strategy states that the General Reserve will be available for meeting 'one-off' expenditure or development items and should only be used to fund ongoing revenue expenditure in exceptional circumstances. The Council will aim to set balanced budgets that do not require the use of the general reserve.

Gross Expenditure

The total cost of providing the Council's services, before deducting income from Government grants, or fees and charges for services.

Government Grants

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Rural Services Delivery Grant.

Local Government Finance Settlement (LGFS)

The Local Government Finance Settlement is the annual determination of funding distribution to local authorities as made by the Government and debated by Parliament.

Medium Term Financial Plan (MTFP)

The Medium-Term Financial Plan (MTFP) identifies the estimated financial commitments of the Council alongside the likely level of resources available to it over the next five financial years. It provides a financial overview against which budgets will be set, highlighting any future savings requirements.

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

Net Revenue Expenditure

This is gross expenditure less income, but before deduction of government grant, business rates and council tax income.

New Homes Bonus

Under this scheme local authorities receive a new homes bonus (NHB) for each new property built in the district. There is also a payment in respect of empty homes brought back into use. Payments are based on match funding the council tax raised on each property with an additional amount for affordable homes. It is paid in the form of an un-ringfenced grant, which the government has announced will cease after 2024/25.

Non Domestic Rates (NDR)

Also known as 'business rates', see above,

Precept

The levying of an amount by one authority that requires another authority to collect income on its behalf.

The Council Tax Collection Fund meets the precepts from the major preceptors i.e. the County Council, Police Authority and Fire and Rescue Service) as well as making a payment to the Council's own General Fund.

"Local precepts" are raised by Town and Parish Councils. These are paid from the Council's General Fund and are part of Derbyshire Dales District Council's Council Tax Requirement.

Prudential Borrowing

A set of rules governing local authority borrowing for funding capital projects under a professional code of practice developed by CIPFA to ensure the Council's capital investment plans are affordable, prudent and sustainable.

Reserves
This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Expenditure

Expenditure to meet the day-to-day running costs incurred in providing services e.g. wages and salaries, purchase of materials and capital charges.

Revenue Support Grant

A general government grant paid to the Council as a contribution towards the cost of its services. When added to the Business Rates Baseline Funding Level (see above), it produces the Settlement Funding Assessment.

The introduction of **Negative Revenue Support Grant** has been deferred by the government for several financial years but has not been ruled out. As revenue support grant is phased out and replaced by greater business rates retention, some councils will have to pay income back to government as part of the business rates top up and tariff system. This "payback" is known as Negative Revenue Support Grant. It is likely to be revisited as part of the government's review of the business rates baselines and the Fair Funding Review.

Specific Grants

These grants are for specified purposes and cannot be used on anything else. An example of a specific grant is that for housing benefits administration. Specific grants are usually accounted for in the services to which they relate.

Strategic (Earmarked) Reserves

These balances are not a general resource but earmarked for specific purposes.

Treasury Management

The process of managing the Council's cash flows, borrowing and investments. Details are set out in the Treasury Management Strategy which is approved by Council in March each year.

Virement

This is the transfer of budget provision from one budget head to another. A virement must be properly authorised by the Council or, if under £10,000, by the Head of Resources under delegated powers.

Working balance
The purpose of the working balance is to meet emergencies and contingencies, and to assist with cash flow. The Council's Medium-Term Financial Strategy states that the Council will maintain a working balance of approximately 10% of its net revenue expenditure, which is considered appropriate to the strategic and operational risks which the authority faces.

Appendix A – Medium-Term Financial Plan (February 2024)

	Approved Budget 2023/24	Revised Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Base Service Funding Requirement (NCS)	**13,570**	**14,563**	**13,915**	**13,915**	**14,378**	**14,588**	**14,950**
Adjustment for Service Costs Funded from Reserves				**0**	**0**	**0**	**0**
Inflation							
Pay Awards				224	229	235	235
Contracts				49	50	52	52
Fees and Charges				(101)	(104)	(107)	(107)
General Inflation				0	0	0	0
Waste Management Contract				152	156	161	161
Gas				1	1	1	1
Electricity				14	14	15	15
Water				1	1	1	1
Fuel				4	4	4	4
Pressures/Savings - Recurring							
Potential increase in pension contributions following revaluation				0	150	0	0
Home Options Co-ordinator				(24)	(23)	0	0
Climate Change				0	(88)	0	(198)
Restructure of Regen & Policy				61	0	0	0
Travellers Temporary Post				0	(33)	0	0
Clean and Green & Licensing Apprentices				(23)	0	0	0
Housing Apprentices				(17)	(16)	0	0
Environmental Health Graduate				(24)	0	0	0
Additional Housing pressures - funded by use of revenue grants unapplied reserve				(73)	0	0	0
Housing Rents increased income				(34)	0	0	0
Discretionary Council Tax Discounts and Affordable Housing financed by 2nd Homes Premium				200	0	0	0
Ashbourne Reborn Communications post				(11)	(33)	0	0
Freedom leisure additional costs				(2)	(32)	0	0
Additional pressures on the Local Plan budget over and above reserves held				66	(66)	0	0
Updated Base Service Funding Requirement (NCS) for Next Year	**13,570**	**14,563**	**13,915**	**14,378**	**14,588**	**14,950**	**15,114**
Non Service Items (debt repayment etc…)	**97**	**(866)**	**(166)**	**234**	**234**	**234**	**234**
Net Revenue Expenditure	**13,667**	**13,697**	**13,749**	**14,612**	**14,822**	**15,184**	**15,348**
Transfers to/(from) reserves relating to Collection Fund Accounting	0	270	(451)	0	0	0	0
Transfers to/(from) reserves for current year	(1,562)	(2,389)	(375)	(128)	(10)	(10)	(10)
Contributions to reserves for future years costs							
Local plan reserve	30	30	30	30	30	30	0
Economic Development Reserve	0	0	30	30	30	30	0
Vehicle renewal fund	50	50	300	300	300	300	0
Major Repairs Reserve	17 17	17	27	33	33	33	0
Total Net Spending Requirements	**12,202**	**11,675**	**13,310**	**14,877**	**15,205**	**15,567**	**15,338**
Funded By:							
Revenue Support Grant	(65)	(65)	(69)	(86)	848	863	879
Business Rates Baseline Funding	(1,738)	(1,738)	(1,787)	(1,803)	(1,818)	(1,833)	(1,849)
Settlement Funding Assessment	**(1,803)**	**(1,803)**	**(1,856)**	**(1,889)**	**(970)**	**(970)**	**(970)**
Compensation for under-indexing the business rates multiplier	(567)	(567)	(793)	(910)	0	0	0

Retained Business Rates Income less Baseline Funding (including S31)	(1,585)	(1,854)	(1,898)	(2,031)	(2,967)	(2,163)	(1,412)
Business rates from renewable energy schemes	(264)	(264)	(311)	(264)	(264)	(264)	(264)
NNDR Pool	177	177	542	517	221	305	393
Forecast NNDR Collection Fund (surplus)/Deficit	202	202	(284)	0	0	0	0
Council Tax Collection Fund (surplus) / deficit	100	100	181	0	0	0	0
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
Services Grant	(68)	(68)	(12)	(17)	0	0	0
Funding Guarantee	(627)	(627)	(915)	(830)	0	0	0
2nd Homes Council Tax Increase	0	0	0	(200)	(200)	(200)	(200)
Financing from Council Tax	(7,055)	(7,055)	(7,303)	(7,569)	(7,845)	(8,130)	(8,425)
Total Income	**(12,202)**	**(12,471)**	**(13,310)**	**(13,738)**	**(12,570)**	**(11,967)**	**(11,423)**
Corporate Saving Target	**0**	**(796)**	**(0)**	**1,139**	**2,635**	**3,600**	**3,915**

MTFP notes and assumptions

1. Negative RSG from 2026/27 onwards.

2. Assumed NNDR receipts as per current pool arrangement. Changes to future distribution not confirmed.

3. Assumed Business Rates reset in 2026/27.

4. Effect of NNDR Collection Fund balance is offset by transfers from earmarked reserves.

5. Rural Services Delivery Grant not confirmed beyond 2024/25, but it has been assumed that this level of funding will continue.

6. Assumed New Homes Bonus discontinued after 2024/25.

7. Funding Guarantee Grant and Services Grant assumed to continue for 2025/26 only.

8. Assumes additional income for second homes premium from 2025/26 onwards.

9. Council tax income assumes: a. Additional 195 band D properties in each year from 2025/26 onwards, plus b. 2.99% annual increase in band D council tax.

Appendix B - Summary of Reserves, Revenue Balances and Provisions (including proposed transfers to / from reserves and balances, to be approved 29 February 2024)

Revenue Funding	Balance at 31st March 2023 £	Contribution in 2023/24 £	Budgeted transfers (to)/from in 2023/24 Revenue £	Requested transfers (to)/from reserves	Use in 2023/24 Capital £	Proposed Transfer of 2023/24 Underspend to Reserves*	Forecast Balance at 31st March 2024 £	Budgeted Contribution in 2024/25 £	Proposed transfers (to)/from in 2024/25 Revenue £	Estimated (Use)/contribution in 2024/25 Capital £	Estimated Balance at 31st March 2025 £
Revenue Balances											
General Fund Working Balance	(1,000,014)	0	0	0	0	(400,000)	(1,400,014)	0	0	0	(1,400,014)
General Reserve	(3,777,386)	0	0	255,326	0	400,000	(3,122,060)	0	0	0	(3,122,060)
	(4,777,401)	**0**	**0**	**255,326**	**0**	**0**	**(4,522,075)**	**0**	**0**	**0**	**(4,522,075)**
Capital Balances											
Capital Receipts	(1,977,814)	(400,000)	0	0	574,450		(1,803,364)	(110,000)	0	1,337,793	(575,571)
Capital Grants Unapplied	(1,900,813)	(5,574,601)	0	0	4,795,381		(2,680,033)	(14,010,703)	0	17,513,246	822,510
	(3,878,628)	**(5,974,601)**	**0**	**0**	**5,369,831**		**(4,483,398)**	**(14,120,703)**	**0**	**18,851,039**	**246,938**
Earmarked Reserves											
Business Rates Fluctuations Reserve	(1,675,496)	0	0	(270,000)	0		(1,945,496)	0	450,724	0	(1,494,772)
Capital Programme reserve	(956,984)	0	0	0	632,739		(324,245)	0	0	111,354	(212,891)
Carsington Improvements	(33,452)	0	0	0	0		(33,452)	0	0	0	(33,452)
Committed Expenditure Reserve	(538,005)	0	104,049	181,917	0		(252,039)	0	39,902	0	(212,136)
Corporate Plan Priority Reserve	(201,471)	0	0	(508,406)	0	(225,579)	(935,456)	0	0	51,896	(883,560)
Customer Innovation Project	(76,166)	0	76,166	0	0		(0)	0	0	0	(0)
Economic Development Reserve	(140,769)	0	54,931	0	9,896		(75,942)	0	0	38,104	(37,838)
Elections Reserve	(188,056)	0	167,757	0	0	(70,453)	(90,753)	0	(30,000)	0	(120,753)
Funding Uncertainties Reserve	(508,406)	0	0	508,406	0		0	0	0	0	0
Information Technology Reserve	(282,166)	0	0	9,530	155,737		(116,899)	0	10,000	30,000	(76,899)
Insurances Reserve	(464,473)	0	0	0	0		(464,473)	0	0	0	(464,473)
Investment Fund / Invest to Save Reserve	(562,510)	0	0	0	0		(562,510)	0	0	0	(562,510)
Recruitment and Retention Reserve	(150,000)	0	0	0	0		(150,000)	0	0	0	(150,000)
Local Plan Reserve	(113,879)	0	50,000	55,443	0		(8,435)	0	(30,000)	0	(38,435)
Member / Officer Indemnity	(25,000)	0	0	0	0		(25,000)	0	0	0	(25,000)
Major Repairs Reserve	(12,660)	0	(16,955)	0	0		(29,615)	0	(27,000)	0	(56,615)
Revenue Grants Unapplied	(9,305,465)	(397,473)	1,077,590	325,542	4,056,828		(4,242,978)	0	326,002	2,477,376	(1,439,600)
Vehicle Renewals reserve	(549,302)	0	(50,000)	0	495,133		(104,169)	0	(300,000)	386,000	(18,169)
Waste Vehicles Reserve	0	0	0	0	0	(500,000)	(500,000)	0	0	0	(500,000)
Waste Fluctuations Reserve	(912,116)	0	0	0	0		(912,116)	0	0	0	(912,116)
Ashbourne Reborn Reserve	(175,000)	0	0	0	0		(175,000)	0	0	0	(175,000)
	(16,871,376)	**(397,473)**	**1,463,538**	**302,432**	**5,350,333**	**(796,032)**	**(10,948,578)**	**0**	**439,628**	**3,094,730**	**(7,414,220)**
TOTAL	**(25,527,405)**	**(6,372,074)**	**1,463,538**	**557,758**	**10,720,164**	**(796,032)**	**(19,954,051)**	**(14,120,703)**	**439,628**	**21,945,769**	**(11,689,357)**

Appendix C - Annual Review of Strategic Reserves (February 2024)

Reserve	Purpose	Forecast Balance 31/03/25	
Business Rates Fluctuations Reserve	To provide funding towards potential future losses on Non-Domestic Rates	(1,494,772)	Balance considered to be appropriate at the current time.
Capital Programme reserve	To provide funding for capital expenditure	(212,891)	Required for the five-year capital programme and 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.	(33,452)	This balance is considered sufficient to deliver the project.
Committed Expenditure Reserve	Amounts set aside in respect of expenditure which has been committed, but service not received, at the end of the financial year.	(212,136)	Most of the balance is committed to fund future costs.
Corporate Plan Priorities Reserve	To provide a source of funding for Priority Projects emerging from the new Corporate Plan.	(883,560)	Balance considered to be appropriate at the current time.
Economic Development Reserve	To provide funding for economic development initiatives.	(37,838)	Fully committed to deliver economic development plan.
Elections Reserve	Annual revenue contributions to smooth the cost of four-yearly District Council elections.	(120,753)	Aim is to replenish the reserve to ensure sufficient funding for the next elections.
Information Technology Reserve	To provide funding for renewal of the Council's information technology equipment, including telephony & central printing equipment.	(76,899)	This balance is considered sufficient to deliver the needs identified in the ICT strategy.
Insurances Reserve	To provide funding for uninsured losses.	(464,473)	A balance of approximately £450,000 is considered appropriate.
Invest to Save Reserve	To provide funding towards projects that will provide additional capacity and skills to support the change agenda and to kick start investments, subject to suitable business cases.	(562,510)	Earmarked to fund Capital Programme in 2025/26.
Recruitment and Retention Reserve	To provide funding for the additional cost of recruitment and retention.	(150,000)	Balance considered to be adequate.
Local Plan Reserve	Annual revenue contributions to smooth the cost of four-yearly review of the local plan.	(38,435)	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.	(25,000)	Adequate for current needs.
Major Repairs Reserve	To provide funding for major repairs and improvements to housing property owned and let by the Council.	(56,615)	The aim is to build up a reserve to provide adequate funding for future repairs.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years. Most grants can only be spent on ring-fenced areas depending on the restrictions included in the grant funding agreements.	(1,439,600)	Most of the balance is committed to fund future costs.
S106 Reserve	The balance of S106 contributions received but not yet spent, set aside to finance expenditure in future years as permitted within legal agreements.	(312,724)	Most of the balance is committed to fund the capital programme. The Capital strategy states that the Council will seek grants and contributions when the opportunity arises.
Vehicle Renewals reserve	To provide for the replacement of vehicles.	(18,169)	Balance is fully committed. Annual revenue contributions will ensure that the balance is adequate.
Waste Fluctuations Reserve	To provide funding to offset the impact of additional expenditure or lost income associated with waste and recycling services	(912,116)	Balance considered to be adequate.
Waste Vehicles Reserve	To provide for the replacement of waste vehicles.	(500,000)	The current waste vehicle fleet cost £3.6m to acquire. It is recommended that annual contributions are made from revenue, if affordable, to ensure a sufficient balance for replacement in 2028/29, to avoid the additional costs of borrowing or leasing. Top up is possible if there is a revenue account underspend.
Ashbourne Reborn Reserve	To provide funding to the Ashbourne Reborn regeneration project.	(175,000)	This balance is considered sufficient to deliver the project.
Total		**(7,414,220)**	

Agenda Item 8

OPEN REPORT
COUNCIL

Council 29th February 2024

SECOND HOMES COUNCIL TAX PREMIUM

Report of Report of the Director of Resources and Director of Housing

Report Author and Contact Details

Robert Cogings, Director of Housing,
01629 761354 or robert.cogings@derbyshiredales.gov.uk

Karen Henriksen, Director of Resources
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Niki Emery, Housing Needs and Research Officer
01629 761186 niki.emery@derbyshiredales.gov.uk

Wards Affected
District wide

Report Summary

This report seeks approval from the Council to adopt the 100% premium for council tax relating to second homes with effect from 1st April 2025.

Recommendations

1. That the Council determines to adopt the 100% premium for council tax relating to second homes with effect from 1st April 2025.

2. That the Director of Resources is granted delegated powers to introduce exemptions/exceptions from council tax premiums in line with legislation or government requirements.

3. That, subject to the outcome of the government consultation on exemptions, exceptions and discounts, further work takes place during 2024/25 to consider whether amendments are required to the Council's policy on Council Tax Discretionary Discounts in respect of council tax premiums and that a report will be presented to a future Council meeting if changes to the Council's policy are necessary.

4. That, subject to the adoption of the second homes premium policy position, negotiations take place with Derbyshire County Council concerning the use of

the additional income generated for Derbyshire County Council and that Members will be informed of the outcome.

List of Appendices

Appendix 1 - Sections 11, and 11A of the Local Government Finance Act 1992
Section 11C of the Local Government Finance Act 1992 (inserted by the Levelling Up and Regeneration Act 2023)
Levelling-up and Regeneration Act 2023 Part 2 Section 80

Appendix 2 - Qualitative data - themes and quotes.
Appendix 3 - Equality Impact Assessment

Background Papers
Government consultation on proposals to exempt categories from council tax premiums in England Proposals to exempt categories of dwellings from the council tax premiums - GOV.UK (www.gov.uk)

Consideration of report by Council or other committee
N/A

Council Approval Required
Yes

Exempt from Press or Public
No

Second Homes Council Tax Premium

1. Background

1.1 The Levelling Up and Regeneration Bill received Royal Assent on 26 October 2023. The new Levelling Up and Regeneration Act provides powers for councils to double the Council Tax payable on second homes. Nationally, rural councils and lobby groups have been campaigning for this power for many years, reflecting the impact of second homes in national parks, other rural areas and coastal authorities. Details of the legislation are provided in Appendix 1 to this report.

1.2 Councils are required to give 12 months' notice of the change before the second homes council tax premium is due to apply. This means that if the Council intends to implement a premium from 2025/26 the decision needs to be made before the 31 March 2024 to allow the premium to take effect from the 1 April 2025.

1.3 The District Council has previously consulted the community and owners of second homes on the proposal and the results were reported to Council on 16 March 2023. At that meeting the Council decided, subject to the Levelling Up and Regeneration Bill becoming an Act of Parliament, to adopt the 100% premium for council tax relating to second homes with effect from 1 April 2024. Because the Bill was not enacted until 26 October 2023, the Council was unable to adopt the premium as from 1 April 2024, the earliest the premium can take effect from is the 1st April 2025. The results of the previous consultation are attached at Appendix 2.

1.4 The impact of second homes on rural communities has been well documented over many years. Campaign groups, the national press and local communities themselves have called on government to take action to limit the growing number of second homes. The South West of England, national parks and many coastal authorities have seen significant numbers of family homes bought up by people wanting an alternative home away from their usual place of residence. Parts of Cornwall, the Lake District and Wales have seen hotspots of second homes exceeding 50% of the total number of homes in some villages. This means the availability of lower cost homes is severely restricted. House prices become inflated and cash buyers consistently gazump local people trying to get on the housing ladder.

1.5 Councils typically have limited powers to intervene in the existing housing market. Alongside the Local Plan, the most common areas/issues tend to be focussed on clearance areas, Houses in Multiple Occupation, licensing of private rented homes and empty properties. Economic policy and taxation within the housing sector has evolved in recent years to become a new measure designed to encourage a change in behaviour. Increasing Council Tax liability is already in place for long term empty homes, with up to 3 times the normal rate now chargeable for homes empty for more than 10 years. The proposal to double Council Tax for second homes reverses a previous policy which originally gave a 50% discount up to the early

2000s though this discount was eventually reduced and removed altogether.

1.6 Approximately 8.4% of homes within the Dales are not being used for the purpose of providing a primary residential dwelling. Long-term empty homes (i.e., empty for more than 2 years), holiday lets, and second homes account for 2,950 properties out of 35,000 properties (as of 15/01/24). Second homes within the Dales are concentrated within a spine of wards running from Wirksworth and Bakewell through to Hathersage and Eyam. However, all wards have some second homes.

1.7 The government undertook a national consultation in the summer of 2023 seeking views on possible categories of dwelling which should be exempt/excepted from the long-term empty homes premium and the second homes council tax premium. Details of the closed consultation are available here: [Proposals to exempt categories of dwellings from the council tax premiums - GOV.UK (www.gov.uk)]

1.8 For this report we are only considering the consultation relating to the second homes premium. The categories of properties that were considered as exemptions/exceptions from the second home council tax premium within the consultation are as follows;

- Properties undergoing probate
- Properties being actively marketed for sale or let
- Annexes forming part of, or being treated as part of, the main dwelling
- Job related dwellings
- Occupied caravan pitches and boat moorings
- Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence.

The consultation also considered empty properties undergoing major repairs and whether this exception should only be applied to the empty homes' premium.

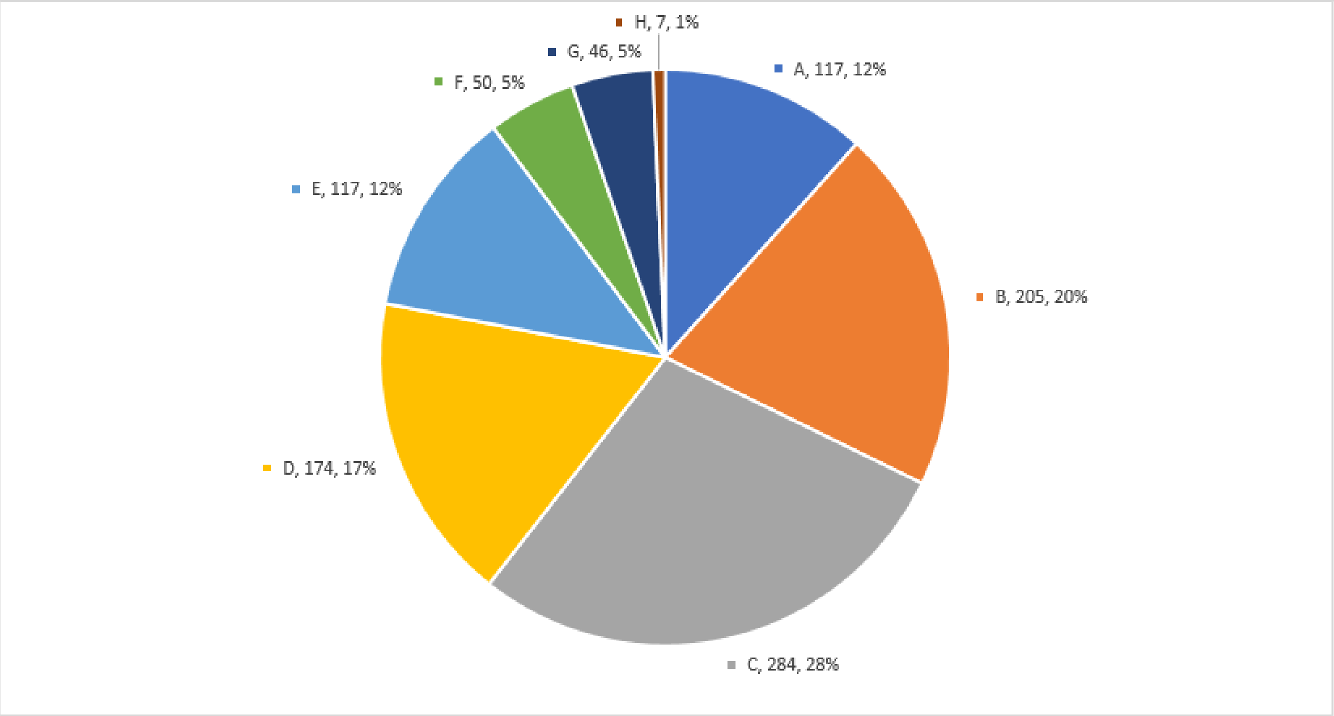
At the time of writing this report, the government has yet to announce the outcome of this consultation.

2. Key Issues

2.1 The key issue for the Council concerns the use of the second homes premium in an effort to curb the growth in second homes and potentially reduce the total number over the longer term. The government's intention behind the policy is a response to the chronic shortage of lower cost market homes in housing markets distorted by people from outside an area buying an additional property. People in housing need typically report the number of second homes in their locality as one reason why they can't afford to buy a home of their own. During a debate in the House of Commons, the then Housing Minister provided a succinct summary of the issue, "I recognise that more must be done, but we must ensure that we get the right balance on the economic benefits of *second homes*, the social challenges that they can sometimes provide, the rights of homeowners to use their properties as they choose, and the needs of home seekers wishing to live in or near the area where their friends, families or workplaces are located".

2.2 On the 30th January 2023 there were 984 second homes on the council tax register. On the 15th January 2024 this had risen slightly to exactly 1,000 second homes. There were also 1,464 empty homes (of which 577 were long term empty i.e. empty for more than 2 years) and 1,373 holiday lets. Analysis of the Council Tax register (see pie chart below) indicates that the majority of second homes fall within the lower bands i.e. the lower cost and smaller homes within the district.

Chart 1: Second homes analysed by council tax band



2.3 The next key issue concerns the impact on the tourist industry within the Dales. The consultation section below highlights the concerns that some respondents to the survey expressed about the impact of the proposed premium saying that it would essentially put people off from staying in a second home. Some people feel that by reducing the number of second homes in the district through this policy, there will be less money spent in the economy. However other respondents pointed out that the local people who might otherwise live in the property would in fact spend more and over a consistent time period. Members will need to consider the balance between these two considerations when considering the option to adopt the premium.

2.4 The second homes policy is something that rural councils and pressure groups have been calling for over many years. If the Council decided not to adopt the policy, then it is likely that the Dales would be an outlier amongst rural authorities. The Council has prioritised the provision of affordable housing since stock transfer in 2002. Given the second homes policy is presented by government as a key tool to impact on housing need, failure to adopt it would be at odds with the Council's long-term ambition to provide affordable homes. There is a reputational risk from not adopting the policy.

2.5 The final key issue concerns the additional income that would be generated from the policy if the Council decided to implement the second homes premium. Figures provided in January 2024 indicated the current second homes council tax generates around £2m per year, based on the current number of second homes (1,000) and the council tax charged in 2023/24. Under council tax regulations the proportion that is retained by the District Council is around £280,000 per annum. It is likely (indeed intended) that the introduction of the second homes premium will mean that not all of these properties will remain as second homes. For the purposes of the Medium-Term Financial Plan, it has been estimated that Derbyshire Dales District Council's share of income from the second homes premium would be around £200,000 a year from 2025/26 onwards if the premium is adopted.

2.6 The Police, Fire Authority and County Council would also benefit. The biggest gain would be for Derbyshire County Council where its share of income from second homes council tax is currently around £1.4m per annum.

2.7 If adopted, the second homes premium would provide a windfall income to major preceptors (Derbyshire County Council, the Police and the Fire Authority). Whilst the financial pressures of local authorities are well understood, the second homes premium could be something of a windfall for Derbyshire County Council in particular. As such, Members may wish to consider whether officers should seek an agreement with Derbyshire County Council that would see a proportion of the premium being returned to the District Council for the purposes of financing additional affordable homes and discretionary council tax discounts to offset the premiums on second homes and empty homes in certain circumstances. A meaningful and continuous funding stream to support affordable housing would be a game changer, particularly in the National Park area of the Dales where design costs for new affordable homes are becoming increasingly prohibitive.

2.8 Housing provision plays an important role in supporting County Council priorities;

- creating jobs and economic growth through construction,
- providing age appropriate housing for families, older people and people with disabilities,
- helping to accommodate key public sector workers such as teachers and care workers
- support rural schools struggling with reducing pupil numbers

- providing warm, energy efficient housing, taking people out of fuel poverty
- helping communities to be more resilient by sustaining family support and care in rural areas.

2.9 Allowing for a 20% fall in second homes because of introducing the premium, a 50% funding split with Derbyshire County Council would see approximately £560,000 per year of new capital funding. This level of funding would give certainty to the Council's partners in the delivery of affordable housing and support the purchase of existing homes and/or match fund new development with housing associations and Homes England grant. It could also support the Council's own affordable housing programme, generating further revenue for the District Council. A proportion could also be used to offset the cost of granting discretionary discounts, as the full cost of these will fall on the District Council.

3. Options Considered and Recommended Proposal

3.1 The decision for the Council is whether or not to adopt the second homes premium.

3.2 Given the housing pressures across the Dales, particularly in villages with higher numbers of second homes, officers consider that adopting the premium would have a positive long-term impact on the housing market. Although this would not be popular with second homeowners, the majority of whom live outside the district, it would give a signal of intent to local people squeezed out of the housing market.

3.3 One option Members may wish to explore is a staged approach to the premium, introducing a 50% premium from 1st April 2025 and increasing the premium to 100% from 1st April 2026. This would mimic the staircasing approach used with the empty homes premium, with 100%, 200% and 300% premiums introduced over 3 years.

3.4 At the time of writing this report, the government has yet to publish the results of consultation concerning the second homes premium undertaken in the summer of 2023. The results of the government consultation and the response by DLUHC may direct councils to adopt certain discounts or exemptions/exceptions. Subject to the outcome of the government consultation on statutory exemptions/exceptions, a further report may be presented to Council in 2024/25 (i.e. before the second homes premium would take effect) to consider whether amendments to the Council's discretionary discounts council tax policy are required in respect of the 100% second homes premium.

4. Consultation

4.1 The Council posted a survey monkey questionnaire on the Council's website on the 10th February 2023. The survey included various multiple-choice questions to ascertain individuals' views and other free-text questions that allowed for more in-depth responses. Please see Appendix 2 for identified key themes and supporting quotes in relation to the free-text questions.

4.2 Press releases and coverage on the Council's social media channels also took place. The owners of second homes also received a letter advising them of the consultation and asking them to complete the questionnaire and also featured in Dales Matters.

4.3 S80 of the Levelling up and Regeneration Act (Section 11C (3) of the Local Government Finance Act 1992) requires the billing authority (in this case Derbyshire Dales DC) to make a determination to adopt the premium, at least one year before the beginning of the financial year to which it relates. Therefore, the Council is required to give 1 year's notice of impending changes to Council Tax.

4.4 The consultation generated 1,297 responses. 1,008 of the respondents (78%) stated their main home was in Derbyshire Dales and 311 respondents (24%) stated they owned a second home in Derbyshire Dales.

4.5 Individuals were asked about the effect they believe second homes have on local communities in Derbyshire Dales. 339 respondents (26%) stated they believe second homes have a positive impact and 833 respondents (64%) stated they believe second homes have a negative impact. The remaining 125 respondents (10%) stated they felt they had no impact on the local community or did not have an opinion on this matter. The survey form provided the opportunity for respondents to make comments about the reasons why they believe second homes have a positive or negative impact.

Reasons relating to a positive impact could be categorized into the following themes:

- Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.
- Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would otherwise be uninhabitable.
- Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.

Reasons relating to a negative impact on the local community could be categorized into the following themes:

- Second homes can become empty properties for long periods of time and are a wasted resource.
- Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.
- Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.

4.6 The majority of respondents felt that it was appropriate to double the rate of council tax on second homes:-

- 63% felt that it was appropriate.
- 36% felt that it was not appropriate.
- 1% did not have an opinion on this matter.

4.7 Respondents were asked about the impact they feel increasing council tax on second homes would have on the local community moving forward. 61% of respondents (788) stated they felt the Council Tax Premium would have a positive impact on the community. Individuals' comments in relation to this could be categorized into the following themes:

- More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.
- The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.
- More revenue available for the council to spend on services and producing affordable homes.

26% of respondents (338) stated they felt increasing council tax on second homes would have a negative impact on the local community. Individuals' comments in relation to this could be categorized into the following themes:

- If the premium is introduced, second homes will most likely be converted into holiday lets.
- Second homes may be left abandoned/derelict as they are unaffordable for local people.
- Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.

13% of respondents (171) stated they felt increasing council tax would have no impact on the local community or did not have an opinion on this matter.

4.8 The majority of respondents (61%) stated they felt the Council Tax Premium would increase the number of homes that are available for local people to buy. However, there were mixed responses about whether or not individuals felt that this would lower the cost of house prices in Derbyshire Dales. 40% stated they felt it would lower house prices as opposed to 48% that felt it would not. 12% did not have an opinion on this matter.

4.9 Owners of second homes were asked if the introduction of the Council Tax Premium would cause them to consider selling their home. 42% stated it would make them consider selling and 58% stating it would not.

4.10 37% of respondents (477) expressed a view that the Council Tax Premium would have a positive impact on the local economy, 30% of respondents (389) stated it would have a negative impact and 33% (431) either had no opinion on the matter or thought it would have no impact.

Of the positive impact the Council Tax Premium may have, respondents noted that should more homes be available for local people due to the effects of the premium, more permanent residents in Derbyshire Dales would contribute to local businesses (e.g. shops, cafes, restaurants, local builders and local events). It was argued that an increased and more stable population would spend more money on local businesses all year round than temporary second home visitors.

In terms of a negative impact on the local economy, the main response was interestingly similar. Respondents stated that second home owners contribute vastly to local businesses and shops, more so than permanent residents. The effect of the premium would mean that second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses. This could lead to loss of employment opportunities for local people.

4.11 Respondents stated that if the Council Tax Premium on second homes was to be introduced, they would like the council to spend the additional council tax income on the following:-

- The council's existing services (37%).
- Providing more affordable housing in villages affected by second homes (40%).
- Other services (23%). Respondents stated these other services specifically were: a mixture of existing services along with affordable housing, repairing local roads, improved public transport, car parks, emergency services and increased upkeep of villages.

4.12 Respondents were then provided with an opportunity to make any further comments about the potential Council Tax Premium on second homes. Main themes taken from these comments can be seen in the table below.

Key themes	Further explanation	Officer response
Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.	Properties following a death in the family.	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Properties being actively marketed for sale or let.	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Annexes being treated as part of the main dwelling	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.

Key themes	Further explanation	Officer response
	Job-related dwellings	In the government consultation this was considered as a proposed exception and DDDC is in support of this. If the government does not introduce a statutory exception/exemption, a discretionary discount could be considered.
	Listed second homes	The argument proposed for this is that listed second homes are an important part of heritage and economy and can attract tourists, however they can still be sold and therefore will not be given an exemption, exception or discount
	To provide and receive care to/from family members.	Families/friends giving part time care for others or receiving care in second homes is difficult to monitor, to administer and decisions regarding what level and type of care constitutes an exemption, exception or discount becomes complicated. The exemption exception or discount may also cost more to administer.
	Houses bought for retirement purposes	These properties could be rented out whilst the household is waiting to retire. If the properties were occupied by tenants then the second homes premium would not apply.
	Renovating their second home in order for it to eventually become their primary home	The second homes premium will only apply if the property that is being renovated is furnished. If the second home is not undergoing major renovation, then there is an argument to say that the family could live in it or rent it out. If the property is unfurnished, it will be subject to an "empty" council tax charge. If empty and unfurnished for more than two years, an empty homes premium would potentially apply. If the property is unoccupied and substantially unfurnished and either it requires (or is undergoing) major repairs work to render it habitable, or undergoing structural alterations, then a 100% discount will be allowed for the first 12 months it is in that state.
	To provide childcare	It is unlikely that a second home is necessary to provide childcare as childcare could be provided in the main home of the children or main home of the carer.
	Residents who are 'hosting' Ukrainian refugees in their second homes.	The occupier of the property should be the named person on the council tax bill. If this is a Ukrainian refugee living in host accommodation, this would not be classed as a second home. If the Ukrainian family has a low income, they may be eligible for council tax support that would significantly reduce the council tax they have to pay.
The amount of the Council Tax	Some respondents state this should be	The purpose of the second homes premium is to release second homes

Key themes	Further explanation	Officer response
Premium should be lower.	20% to 50% and should be dependent on council tax banding and contribution to the area.	and get them back on the market, anything less than 100% wouldn't achieve that.
The amount of the Council Tax Premium should be higher.	Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.	It is not possible in law to charge more than 100%.
Further suggestions as to how the council should manage the Council Tax Premium on second homes.	A premium should only be introduced on new purchases of second homes, not on already existing owners.	This would be too difficult for the council to administer.
	There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%.	Regulations do not allow this.
	A 100% increase is too abrupt. Phase the premium in over a period of time.	When the premium is introduced, second homeowners will have received 2 years notice from DDDC as we expected the premium to be introduced in April 2024.
	Introduce a graded increase dependant on the size of the property, time spent in the home, time lived in the area and council tax band.	The council tax bandings are based on the value of property, which partly reflects size, so the amount paid in council tax per property already partly covers this. Time spent in the home is, again, too difficult for the council to administer and would take up staff resources.
Forcing second homeowners to sell due to the Council Tax Premium does not mean there will be more affordable houses for local people.	House prices will be too expensive for local people.	60% of second homes in Derbyshire Dales are council tax bands A, B and C. Therefore, it is likely that if a number of these properties were made available for sale or rent, there would be more affordable properties available in the district.
Second homes are a future investment for	These could either be for children when	In the meantime, while children are growing up, the home could be rented out and therefore would not be classed

Key themes	Further explanation	Officer response
the children of second home owners.	they grow up to eventually live in or to allow children to save for their own house.	as a second home and not charged the premium.
For second homeowners that live in their main home for 50% of the time and second home 50% of the time, they will choose to swap their ‘main home’ and ‘second home’ over so that they are not charged the Premium.	This is one way to avoid paying the Council Tax Premium.	You can only have 1 main residence. If you decide to try to ‘swap’ this over, the premium will be charged on the other property. We would also request proof of residency and investigate whether this is correct or not. The main residence is usually the family unit and where the resident has intention to return.
Some second homes are too small for anyone to live in as a primary home.	Respondents state than ‘annexes’ that are classed as second homes at times are impossible to sell or are too small to be a family’s primary home.	This is a potential exception/ exemption proposed by the Government for annexes.
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.	We do not specifically have these services available at the Council. However, we do have an Empty Homes Officer that can advise on these types of issues – peter.scoffings@derbyshiredales.gov.uk
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.	The Government has tightened the regulations on holiday lets - HS253 Furnished holiday lettings (2021) - GOV.UK (www.gov.uk) The Government is also considering a holiday registration scheme to provide further regulations for holiday lets.
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A ‘one size fits all’ approach will not work.	Exemptions/exceptions, and possibly discretionary discounts, will be made to ensure a blanket approach is not adopted.

Key themes	Further explanation	Officer response
Second homeowners use fewer council facilities and therefore should not be charged more.	They are temporary residents and therefore use less council services.	This is mostly true. However, the council's perspective is that having a second home reduces the number of properties available for households wishing to buy their primary home. The premium is to act as a deterrent to reduce the number of second homes, or at the least, stop them growing.
Not all second homeowners are rich and have luxury homes.	People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.	This is mostly true. However, second homes deprive local families of having a home and, as stated above, the purpose of a premium is to act as a deterrent from owning second homes.

5. Timetable for Implementation

5.1 If Members decide to adopt the second homes council tax premium, it is proposed that it would become effective from the 1st April 2025.

5.2 Consideration of discretionary discounts will take place in 2024/25 after the outcome of the government's consultation on statutory exemptions/exceptions has been considered by officers i.e. before the second homes premium comes into effect.

6. Policy Implications

6.1 The consultation process has highlighted the fact that people buy second homes for a variety of reasons which can include the need to provide or receive care or other factors that the Council may wish to have regard to. Adopting a blanket policy can adversely affect people. Officers consider that further work should be undertaken to understand these issues, with consideration being given to a discretionary discount if there is no statutory exemption/exception in such circumstances. This work will take place during 2024/25 i.e. before the premium comes into effect.

7. Financial and Resource Implications

7.1 Should members approve the introduction of a second homes council tax premium, it will result in additional council tax income for this authority and for the major preceptors. The current second homes council tax generates additional income of around £2m per year, based on current second homes and the council tax charged in 2023/24. Under council tax regulations the proportion that is retained by the District Council is estimated at £280,000 per annum. It is likely (indeed intended) that the introduction of the second homes premium will mean that not all of these properties will remain as second homes. For the purposes of the Medium-Term Financial Plan, it has been estimated that Derbyshire Dales District Council's share of income from the second homes premium would be around £200,000 a year from

2025/26 onwards if the premium is adopted. This could be used towards achieving the savings target in the Medium-Term Financial Plan, as reported in other reports to be considered at this Council meeting.

7.2 The Police, Fire and County Council would also benefit. The biggest gain would be Derbyshire County Council where income from the current second homes council tax is around £1.4m per annum, based on current numbers and council tax. It is worth noting that the second homes premium is designed to tackle the issue of second homes. Clearly, the additional income from the premium would reduce if the numbers of second homes were to fall in line with the aim of this policy. If the premium is going to be really effective, then the income generated could also be used to provide more affordable homes in the villages most impacted by second homes.

7.3 It is proposed that officers undertake more work to explore whether it would be fair, reasonable and affordable to introduce new categories of discretionary council tax discounts to offset some of all of the premiums for second homes in certain circumstances and where the government has not introduced a statutory exception/exemption. It is important to note that the cost of such discretionary discounts would fall wholly on this council, as billing authority, rather than being shared with major preceptors as the income from the premium would be.

7.4 If members approve the introduction of a second homes council tax premium from 2025/26, officers propose to approach Derbyshire County Council to ascertain whether there is a willingness to return a proportion of the new premium to this authority to fund new affordable homes or to fund discretionary discounts second homes in certain circumstances.

7.5 If the District Council were to adopt the second homes council tax premium, the collection of the premium will fall on staff within the Revenues and Benefits Service, which is provided by Chesterfield Borough Council under a service level agreement. Whilst the proportion of second homes is relatively low compared to the total council tax base, adopting the policy could have an impact on collection rates and possibly write offs. It is likely to result in increased levels of contact and complaints from owners of second homes. This could be mitigated in part by the introduction of relevant discretionary discounts, but these would also take time for the revenues team and the Director of Resources to administer.

7.6 The financial risk of the report’s recommendations is assessed as low.

8. Legal Advice and Implications

8.1 The proposal is for the Council to make a determination to charge a 100% premium on council tax for second homes to take effect from 1 April 2025.

8.2 The statutory requirements are that the decision must be made at least one year before the beginning of the financial year to which it relates so the decision should be made before the 31 March 2024. There is also a requirement that if a determination is made then a notice of the determination should be published in at least one newspaper circulating in the area and such notice must be published before the end of the period of 21 days beginning with the date of the determination.

8.3 The new legislation also requires the Council, if it decides to charge a council tax premium on second homes, to have regard to any guidance issued by the Secretary of State (as stated above the outcome of the consultation on proposals to exempt categories of dwelling from the council tax premium is still outstanding).

8.4 The legal risk the report recommendations is assessed as low.

9. Equalities Implications

9.1 An Equality Impact Assessment (EIA) has been completed and is attached as Appendix 3 to this report.

9.2 In summary, an EIA was conducted to ensure the policy is fair and does not discriminate against protected groups. By majority, owners of second homes in the district that answered the consultation were older people aged 55 and above (81%) and White British (86%) and therefore there is evidence to suggest these individuals will be impacted the most financially.

In terms of disability/health difficulties, there are a small number of second homeowners that may feel unfairly treated as the consultation identified that owners of second homes use their property to give/receive part time medical care to/from family members or to access medical appointments. As per officer discussions, it is unlikely an exemption/exception/discount in these instances will be applied as the home is not required solely for this purpose and there are alternative ways to access the care. The Government consultation also did not identify this as a potential exemption/exception they would propose. There were no further protected groups that were found to be affected by the premium.

The policy is intended to recognise that second homes reduce the amount of properties available to purchase for local people, and that second homeowners should make a financial contribution to alleviate some of the disadvantages they cause. The Premium will be charged based on the characteristics of the property, not the characteristics of the owner.

In line with the requirements of the Equality Act 2010, increasing the level of the Premium is a proportionate means of achieving a legitimate aim, which is to enable and potentially fund more affordable housing for local people in the district, and to ensure we stop the growth of second homes in Derbyshire Dales.

10. Climate Change Implications

10.1 A Climate Change Impact Assessment has not been prepared for this report given the financial nature of the premium.

11. Risk Management

11.1 The statutory basis for the second homes premium provides the regulation and guidance for implementing the policy. Some owners of second homes may decide to sell their property or switch to holiday lets, but it is likely that any reduction in total numbers would be offset by rising council tax over future years. It is noticeable that the number of second homes has increased slightly since the premium was first discussed in February 2023.

11.2 If the premium is adopted, maintaining a long-term agreement between the District Council and County Council will be key to ensure an ongoing funding programme. There is a risk that, given its current financial position, Derbyshire County Council might decline to enter into such an agreement.

11.3 There is a risk that the application of a second homes premium might encourage Council Tax “avoidance”, for instance by the owners of such properties transferring the property to Holiday Lets, which are subject to business rates, not council tax. Only properties that are available to let for more than 140 days in a calendar year, and where the owner provides evidence to the Valuation Office Agency (VOA) that the property was also actually let for short periods totalling at least 70 days in the previous year, should be classed as business rates by the Valuation Office Agency (VOA). This should help to ensure that any properties transferring from Council Tax to Business Rates relate to genuine circumstances where the property is being utilised for business purposes in accordance with the government’s legislation and might also mean that some properties currently categorised for Business Rates will need to be transferred to Council Tax. All new self-catering accommodation will initially need to be charged council tax for at least 140 days. Self-catering accommodation can only be assessed for business rates once all of the above criteria are met. The Valuation Office Agency will decide whether holiday lets should be listed for business rates or council tax.

11.4 Officers will monitor the numbers of second homes, empty homes and holiday lets.

Report Authorisation

Approvals obtained from:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	21/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	21/02/2024
Monitoring Officer	Helen Mitchell	21/02/2024

Appendix 1

Local Government Finance Act 1992

11Discounts.

(1)The amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to the appropriate percentage of that amount if on that day—

(a)there is only one resident of the dwelling and he does not fall to be disregarded for the purposes of discount; or

(b)there are two or more residents of the dwelling and each of them except one falls to be disregarded for those purposes.

(2)Subject to [F1sections 11A[F2, 11B] [F3, 11C] [F4, 12, 12A and 12B]] below, the amount of council tax payable in respect of any chargeable dwelling and any day shall be subject to a discount equal to twice the appropriate percentage of that amount if on that day—

(a)there is no resident of the dwelling; or

(b)there are one or more residents of the dwelling and each of them falls to be disregarded for the purposes of discount.

(3)In this section F5. . . "the appropriate percentage" means 25 per cent. or, if the Secretary of State by order so provides in relation to the financial year in which the day falls, such other percentage as is specified in the order.

(4)No order under subsection (3) above shall be made unless a draft of the order has been laid before and approved by resolution of the House of Commons.

(5)Schedule 1 to this Act shall have effect for determining who shall be disregarded for the purposes of discount.

11ADiscounts: special provision for England

(1)The Secretary of State may for any financial year by regulations prescribe one or more classes of dwelling in England for the purposes of subsection (3)[F2, (4) or (4A)] below.

(2)A class of dwellings may be prescribed under subsection (1) above by reference to such factors as the Secretary of State sees fit and may, in particular, be prescribed by reference to—

(a)the physical characteristics of dwellings, or (b)the fact that dwellings are unoccupied.

(3)For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide in relation to all dwellings of that class in its area, or in such part of its area as it may specify in the determination, that the discount under section 11(2)(a) shall be such lesser percentage of at least 10 as it may so specify.

(4)For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide in relation to all dwellings of that class in its area, or in such part of its area as it may specify in the determination—

(a)that the discount under section 11(2)(a) above shall not apply, or

(b)that the discount under that provision shall be such lesser percentage as it may so specify.

[F3(4A)For any financial year for which a class of dwellings is prescribed for the purposes of this subsection, a billing authority in England may by determination provide—

(a)in relation to all dwellings of that class in its area, or

(b)in relation to such description of dwellings of that class as it may specify in the determination,

that the discount under section 11(2)(a) shall not apply or shall be such percentage (which may be 100) as it may so specify.

(4B)Where a class of dwellings is prescribed for the purposes of subsection (4A) by reference to the period of time for which a condition is met, a billing authority may not, under paragraph (b) of that subsection, specify a description of dwellings of that class by reference (wholly or partly) to a shorter such period.]

[F4(4C)Subsections (3), (4) and (4A) are subject to section 11B(4) [F5and 11C(5)].]

(5)A billing authority may make a determination varying or revoking a determination under subsection (3)[F6, (4) or (4A)] for a financial year, but only before the beginning of the year.

(6)A billing authority which makes a determination under this section shall publish a notice of it in at least one newspaper circulating in its area and do so before the end of the period of 21 days beginning with the date of the determination.

(7)Failure to comply with subsection (6) above shall not affect the validity of a determination.]

11CHigher amount for dwellings occupied periodically: England

(1)For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day the conditions mentioned in subsection (2) are satisfied in respect of a dwelling—

(a)the discount under section 11(2)(a) does not apply, and

(b)the amount of council tax payable in respect of that dwelling and that day is increased by such percentage of not more than 100 as it may specify in the determination.

(2)The conditions are—

(a)there is no resident of the dwelling, and

(b)the dwelling is substantially furnished.

(3)A billing authority's first determination under this section must be made at least one year before the beginning of the financial year to which it relates.

(4)In exercising its functions under this section a billing authority must have regard to any guidance issued by the Secretary of State.

(5)Where a determination under this section has effect in relation to a class of dwellings—

(a)the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and

(b)any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.

(6)A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.

(7)Where a billing authority makes a determination under this section it must publish a notice of the determination in at least one newspaper circulating in the area.

(8)The notice must be published before the end of the period of 21 days beginning with the date of the determination.

(9)The validity of the determination is not affected by a failure to comply with subsection (7) or (8).]

Levelling-up and Regeneration Act Part 2
Section 80 Dwellings occupied periodically: England

80 Dwellings occupied periodically: England
(1) The Local Government Finance Act 1992 is amended in accordance with subsections (2) and (3).
(2) After section 11B (higher amount for long-term empty dwellings: England) insert—
”11C Higher amount for dwellings occupied periodically: England
(1) For any financial year, a billing authority in England may by determination provide in relation to its area, or such part of its area as it may specify in the determination, that if on any day the conditions mentioned in subsection (2) are satisfied in respect of a dwelling—
(a) the discount under section 11(2)(a) does not apply, and
(b) the amount of council tax payable in respect of that dwelling and that day is increased by such percentage of not more than 100 as it may specify in the determination.
(2) The conditions are—
(a) there is no resident of the dwelling, and
(b) the dwelling is substantially furnished.
(3) A billing authority’s first determination under this section must be made at least one year before the beginning of the financial year to which it relates.
(4) In exercising its functions under this section a billing authority must have regard to any guidance issued by the Secretary of State.
(5) Where a determination under this section has effect in relation to a class of dwellings—
(a) the billing authority may not make a determination under section 11A(3), (4) or (4A) in relation to that class, and
(b) any determination that has been made under section 11A(3), (4) or (4A) ceases to have effect in relation to that class.
(6) A billing authority may make a determination varying or revoking a determination under this section for a financial year, but only before the beginning of the year.
(7) Where a billing authority makes a determination under this section it must publish a notice of the determination in at least one newspaper circulating in the area.
(8) The notice must be published before the end of the period of 21 days beginning with the date of the determination.
(9) The validity of the determination is not affected by a failure to comply with subsection (7) or (8).
11D Section 11C: regulations
(1) The Secretary of State may by regulations prescribe one or more classes of dwelling in relation to which a billing authority may not make a determination under section 11C.
(2) A class of dwellings may be prescribed under subsection (1) by reference to such factors as the Secretary of State thinks fit and may, amongst other factors, be prescribed by reference to—
(a) the physical characteristics of, or other matters relating to, dwellings;
(b) the circumstances of, or other matters relating to, any person who is liable to the amount of council tax concerned.
(3) The Secretary of State may by regulations specify a different percentage limit for the limit which is for the time being specified in section 11C(1)(b).

(4) A statutory instrument containing regulations made under subsection (3) may not be made unless a draft of the instrument has been approved by resolution of the House of Commons.”

(3) In consequence of the amendment made by subsection (2)—

(a) in section 11 (discounts), in subsection (2), after “11B” insert “, 11C”;

(b) in section 11A (discounts: special provision for England), in subsection (4C), at the end insert “and 11C(5)”;

(c) in section 13 (reduced amounts), in subsection (2), after “11B” insert “, 11C”;

(d) in section 66 (judicial review), in subsection (2)(b), after “11B” insert “, 11C”;

(e) in section 67 (functions to be discharged only by authority), in subsection (2)(a), after “11B insert “, 11C”;

(f) in section 113 (orders and regulations), in subsection (2), after “under section” insert “11D(3),”;

(g) in Schedule 2 (administration), in paragraph 4(7), after “: England),” insert “11C(1)(b) (higher amount for dwellings occupied periodically: England),”.

(4) A determination for the purposes of section 11C of the Local Government Finance Act 1992 as inserted by subsection (2) may not relate to a financial year beginning before 1 April 2024 (but this does not affect the requirement for the determination to be made at least one year before the beginning of the financial year to which it relates).

Appendix 2 Qualitative data - themes and quotes

Question 4:
If you believe second homes have a positive or negative impact on the local community, please comment on your reasons why.

Positive impact on the local community	
Themes	**Quotes**
Individuals that live in second homes contribute to the local economy. They spend money in shops, pubs and café's, and use local services, often contributing more to local businesses than permanent residents.	*'Second home owners bring a constant source of income into the local economy. That benefits everybody including the local community. Price out second home owners and you lose all that income.'* *'We add to the local economy by spending a large proportion of our disposable income when in the town. Also as it is a second home we don't use the local council tax amenities to their full capacity. Therefore we currently pay disproportionally to that of existing residents.'*
Empty homes are brought back into use as second home owners have the money available to renovate the properties. These homes would be otherwise inhabitable.	*'In my situation the cottage was not habitable and has been brought back into use and enhancing the conservation area. Whilst it is a second home it is in constant use by family and friends whom spend their money in local pubs, shops and restaurants. My neighbours know many of them as well as they know me as they see us working to keep roads and paths clear of weeds and rubbish in the village. Financial support for the Church and Schools is also provided by taking an active role in fundraising.'* *'I took an uninhabitable building and turned it into a dwelling. I did not take a house out of the local housing stock.'*
Family and friends have somewhere to stay. This keeps families in regular contact for care purposes or childcare.	*'My wife and I spent our childhood in the Peak District, but we had to move away for work. In retirement we've come back and its lovely. We have our main family home down south near to our children and grandchildren. It really isn't a simple matter of greed motivating second home owners'*

Negative impact on the local community	
Themes	**Quotes**
Second homes can become empty properties for long periods of time and are a wasted resource.	*'Some villages (ie Beeley) become something of a ghost town outside of holiday season'.* *''If we do not impose some kind of control on second homes and or holiday lets, Tideswell*

	and villages like it will lose their residential heart and soul, something, that makes a village a village. We are in danger of becoming a holiday camp.'
Second homes place local people at a disadvantage of owning/renting a property as house prices are inflated and less properties are available.	*'There are quite a number of local young people who wish to live in their home villages. Many of the second homes would be ideal starter homes.'* *'I live in one of the old parts of Bakewell where out of 17 homes in the immediate area 11 are second homes. This is driving up house prices and destroying communities. I hardly know anyone who lives in my community anymore.'*
Frustration for permanent residents as second homeowners live in 'holiday mode' and have a lack of consideration in regards to noise levels and parking.	*'People who come to use the houses are in holiday mode so at times don't consider the noise levels, the rest of us are still at work and need to get up in the morning and our children need to get to school, this really is a big problem.'* *'The houses here are closely linked and when people are holiday right outside your window it is hard to work online or retain privacy for our own living. If we could afford it we would move away because of this.'*

Question 7: If you believe increasing the council tax on second homes would have a positive or negative impact on the local community moving forward, please comment on your reasons why.

Positive impact on the local community moving forward	
Themes	**Quotes**
More properties will be available for local people. This will be due to an increase in second homes being sold and therefore more houses on the market.	*'It would hopefully put people off buying the properties as second homes and give younger locals more chance of staying in the villages, rather than having to move to nearby towns/cities.'* *'It would help to deter city people from buying up all the village properties and thus allow locals a chance to buy.'*
The Council Tax Premium will discourage people from buying more second homes in Derbyshire Dales.	*'A bit of a deterrent, but I'd triple or quadruple the amount'*
More revenue for the council to be spent on services and producing affordable homes.	*'It may deter some purchases of second homes and increased revenue could be spent of local housing needs.'*

Negative impact on the local community moving forward	
Themes	**Quotes**
If the premium is introduced, second homes will most likely be converted into holiday lets.	*'You may well force of a small percentage second home-owners to sell their houses, but I am not sure that locals would buy them (or want to live in such remote areas, where many second homes are situated). I suspect that many of those houses would simply be bought by property developers who have more money than private individuals and who may then rent them out either to locals, or holiday-makers at an extortionate cost.'* *'Bringing in increased costs is likely to drive me to rent out the property for holiday use which I know my neighbours are against.'*
Second homes may be left abandoned/derelict as they are unaffordable for local people.	*'second homeowners may no longer be able to afford their second homes and these properties, if they are not suitable as main homes, may flood the market and there is the potential for many of these properties to be left standing empty.'*
Less money will be spent on the local economy due to fewer visitors in the area, thus leading to local people becoming unemployed.	*'You will likely have reduced tourism as fewer places for people to stay, thereby affecting local shops, restaurants etc. It will also reduce the available work for cleaners, gardeners etc that rely on this industry which would lead to local people becoming unemployed.'*

Question 12: If you believe increasing council tax would have a positive or negative impact on the local economy (e.g. shops/businesses), please comment on your reasons why.

Positive impact on the local economy	
Themes	**Quotes**
More permanent residents in Derbyshire Dales to contribute to local businesses. This would provide more income for businesses than second homeowner visitors provide.	*'Would increase the economy as people living in them permanently would spend money locally all year round week in week out.'* *'More local people using shops all year round.'* *'In the depth of winter there are only a few of us here and it's easy to walk down a street where no lights show in the houses. I'm sure increasing the council tax would make people*

	think twice about investing in an occasional home and as an effect encourage a stable population.'

Negative impact on the local economy	
Themes	**Quotes**
Second homeowners would have lower disposable income to spend on local businesses. Some may also sell their homes, meaning fewer visitors to contribute financially to local businesses.	*'Since buying our apartment about 5 years ago, we have spent well over £100k with local businesses and specialists on improvements and upgrades and I suspect many second home owners do likewise. We have also made a conscious effort to contribute to the local economy (e.g. we are Chatsworth Gold members) and regularly attend local events and places of interest. This investment will be lost to the local community if second home ownership is discouraged.'* *'Our disposable income would fall and we would have less to spend locally.'* *'The premium would reduce income for local businesses who are heavily reliant on visitors.'*

Question 14: If you would like to make any further comments about the Council Tax Premium on second homes, please do so in the box below.

Key themes	Further explanation	Quotes
Exemptions need to be applied. Examples of suggested exemptions can be seen in the 'further explanation' column.	Properties following a death in the family. Properties being actively marketed for sale or let. Annexes being treated as part of the main dwelling Job-related dwellings Listed second homes To provide and receive care to/from family members. Houses bought for retirement purposes Renovating their second home in order to eventually become their primary home	*'I use the property every week for between 2 and 4 nights. My property allows me to add value to the local economy and allows me to earn a living and I spend money with the local community by effectively living here during the week.'* *'I am not wealthy but having this flat has enabled me to look after my grandson to enable his parents to work locally. I have had cancer and it has been a safe place for me to stay so I don't have to mix.'* *'Not all owners of a second home own them purely as holiday homes. Some may own them due to sudden deaths in the family meaning they inherit the home and are unable to sell it straight away. Some own second homes as they have*

Key themes	Further explanation	Quotes
	To provide childcare Residents who are 'hosting' Ukrainian refugees in their second homes.	*inherited them from family and are intending to live in the home full time in the future but that isn't viable straight away.'* *'Currently, I rent a one-bedroom flat from my employer, which allows me to work half the week in Derbyshire. This isn't a luxury for me, but rather a necessity. A 100% premium on my council tax would begin to make this arrangement unaffordable. '*
The amount of the Council Tax Premium should be lower.	Some respondents state this should be 20% to 50% and should be dependent on council tax banding and contribution to trade in the area.	*'Properties that are empty most of the time should pay a full premium. Properties that bring trade to the area could pay a 20% increase. If we had to pay a full premium for our cottage we would struggle to make ends meet.'*
The amount of the Council Tax Premium should be higher.	Some respondents have stated the premium should be increased by more than double and as a 3x or 4x levy to act as a more effective deterrent.	*'I think the tax rate should be more than doubled on properties not used as holiday lets i.e are empty for large amounts of time.'* *'A bit of a deterrent, but I'd triple or quadruple the amount'*
Further suggestions as to how the council should manage the Council Tax Premium on second homes.	A premium should only be introduced on new purchases of second homes, not on already existing owners. There should be a limit on the number of second homes per parish, based on a percentage of the total dwellings, e.g. no more than xx%. A 100% increase is too abrupt. Phase the premium in over 3 to 5 years. Introduce a graded increase dependant on the size of the property, time spent in the home and council tax band.	*'There must be other options like making it a new rule post 2024. At least then, people would know what they are buying into. Seems to be fairer for all?'* *'Would it be possible to have a graded additional council tax dependent on different types of second home owners? 100% increase targeted at everyone in this group seems both disproportionate and unreasonable. If the intention is to redistribute wealth within the county as a whole this ought to include all property owners including those living in above average size houses (i.e. four bedrooms and above).'*
Second homes are a future investment for	These could either be for children when they grow up to eventually live in or to	*'I purchased the house originally for my daughter to live in - she works at JCB - from a*

Key themes	Further explanation	Quotes
the children of second home owners.	allow children to save for their own house.	*divorce settlement. It allowed her to save for her own house, which she has now purchased in Stafford. It has become a second home by default since she moved out.'*
For second homeowners that live in their main home for 50% of the time and second home 50% of the time, they will choose to swap their 'main home' and 'second home' over so that they are not charged the Premium.	This is one way to avoid paying the Council Tax Premium.	*'If you choose to introduce the premium, I will just have to swap over my main home to being in Derbyshire Dales.'*
Some second homes are too small for anyone to live in as a primary home.	Respondents state than 'annexes' that are classed as second homes at times are impossible to sell or are too small to be a family's primary home.	*'A 1 bed coach house next to our main house on our driveway is impossible to sell, and we do not use it as a holiday home/holiday let. In our case this would simply be a punitive additional tax on a property we already pay a second council tax for when in many cases such a property would be considered an outbuilding to the main house.'*
The council should be working harder with second homeowners to make better use of their homes.	The council should provide support in helping second homeowners understand their options if they cannot afford the increase in council tax. E.g. support in converting properties to holiday lets.	*'The council should be looking to work with second home owners and encourage them to make better use of their properties such as using them as holiday lets. This would inject more money into the local economy rather than driving it out.'*
Holiday lets are much more of an issue for the local community than second homes are.	This has more of a negative effect in reducing housing availability than second homes do.	*'What I see from our time spent living and visiting Ashbourne is that the biggest impact now is the holiday let industry. In my opinion it is this that is reducing the housing availability and when these properties become tired will they be rented out continuously, with extra income coming to local businesses. I very much doubt it.'*
A blanket approach is not appropriate.	Personal circumstances must be taken into account. A 'one size fits all' approach will not work.	*'I do hope that this is not a blanket increase irrespective of personal circumstances. I do hope that when and if such a*

Key themes	Further explanation	Quotes
		levy is introduced that personal circumstances would be taken into account. The house in Ashbourne is one that we visit on a regular basis and have carried out many improvements during the ten years that we have owned it. We are both in our seventies and due to failing eyesight, I am no longer able to drive. Our intention has never been to buy to let but to provide ourselves with healthy living in the countryside.'
Second homeowners use fewer council facilities and therefore should not be charged more.	They are temporary residents and therefore use less council services.	*'If people have a second home they are not using the council services as much - bins, roads etc so should not be charged more for less usage.'*
Not all second homeowners are rich and have luxury homes.	People have saved and worked hard to achieve a second home. It is unfair to penalise them for this.	*'Second home owners generally aren't "Millionaires". Hard working people have saved up all there life to be able to fulfil their dream to spend a lot of time living in the Dales. My wife is a born Derbyshire girl, now retired. Don't penalise us.'*

Appendix 3 – Equality Impact Assessment

Derbyshire Dales District Council
Equality Impact Assessment

1. Outline

	Information required	Detail
a.	Title of policy, practice, service or function being assessed	Consultation of the Council Tax Premium on second homes.
b.	Links to Service and/or Corporate Plan Ref/s	CLT approved the consultation approach on 17th January 2023. Members approved the premium on 16th March 2023 that we assumed would be implemented on 1st April 2024. This has been delayed and therefore members will again decide on whether or not to approve the premium in Feb 2024 for an implementation date of 1st April 2025.
c.	Name and Role of Officers conducting assessment	Niki Emery – Housing Needs and Research Officer Rob Cogings – Director of Housing
d.	Date of assessment	06/02/2024
e.	Reason for assessment	To ensure the policy is fair and does not create disadvantages towards protected groups.
f.	What is the purpose of this policy, practice, service or function? (specify aims and objectives)	To enable the Council to implement the Council Tax Premium on second homes, which will hopefully benefit local residents as a proportion of the extra revenue generated could be used to fund the provision of affordable homes in the villages most affected. It will also help to hopefully slow down and reverse the trend of homes being bought for use as second homes, thereby increasing opportunity for local people to remain in the district. It is important and also good practice to consult and understand the public's views on this matter.
g.	Are there any other organisations involved in its implementation?	No
h.	Likely customer groups to be impacted	Owners of second homes and individuals in housing need that may benefit long-term from the provision of affordable homes.

Information required	Detail
i. Other stakeholders likely to be impacted	Town and Parish Councils, Derbyshire Dales Residents Taxpayers on second homes
Which District Council departments are affected by the policy, practice, service or function?	It is likely that service departments such as Housing, Finance, Council Tax and Environmental Health may be affected. There may be increased administrative duties for Council Tax and all departments could receive additional phone calls/letters/communication from owners that do not wish to see the premium implemented.
Do any of the objectives directly support or hinder another Council activity?	There could be an impact on collection rates for Council Tax (where those charged the premium dispute it and delay payment) and an increase in queries from council tax payers. These could add to workloads for the council tax team and cause delays in council tax collection and recovery.

2. Assessing Relevance to the General Equality Duty

The General Equality Duty has three aims which require the District Council to have due regard to the need to:	Tick those which are relevant ✓
1. Eliminate unlawful discrimination (both direct or indirect), harassment and victimisation	
2. Advance equality of opportunity between all persons by • removing or minimising disadvantages suffered by protected groups; • taking steps to meet the needs of people from protected groups where these are different from the needs of other people • encouraging people from protected groups to participate in public life or other activities where participation is disproportionately low	✓
3. Foster good relations between different groups	✓

3. What existing information / data do you have / monitor about different diverse groups in relation to this policy, practice, service or function?

For example: previous EIA's, reports, consultation, surveys, demographic data etc.

<table>
<tr><th>Information / Data</th><th>Data source and date</th><th>Information relevant to proposed policy/service/function</th></tr>
<tr><td>Consultation demographics</td><td>The consultation report – survey monkey respondents

March 2023</td><td>In relation to this policy, the consultation stated there were 479 second homeowners that responded.
Of these 479, the majority (81%) were 55 years or older.
<table>
<tr><th>Age range</th><th>No. of second homeowners that completed the consultation.</th></tr>
<tr><td>18-24yrs</td><td>2</td></tr>
<tr><td>25-34yrs</td><td>2</td></tr>
<tr><td>35-44yrs</td><td>23</td></tr>
<tr><td>45-54yrs</td><td>65</td></tr>
<tr><td>55-64yrs</td><td>169</td></tr>
<tr><td>65-74yrs</td><td>138</td></tr>
<tr><td>75+yrs</td><td>62</td></tr>
<tr><td>Prefer not to say</td><td>18</td></tr>
<tr><td>Grand Total</td><td>479</td></tr>
</table>
There was a fairly equal split of men/women that answered the consultation.
<table>
<tr><th>Row Labels</th><th>Count of Female</th><th>Count of Male</th></tr>
<tr><td>Grand Total</td><td>206</td><td>253</td></tr>
</table>
25 second homeowners considered themselves to be disabled.

The majority were White British/English/Welsh/Scottish/Northern Irish (413 second homeowners).</td></tr>
</table>

Office National Statistics 2021 Census Derbyshire Observatory Infographic of data	Office National Statistics population datasets – age, sex, households etc. Population figures by age, number of households, sex - Derbyshire Observatory; taken from Census 2011 - national survey of all households	The district of Derbyshire Dales is mainly rural with around 80% of its population living in rural settlements. The population of 71,681 is evenly spread geographically across the area. This figure is made up of 36,683 women and 34,998 men. Derbyshire Dales has 32,283 households - the smallest number of all Derbyshire districts. The Dales has an ageing population; the UK median age is 40.7 years; in the Derbyshire Dales it is 51.9 years. 28.1% of the Derbyshire Dales population are over 65, up from 19% in 2001 and 9.6% higher than the national averages and exceeding both regional and county level figures. The ethnic minority population of the District is 2.2%, which covers people who identify their ethnic group as Asian, Asian British or Asian Welsh, Black, Black British, Black Welsh, Caribbean or African, Mixed or Multiple ethnic groups or other ethnic groups. The national figure for England and Wales is 18.3%. The fuel poverty rate is 20.1%, significantly higher than the average for Derbyshire of 13.9% and England of 13.1%. Fuel poverty is linked to poor quality housing.

<table>
<tr>
<td>Location of properties that are second homes in Derbyshire Dales by parish – helps to identify potential development areas with additional council tax income for affordable properties.</td>
<td>Revenues team - 15/01/24</td>
<td>
<table>
<tr><th>Postcode</th><th>No. of second homes</th></tr>
<tr><td>DE4 2</td><td>114</td></tr>
<tr><td>DE4 3</td><td>110</td></tr>
<tr><td>DE4 4</td><td>103</td></tr>
<tr><td>DE45</td><td>214</td></tr>
<tr><td>DE56 2</td><td>2</td></tr>
<tr><td>DE6 1</td><td>84</td></tr>
<tr><td>DE6 2</td><td>29</td></tr>
<tr><td>DE6 3</td><td>40</td></tr>
<tr><td>DE6 5</td><td>10</td></tr>
<tr><td>DE65</td><td>2</td></tr>
<tr><td>S11 7</td><td>1</td></tr>
<tr><td>S32 1</td><td>27</td></tr>
<tr><td>S32 2</td><td>6</td></tr>
<tr><td>S32 3</td><td>17</td></tr>
<tr><td>S32 4</td><td>6</td></tr>
<tr><td>S32 5</td><td>28</td></tr>
<tr><td>S33 9</td><td>33</td></tr>
<tr><td>S6 6</td><td>1</td></tr>
<tr><td>SK17 0</td><td>33</td></tr>
<tr><td>SK17 8</td><td>117</td></tr>
<tr><td>SK17 9</td><td>22</td></tr>
<tr><td>ST14 5</td><td>1</td></tr>
<tr><td>Grand Total</td><td>1000</td></tr>
</table>
</td>
</tr>
<tr>
<td>Number of individuals on the housing register in Derbyshire Dales is 1067.</td>
<td>Home-Options/locata – 06/02/24</td>
<td>There is significant demand for housing in DD. More properties may be available to buy/rent with the introduction of the premium. An increase in affordable housing developments may be possible with additional revenue from council tax income.</td>
</tr>
<tr>
<td>Percentage of residential properties in Derbyshire Dales that are second homes is 2.8% (1000 out of 35,183 properties)</td>
<td>Council tax data – 06/02/24</td>
<td>Increasing the Council Tax Premium may reduce this percentage as owners may choose to sell their 2nd homes. It also demonstrates why 2nd homes are a concern and leave local people at a disadvantage.</td>
</tr>
</table>

4. Consultation and engagement

4a. If no consultation has taken place OR is unnecessary, please explain why.

Consultation has taken place.

4b. Add the results of any completed consultation and how it has/will inform the development of the policy/service.

Who did you consult with?	How and when	Outcomes/Results	Implications and amendments as a result of consultation
- Second home owners that own properties in Derbyshire Dales. - Residents of Derbyshire Dales that don't own second homes. - Key stakeholders such as town and parish council members.	Via an online survey that was promoted on the DDDC website on 10th February 2023 that was live until 22nd March 2023.	1,297 responses were provided. 63% of residents felt it was appropriate to implement the council tax premium. 64% of residents felt second homes have a negative impact on the district. Exemptions were advised by residents and examples provided.	All exemptions put forward by residents were considered by DDDC. The majority of residents felt the premium was positive and therefore this has influenced members to approve the policy.

5. Based on the evidence above, does the policy, practice, service or function have a positive or negative impact on any protected group(s)?

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
Age	The residential population of second homeowners are 'older'. The consultation evidences this with 81% over the age of 55. A 2013 study noted that the profiles of second	Elderly people may have to go through the stressful process of selling their home as they cannot afford to pay the premium.	Consultation respondees noted that one way the council could amend the policy to support this situation would be to only implement the premium for

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
	home owners in England themselves suggested that they were generally middle-aged or retired, and richer than the national average. Therefore, there is evidence that the financial losers are older, but it is expected that older people living in the relevant areas throughout the year will benefit as local society will be more resilient and sustainable. However, there is strong evidence that care providers face serious recruitment difficulties. Achieving community balance is vital to getting enough younger people to protect and care for older people, and the policy of raising a Premium is intended to help young people stay in the local area by being able to provide them with homes locally. Overall, therefore, the policy will have a positive impact as it helps young families to have a home. This will then have a more positive than negative impact on community balance.	Through the consultation, it was identified that the older generation have at times bought second homes to retire into and this may now not be possible for them.	residents for newly purchased second homes or for owners that haven't lived in the property for a long time. Both these proposals are difficult and complicated to administer and would spend more money to implement this change than likely the income we would receive.
Disability or long term ill heath Physical disabilities, sensory	More properties are potentially available for people that are disabled due to second homeowners selling their properties.	There is a small possibility of differentiation indirectly on the grounds of disability if a disabled person keeps a	None – this is not an exemption that will be applied due to the fact that if full-time care is needed this can be provided in

Protected groups	Positive effects	Negative effects	Potential Improvement Actions
impairments, limiting long-term illnesses, learning disabilities or mental health issues		second home for the purpose of being cared for or to make it easier for them to attend hospital appts for example. However, it has been identified in discussions between the finance, legal and housing team that if full-time care is needed, this would be provided at one location and there is no need to spread it across two properties.	the primary home or in a care home.
Race / ethnic groups	The policy of charging a premium is intended to address the situation that housing is not available to local people, and the impact is positive on this cohort.	The policy will affect people from outside Derbyshire Dales and some respondents to the public consultation claim that the Policy specifically targets people from outside the district. However, there is no consideration of the race of the property owners when a premium is charged on second homes. The Premium is charged on all second home properties without in any way discriminating on where the owners live or what their race or nationality is. However, we recognise that the public consultation shows that a significant proportion	None

Protected groups	**Positive effects**	**Negative effects**	**Potential Improvement Actions**
		of second home owners identify themselves as English and therefore it is likely that the policy will have a negative financial impact on this cohort. However, the money will be used to develop the housing market for local People, which is a positive outcome.	
Gender	None	None	None
Sexual orientation	None	None	None
Religion or belief (including non-belief)	None	None	None
Transgender (including people planning to or going through gender reassignment)	None	None	None
Pregnancy and maternity (including maternity and paternity leave	None	None	None
Marital status (including civil partnership & same sex marriage)	None	None	None

5a. Are there any local priority groups / factors which should be considered?

Other factors	Positive effects	Negative effects	Improvement actions
Rural areas	More housing should be available for local people in an area where house prices are very high. There are a large proportion of second homes, especially in areas of the Peak District whereby it is difficult to secure housing.	None	None
Poverty / deprivation	People in housing need may benefit from the provision of affordable housing with increased revenue from increased council tax income.	None	None
Wealthy population in Derbyshire Dales	None	There is a possibility that the richer population in Derbyshire Dales feel unfairly treated due to the Council Tax Premium.	None

6. Commissioned / outsourced services

Is your policy, practice, service or function partly or wholly provided by any external organisation / agency?	No
If yes, please list any contractual or other arrangements which aim to ensure that the provider promotes equality and diversity *(e.g. monitoring data)*	N/A

7. Summary

The policy in relation to the Council Tax Premium is intended to recognise that second homes reduce the amount of properties available to purchase for local people, and that second homeowners should make a financial contribution to alleviate some of the disadvantages they cause.

There is some evidence that increasing the premium on second homes would target a particular group of people, with data suggesting that second homeowners tend to be older people and identifying themselves as English.

The Premium will be charged based on the characteristics of the property, not the characteristics of the owner and there is a positive impact if local families can afford to buy a property in their local area rather than having to move away to occupy a home. There is recognition that there may be a negative financial impact on people with a second home, some living in the district and others outside Derbyshire Dales. A large number of those affected will be white English.

In line with the requirements of the Equality Act 2010, increasing the level of the Premium is a proportionate means of achieving a legitimate aim, which is to provide and potentially fund more affordable housing for local people in the district, and to ensure we stop the growth of second homes in Derbyshire Dales.

8. Improvement Plan

Key issues identified	Actions
In certain situations, households should not have to pay the premium such as those in probate, advertising to sell their property, owning an annex and having a second home for job purposes.	Exemptions will be applied to ensure any legitimate reason for having a second home is not penalised.
From the consultation, it can be seen that some second homeowners have bought a second property for the purpose of moving into when they choose to retire or for future housing for their children. Although in future these will be primary homes, they are currently second homes that for the majority of the time stand empty.	Second homeowners are being encouraged to let their properties if they intend to occupy it as a primary home in the future for themselves or family. This ensures properties are not being left empty for long periods of time.

PLEASE FORWARD THE COMPLETED FORM TO THE POLICY MANAGER / POLICY OFFICER (Consultation & Equalities)

Signed___N.Emery________________________________

Agenda Item 9

OPEN REPORT
COUNCIL

Council – 29th February 2024

CAPITAL PROGRAMME UPDATE

Report of the Director of Resources

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Rachael Ayre, Principal Accountant,
01629 761213 or rachael.ayre@derbyshiredales.gov.uk

Wards Affected
District-wide

Report Summary

This report:
- outlines spending for each project against the approved 2023/24 capital programme as at 31st January 2024, and
- seeks approval for an updated capital programme for 2023/24 to 2028/29 and associated financing. Two new projects are proposed for inclusion in the revised programme.

Recommendations

1. That the Capital Programme expenditure to 31st January 2024 is noted.

2. That re-phasing of existing projects for completion over the next 5 years is approved.

3. That two new projects totalling £165,959, set out in paragraphs 2.13 to 2.21 of the report, are approved for inclusion in the programme.

4. That the revised capital programme for 2023/24 to 2028/29, as shown in Appendix A, totalling £39,629,590 is approved.

5. That financing of the Capital Programme from sources summarised at paragraph 2.24 and shown in Appendix C is approved.

6. That the balance of funds available over the 5-year programme, shown at Appendix C, is noted.

List of Appendices

Appendix A Revised Capital Programme 2023/24 to 2028/29
Appendix B Comments on Schemes and Financing
Appendix C Proposed financing of the Capital Programme 2023/24 to 2027/28

Background Papers
None

Consideration of report by Council or other committee
Not applicable

Council Approval Required
Yes

Exempt from Press or Public
No

Capital Programme Update

1. Background

1.1 At the Council meeting on 14th December 2023 Members approved a revised capital programme totalling £37,770,410 covering the financial years 2023/24 to 2027/28, as summarised in table 1 below:

Table 1: Capital Programme approved 14th December 2023

Financial year	£
2023/24	12,855,250
2024/25	20,688,422
2025/26	3,099,002
2026/27	1,077,736
2027/28	50,000
Total	**37,770,410**

2. Capital Expenditure for 2023/24

2.1 At Council on 14th December a revised capital budget of £37,770,410 was approved for 2023/24. As at 31st January 2023/24 expenditure against the budget was £7,495,047 as shown in Appendix A.

2.2 The forecast out turn for the 2023/24 capital programme determines that the amount in 2023/24 should be revised downwards to £10,755,164, to reflect forecasted expenditure which is a difference of £2,100,086 from the budget approved in December 2023 as shown in Appendix A.

2.3 A summary of the changes to the programme are summarised in the table 2 below and explained in paragraphs 2.14 to 2.20.

Table 2: Changes to the 2023-24 Programme

Approved Capital Programme – December 2023	**12,855,250**
Project 360 – Vehicle Slippage reincorporated – as Approved by Council in January 2024	166,133
Additional Capacity Funding Ashbourne Reborn	35,000
Expected Overspends	39,247
Slippage / reprofiling into 2024-25	(2,335,231)
Funds no longer required	(25,408)
Forecast Underspends not required	(4,827)
New Bids – Profiled into 2023-24	25,000
Total Proposed Programme 2023-24	**10,755,164**

Table 3: Revised Capital financing arrangements for 2023/24

Sources of Financing	£
Capital Receipts	574,450
Capital Programme Reserve	632,739

S106 Contributions	3,833,228
Grants	4,795,381
Economic Development Reserve	9,896
IT Reserve	155,737
Vehicle Reserve	495,133
Revenue Grants Unapplied	258,600
Total	**10,755,164**

2.4 The expenditure and forecast out turn forecasted for each project is outlined at Appendix A, which provides explanations for under and over-spends and whether each project has concluded. Where projects are continuing beyond the end of 2023/24, budget underspends have been carried forward and added to the budget for 2024/25.

2.5 As noted in table 2 above, Slippage/Reprofiling against schemes that are to be moved into 2024/25 total £2,335,231 these are explained below:

- Project 282 – Social housing Scheme Rural Village: £75,000 funded by S106 contribution.
  Project not yet commenced. Request to carry forward into 2024/25.

- Project 292 - Social Housing Scheme Wirksworth: £100,000 funded by S106 contribution.
  Previously reprofiled into 2024/25, Project will complete by 31st March, request to bring funds back into 2023/24

- Project 304 – Over Hadden Bequeathed Improvements: £5,000 funded by S106 contribution.
  No progress, no expenditure anticipated in 2023-24. Reprofile into 2024/25

- Project 386 – Wirksworth Steeple Arch Landscaping and footpath works: £2,199 funded by Capital Receipts Reserve.
  On Hold – Awaiting further information from DCC regarding carrying out works on a public road.

- Project 625 – Bakewell Road, Matlock Development: £9,896 funded from reserves.
  Phase 1 Bus station works commenced. A small amount of expenditure is expected prior to 31st March. Request to bring funds forward from 2024/25
  .

- Project 630 – Ashbourne Recreation Ground Footbridge Replacement: £87,500 funded by Capital Programme Reserve.
  Tender unsuccessful, project to be reprofiled into 2024/25

- Project 652 – Matlock Bath Lovers Walk Shelter Rebuild £44,530 Capital Receipts Reserve.
  Tender unsuccessful, project to be reprofiled into 2024/25

- Projects 660 – Hurst farm Heritage Trail: £220,00 funded by Grant.
  Delay to Tender Process, works expected to commence in 2024/25

- Project 663 – Fleet Decarbonisation Scheme: £105 funded by £16k Grant & Capital Programme reserve.
  Work started Expected to spend £34,055 in 2023/24. Request to reprofile to cover anticipated expenditure.

- Project 664 – EV Charging Infrastructure: £320,000 funded by Capital Grant and Capital Receipts.
  Project to Commence in 2024/25

- Project 680/681 – Ashbourne Reborn: £278,297 funded by Grant/Capital Programme reserve.
  Slippage reflects the monitoring return to Government.

- Project 674 – Matlock Town centre Public Realm £145,015 – Funded by UKSPF Grant
  Expected to spend £40,000 by 31st March 2024. Reprofiled remaining allocation into 2024/25.

- Project 682 – Rural Innovation Grants REPF: £100,000 funded by Grant.
  Grant applications coming forwards Request to reprofile from 2024/25.

- Project 686 Home Upgrade Grants (HUG) 2: £370,000 funded by Grant.
  Underspend expected in year to be reprofiled into 2024/25.

- Project 687 - Acquisition of four homes in Doveridge: £53,000. funded by S106 Contribution/Capital receipts.
  Works commenced in November 2023, Stage 1 payment made in 2023/24. Reprofile remaining funds into 2024/25. Scheduled completion date of November 2024.

- Project 688 -Social Housing Grant – Wash Green Wirksworth three affordable homes: £5,400. funded by Section 106.
  Pre-application works underway. Professional fees paid. Request to reprofile £5,400 of this budget into 2023/24

- Project 691 – Social Housing Grant Edgefold Road Matlock two properties: £142,250 funded by S106 Contribution/Grant
  Pre-application works underway. Reprofiled into 2024/25

- Project 692 – Harrison Alms Houses Phase 3 Renovation of house to 2 flats: £195,000 funded by S106 Contributions.
  No expected expenditure in 2023-24. Funds to be reprofiled into 2024/25.

- Project 695 – Cemetery Paths: £30,000 Funded by Capital Receipts.
  Expect to spend £15,000 in 2023-24. Reprofiled £30,000 into 2024/25.

- Project 697 – Parks and Recreation Ground Paths: £60,000 funded by Capital Receipts.
  Works started, expect to spend £15,000 in 2023-24, Remaining budget slipped into 2024/25.

- Project 698 – Ashbourne Fishpond Footbridge: £35,000 funded by Capital receipts
  Expected to commence in 2024/25

- Project 702 – Devolution Retrofit: £479,932 Funded by Grant
  Small amount of expenditure incurred in 2023/24. Budget reprofiled into 2024-25.

2.6 Some schemes that will be completing in 2023/24 are likely to overspend. The forecast overspend is £39,247 and is summarised as follows:

Table 4: Forecasted Overspends

Project Number	Reason	Overspend £	Funding
290 SHG Calver	Costs more than Budget	911	S106
305 Housing Acquisitions Tansley	Costs more than budget	13,144	S106.
627 Hall Leys Clock Tower	Retention fee	2,144	Capital Receipts
631 Ashbourne Building Rationalisation	Costs more than budget	8,048	Capital Receipts
689 Bradbourne small sewer site	Price increased. Note: not yet commenced	15,000	Capital receipts

Other Revisions to the Capital Programme

2.7 Project 298 Empty Homes for Council Houses £25,408. Expenditure incurred in 2023-24 has been merged into The Local Authority Housing Fund, therefore this scheme is no longer required.

2.8 The following three schemes are now completed and overall resulted in an underspend of £4,827. Housing Acquisitions at Derby Road Ashbourne, Middleton play park and Bakewell Agricultural & Business Centre.

2.9 Project 360 Vehicle Replacement Programme has been reprofiled by £166,133 as per the Council meeting in January 2024. This now reflects the anticipated expenditure in 2023-24.

2.10 Additional Capacity funding of £35,000 has been received for Ashbourne Reborn. This will be used to fund salary costs and fees relating to the project.

2.11 Additional Forecasts have been added to the capital programme to reflect the Vehicle Replacement Programme in 2027/28 and 2028/29. This totals £455,000 and is profiled as £155,000 in 2027/28 and £300,000 in 2028/29. The forecasted expenditure will be met from the Vehicle Replacement Reserve.

2.12 Additional Forecasts have been added for future years Disabled Facility Grants. This funding is received from Derbyshire County Council as part of the Better Care fund.

New Projects

2.13 As required by financial regulations, business cases for the proposed capital projects have been assessed firstly by the Capital Programme Working Group, who examined the business cases, scored the new bids and made recommendations to the Corporate Leadership Team. The Corporate Leadership Team has proposed 2 new projects for inclusion in the capital programme, considering the Council's priorities, the availability of funding etc.

2.14 A new Project relating to urgent repairs at Stoney Way has been included in the proposed Capital Programme, profiled as £25,000 in 2023/24 and £100,000 in 2024/25. This is currently only an early indication of the costs that may be involved. Once further information is obtained, an updated position will be presented as part of the Capital Programme report.

2.16 Due to a short turnaround required to return the grant funding agreement, the Ashbourne Leisure Centre Swimming Pool support fund project hasn't been presented to the Community and Environment Committee. A report was presented to the Corporate Leadership Team and the budget for the project, which is entirely grant funded, was approved by the Director of Resources and is included in this report for members' information, as permitted under financial regulation 2.14.2.

2.17 Proposed new bids are set out in in table 4 and in more detail below. Under financial regulations, where a bid for a capital project is for £30,000 or more, or is of a political nature, a report is required to the relevant policy committee (unless financial regulation 2.14.2 applies). As has been stated above, these two new bids have not been reported to a policy committee due to their urgent nature.

Table 5: New Projects that are proposed for inclusion in this revised capital programme.

Project Name	Budget Required £	Score	Funded by:	Approved By Committee
Stoney Way Repairs	125,000	Not Scored	Capital Receipts	By this Report
Ashbourne Leisure Centre Swimming Pool Support Fund	40,959	Not Scored*	Grant	By Director of Resources und er FR 2.14.2 and by this report
Total New bids	**£1,259,100**			

*Not scored as fully grant funded

Stoney way repairs

2.13 St Giles Church, Matlock is classed as a closed churchyard for which the District Council have responsibility under section 215 (1) of the Local Government Act 1972. The retaining wall bordering Stoney Way has had some long-standing structural cracks which have been monitored. A recent survey revealed an instability in the wall. The adjacent right of way has been closed by Derbyshire County Council as a precautionary measure pending the installation of some temporary shoring utilising concrete blocks which will allow the right of way to reopen.

2.14 Subject to further survey and investigation works, it is likely that the wall will have to be dismantled and rebuilt with ground anchors. In common with the church, the wall is a listed structure and supports consecrated ground so a faculty and listed building consent will be required once the works have been determined. Due to the urgent nature of the repair to protect public safety members are asked to approve this amount for inclusion into the Capital programme.

Ashbourne leisure centre swimming pool support fund

2.15 The improvements to Ashbourne Swimming Pool are to be financed from a fully funded grant which will be received from Swim England Pool Support Fund. The works are to be delivered by Freedom Leisure.

2.16 Works that will be undertaken include installation of shower flow restrictors and photo Voltaic (PV) panels.

Summary of changes to the capital programme

2.21 If the proposed new bids and changes are accepted, the capital programme for 2023/24 to 2028/29 will be as shown in table 6 below.

Table 6: Increases to the capital programme

	£
New Bids (see table 5 & Appendix D)	165,959
Additional Capacity Funding Ashbourne Reborn	35,000
Additional Allocation for DFG Grants	1,203,472
Additional Allocation for VRP	455,000
Net over/Underspends	(251)
Total reduction to programme	**1,859,180**

2.23 The updated programme is set out in appendix B and summarised in table 7 below.

Table 7: Summary of revisions to capital programme 2023/24 to 2027/28

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	Total
	£	£	£	£	£	£	£
Approved Capital Programme (December 2023)	**12,855,250**	**20,688,422**	**3,099,002**	**1,077,736**	**50,000**	**0**	**37,770,410**
Project 360 Vehicles slippage returned back to 23/24 Agreed Council Jan 24	166,133	-166,133					0
Additional capacity Funding for Ashbourne Reborn	35,000						35,000
Additional Allocation for Future years DFG Fund					601,736	601,736	1,203,472
Additional Allocation for the Vehicle Replacement Fund					155,000	300,000	455,000
Expected Overspends on Current Projects	39,247						39,247
Slippage/Reprofiling into 2024-25	-2,335,231	2,335,231					0
Slippage 2024-25 to 2025-26		-1,043,447	1,043,447				0
No Longer Needed	-25,408	-9,263					-34,671
Forecast Underspends not required	-4,827						-4,827
Total change to the programme before new bids	**-2,125,086**	**1,116,388**	**1,043,447**	**0**	**756,736**	**901,736**	**1,693,221**
Revised capital programme excluding new bids	**10,730,164**	**21,804,810**	**4,142,449**	**1,077,736**	**806,736**	**901,736**	**39,463,631**
New Bids	**25,000**	**140,959**					**165,959**
Total Revised Programme for 29th February Council	**10,755,164**	**21,945,769**	**4,142,449**	**1,077,736**	**806,736**	**901,736**	**39,629,590**

Financing Arrangements for the capital programme

2.19 The proposed financing arrangements are set out in table 8 below.

Table 8: Proposed financing arrangements 2023/24 to 2027/28

	2023/24 £	**2024/25** £	**2025/26** £	**2026/27** £	**2027/28** £	**2**028/29	**Totals** £
Proposed Capital Programme (including New Bids)	10,755,164	21,945,769	4,142,449	1,077,736	806,736	901,736	39,629,590
Financed by:-							
Capital Receipts Reserve	574,450	1,337,793	258,529	80,000	50,000	-	2,330,772
Capital Programme Reserve	632,739	111,354	192,833				936,926
S106 Contributions	3,833,228	2,477,376					6,310,604
Grants	4,795,381	17,513,246	2,811,002	601,736	601,736	601,736	26,924,837
Economic Development Reserve	9,896	38,104					48,000
IT Reserve	155,737	30,000					185,737
Invest to Save Reserve			562,510				562,510
Corporate Plan Priority Reserve		51,896	149,575				201,471
Vehicle Reserve	495,133	386,000	168,000	396,000	155,000	300,000	1,900,133
Revenue Grants Unapplied	258,600						258,600
Total	**10,755,164**	**21,945,769**	**4,142,449**	**1,077,736**	**806,736**	**901,736**	**39,629,590**

2.20 A summary of reserve movements and balances is provided in Appendix C. This demonstrates that sufficient resources are available to finance the proposed capital programme. However, it also shows that if the capital programme proposals set out in the report are accepted, sources of capital funding are forecast to reduce from £12.994m at 1st April 2023 to £1.846m by 31st March 2028. It should also be noted that grants and contributions, section 106 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 in the capital receipts reserve and the capital programme reserve is only circa £307,100. This reflects a prudent forecast of the capital receipts that might be received in the coming 5 years.

3. Options considered and Recommended Proposal

3.1 The changes to the capital programme, and associated financing, set out in this report are recommended for approval,

3.2 An alternative option would be to NOT approve the recommended changes, including the proposed new projects. This alternative option is rejected as this approach would not generate the benefits for each project, which are described in the business cases. Such an approach could mean that these elements of the Council's priorities and Corporate Plan actions would not be delivered (without their inclusion in the capital programme, there is no authority to incur expenditure).

4. Consultation

4.1 None at this stage. The need for consultation will be assessed for each project as more detailed planning takes place.

5. Timetable for Implementation

5.1 If approved, the budget will be updated shortly after notification of Council approval and officers will have the authority to incur expenditure within project budgets.

5.2 Timetables for tendering and completion of all schemes have been established and incorporated into the programme.

6. Policy Implications

6.1 Capital investment in the Council's assets is necessary to continue to provide effective services and to deliver the Council's corporate Plan and priorities. The Council's Capital Programme considers 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. All the Council's aims and priorities, as contained in the Corporate Plan actions and targets for 2024/25 (to be considered elsewhere on the agenda for this Council meeting) and various service strategies, have been considered when determining these capital spending proposals.

6.2 The next capital programme update will show a table to illustrate capital spending by corporate priority/ theme.

6.3 It is important that the Capital Programme contains the appropriate budget within which projects should be managed. Approval of this report will provide financial approval and enable projects to commence / continue.

7. Financial and Resource Implications

7.1 While rising inflation presents a high financial risk to the overall capital programme, this report seeks to set accurate budgets for projects based upon previous tendering experience. Some of the larger projects include contingencies for price increases. Even with these measures in place, the risk of overspend cannot be eliminated. Given recent experience when seeking tenders for work in the capital programme, this risk is assessed as 'high'.

7.2 As explained in the report, sufficient resources are available to finance the proposed capital programme. However, the amount available in the capital receipts reserve and the capital programme reserve after funding this programme is forecast to reduce to around £307,100. This presents a high risk in terms of funding availability for future projects. The Council could, of course, consider borrowing for future capital schemes, but the resulting borrowing costs are unlikely to be affordable for the revenue account, given the Council's medium term financial position.

7.3 Staffing requirements and availability have been considered as part of the business cases and by the Corporate Leadership Team, as part of the process for new bids.

8. Legal Advice and Implications

8.1 As stated, this report:

- outlines spending for each project against the approved 2023/24 capital programme as at 31st January 2024, and
- seeks approval for an updated capital programme for 2023/24 to 2028/29 and associated financing. Two new projects are proposed for inclusion in the revised programme.

There are 6 recommended decisions to be made contained within this report. These relate to capital projects for the current and subsequent financial years. At the current time the legal risk associated to taking the decisions as recommended within this report has been assessed as low.

9. Equalities Implications

9.1 Equality implications will be assessed for each project as more detailed planning takes place. An EIA on the location and range of planned housing is recommended to ensure it is fairly distributed in the district and to ensure the range of housing types made available meet the needs of all residents e.g., bungalows and houses, larger homes for big families.

10. Climate Change Implications

10.1 The climate change implications of each of the bids has been assessed as part of the preparation of the business cases.

11. Risk Management

11.1 Financial and legal risks have been explained above.

11.2 Each project business case includes a risk assessment. The risks vary depending on the project, but common risks and mitigations include:

- Cost Inflation. Mitigation measures include inflation allowances and contingencies withing the estimated project cost.
- Delays on site due to adverse weather conditions and delayed deliveries. Mitigation measures include undertaking the works outside of peak times to minimise the impact on the service.
- Delays due to staff resources/competing priorities. This risk is mitigated by good project planning and inclusion within action plans and scheduled workloads.
- Complaints, Bad Publicity etc. Publicity by appropriate notices and use of the website and social media will be used to update the public on the project and timescales.

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	21/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	21/02/2024
Monitoring Officer	Helen Mitchell	21/02/2024

APPENDIX A CAPITAL PROGRAMME 2023/24 - 2028/29 (FOR APPROVAL 29TH FEBRUARY 2024)

Service	Project	Project Title	2023/24 Actual Expenditure to 11/01/24 (£)	2023/24 Revised Budget (£)	2024/25 (£)	2025/26 (£)	2026/27 (£)	2027/28 (£)	2028/29 (£)	Total capital programme (£)
Regulatory	270	Disabled Facilities Grant	306,894	600,000	641,736	601,736	601,736	601,736	601,736	3,648,680
Housing	281	Social Housing Grant - Tideswell	-	-	412,500	-	-	-	-	412,500
Housing	282	Social Housing Grant - Rural Village	-	-	75,000	-	-	-	-	75,000
Housing	290	Social Housing Grant - Calver	85,911	85,911	-	-	-	-	-	85,911
Housing	292	Social Housing Grant - Wirksworth	400,000	395,615	-	-	-	-	-	395,615
Housing	298	Empty Homes - Council Houses	37,029	-	-	-	-	-	-	-
Housing	303	Monyash Homes Renovation	12,664	340,000	-	-	-	-	-	340,000
Housing	304	Over Haddon Bequeathed Improvements	-	-	60,000	-	-	-	-	60,000
Housing	305	Housing Acquisitions -Tansley	876,670	864,503	-	-	-	-	-	864,503
Housing	307	Housing Acquisitions - Derby Road Ashbourne	46,511	42,100	-	-	-	-	-	42,100
Housing	308	Eyam/Wirksworth/Matlock Site Appraisals	3,275	4,398	-	-	-	-	-	4,398
Community	324	Bakewell - Riverbank Erosion	-	13,749	-	-	-	-	-	13,749
Community	360	Vehicle Replacement Programme	249,004	495,133	386,000	168,000	396,000	155,000	300,000	1,900,133
Regulatory	370	Capital Salaries	-	25,000	-	-	-	-	-	25,000
Community	386	Wirksworth Steeple Arch Landscaping and Footpath works	400	-	2,199	-	-	-	-	2,199
Community	495	Public Conveniences - Condition surveys	-	3,000	-	-	-	-	-	3,000

Community	527	Middleton Play Park	35	-	-	-	-	-	-	-
Community	562	DDCVS	30,000	30,000	30,000	30,000	30,000	-	-	120,000
Community	615	Ashbourne Pavilion Project	-	5,000	-	-	-	-	-	5,000
Regulatory	616	Hulland Ward Recreation Ground	22,000	22,000	-	-	-	-	-	22,000
Regulatory	617	Ashbourne Memorial Gardens and Bandstand	107,795	107,796	-	-	-	-	-	107,796
Regulatory	621	Climate Change: Energy Efficiency -Town Hall	401,902	397,998	-	-	-	-	-	397,998
Regulatory	622	Climate Change: Energy Efficiency - Agricultural Business Centre	111,216	102,028	-	-	-	-	-	102,028
Regeneration	625	Bakewell Road, Matlock Development	145	9,896	90,000	1,043,447	-	-	-	1,143,343
Community	627	Extensive structural & roof repairs required at Hall Leys Park Clock Tower	4,748	4,748	-	-	-	-	-	4,748
Community	630	Ashbourne Recreation Ground Footbridge replacement	11,882	-	87,500	-	-	-	-	87,500
Community	631	Ashbourne Recreation Building Rationalisation	27,696	27,696	-	-	-	-	-	27,696
Community	633	Bakewell ABC Various	13,916	13,916	-	-	-	-	-	13,916
-	-	Harrison Way - Northwood	-	3,372	-	-	-	-	-	3,372
Corporate	640	Production Server (ESX) replacement	20,737	20,737	-	-	-	-	-	20,737
Corporate	641	Network switch replacement	-	65,000	-	-	-	-	-	65,000
Corporate	642	Disaster Recovery (SAN replacement)	23,947	30,000	-	-	-	-	-	30,000
Corporate	643	VDI Server Replacement	-	-	30,000	-	-	-	-	30,000
Corporate	645	Server 2016 Replacement	-	36,852	-	-	-	-	-	36,852
Corporate	646	Windows 2016 Server consultancy	-	20,000	-	-	-	-	-	20,000
Regulatory	647	Ashbourne Leisure Centre	-	3,833	-	-	-	-	-	3,833

Regulatory	652	Matlock Bath Lovers Walk Shelter Rebuild	594	-	44,530	-	-	-	-	44,530
Regulatory	654	Energy Efficiency (off gas grid homes) HUG1	343,727	360,042	-	-	-	-	-	360,042
Regulatory	655	Energy Efficiency (on gas grid homes) LAD 3	100,164	100,165	-	-	-	-	-	100,165
Community	656	Changing Places	-	34,725	-	-	-	-	-	34,725
Community	659	Longcliffe Waste Depot - Tipping Room Floor	-	13,650	11,350	-	-	-	-	25,000
Housing	660	Hurst Farm Heritage Trail	1,655	-	682,885	-	-	-	-	682,885
Community	661	Upgrading of play Area & Recreation Facilities in Tansley	-	32,783	-	-	-	-	-	32,783
Community	662	Wash-Down Facility at Northwood Depot	3,372	12,560	-	-	-	-	-	12,560
Regulatory	663	Fleet De-carbonisation Charging Point - Depot	34,055	34,055	15,945	-	-	-	-	50,000
Community	664	EV Charging Infrastructure (car parks)	-	-	320,000	-	-	-	-	320,000
Community	665	Car parks resurfacing	-	68,000	-	-	-	-	-	68,000
Community	666	Rationalisation of Storage Facilities at depot	-	4,568	-	-	-	-	-	4,568
Corporate	667	Wi-Fi Replacement	-	50,000	-	-	-	-	-	50,000
Corporate	668	Production SAN Storage	38,286	38,286	1,714	-	-	-	-	40,000
Corporate	669	Back-up Storage, Server licences	-	-	30,000	-	-	-	-	30,000
Regulatory	670	Longford Flood Defence	20,000	20,000	-	-	-	-	-	20,000
Community	LCF	Leisure Centre Development - Freedom	-	-	7,909	-	-	-	-	7,909
Community	672	Hall Leys Park Matlock, Tennis Courts Resurfacing	45,231	45,231	-	-	-	-	-	45,231
Regeneration	680	Ashbourne Reborn: Highways and Public Realm	248,221	550,000	5,583,231	2,249,266	-	-	-	8,382,497
Regeneration	681	Ashbourne Reborn: Community Hub	310,989	325,000	4,350,216	-	-	-	-	4,675,216
Regeneration	674	Matlock Town Centre Public Realm	-	40,000	674,015	-	-	-	-	714,015

Regeneration	675	Community Resilience Grant (community grants) - UKSPF	-	-	36,000	-	-	-	-	36,000
Regeneration	683	Community Resilience Grant (community grants) - REPF	27,000	27,000	63,000	-	-	-	-	90,000
Regeneration	676	Rural Innovation Grants (business grants) - UKSPF	62,247	54,000	-	-	-	-	-	54,000
Regeneration	682	Rural Innovation Grants (business grants) - REPF	25,000	250,000	491,000	-	-	-	-	741,000
Regeneration	677	Energy audit & carbon reduction	-	44,000	62,035	-	-	-	-	106,035
Regeneration	679	Town Centres Sustainable Communities Programme – proposed to support Bakewell Road scheme	-	-	135,737	-	-	-	-	135,737
Housing	673	Local Authority Housing Fund	2,568,049	3,800,000	560,126	-	-	-	-	4,360,126
Regulatory	684/685	Arc Leisure & Wirksworth Leisure Centre Decarb Schemes	-	-	2,189,500	-	-	-	-	2,189,500
Regulatory	686	Home Upgrade Grants Round 2	97,037	150,000	1,747,500	-	-	-	-	1,897,500
Housing	687	Acquisition of 4 homes in Doveridge	60,536	62,000	638,000	-	-	-	-	700,000
Housing	688	Social Housing Grant - Wash green Wirksworth x 3 Affordable Homes	5,400	5,400	581,105	-	-	-	-	586,505
Regulatory	689	Bradbourne - Small Sewer Site	-	60,000	-	-	-	-	-	60,000
Community	690	Garage Vehicle Lift	-	20,000	-	-	-	-	-	20,000
Housing	691	Social Housing Grant - Edgefold Road Matlock x2 Affordable Homes	2,750	2,750	285,645	-	-	-	-	288,395
Housing	692	Harrisons Alms Houses Phase 3 Renovation of house to flats	-	-	195,000	-	-	-	-	195,000
Housing	693	John Higgs Alms Houses - Smedley Street Matlock	-	-	500,000	-	-	-	-	500,000
Community	694	Automated Toilet Locking Facility - Ashbourne, Matlock & Bakewell	4,785	15,000	-	-	-	-	-	15,000
Community	695	Cemetery Paths	-	15,000	55,000	25,000	25,000	25,000	-	145,000

Community	697	Parks and Recreation Grounds Paths	-	15,000	110,000	25,000	25,000	25,000	-	200,000
Community	698	Ashbourne Fishpond Foot Bridge	-	-	35,000	-	-	-	-	35,000
Housing	701	Local Authority Housing Fund - Round 2	678,767	675,600	-	-	-	-	-	675,600
Regulatory	702	Devolution Retrofit	68	68	583,432	-	-	-	-	583,500
Regeneration	699	Ashbourne Reborn Capacity Funding	22,736	35,000	-				-	35,000
Community	704	Ashbourne Leisure Centre - Swimming Pool Support Fund	-	-	40,959	-	-	-	-	40,959
Regulatory	703	Stoney Way Retaining Wall Repairs	-	25,000	100,000	-	-	-	-	125,000
			7,495,047	**10,755,164**	**21,945,769**	**4,142,449**	**1,077,736**	**806,736**	**901,736**	**39,629,590**

APPENDIX B

CAPITAL PROGRAMME 2023/24 - 2028/29 (FOR APPROVAL 29TH FEBRUARY 2024) - COMMENTS AND METHOD OF FINANCING

Service	Project	Project Title	Comments	Financed by:-
Regulatory	270	Disabled Facilities Grant	Includes a 50K allocation as per RC report	Grant
Housing	281	Social Housing Grant - Tideswell	To commence in 2024/25	S106 Contributions
Housing	282	Social Housing Grant - Rural Village	Slippage into 2024/25 - currently with Housing Association	S106 Contributions
Housing	290	Social Housing Grant - Calver	Complete	S106 Contributions
Housing	292	Social Housing Grant - Wirksworth	Will be completed by 31st March 24	S106 Contributions
Housing	298	Empty Homes - Council Houses	Expenditure should be on LAHF - Close this project	-
Housing	303	Monyash Homes Renovation	To be completed by 31st January 24	S106 Contributions
Housing	304	Over Haddon Bequeathed Improvements	Slippage - no expenditure this FY	S106 Contributions
Housing	305	Housing Acquisitions -Tansley	Completed	S106 Contributions
Housing	307	Housing Acquisitions - Derby Road Ashbourne	Completed	S106 Contributions
Housing	308	Eyam/Wirksworth/Matlock Site Appraisals	Pursuing a site in Eyam - Ground investigations commenced	S106 Contributions
Community	324	Bakewell - Riverbank Erosion	Awaiting Bakewell TC -MG to advise Bakewell Tc to use by 31/03/24 or we will re-allocate funds.	Capital Programme Reserve
Community	360	Vehicle Replacement Programme	As Per committee report - Forecast out turn as per Original Budget setting - amended to reflect	Vehicle Renewals Reserve
Regulatory	370	Capital Salaries	Time Spent - calculated at year end	Capital Receipts Reserve
Community	386	Wirksworth Steeple Arch Landscaping and Footpath works	On Hold - Waiting for DCC to come back regarding carrying out works on a public road before we are able to install the bollards	Capital Receipts Reserve
Community	495	Public Conveniences - Condition surveys	To be used for RAAC surveys	Capital Receipts Reserve

Community	527	Middleton Play Park	Complete	Grant
Community	562	DDCVS	Complete	Capital Receipts Reserve
Regeneration	572	Blenheim Road - Ashbourne	Complete: Link road opened May 2023	Capital Programme Reserve +£10k Economic Dev Reserve
Community	615	Ashbourne Pavilion Project	Retention payable 21/01/24	Capital Programme Reserve
Regulatory	616	Hulland Ward Recreation Ground	Complete	Capital Receipts Reserve
Regulatory	617	Ashbourne Memorial Gardens and Bandstand	Retention Fee	Capital Receipts Reserve
Regulatory	621	Climate Change: Energy Efficiency -Town Hall	Includes windows final account and fees less retention and outstanding decarb works costs	Grant £450,000, Capital Programme Reserve £378,401
Regulatory	622	Climate Change: Energy Efficiency - Agricultural Business Centre	Project complete - overspend expected	Grant £112,505, Capital Programme Reserve £194,975
Regeneration	625	Bakewell Road, Matlock Development	Slippage - Cinema development deferred at 14/12/23 Council meeting. Instead Phase 1 Bus Station Refurbishment scheme approved as initial phase of works at reduced cost. Council agreed to retain existing DDDC Capital Prog Budget allocation to wider scheme subject to review in 18 months (May 2025). TO NOTE: FURTHER DDDC CAPITAL SPEND ON PHASE 1 ESTIMATED BETWEEN £30-50K IN 2024/25 (TENDER PRICE AWAITED) WITH REMAINING ALLOCATION TO BE SHOWN IN 2025/26.	Capital Programme Reserve £ + Invest to Save Reserve £562,510+ Economic Development Reserve £48,000+ Corporate Priority Reserve £201,471+ Capital Receipts Reserve £178,529
Community	627	Extensive structural & roof repairs required at Hall Leys Park Clock Tower	Retention Fee	Capital Programme Reserve £42,500 + Capital Receipts £20,000
Community	630	Ashbourne Recreation Ground Footbridge replacement	Tender unsuccessful -slip to 24/25	Capital Programme Reserve
Community	631	Ashbourne Recreation Building Rationalisation	All works complete	Capital Programme Reserve
Community	633	Bakewell ABC Various	Project completed May 23	Capital Programme Reserve
-	-	Harrison Way - Northwood	Complete - This project is completed	Capital Programme Reserve

Corporate	640	Production Server (ESX) replacement	Complete - This project is completed	IT Reserve
Corporate	641	Network switch replacement	Awaiting Invoices	IT Reserve
Corporate	642	Disaster Recovery (SAN replacement)	Awaiting invoice	IT Reserve
Corporate	643	VDI Server Replacement	SLIPPAGE - to 2024/25	IT Reserve
Corporate	645	Server 2016 Replacement	On target - investigations into perpetual licences requirements in progress.	IT Reserve £20,000 & Capital Receipts £20,000
Corporate	646	Windows 2016 Server consultancy	On Hold - May not be needed and included in 645	IT Reserve
Regulatory	647	Ashbourne Leisure Centre	Complete - awaiting retention invoice	Grant
Regulatory	652	Matlock Bath Lovers Walk Shelter Rebuild	Tender unsuccessful -slip to 24/25	Capital Receipts Reserve
Regulatory	654	Energy Efficiency (off gas grid homes) HUG1	Project complete and closed down.	Grant
Regulatory	655	Energy Efficiency (on gas grid homes) LAD 3	Slippage - scheme will be completed by 31/12/2023	Total Project Grant £330,000 Capital Receipts 22,290 & capital Programme reserve £57276
Community	656	Changing Places	Awaiting bills, see email from Karen	Grant
Community	659	Longcliffe Waste Depot - Tipping Room Floor	On Target - Awaiting invoice from Serco	Capital Receipts Reserve
Housing	660	Hurst Farm Heritage Trail	SLIPPAGE - Delay to Tender Process approx October - expect works to begin in Qtr 1 of 2024-25	HLF Grant
Community	661	Upgrading of play Area & Recreation Facilities in Tansley	This is relating to 106 monies for Tansley - Transferred most to the Parish and they will supply invoices once the works are completed	S106 Contributions
Community	662	Wash-Down Facility at Northwood Depot		Capital Receipts Reserve
Regulatory	663	Fleet De-carbonisation Charging Point - Depot	On Target - Works now costed. The expenditure will be grant funded on proof of payment.	Grant £16,000 + Capital Programme Reserve £34,000
Community	664	EV Charging Infrastructure (car parks)	We have awarded the contract and have been successful with our ORCs funding application - working with Blink to work out a scheduling for the installations	£256k funded, £64k Capital Receipts Reserve
Community	665	Car parks resurfacing	Now we have reached our off peak season we will be arranging for this work to be carried out before the end of the financial year	Capital Receipts Reserve

Community	666	Rationalisation of Storage Facilities at depot	On Target - to be spent	Capital Receipts Reserve
Corporate	667	Wi-Fi Replacement	On target - Investigations into costs and options in progress.	Capital Receipts Reserve
Corporate	668	Production SAN Storage	On Target - Delivered and installation in progress	Capital Receipts Reserve
Corporate	669	Back-up Storage, Server licences	To start in 2024-25	Capital Receipts Reserve
Regulatory	670	Longford Flood Defence	Complete	Capital Receipts Reserve
Community	LCF	Leisure Centre Development - Freedom	Slippage carried forward to 2023-24, possibly spend on vanity units	Capital Programme Reserve
Community	672	Hall Leys Park Matlock, Tennis Courts Resurfacing	Completed	Grant
Regeneration	680	Ashbourne Reborn: Highways and Public Realm	Slippage forecast - meeting to be held with DCC w/c 15.01.24 to review project spend forecast. Forecast outturn reflects latest estimate. TO NOTE: final figure subject to adjustment within DLUHC quarterly monitoring returns for Q3 and Q4 23/24	LUF Gant Total £8,402,284 Capital Programme Reserve £40,000
Regeneration	681	Ashbourne Reborn: Community Hub	Slippage forecast - approach to staged payment of non-recoverable VAT element to be confirmed. VAT advice sought from PSTAX. Forecast outturn reflects estimate minus non-recoverable VAT element. TO NOTE: final figure subject to adjustment within DLUHC quarterly monitoring returns for Q3 and Q4 23/24	LUF Grant £4,971,225
Regeneration	674	Matlock Town Centre Public Realm	Slippage - DLUHC confirmed balance can be rolled into 24/25. ESTIMATED 40,000 UKSPF TO BE SPENT IN 2023/24. 2024/25 ESTIMATE OF SPEND ON PHASE 1 SCHEME £200-£220k. BALANCE TO BE MADE AVAILABLE TO OTHER TOWN CENTRE CAPITAL SCHEMES (CALL FOR EXPRESSIONS OF INTEREST CLOSES 22/01/24).	Grant (UKSPF)
Regeneration	675	Community Resilience Grant (community grants) - UKSPF	To start in 2024-25	Grant (UKSPF)
Regeneration	683	Community Resilience Grant (community grants) - REPF	All Paid this FY	Grant (REPF)
Regeneration	676	Rural Innovation Grants (business grants) - UKSPF	Contracted £66,352 - balance to come from 682	Grant (UKSPF)
Regeneration	682	Rural Innovation Grants (business grants) - REPF	Slippage forecast - grants in progress - contracted £23,352.09 Additional in development.	Grant (REPF)
Regeneration	677	Energy audit & carbon reduction	Slippage - To be delivered in partnership by UoD through the Green Entrepreneurs Fund. Awaiting MoU (could consider paying full 2023/24 grant to third-party service provider). BUDGETED AMOUNT SHOULD READ £44,000. DLUHC to confirm whether grant can be re-profiled into 2024/25	Grant (UKSPF)
Regeneration	679	Town Centres Sustainable Communities Programme –	Slippage - As 674 - one project inc. UKSPF/REPF. Revised Phase 1 proposal to utilise UKSPF only. TO NOTE: BALANCE TO BE CARRIED FORWARD TO	Grant (REPF)

		proposed to support Bakewell Road scheme	2024/25 AND MADE AVAILABLE AND MADE AVAILABLE TO OTHER TOWN CENTRE CAPITAL SCHEMES (CALL FOR EXPRESSIONS OF INTEREST CLOSES 22/01/24)	
Housing	673	Local Authority Housing Fund	Programme progressing, likely underpsent - ends at 31st March 24	2,036,232 grant - remainder 106
Regulatory	684/685	Arc Leisure & Wirksworth Leisure Centre Decarb Schemes	2024/25 Project	Grant £1,925,500 264k cap receipts
Regulatory	686	Home Upgrade Grants Round 2	Underspend expected in year - to slip into 2024/25	Grant Funding
Housing	687	Acquisition of 4 homes in Doveridge	Stage 1 payment this FY	S106 Contributions / capital receipts
Housing	688	Social Housing Grant - Wash green Wirksworth x 3 Affordable Homes	Expenditure this FY for Tree surveys, remainder will be slippage	S106 Contributions & 150k Grant (possibly a 30% Grant)
Regulatory	689	Bradbourne - Small Sewer Site	Quote inflation May Slip	Capital Receips
Community	690	Garage Vehicle Lift	Project expected to be delivered by March 24	Capital Receipts
Housing	691	Social Housing Grant - Edgefold Road Matlock x2 Affordable Homes	SLIPPAGE - pre app works underway	S106 Contributions 90k grant (possibly a 30% grant)
Housing	692	Harrisons Alms Houses Phase 3 Renovation of house to flats	Slippage into 2024/25	S106 Contributions
Housing	693	John Higgs Alms Houses - Smedley Street Matlock	2024-25 Project	Capital Receipts
Community	694	Automated Toilet Locking Facility - Ashbourne, Matlock & Bakewell	On Track. Currently waiting for the second part of the project	Capital Programme Reserve
Community	695	Cemetery Paths	Slip underspend to 2024/25	Capital Receipts
Community	696	Lychgate Ashbourne Cemetery	Not needed	Insurance Reserve
Community	697	Parks and Recreation Grounds Paths	Slip underspend to 2024/25	Capital Receipts
Community	698	Ashbourne Fishpond Foot Bridge	Slip to 2024/25	Capital Receipts
Housing	701	Local Authority Housing Fund - Round 2	To be completed by 31st January 24	Capital Grant £292k Revenue Grants £223,600 S106 £160,000
Regulatory	702	Devolution Retrofit	To be completeted by September 2024	Capital Grant

Regeneration	699	Ashbourne Reborn Capacity Funding	Additional Funding in support of Ashbourne Reborn	Revenue Grants Unapplied
Community	704	Ashbourne Leisure Centre - Swimming Pool Support Fund	Grant Conditions to be signed by 6th February 24	Capital Grant from The Swimming Pool Support Fund
Regulatory	703	Stoney Way Repairs	NEW BIDS	Capital Receipts

APPENDIX C   PROPOSED FINANCING OF CAPITAL PROGRAMME 2023/24 to 2028/29

Where a ' - ' balance is given, this indicates that funds are available

Summary of balances	Capital Receipts* £	Capital Programme Reserve £	S106 (Housing) £	Capital Grants £	Carsington Grants £	* Economic Development Reserve £	* IT Reserve £	* Invest to Save Reserve £	* Corp. Plan Priority Reserve £	Vehicle Reserve £	Revenue Grants Unapplied	Total
Opening Balance 1st April 2023	-1,977,814	-956,984	-6,225,855	-1,900,833	-33,452	-132,228	-195,000	-562,510	-201,471	-549,302	-258,600	-12,994,049
Revenue Commitments & other adjustments						54,931						54,931
in-year Contributions	-400,000		-397,473	-5,574,601						-50,000		-6,422,074
Capital Programme 2023/24	574,450	632,739	3,833,228	4,795,381		9,896	155,737	0	0	495,133	258,600	10,755,164
Opening Balance 1st April 2024	-1,803,364	-324,245	-2,790,101	-2,680,053	-33,452	-67,401	-39,263	-562,510	-201,471	-104,169	0	-8,606,029
Revenue Commitments & other adjustments	0	0	0	0	0	0	0	0	0	0		0
in-year Contributions	-110,000			-14,010,703						-300,000	0	-14,420,703
Capital Programme 2024/25	1,337,793	111,354	2,477,376	17,513,246		38,104	30,000	0	51,896	386,000	0	21,945,769
Opening Balance 1st April 2025	-575,571	-212,891	-312,725	822,490	-33,452	-29,297	-9,263	-562,510	-149,575	-18,169	0	-1,080,963
Revenue Commitments & other adjustments	0	0	0	0	0	0	0	0	0	0		0
in-year Contributions	-50,000			-4,588,502						-300,000		-4,938,502
Capital Programme 2025/26	258,529	192,833	0	2,811,002	0	0	0	562,510	149,575	168,000		4,142,449
Opening Balance 1st April 2026	-367,042	-20,058	-312,725	-955,010	-33,452	-29,297	-9,263	0	0	-150,169	0	-1,877,016
Revenue Commitments & other adjustments	0	0	0	0	0	0	0	0	0	0		0
in-year Contributions	-50,000			-601,736						-300,000		-951,736
Capital Programme 2026/27	80,000	0	0	601,736	0	0	0	0	0	396,000		1,077,736
Opening Balance 1st April 2027	-337,042	-20,058	-312,725	-955,010	-33,452	-29,297	-9,263	0	0	-54,169	0	-1,751,016
Revenue Commitments & other adjustments												0
in-year Contributions				-601,736						-300,000		-901,736
Capital Programme 2027/28	50,000	0	0	601,736		0	0	0		155,000		806,736
Opening Balance 1st April 2028	-287,042	-20,058	-312,725	-955,010	-33,452	-29,297	-9,263	0	0	-199,169	0	-1,846,016
Revenue Commitments & other adjustments												0
in-year Contributions				-601,736						-300,000		-901,736
Capital Programme 2028/29	0	0	0	601,736			0			300,000		901,736
Opening Balance 1st April 2029	-287,042	-20,058	-312,725	-955,010	-33,452	-29,297	-9,263	0	0	-199,169		-1,846,016

***Funding agreed previously to be earmarked for capital schemes**

Agenda Item 10

OPEN REPORT
COUNCIL

Council – 29 February 2024

REVENUE BUDGET 2024/25

Report of the Director of Resources (Section 151 Officer)

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Wards Affected
District-wide

Report Summary
This report seeks approval for the District Council's and Revenue Budget for 2024/25 and updated Medium Term Financial Plan.

Recommendations

1. That the level of the Derbyshire Dales District Council's Council Tax (excluding parish requirements) for 2024/25 set at £236.98 for Band D, being an increase of £6.88 per band D (2.99%) from the 2023/24 level.

2. That the estimated net revenue expenditure for 2024/25 totalling £13,750,161, as detailed in the Summary Revenue Account in Appendix 1, be approved.

3. That approval be given to the transfer of £400,000 from the General Reserve to increase the level of uncommitted working balances from £1m to £1.4m at 31st March 2024.

4. That approval be given to the transfer of the balance of £508,406 from the Funding Uncertainties Reserve to the Corporate Plan Priority Reserve at 31st March 2024.

5. The net sum of £439,628 be transferred from strategic reserves in 2024/25, as shown in Appendix 1 and detailed in Appendix 5.

6. The following amounts are calculated by the Council for the chargeable financial year 2024/25 in accordance with Section 31A of the Local Government Finance Act 1992:-
   i. aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) thereof is £35,453,949;
   ii. aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) thereof is £26,075,635

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 2024/25 is £9,378,314;

7. That the updated Medium Term Financial Plan, shown in Appendix 4, be approved.

8. 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 be noted.

9. That Council adopts the Pay Policy Statement for 2024/25, set out in Appendix 9 to this report.

List of Appendices

Appendix 1 Summary Revenue Account

Appendix 2 Net cost of services analysed by activity

Appendix 3 Variations in spending proposals for proposed budget for 2024/25 compared to 2023/24 original budget

Appendix 4 Medium Term Financial Plan

Appendix 5 Transfers to and from Strategic Reserves

Appendix 6 Summary of Revenue Balances, Provisions and Strategic Reserves

Appendix 7 Annual Review of Strategic Reserves

Appendix 8 Parish Precepts

Appendix 9 Pay Policy Statement

Appendix 10 Budget Report: Glossary of Terms

Background Papers

Date	Description	Location
05/02/2024	Details of Final Local Government Finance Settlement for 2024/25	Local authorities' individual allocations can be found in the final 2024/25 Local Government Finance settlement

Consideration of report by Council or other committee
N/A

Council Approval Required
Yes

Exempt from Press or Public
No

Revenue Budget 2024/25

1. Introduction

1.1 Revenue spending proposals for all the Council's services and activities, together with a budget summary, are given in Appendices 1 and 2 to this report.

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 Financial Management Code produced by CIPFA 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 4.

1.4 This report also includes the Chief Finance Officer's Statutory Report on the robustness of the estimates made for the purposes of the budget calculation and the adequacy of the proposed financial reserves. The Council is required to take the report into account when making the calculations for its budget.

2. Key Issues

2.1 Local Government Finance Settlement for 2024/25

2.1.1 Introduction

Details of the final Local Government Finance Settlement for 2024/25 were announced by government on 5th February 2024 via a written ministerial statement available here.

On 24 January 2024, following consultation on the provisional settlement, the Secretary of State (Michael Gove) announced that there would be a further increase in funding for local government at the final settlement of £600m. The final settlement confirms the £600m uplift: a further £500m for social care, a £15m increase in the Rural Services Delivery Grant (RSDG), £3m for the "islands", an increase in the funding guarantee from 3% to 4% (£72m extra), and an increase in the Services Grant (£11m).

Although the Council is only in receipt of a small number of government grants the settlement still has a significant impact on its finances. The key points of the final settlement relevant to the District Council are set out below.

2.1.2 The national context

Below is a summary table outlining the key features of the local government finance settlement for 2024/25, alongside a table setting out the total Core Spending Power available through each component of the Settlement compared to 2023/24.

Table 1: Key features of the Local Government Finance Settlement 2024/25

Settlement component	**2024/25**
Locally retained business rates - baseline funding levels	• Local authorities will see an increase in baseline funding levels (BFLs) and compensation grant as if both business rating multipliers had increased by the change in the Consumer Price Index between September 2022 and September 2023 (6.7%) • There will be no business rates reset in 2024/25.
Locally retained business rates - under indexation	• Increase to compensate for the difference between the business rate multipliers and the Consumer Price Index measure of inflation between September 2022 and September 2023 (6.7%)
Revenue Support Grant	• Increase in line with the change in the Consumer Price Index between September 2022 and September 2023 (6.7%) • There will be no negative RSG.
Council Tax	• For shire district councils their relevant basic amount of council tax in 2024/25 will require a referendum if it is **both**: a) **3%, or more than 3%,** above its 2023/24 level; **and** b**) more than £5** above its 2023/24 level.
Funding Guarantee	• Ensure all authorities see a 4% (up from 3% in 2023/24) core spending power increase before any increase in council tax levels.
New Homes Bonus	• Maintain the 2023/24 approach, making 2024/25 in-year payments only
Rural Services Delivery Grant	• An additional £15m has been announced for the Rural Services Delivery Grant (RSDG), taking the overall grant allocation to £110m. The allocations are based on the current methodology. • The increase in RSDG will be offset by a reduction in the 4% Funding Guarantee payment for most authorities.
Services Grant	• The Services Grant will be £87.5 million in 2024/25. This includes an additional £10.5m announced before the final LGFS. Within this increase is the new money for the “islands” (£3.15m). The remaining allocations are distributed using the existing methodology (based on the 2013/14 Settlement Funding Assessment).

Table 2: Total Core Spending Power available through each component of the Settlement compared to 2023/24 (£ millions)

Core Spending Power by component (£m)	2023/24	2024/25
Revenue Support Grant	2,729	3,024
Baseline Funding Levels	12,943	13,538
Grants Rolled In	480	0
Under indexation	2,205	2,581
Council tax total	33,984	36,071
Improved Better Care Fund	2,140	2,140
Social Care Grant	3,852	5,044
ASC Discharge	300	500
ASC Market Sustainability Improvement Fund	562	1,050
New Homes Bonus	291	291
Rural Services Delivery Grant	95	110
Funding Guarantee grant	133	269
Services grant	483	87
TOTAL	**60,197**	**64,705**

Part Time Work for Full Time Pay

The government has made it clear that any attempt from a local authority to implement Part Time Work for Full Time Pay – for example, a so called 'four-day week' or equivalent arrangements - is contrary to the interests of local taxpayers. In the consultation on the LGFS the government has included proposals to use financial levers within the settlement to disincentivise councils from operating part time work for full time pay in future settlements.

Productivity Plans

In return for the additional funding, local authorities will be required to submit a productivity plan by July 2024. These plans "will set out how local authorities will improve service performance and reduce wasteful expenditure". It is expected that these new plans should be "short" and "draw on work councils have already done".

2.1.3 The local context

i. **Core Spending Power** for this Council has increased from £10,560,000 (adjusted) in 2023/24 to £11,197,000 in 2024/25 (an increase of £637,000, 6%). The increase in the Core Spending Power assumes the maximum 2.99% council tax increase, as well as an increase in the council tax base that reflects new homes, i.e. that the taxbase rises in line with the 4-year average for the authority.

Table 3: Core spending power 2024/25 compared with 2023/24

Source of Funding	2023/24 Adjusted £000s	2024/25 £000s	Change £000s	Change %
Revenue Support Grant	64	69	5	7.8%
Business Rates Baseline Funding Level	1,738	1,787	49	2.8%
Total = Settlement Funding Assessment	**1,802**	**1,856**	**54**	**3.0%**
Compensation for under-indexing the business rates multiplier	296	379	83	28.0%
New Homes Bonus	241	116	-125	-51.9%
Rural Services Delivery Grant	471	545	74	15.7%
Services Grant	68	12	-56	-82.4%
Funding Guarantee	627	915	288	45.9%
Core Spending Power excl. council tax	**3,505**	**3,823**	**318**	9.1%
Council Tax (excl. parish precepts)	7,055	7,374	319	4.5%
Total Core Spending Power	**10,560**	**11,197**	**637**	**6.0%**

ii. If the change in the compensation for indexation is removed from the table, along with the income from council tax, the result would be an increase in CSP of £235,000 (7.3%) to £3.444m, which is £280,000 (8.8%) more than the comparable amount of £3.164m assumed in the MTFP.

iii. The 2024/25 **Settlement Funding Assessment** of £1.856 million is an increase of 3.0% on 2023/24. This is £49,000 more than the amount assumed in the Council's Medium Term Financial Plan for 2024/25 (approved in December 2023).

iv. **Negative Revenue Support Grant** has been funded in the settlement so is no longer a cost pressure in 2024/25. Based on the Government's policy statement issued in early December 2023, no cost was assumed in the MTFP for 2024/25. However, the MTFP assumes a cost of circa £850,000 a year from 2026/27, based on modelling by the Council's advisers.

v. **Compensation for under-indexing the business rates multiplier** has increased by £83,000 (28%) but reduced by £610,000 (62%) against the MTFP, but this is to compensate for a reduction in business rates income so there will be no overall impact on the Council's financial position.

vi. The **New Homes Bonus** (NHB) payment for 2024/25 is £116,000, a reduction of £125,000 (52%) from £241,000 in 2023/24. The MTFP assumed NHB of £115,000 for 2024/25, which is expected to be the last year so no NHB had been anticipated in the MTFP beyond 2024/25.

vii. **Services Grant** has been reduced by £56,000 from £68,000 in 2023/24 to £12,000 in 2024/25, but this has been offset by an increase in the Funding Guarantee Grant (see below). The MTFP had assumed that this grant would be £57,000 in 2024/25.

viii. **Rural Services Delivery Grant** has been increased by £74,000 from £471,000 in 2023/24 to £545,000 in 2024/25. No increase had been assumed in the MTFP.

ix. The **Funding Guarantee** has been increased by £288,000 from £627,000 in 2023/24 to £915,000 in 2024/25. Part of the increase is offset by a reduction in Services Grant (see above). The MTFP had assumed an increase to £714,000.

x. The **increase in the Council Tax** income shown in the table above at 4.5% assumes the maximum 2.99% increase as well as an increase in the council tax base that reflects the government's forecasts of expected growth. The MTFP that was approved in December 2023 had assumed a council tax increase of 2.94%, with lower forecasts for growth.

xi. When compared against the assumptions in the Medium-Term Financial Plan (MTFP) that was approved on 14 December 2023, there is an overall reduction in funding of £265,000 (2.3%) for 2024/25 as shown in table 4 below. However, this overall reduction includes £610,000 that relates to compensation for under-indexing the business rates multiplier (which should be offset by a change in business rates income).

Table 4: Funding in 2024/25 settlement compared with MTFP*

Source of Funding	MTFP* £000s	Settlement £000s	Change £000s	Change %
Settlement Funding Assessment	1,807	1,856	49	2.7%
Compensation for under-indexing the business rates multiplier	989	379	-610	-61.7%
New Homes Bonus	115	116	1	-
Rural Services Delivery Grant	471	545	74	15.7%
Services Grant	57	12	-45	-78.9%
Funding Guarantee	714	915	201	-28.2%
Council Tax (excl. parish precepts)	7,309	7,374	65	0.9%
Total Core Spending Power	**11,462**	**11,197**	**-265**	**-2.3%**

2.1.4 Officer comments

2.1.4.1 This settlement relates to 2024/25 only and there is no certainty that this increased level of funding will continue into future years. It should be noted that it assumes a 2.99% increase in the council tax.

2.1.4.2 The settlement for 2024/25 should not be taken as an indication of the likely funding position in future years. It is more difficult to predict the level of finance settlement that might be received from 2025/26 onwards given the one-year settlement and lack of clarity over future funding levels. It should be noted that the Fair Funding Review and baseline business rates reset are both going to be under consideration again, for possible implementation in 2026/27, meaning that there is no certainty that this level of funding will continue into the medium term. Significant changes in local government finance are expected to take place from 2026/27, which could have a significant impact on the Council's revenue account. For example, the settlement funding assessment of £1.856m for 2023/24 could be reduced significantly as part of the government's reviews and it is possible that 'Negative Revenue Support Grant' could re-emerge.

2.1.4.3 Most of the financial uncertainties for future years, that have been explained repeatedly, still remain. There is a lot of uncertainty relating to future levels of inflation, interest rates and government funding (especially the outcome of government reviews into 'fair funding' and 'business rates retention'), all of which could have a significant impact on the Council's financial position. This settlement has helped the council to balance the budget for 2024/25, with no use of the general reserve, but the financial uncertainties and need for corporate savings and investment for capital projects remain for subsequent years, due mainly to the lack of a multi-year settlement and inflationary pressures. This means that during 2025/26 officers will be working with members to prioritise spending and to ensure that a sustainable balanced budget can be set for 2025/26.

2.1.5 Local Government Finance Settlement: Conclusion

The settlement for 2024/25 is more favourable than expected (if the compensation for under-indexing the business rates multiplier is ignored) but it assumes a 2.99% increase in the council tax and will not be sufficient to address all inflationary pressures, especially for years beyond 2024/25. There is a great deal of uncertainty relating to levels of inflation, interest rates and government funding. This means that that, while it will be possible to set a balanced budget for 2024/25, tough decisions will need to be taken to achieve a sustainable, balanced budget for 2025/26 and beyond.

2.2 Net spending and council tax requirement

2.2.1 The Summary Revenue Account is shown in Appendix 1, which sets out the spending proposals for this Council and the precepts of the Town/Parish Councils for 2024/25. The estimates of cost reflect the spending needs of the current service plans and policies of the Council. The net cost of services is detailed in Appendix 2. Following the transfers to/from reserves, there is a breakeven position in the 2023/24 budget, with expenditure matched by income. The General Reserve has not been used to balance the budget for 2024/25.

2.2.2 The calculation of net revenue expenditure and the Council Tax requirement is shown in detail in the Summary Revenue Account in Appendix 1 and is summarised in the table below:-

Table 5: Summary Revenue Account

	Original Budget 2023/24 £	Revised Budget 2023/24 £	Proposed Budget 2024/25 £
Net Cost of Services (as Appendix 1)	13,569,674	14,396,043	13,915,794
Income from investment properties	(102,556)	(102,556)	(102,556)
Net interest	(11,850)	(11,850)	(274,850)
Statutory sum for debt repayment	211,773	211,773	211,773
Net revenue expenditure	**13,667,041**	**14,493,410**	**13,750,161**
Transfer to/(from) strategic reserves (detailed in Appendix 5)	(1,464,926)	(2,291,295)	(439,628)
External Funding Requirement	**12,202,115**	**12,202,115**	**13,310,533**
Funded by:			
Retained Business Rates (NDR)	(3,977,147)	(3,977,147)	(4,247,513)
Business rates collection fund deficit	201,550	201,550	(284,149)
Revenue Support Grant	(64,574)	(64,574)	(68,852)
New Homes Bonus	(241,183)	(241,183)	(115,901)
Rural Services Delivery Grant	(471,000)	(471,000)	(544,811)
Council tax collection fund deficit	100,322	100,322	180,724
3% Funding Guarantee Grant	(626,887)	(626,887)	(915,157)
Other Government Grants	(67,748)	(67,748)	(11,695)
Total external funding (excl. council tax)	**(5,146,667)**	**(5,146,667)**	**(6,007,354)**
DDDC Council Tax Requirement	(7,055,448)	(7,055,448)	(7,303,179)
Town and Parish Council Precepts	(1,968,346)	(1,968,346)	(2,075,135)
Council Tax Requirement Incl. Parishes	**(9,023,794)**	**(9,023,794)**	**(9,378,314)**
Total (External Funding + Council Tax, excl. parishes)	**(12,202,115)**	**(12,202,115)**	**(13,310,533)**

2.2.3 The estimates for 2024/25 (excluding parish precepts) result in an increased council tax requirement of £247,731 against the original budget for 2023/24. In preparing proposed budgets for 2024/25 service managers have taken account of any ongoing under- or over-spending that has been identified in 2022/23 and 2023/24. A summary of variances when comparing the 2024/25 proposed budgets to the 2023/24 original budgets is given in Appendix 3. Significant variances (over £100,000) are shown in the table below:-

Table 6: Variances for proposed budget 2024/25 over original budget 2023/24

Budget Head	Variance £000
Increase to staffing budget for establishment changes, 2023/24 pay award and forecast 2024/25 pay award	844
Non-staffing Inflationary Increases	408
Reduction in Waste Contract costs (incl. changes in income)	(627)
Removal of one-off expenditure for elections (funded by elections reserve)	(133)
Other movements	(146)
Change in net cost of services	**346**
Increase in interest receivable	(263)
Reduced use of reserves and balances	1,025
Increase in net spending	**1,108**
Decrease in Business Rate Collection Fund Deficit	(486)
Retained Business Rates	(270)
Increase in Council Tax Deficit	81
Net increase in Government Grants	(185)
Increase in External Funding	**(860)**
Increase in District Council Tax Requirement	**(248)**

2.3 Council Tax

Council Tax Collection Fund Balance

2.3.1 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.

2.3.2 At 31st March 2024 there is expected to be a deficit on the Council Tax collection fund. The District Council's share of the deficit is £180,724, which has to be taken into account in setting the 2023/24 Council Tax level.

Non-domestic Rates Collection Fund Balance

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

2.3.4 At 31st March 2024 there is expected to be a surplus on the non-domestic rates collection fund. The District Council's share of the surplus is £284,149, which must be taken into account in setting the 2024/25 Council Tax level.

Council Tax Requirement and Proposed Council Tax Increase

2.3.5 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 town and parish council precepts) from the Council Tax for 2024/25, including a comparison with 2023/24, is calculated as follows:-

Table 7: Council Tax Calculation

	2023/24	2024/25
Council Tax Requirement (DDDC)	£7,055,448	£7,303,179
Council Tax Base	30,662.53	30,817.7
DDDC Council Tax - Band D	£230.10	£236.98
Increase per band D	**£6.58**	**£6.88**
Increase %	**2.94%**	**2.99%**

2.3.6 The council tax referendum principles for 2024/25 were announced by government on 5th February 2024. The following principle applies in relation to shire district councils:

*"For shire district councils their relevant basic amount of council tax in 2024/25 will require a referendum if it is **both**:*

*a) **3%, or more than 3%,** above its 2023/24 level; **and***

*b) **more than £5** above its 2023/24 level".*

The recommended council tax increase in this report does not exceed these principles.

2.3.7 The table below shows the proposed band D Council tax and % increase for 2024/25, with data for the previous 5 years:-

Table 8: Council Tax Levels since 2019/20

Financial Year	Band D Council Tax	Increase on Previous Year
2019/20	£209.27	2.45%
2020/21	£214.27	2.39%
2021/22	£219.27	2.33%
2022/23	£223.52	1.94%
2023/24	£230.10	2.94%
Proposed 2024/25	**£236.98**	**2.99%**

It is important to note that the proposed increase in council tax for 2024/25 will benefit each subsequent financial year, when the council faces uncertainty on levels of government funding and the impact of inflationary pressures.

2.4 Medium-Term Financial Plan

2.4.1 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.

2.4.2 The Medium-Term Financial Plan, which is summarised in the table below and shown in detail at Appendix 4, 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 9: Summarised Medium-Term Financial Plan

	Original Budget 2023/24 £000s	Revised Budget 2023/24 £000s	Proposed Budget 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
Forecast spending	**13,667**	**13,697**	**13,749**	**14,611**	**14,822**	**15,184**	**15,348**
Transfers to/(from) reserves	(1,465)	(2,022)	(439)	265	383	383	(10)
Net Spending Requirement	**12,202**	**11,675**	**13,310**	**14,876**	**15,206**	**15,568**	**15,338**
Funded By:							
Income from Council Tax	(6,955)	(6,955)	(7,122)	(7,769)	(8,045)	(8,330)	(8,625)
Income from Business Rates	(3,775)	(4,045)	(4,531)	(4,491)	(4,829)	(3,956)	(3,132)
Funding Guarantee	(627)	(627)	(915)	(830)	0	0	0
Revenue Support Grant	(65)	(65)	(69)	(86)	848	863	879
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Services Grant	(68)	(68)	(12)	(17)	0	0	0
Total funding	(12,202)	(12,472)	(13,310)	(13,738)	(12,571)	(11,968)	(11,423)
Savings to be achieved	**0**	**(796)**	**(0)**	**1,138**	**2,635**	**3,600**	**3,915**

2.4.3 The Medium-Term Financial Plan shown above demonstrates that, with the proposed increase in council tax and use of reserves, there is a balanced budget for 2024/25, with savings of £1.138m being required to balance the budget for 2025/26. However, the Medium-Term Financial Plan shows that further grant losses are expected from 2026/27 onwards (see below) and that, as a result, there is a need to identify additional savings or income of almost £2.6m a year for 2026/27, rising to £3.9m in 2028/29. The approach to savings is set out in section 2.6 of this report.

2.4.4 Several funding streams (Retained Business Rates, New Homes Bonus, Funding Guarantee and Revenue Support Grant) all have a significant direct impact on the Council. The Department for Levelling Up, Communities and Housing (DLUHC) has previously indicated all of these funding streams might reduce and the information received has been used to model the Council's future MTFP.

2.4.5 The DLUHC continues to review the arrangements for Local Government financing. However, as experienced in the 2024/25 settlement, changes to allocations can be received late in the day. As the provisional and final settlements are not normally received until December and February respectively prior to the start of the relevant financial year starting in April, the Council has limited time to respond to unexpected changes introduced by the DLUHC.

2.4.6 The Council has reserves and balances that would be available to use to balance the budget should unexpected changes arise with insufficient time to address them before the budget has to be set. However, the use of reserves to balance the budget is not sustainable. It is proposed that, during 2024/25, a thorough review of income and expenditure should be undertaken, and an action plan developed to address to the £1.138m savings gap for 2024/25. For years from 2025/26 onwards, at £3m to £4m the savings gap represents around a quarter of net revenue spending so it will be very challenging to meet this target and difficult decisions will need to be taken.

2.4.7 The MTFP includes the impact of several key developments for the council over the MTFP period. These include the estimated potential increased costs of pay and price inflation, potential costs arising from the triennial review of the pension fund, as well as additional revenue income arising from investments being made through the capital programme e.g. climate change and housing. As stated earlier in this report, the MTFP assumes a significant reduction in government grants. It has been assumed that general grant funding will reduce from £1.75m in 2024/25 to £1.5m in 2025/26 to a -£0.3m a year thereafter.

2.4.8 The assumptions made in preparing the MTFP are shown in Appendix 4. A prudent approach has been taken. It is possible that some of these assumptions may turn out to be too cautious. A more optimistic version of the MTFP has been produced to reflect the following changes in assumptions:

- Government grants from 2026/27 retained at same levels as 2025/26, rather than significant reductions;
- Removal of the expected impact of the Business Rates Reset;
- No increase in pension costs at next revaluation.

The results of the more optimistic assumptions are set out below in a revised MTFP:

Table 10: Summarised Medium Term Financial Plan (More Optimistic Version)

	Original Budget 2023/24 £000s	Revised Budget 2023/24 £000s	Proposed Budget 2024/25 £000s	Forecast 2025/26 £000s	Forecast 2026/27 £000s	Forecast 2027/28 £000s	Forecast 2028/29 £000s
Forecast spending	**13,667**	**13,697**	**13,749**	**14,611**	**14,672**	**15,034**	**15,198**
Transfers to/(from) reserves	(1,465)	(2,022)	(439)	265	383	383	(10)
Net Spending Requirement	**12,202**	**11,675**	**13,310**	**14,876**	**15,056**	**15,418**	**15,188**
Funded By:							
Income from Council Tax	(6,955)	(6,955)	(7,122)	(7,769)	(8,045)	(8,330)	(8,625)
Income from Business Rates	(3,775)	(4,045)	(4,531)	(4,491)	(4,506)	(4,521)	(4,537)
Funding Guarantee	(627)	(627)	(915)	(830)	(830)	(830)	(830)
Revenue Support Grant	(65)	(65)	(69)	(86)	(86)	(86)	(86)
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Services Grant	(68)	(68)	(12)	(17)	(17)	(17)	(17)
Total funding	**(12,202)**	**(12,472)**	**(13,310)**	**(13,738)**	**(14,029)**	**(14,329)**	**(14,640)**
Savings to be achieved	**0**	**(796)**	**(0)**	**1,138**	**1,027**	**1,089**	**548**

2.4.9 As can be seen in table 10 above, even if the expected impact of changes in grant funding, business rates reset and the pension fund revaluation are removed from the MTFP, there remains a savings target of around £1.1m for 2025/26. Therefore, it will be necessary to take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this report.

2.4.10 Given the uncertainties involved in forecasting beyond 2025/26, and the current levels of the general reserve and working balances (see below), it is recommended that that significant service reductions for 2026/27 and beyond be put on hold pending the outcome of the government reviews of Council funding.

2.5 Reserves and Balances

2.5.1 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 5. The estimated position on the Council's Reserves and Balances as at 31st March 2024 and 31st March 2025 is detailed in Appendix 6. A number of points need to be taken into account and these are set out below.

Working Balances

2.5.2 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.

2.5.3 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, the Council's Medium-Term Financial Strategy states that it is considered prudent to retain uncommitted working balances of approximately 10% of net revenue expenditure.

2.5.4 In order that the amount in Working Balances is approximately 10% of net revenue expenditure, it is recommended that approval be given to the transfer of £400,000 from the General Reserve to increase the level of uncommitted working balances from £1m to £1.4m at 31st March 2024.

Use of Balances

2.5.5 The effect of the Council's spending proposals and commitments on the General Reserve is shown in the Medium-Term Financial Plan in Appendix 4 and a summary of reserves is given in Appendix 6. It can be seen that the estimated General Reserve balance is £3,122,060 at 31st March 2024 (after the transfer of £400,000 to Working Balances as recommended in paragraph 2.5.4).

2.5.6 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 be 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.

2.5.7 It should be noted that the Medium-Term Financial Strategy 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

2.5.8 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 5 and details of strategic reserves are given in Appendix 6.

2.5.9 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 7. The statement lists the various strategic reserves, the purposes for which they are held, and the forecast levels at 31st March 2025, based on the requirements shown in the proposed budget and capital programme for 2024/25 and the Medium Term Financial Plan. The outcome of the review is reflected in the Statutory Report in Section 2.7 below.

2.5.10 During this review of reserves, it was identified that the Funding Uncertainties Reserve was no longer required. However, there is a need to provide a source of funding for actions arising from the new Corporate Plan, to be approved at the same Council meeting as this report. Therefore, it is recommended that approval be given to the transfer of the balance of £508,406 from the Funding Uncertainties Reserve to the Corporate Plan Priority Reserve at 31st March 2024.

2.5.11 Following this review of reserves, strategic reserves are estimated to total £11 million at 31st March 2024, reducing to £7 million at 31st March 2025.

2.6 Savings

2.6.1 The Council has worked hard over past 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.

2.6.2 The need to achieve further savings or identify new revenue income streams is set out in the Medium-Term Financial Plan (see Appendix 4 and section 2.4 of this report). The approach to achieving the savings is set out in the Council's Medium-Term Financial Strategy, to be approved at the same council meeting as this proposed budget. Given the amount set aside in the General Reserve and other usable revenue reserves, the timing of the required savings, and the uncertainty surrounding external 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 meeting the Savings Target and closing the budget gap is to:

- Take steps during 2024/25 to identify measures required to enable a balanced budget to be set for the financial year 2025/26. An action for this has been proposed in the new Corporate Plan, to be considered at the same Council meeting as this report.

- Place on hold any significant service reductions for 2026/27 and beyond pending the outcome of the government reviews of Council funding.

It is expected that any savings will be focussed on low priority services.

2.7 Chief Finance Officer's Statutory Report

2.7.1 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

2.7.2 In accordance with this requirement, the Director of Resources is of the opinion that the processes used in calculating the net budget requirement for 2023/24 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:-

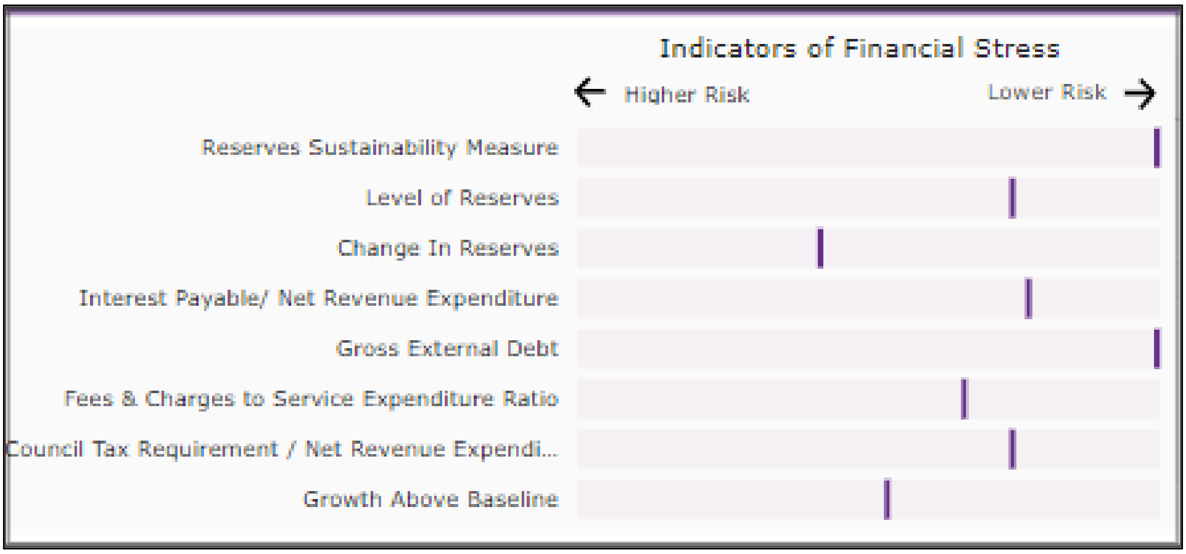
- last year's outturn;
- the current year's income and expenditure to date;
- expected pay & price increases;
- pension contributions;
- the impact of interest rate movements;
- demand for services;
- the revenue impact of capital investment;
- predictions of future government grant allocations;
- debt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

Financial Resilience

2.7.3 In simple terms, financial resilience is the ability, from a financial perspective, to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This means having the agility and flexibility to forecast and manage both expenditure and income to meet requirements as they change while delivering a balanced budget.

2.7.4 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 graphics below show an overview for this Council, based on information as at 31 March 2023, with a comparison against similar authorities.

Chart 1 – CIPFA Financial Resilience Index Summary 2022/23



2.7.5 The most recent analysis (for 2022/23) shows that for most indicators the Council performs in the median to low 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. However, the Council ranks as slightly above average risk for "Change In Reserves".

2.7.6 The following chart compares levels of reserves and debt against income, compared with similar local authorities. It can be seen that Derbyshire Dales District Council's levels of reserves and debt relative to income were around the median as at 31 March 2023.

Chart 2 – CIPFA Financial Resilience Index: Debt and Reserves Relative to Income 2022/23

2.7.7 The information set out above shows the position as at 31 March 2023. It should be noted that balances on strategic reserves (especially those to fund the capital programme) are reducing. Appendix 6 shows that strategic reserves are forecast to reduce from £17 million at 31st March 2023 to £11 million at 31st March 2024 and £7 million at 31st March 2025; these reductions will increase the Reserves Sustainability risk and those for other measures related to risk balances. This indicates that the Council will have reduced ability and flexibility to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This has been the case for many local authorities this year who have issued Section 114 notices or declared financial emergencies.

2.7.8 In addition to the above, there is a need to build up a reserve to be utilised when the Council's current fleet of waste vehicles require replacement in 4 years' time, or to plan for increased annual revenue costs at the end of the current contract if future vehicles are to be leased. The current vehicles were acquired in 2020/21 and 2021/22 at a cost of £3.6m. It would be prudent to set up annual contributions from the revenue account, if affordable, or to earmark a substantial sum from any increased government funding or revenue account underspend to build up the Waste Vehicles Reserve that has been established for this purpose and is forecast to have a balance of £500,000 at 31 March 2025.

2.7.9 It is the Director of Resources' opinion that, while there are sufficient reserves at present to provide resilience for revenue spending, higher levels of reserves are required in the medium-term to improve financial resilience and to provide for known future liabilities, such as replacement waste vehicles. The Medium-Term Financial Strategy suggests measures to address this.

2.7.10 The approach taken by the Council has been supported by the external auditor in his Value For Money conclusion for the audit of the 2022/23 accounts, which was reported to the Governance and Resources Committee meeting on 15 February 2024.

2.7.11 The Director of Resources is satisfied that the Council's Financial Reserves, as summarised in Appendices 6 & 7, 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.

2.8 Financial Management Code

2.8.1 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. The FM Code helps external auditors in forming their value for money opinion as part of the audit of a local authorities' year-end accounts.

2.8.2 A review of the Council's financial management arrangements against the standards set out in the Code has been undertaken, which has identified some areas that need to be strengthened. Plans are in place to implement the improvements during 2024/25.

2.9 Town & Parish Council Precepts

2.9.1 The precepts of Town/Parish Councils for 2023/24 are shown in Appendix 8 to this report and total £2,075,135, an increase of £106,789 (5.4%) over 2023/24. 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 1, the average band D council tax for Town & Parish councils has increased from £64.19 in 2023/24 to £67.34 in 2024/25, an increase of £3.15 (4.91%).

2.9.2 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.

2.10 Pay Policy Statement

2.10.1 The Localism Act 2011, requires relevant authorities to prepare and publish an annual pay policy statement for the coming financial year. The provisions add to the range of transparency obligations already placed upon local authorities i.e. the Accounts and Audit Regulations already require historic expenditure on chief officers within specified pay bands to be disclosed in the accounts.

2.10.2 The Localism Act specifically refers adoption of the Pay Statement to the Council as a responsibility it cannot discharge. It requires the statement to be approved before 31 March immediately preceding the financial year to which it relates i.e. it must be approved by a resolution of the authority before it comes into force. It is not always possible to forecast figures as this is dependent on the timing of settlement of the national Local Government pay awards (although awards are effective from 1 April each year).

2.10.3 The Pay Policy Statement for 2024/25 is attached at Appendix 9.

2.10.4 The national pay award effective from 1 April 2024 has not yet been determined. When it is, this statement will be updated and published on the District Council's website. Until then, the rates on pay in this Statement will prevail.

3 Options Considered and Recommended Proposal

3.1 Other options for the level of council tax increase were considered and the impact of several options on the Council's income was discussed at member briefings. The recommended increase of 2.99% was chosen because:

- this is the maximum council tax increase permissible without the need for a referendum,
- 2.99% was assumed by government when they issued the Local Government Finance Settlement,
- taking this action now will give a higher starting point to assist in balancing the budget in future years,
- the proposed increase of 2.99% is lower than current levels of inflation (CPI is currently 4%), and
- a council tax freeze in 2024/25 would have meant taking around £212,000 from reserves, or making savings or raising income from other sources, of that magnitude to balance the budget.

4 Consultation

4.1 During 2023 the Council carried out extensive consultation on its Corporate Plan and priorities. The responses from the consultation have been used to form the Corporate Plan (to be approved at this Council meeting) and to set spending priorities that are reflected in the budget proposals for 2024/25.

4.2 The statutory consultation with 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" e-newsletter. Businesses were sent an information leaflet relating to non-domestic rates. This consultation is due to end on 28

February 2024. If significant, details of consultation responses will be provided to councillors on 29 February 2024 as a verbal update to this report.

5 Timetable for Implementation

5.1 The approved council tax increase will form part of the next agenda item for this meeting.

5.2 The budget will be updated shortly after notification of Council Approval and officers will have the authority to incur expenditure and raise income within set budgets.

6 Policy Implications

6.1 All the Council's aims and priorities, as contained in the Corporate Plan actions and targets for 2024/25 (to be considered elsewhere on the agenda for this Council meeting), and various service strategies, have been considered when determining these revenue spending proposals.

7 Financial and Resource Implications

7.1 Significant risks within the revenue budget include:-

- Uncertainty about the level of Government funding, (especially New Homes Bonus, the Funding Guarantee, Rural Services Delivery Grant, and Negative Revenue Support Grant from 2026/27 onwards. This financial risk is assessed as High.
- Uncertainties relating to business rates income, which can be very volatile, and could be impacted by the outcome of the government review of the business rates retention scheme and reset of the baseline funding level, which is due to come into effect from 2026/27. This risk is mitigated somewhat by the availability of the Business Rates Fluctuations Reserve, but is still assessed as High, given the predicted impact.
- Uncertainties relating to collection of council tax income and growth in the tax-base, which has been assessed as Medium.
- 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. 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 waste contract reserve. Given the volatility in the current markets for recyclable materials, this financial risk is assessed as Medium to High.
- Uncertainty relating to the costs of unforeseen events, increasing service demands or unexpected service costs, for example inflationary increases on pay or supplier contracts being larger than budgeted or the costs of dealing with flooding. Such cost pressures might be partially offset by government grants, the remainder would need to be funded from the General Reserve or another relevant earmarked reserve. Given current rates of inflation, predictions from the Bank of England, and the levels of inflation assumed in these budget proposals,this financial risk is assessed

as Medium to High.

- Targeted savings not being achieved. As stated in the body of the report, the Medium-Term Financial Plan indicates that around £1.1m is needed to balance the budget for 2025/26. As a result, there is a need to identify additional savings or income of around £1.1m to balance the budget for 2025/26, without the need to use the General Reserve. While it is recommended that an action plan be prepared during 2024/25 to identify the steps required to close this budget 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.

7.2 The financial risk in respect of the Council's medium-term financial position is assessed as "High". This mainly relates to the increasing savings target, as described in section 2.4 of this report, from £1.1m in 2025/26 rising to circa £4m a year by 2028/29 if the prudent assumptions of the MTFP become a reality. Should the Council receive a favourable outcome from the government's funding reviews, and especially if it covers more than one financial year, then this risk would be reduced if reserve balances were to be increased.

8 Legal Advice and Implications

8.1 The Local Government Finance Act 1992 requires the Council to set the Council Tax by 11th March for the following financial year.

8.2 There are 11 decisions recommended within this report. The legal risk arising from the report at the current time has been assessed as low

8.3 A requirement (by way of Standing Order 2014 No. 165 requires 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 on this item.

9 Equalities Implications

9.1 There are no equalities implications arising directly from this report. However, the Council does have a Local Council Tax Support Scheme to reduce council tax bills for eligible households on low incomes.

10 Climate Change Implications

10.1 There are not any direct climate change implications arising from the recommendations of this report however it is noted that there are some proposed corporate plan actions in respect of climate change.

10.2 The revenue spending proposals for 2024/25 include £88,609 for climate change including the ongoing costs of employing climate change officers, who are actively working to reduce the Council's carbon emissions to meet the 'net zero' target by 2030. This additional capacity also enables the Council to access available capital grant funding for climate change projects when it becomes available through schemes such as the Public Sector Decarbonisation Schemes.

10.3 As identified in the report, the lack of certainty in respect of funding for future years makes planning for the delivery of longer-term climate change projects challenging. However, it should be recognised that there may some opportunities for the Council to explore new sources of revenue through investment in projects such as ground solar PV arrays – technical and financial feasibility studies are underway, and a report will be presented to Council in due course.

11. Risk Management

11.1 Financial and legal risks are explained above. As identified in the report, the key risks result from the need to make savings or raise additional revenue income in the medium-term. Some of the savings that are required have the potential to damage the Council's reputation if not handled properly. This risk is considered to be Medium. The risk associated with financial sustainability is set out above; it has been reflected on the Council's Strategic Risk Register, together with some mitigating actions, and it assessed as 'High'.

Report Authorisation

Approvals obtained from:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	21/02/2024
Director of Resources (S.151 Officer)	Karen Henriksen	21/02/2024
Director of Corporate & Customer Services (Monitoring Officer)	Helen Mitchell	21/02/2024

Appendix 1 - Summary Revenue Account

	Original Budget 2023/24	Revised Budget 2023/24	Proposed Budget 2024/25	Variance Proposed budget against original budget £
Chief Executive	386,997	386,997	398,756	11,759
Community and Environmental Services	5,054,803	5,173,013	4,973,479	(81,324)
Corporate Services	3,127,730	3,190,103	3,072,451	(55,279)
Housing	554,032	755,544	633,392	79,360
Regeneration and Policy	766,766	1,060,553	734,875	(31,891)
Regulatory Services	1,598,209	1,696,496	1,756,128	157,919
Resources	2,081,137	2,133,338	2,346,713	265,576
Net cost of Services	**13,569,674**	**14,396,043**	**13,915,794**	**346,120**
Non-Service Items:				
Interest on Balances	(237,000)	(237,000)	(500,000)	(263,000)
Borrowing Interest Paid	225,150	225,150	225,150	0
Statutory Debt Repayment	100,849	100,849	100,849	0
Loan Premium Due	110,924	110,924	110,924	0
Income from Investment Properties	(102,556)	(102,556)	(102,556)	0
Net Revenue Expenditure	**13,667,041**	**14,493,410**	**13,750,161**	**83,120**
Transfers to / from Reserves (as detailed in Appendix 6)	**(1,464,926)**	**(2,021,295)**	**(439,628)**	**1,025,298**
Funding Requirement	**12,202,115**	**12,472,115**	**13,310,533**	**1,108,418**
Funded by External Funding				
Retained Business Rates including S31 Grant Payments to and from Pool	(3,977,147)	(4,247,147)	(4,247,513)	(270,366)
Business Rates Collection Fund (Surplus)/Deficit	201,550	201,550	(284,149)	(485,699)
CT Collection Fund (Surplus)/Deficit	100,322	100,322	180,724	80,402
Revenue Support Grant	(64,574)	(64,574)	(68,852)	(4,278)
Rural Services Delivery Grant	(471,000)	(471,000)	(544,811)	(73,811)
New Homes Bonus	(241,183)	(241,183)	(115,901)	125,282
3% Funding Guarantee Grant	(626,887)	(626,887)	(915,157)	(288,270)
Services Grant	(67,748)	(67,748)	(11,695)	56,053
Total External Funding	**(5,146,667)**	**(5,416,667)**	**(6,007,354)**	**(860,687)**
District Council Tax Requirement	**(7,055,448)**	**(7,055,448)**	**(7,303,179)**	(247,731)
Town and Parish Council Tax Requirements (as detailed in Appendix 8)	1,968,346	1,968,346	2,075,135	106,789
Council Tax Requirement (including Town & Parish Council Requirements)	**(9,023,794)**	**(9,023,794)**	**(9,378,314)**	**(354,520)**

	Original Budget 2023/24 £	Proposed Budget 2024/25 £	Variance Proposed budget against original budget £	Variance Proposed budget against original budget %
Council Tax Base	30,662.5	30,817.7	155.2	0.51%
Basic amount of Band D Council Tax (including average of Town / Parish Councils)	£294.29	£304.32	£10.03	3.41%
Basic amount of Band D Council Tax (DDDC only)	**£230.10**	**£236.98**	**£6.88**	**2.99%**
Average Town/Parish Band D Council Tax	£64.19	£67.34	£3.15	4.91%

Appendix 2 – Net Cost of Services Analysed By Activity

Activity	**Actual Spend 2022/23 £**	**Original Budget 2023/24 £**	**Revised Budget 2023/24 £**	**Proposed Budget 2024/25 £**	**Variance Original Budget 2023/24 to Budget 2024/25 £**	**Variance Original Budget 2023/24 to Budget 2024/25 %**
Building Control	4,000	29,000	29,000	54,000	25,000	86.21%
Car Parking	(1,709,097)	(1,838,093)	(1,875,868)	(1,925,681)	(87,588)	4.77%
Cemeteries	143,528	242,043	455,424	510,241	268,198	110.81%
Clean and Green Team	294,023	186,470	(244,594)	(17,523)	(203,993)	-109.40%
Climate Change	58,935	56,092	56,092	88,609	32,517	57.97%
Corporate & Democratic Costs	694,342	862,264	862,264	909,545	47,281	5.48%
Countryside Management	118,978	199,534	199,534	114,003	(85,531)	-42.87%
Development Control & Planning Policy	188,302	155,090	336,767	337,614	182,524	117.69%
Economic Development	392,568	435,373	561,965	370,703	(64,670)	-14.85%
Elections & Electoral Registration	120,311	318,441	305,529	120,333	(198,108)	-62.21%
Environmental Health	374,903	511,836	539,801	500,307	(11,529)	-2.25%
Grants & Subsidies	47,846	48,330	48,330	46,938	(1,392)	-2.88%
Leisure Services	1,365,260	339,170	357,395	281,428	(57,742)	-17.02%
Licensing	(29,347)	3,408	24,964	8,748	5,340	156.70%
Local Land Charges	7,268	24,781	29,100	23,459	(1,322)	-5.33%
Markets	13,518	(84,191)	(70,391)	(79,878)	4,313	-5.12%
Other Central Services	429,097	299,416	303,899	359,859	60,443	20.19%
Parks and Open Spaces	864,197	874,109	879,208	774,658	(99,451)	-11.38%
Planning: Conservation	74,563	68,191	68,191	71,184	2,993	4.39%
Planning: Tree Preservation	39,228	37,142	42,256	43,809	6,667	17.95%
Private Sector Housing	1,528,715	551,653	770,083	612,874	61,221	11.10%
Property Services	517,191	392,865	392,865	419,409	26,544	6.76%
Public Conveniences	494,677	352,515	318,407	350,221	(2,294)	-0.65%
Revenues and Benefits	602,434	658,387	678,416	779,294	120,907	18.36%
Street Cleansing	981,973	848,534	1,152,588	1,260,324	411,790	48.53%
Support Services (see detail below)	4,349,513	4,324,521	4,458,284	4,595,450	270,929	6.26%
Tourism Incl. Illuminations	212,175	179,117	183,297	155,071	(24,046)	-13.42%
Waste Management	2,457,885	3,493,676	3,533,236	3,150,794	(342,882)	-9.81%
Total	**14,636,984**	**13,569,674**	**14,396,043**	**13,915,794**	**346,120**	2.55%

Appendix 2 Continued – Analysis of Support Services

Activity	Actual Spend 2022/23 £	Original Budget 2023/24 £	Revised Budget 2023/24 £	Proposed Budget 2024/25 £	Variance Original Budget 2023/24 to Budget 2024/25 £	Variance Original Budget 2023/24 to Budget 2024/25 %
Communications	139,508	125,358	146,358	169,065	43,707	34.87%
Customer Contact Team and Central Administration	946,705	1,003,691	1,031,873	1,036,101	32,410	3.23%
Democratic Services	192,780	177,744	177,744	194,575	16,831	9.47%
Director of Community and Environmental Services	184,243	110,714	110,714	113,077	2,363	2.13%
Director of Corporate Services	103,602	97,886	97,886	102,775	4,889	4.99%
Director of Housing	96,546	88,285	88,285	90,325	2,040	2.31%
Director of Regeneration & Policy	(7,295)	0	0	0	0	0.00%
Director of Regulatory Services	120,260	116,411	116,411	119,310	2,899	2.49%
Director of Resources	130,138	117,182	120,182	119,791	2,609	2.23%
Estates and Facilities	145,408	205,793	235,793	242,458	36,665	17.82%
Financial Services	750,789	657,548	667,897	702,833	45,285	6.89%
Human Resources & Payroll	268,606	227,233	241,233	235,107	7,874	3.47%
Information Governance & Data Protection	40,399	35,911	47,436	40,855	4,944	13.77%
Information Technology	424,060	521,701	520,573	562,390	40,689	7.80%
Insurances	184,783	203,303	214,663	203,850	547	0.27%
Internal Audit	40,825	89,408	89,408	106,964	17,556	19.64%
Legal Services	340,164	315,323	313,798	327,386	12,063	3.83%
Office Cleaning	69,036	68,760	68,760	62,657	(6,103)	-8.88%
Transformation	178,958	162,270	169,270	165,931	3,661	2.26%
Total	**4,349,513**	**4,324,521**	**4,458,284**	**4,595,450**	**270,929**	6.26%

Appendix 3 – Variations in spending proposals, 2024/25 Proposed Budget compared to 2023/24 Original Budget

	Variance (£000's)
Chief Executive	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	11
Other items (net impact)	1
Total Chief Executive	**12**
Community and Environmental Services	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	401
Non-staffing Inflationary Increases	285
Removal of one-off budget for CRM Development fees - Waste	(10)
Anticipated increase in Garden Waste Income	(38)
Reduction in Waste Contract costs (including reduced recycling income)	(530)
Increase in recycling credits budget	(59)
Increase in car parking income (additional costs netted off)	(77)
Increase in wheeled bin purchases and reduction in income budget	21
Increase in budget for food and caddy liners	33
Increase in sports development income budgets	(13)
Increase in Parks budget	27
Adjust Leisure contract base budget to reflect contract payments	(71)
Other items (net impact)	(51)
Total Community and Environmental Services	**(82)**
Corporate & Customer Services	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	(7)
Non-staffing Inflationary Increases	35
Removal of one-off expenditure for elections (funded by elections reserve)	(133)
Removal of one-off expenditure for communications (funded by committed expenditure reserve)	(8)
Budget for Maintenance of Income Management System (funded by IT reserve)	10
Removal of procurement consultancy budget as this service is now provided in-house	(37)
Increase in Members Allowance budgets	10
Other items (net impact)	76
Total Corporate & Customer Services	**(54)**
Housing	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	90
Non-staffing Inflationary Increases	(1)
Increase in Tenants Rent Income	(84)
Additional Housing pressures (funded by the use of Revenue Grants Unapplied Reserve)	73
Other items (net impact)	1
Total Housing	**79**
Regeneration and Policy	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	17
Removal of one-off expenditure for consultants (funded by economic development reserve)	(50)
Removal of one-off expenditure for the UK Shared Prosperity Fund	(10)
Removal of budget for one-off LUF funding	44
Economic Development increase in budget for Derbyshire Economic Partnership fee and reduction in contributions	14
Regeneration - reduction in consultancy costs	(40)
Other items (net impact)	(7)

Total Regeneration and Policy	**(32)**
Regulatory Services	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	190
Non-staffing Inflationary Increases	29
Removal of one-off tree maintenance expenditure (funded by committed expenditure reserve)	(87)
Additional costs for external valuer in respect of external audit requirements	30
Removal of Building control Dividend Budget	11
Other items (net impact)	(15)
Total Regulatory Services	**158**
Resources	
Increase to staffing budget for establishment changes, 23/24 and forecast 24/25 pay award	142
Non-staffing Inflationary Increases	60
Increase in External Audit Fees	73
Increase in cost of Revenues and Benefits contract	22
Change of treatment of Government Grant - income budget to be removed	51
Reduction in recovery of Rent Allowance Overpayments	25
Net reduction in private tenants rent allowances budget	(34)
Increase in Council Tax Discretionary Relief	20
Other items (net impact)	(94)
Total Resources	**265**
Total Variance to Net cost of Services	**346**
Decrease in Non-Service Items (due to anticipated increase in interest receivable)	**(263)**
Use of Earmarked Reserves	
Increase in Transfers to Earmarked Reserves	290
Decrease in Transfer from Revenue Grants Unapplied relating to Business Rate Collection Fund Deficit	892
Increase in Transfers from other Revenue Grants Unapplied	(140)
Increase in Transfers from Business Rates Fluctuations Reserve	(451)
Decrease in Transfers from other Earmarked Reserves	435
Total Movement in Use of Earmarked Reserves	**1,026**
External Funding	
Decrease in Business Rate Collection Fund Deficit	(486)
Retained Business Rates	(270)
Increase in Council Tax Deficit	81
Net increase in Government Grants	(186)
Total External Funding	**(861)**
Increase in District Council Tax Requirement	**248**

Appendix 4 - Medium Term Financial Plan

	Approved Budget 2023/24	Revised Budget 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Base Service Funding Requirement (NCS)	**13,570**	**14,563**	**13,915**	**13,915**	**14,378**	**14,588**	**14,950**
Adjustment for Service Costs Funded from Reserves				**0**	**0**	**0**	**0**
Inflation							
Pay Awards				224	229	235	235
Contracts				49	50	52	52
Fees and Charges				(101)	(104)	(107)	(107)
General Inflation				0	0	0	0
Waste Management Contract				152	156	161	161
Gas				1	1	1	1
Electricity				14	14	15	15
Water				1	1	1	1
Fuel				4	4	4	4
Pressures/Savings - Recurring							
Potential increase in pension contributions following revaluation				0	150	0	0
Home Options Co-ordinator				(24)	(23)	0	0
Climate Change				0	(88)	0	(198)
Restructure of Regen & Policy				61	0	0	0
Travellers Temporary Post				0	(33)	0	0
Clean and Green & Licensing Apprentices				(23)	0	0	0
Housing Apprentices				(17)	(16)	0	0
Environmental Health Graduate				(24)	0	0	0
Additional Housing pressures - funded by use of revenue grants unapplied reserve				(73)	0	0	0
Housing Rents increased income				(34)	0	0	0
Discretionary Council Tax Discounts and Affordable Housing financed by 2nd Homes Premium				200	0	0	0
Ashbourne Reborn Communications post				(11)	(33)	0	0
Freedom leisure additional costs				(2)	(32)	0	0
Additional pressures on the Local Plan budget over and above reserves held				66	(66)	0	0
Updated Base Service Funding Requirement (NCS) for Next Year	**13,570**	**14,563**	**13,915**	**14,378**	**14,588**	**14,950**	**15,114**
Non Service Items (debt repayment etc…)	**97**	**(866)**	**(166)**	**234**	**234**	**234**	**234**
Net Revenue Expenditure	**13,667**	**13,697**	**13,749**	**14,612**	**14,822**	**15,184**	**15,348**
Transfers to/(from) reserves relating to Collection Fund Accounting	0	270	(451)	0	0	0	0
Transfers to/(from) reserves for current year	(1,562)	(2,389)	(375)	(128)	(10)	(10)	(10)
Contributions to reserves for future years costs							
Local plan reserve	30	30	30	30	30	30	0
Economic Development Reserve	0	0	30	30	30	30	0
Vehicle renewal fund	50	50	300	300	300	300	0
Major Repairs Reserve	17	17	27	33	33	33	0
	17						
Total Net Spending Requirements	**12,202**	**11,675**	**13,310**	**14,877**	**15,205**	**15,567**	**15,338**
Funded By:							
Revenue Support Grant	(65)	(65)	(69)	(86)	848	863	879
Business Rates Baseline Funding	(1,738)	(1,738)	(1,787)	(1,803)	(1,818)	(1,833)	(1,849)
Settlement Funding Assessment	**(1,803)**	**(1,803)**	**(1,856)**	**(1,889)**	**(970)**	**(970)**	**(970)**
Compensation for under-indexing the business rates multiplier	(567)	(567)	(793)	(910)	0	0	0
Retained Business Rates Income less Baseline Funding (including S31)	(1,585)	(1,854)	(1,898)	(2,031)	(2,967)	(2,163)	(1,412)
Business rates from renewable energy schemes	(264)	(264)	(311)	(264)	(264)	(264)	(264)
NNDR Pool	177	177	542	517	221	305	393

Forecast NNDR Collection Fund (surplus)/Deficit	202	202	(284)	0	0	0	0
Council Tax Collection Fund (surplus) / deficit	100	100	181	0	0	0	0
New Homes Bonus	(241)	(241)	(116)	0	0	0	0
Rural Services Delivery Grant	(471)	(471)	(545)	(545)	(545)	(545)	(545)
Services Grant	(68)	(68)	(12)	(17)	0	0	0
Funding Guarantee	(627)	(627)	(915)	(830)	0	0	0
2nd Homes Council Tax Increase	0	0	0	(200)	(200)	(200)	(200)
Financing from Council Tax	(7,055)	(7,055)	(7,303)	(7,569)	(7,845)	(8,130)	(8,425)
Total Income	**(12,202)**	**(12,471)**	**(13,310)**	**(13,738)**	**(12,570)**	**(11,967)**	**(11,423)**
Corporate Saving Target	**0**	**(796)**	**(0)**	**1,139**	**2,635**	**3,600**	**3,915**

MTFP notes and assumptions

1. Negative RSG from 2026/27 onwards.

2. Assumed NNDR receipts as per current pool arrangement. Changes to future distribution not confirmed.

3. Assumed Business Rates reset in 2026/27.

4. Effect of NNDR Collection Fund balance is offset by transfers from earmarked reserves.

5. Rural Services Delivery Grant not confirmed beyond 2024/25, but it has been assumed that this level of funding will continue.

6. Assumed New Homes Bonus discontinued after 2024/25.

7. Funding Guarantee Grant and Services Grant assumed to continue for 2025/26 only.

8. Assumes additional income for second homes premium from 2025/26 onwards.

9. Council tax income assumes: a. Additional 195 band D properties in each year from 2025/26 onwards, plus b. 2.99% annual increase in band D council tax.

Appendix 5 - Transfers to and from Revenue Reserves

	Original Budget 2023/24 £	Revised Budget 2023/24 £	Proposed Budget 2024/25 £
Transfers to Reserve			
Corporate Plan Priority Reserve	0	508,406	0
Business Rates Fluctuations Reserve	0	270,000	0
Elections Reserve	30,000	30,000	30,000
Local Plan Reserve	0	0	30,000
Major Repairs Reserve	16,955	16,955	27,000
Vehicle Renewals Reserve	50,000	50,000	300,000
Total Transfers to Reserve	**96,955**	**875,361**	**387,000**
Transfers from Reserve			
Committed Expenditure Reserve	(105,437)	(285,966)	(39,902)
Funding Uncertainties Reserve	0	(508,406)	0
Business Rates Fluctuations Reserve	0	0	(450,724)
Customer Innovation Project	(76,166)	(76,166)	0
Economic Development Reserve	(54,931)	(54,931)	0
Elections Reserve	(197,757)	(197,757)	0
General Reserve	0	(255,326)	0
Information Technology Reserve	0	(9,530)	(10,000)
Local Plan Reserve	(50,000)	(105,443)	0
Revenue Grants Unapplied	(1,077,590)	(1,403,132)	(326,002)
Total Transfers from Reserve	**(1,561,881)**	**(2,896,657)**	**(826,628)**
Total transfers to/(from) revenue reserve	**(1,464,926)**	**(2,021,296)**	**(439,628)**

Appendix 6 - Summary of Reserves, Revenue Balances and Provisions (including proposed transfers to / from reserves and balances)

Revenue Funding	**Balance at 31st March 2023**	**Contribution in 2023/24**	**Budgeted transfers (to)/from in 2023/24 Revenue**	**Requested transfers (to)/from reserves**	**Use in 2023/24 Capital**	**Proposed Transfer of 2023/24 Underspend to Reserves***	**Forecast Balance at 31st March 2024**	**Budgeted Contribution in 2024/25**	**Proposed transfers (to)/from in 2024/25 Revenue**	**Estimated (Use)/contribution in 2024/25 Capital**	**Estimated Balance at 31st March 2025**
	£	£	£		£		£	£	£	£	£
Revenue Balances											
General Fund Working Balance	(1,000,014)	0	0	0	0	(400,000)	(1,400,014)	0	0	0	(1,400,014)
General Reserve	(3,777,386)	0	0	255,326	0	400,000	(3,122,060)	0	0	0	(3,122,060)
	(4,777,401)	**0**	**0**	**255,326**	**0**	**0**	**(4,522,075)**	**0**	**0**	**0**	**(4,522,075)**
Capital Balances											
Capital Receipts	(1,977,814)	(400,000)	0	0	574,450		(1,803,364)	(110,000)	0	1,337,793	(575,571)
Capital Grants Unapplied	(1,900,813)	(5,574,601)	0	0	4,795,381		(2,680,033)	(14,010,703)	0	17,513,246	822,510
	(3,878,628)	**(5,974,601)**	**0**	**0**	**5,369,831**		**(4,483,398)**	**(14,120,703)**	**0**	**18,851,039**	**246,938**
Earmarked Reserves											
Business Rates Fluctuations Reserve	(1,675,496)	0	0	(270,000)	0		(1,945,496)	0	450,724	0	(1,494,772)
Capital Programme reserve	(956,984)	0	0	0	632,739		(324,245)	0	0	111,354	(212,891)
Carsington Improvements	(33,452)	0	0	0	0		(33,452)	0	0	0	(33,452)
Committed Expenditure Reserve	(538,005)	0	104,049	181,917	0		(252,039)	0	39,902	0	(212,136)
Corporate Plan Priority Reserve	(201,471)	0	0	(508,406)	0	(225,579)	(935,456)	0	0	51,896	(883,560)
Customer Innovation Project	(76,166)	0	76,166	0	0		(0)	0	0	0	(0)
Economic Development Reserve	(140,769)	0	54,931	0	9,896		(75,942)	0	0	38,104	(37,838)
Elections Reserve	(188,056)	0	167,757	0	0	(70,453)	(90,753)	0	(30,000)	0	(120,753)
Funding Uncertainties Reserve	(508,406)	0	0	508,406	0		0	0	0	0	0
Information Technology Reserve	(282,166)	0	0	9,530	155,737		(116,899)	0	10,000	30,000	(76,899)
Insurances Reserve	(464,473)	0	0	0	0		(464,473)	0	0	0	(464,473)
Investment Fund / Invest to Save Reserve	(562,510)	0	0	0	0		(562,510)	0	0	0	(562,510)
Recruitment and Retention Reserve	(150,000)	0	0	0	0		(150,000)	0	0	0	(150,000)
Local Plan Reserve	(113,879)	0	50,000	55,443	0		(8,435)	0	(30,000)	0	(38,435)
Member / Officer Indemnity	(25,000)	0	0	0	0		(25,000)	0	0	0	(25,000)
Major Repairs Reserve	(12,660)	0	(16,955)	0	0		(29,615)	0	(27,000)	0	(56,615)
Revenue Grants Unapplied	(9,305,465)	(397,473)	1,077,590	325,542	4,056,828		(4,242,978)	0	326,002	2,477,376	(1,439,600)
Vehicle Renewals reserve	(549,302)	0	(50,000)	0	495,133		(104,169)	0	(300,000)	386,000	(18,169)
Waste Vehicles Reserve	0	0	0	0	0	(500,000)	(500,000)	0	0	0	(500,000)
Waste Fluctuations Reserve	(912,116)	0	0	0	0		(912,116)	0	0	0	(912,116)
Ashbourne Reborn Reserve	(175,000)	0	0	0	0		(175,000)	0	0	0	(175,000)
	(16,871,376)	**(397,473)**	**1,463,538**	**302,432**	**5,350,333**	**(796,032)**	**(10,948,578)**	**0**	**439,628**	**3,094,730**	**(7,414,220)**
TOTAL	**(25,527,405)**	**(6,372,074)**	**1,463,538**	**557,758**	**10,720,164**	**(796,032)**	**(19,954,051)**	**(14,120,703)**	**439,628**	**21,945,769**	**(11,689,357)**

Appendix 7 - Annual Review of Strategic Reserves

Reserve	Purpose	Forecast Balance 31/03/25	
Business Rates Fluctuations Reserve	To provide funding towards potential future losses on Non-Domestic Rates	(1,494,772)	Balance considered to be appropriate at the current time.
Capital Programme reserve	To provide funding for capital expenditure	(212,891)	Required for the five-year capital programme and 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.	(33,452)	This balance is considered sufficient to deliver the project.
Committed Expenditure Reserve	Amounts set aside in respect of expenditure which has been committed, but service not received, at the end of the financial year.	(212,136)	Most of the balance is committed to fund future costs.
Corporate Plan Priorities Reserve	To provide a source of funding for Priority Projects emerging from the new Corporate Plan.	(883,560)	Balance considered to be appropriate at the current time.
Economic Development Reserve	To provide funding for economic development initiatives.	(37,838)	Fully committed to deliver economic development plan.
Elections Reserve	Annual revenue contributions to smooth the cost of four-yearly District Council elections.	(120,753)	Aim is to replenish the reserve to ensure sufficient funding for the next elections.
Information Technology Reserve	To provide funding for renewal of the Council's information technology equipment, including telephony & central printing equipment.	(76,899)	This balance is considered sufficient to deliver the needs identified in the ICT strategy.
Insurances Reserve	To provide funding for uninsured losses.	(464,473)	A balance of approximately £450,000 is considered appropriate.
Invest to Save Reserve	To provide funding towards projects that will provide additional capacity and skills to support the change agenda and to kick start investments, subject to suitable business cases.	(562,510)	Earmarked to fund Capital Programme in 2025/26.
Recruitment and Retention Reserve	To provide funding for the additional cost of recruitment and retention.	(150,000)	Balance considered to be adequate.
Local Plan Reserve	Annual revenue contributions to smooth the cost of four-yearly review of the local plan.	(38,435)	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.	(25,000)	Adequate for current needs.
Major Repairs Reserve	To provide funding for major repairs and improvements to housing property owned and let by the Council.	(56,615)	The aim is to build up a reserve to provide adequate funding for future repairs.
Revenue Grants Unapplied	The balance of grants received but not yet spent, set aside to finance expenditure in future years. Most grants can only be spent on ring-fenced areas depending on the restrictions included in the grant funding agreements.	(1,439,600)	Most of the balance is committed to fund future costs.
S106 Reserve	The balance of S106 contributions received but not yet spent, set aside to finance expenditure in future years as permitted within legal agreements.	(312,724)	Most of the balance is committed to fund the capital programme. The Capital strategy states that the Council will seek grants and contributions when the opportunity arises.
Vehicle Renewals reserve	To provide for the replacement of vehicles.	(18,169)	Balance is fully committed. Annual revenue contributions will ensure that the balance is adequate.
Waste Fluctuations Reserve	To provide funding to offset the impact of additional expenditure or lost income associated with waste and recycling services	(912,116)	Balance considered to be adequate.
Waste Vehicles Reserve	To provide for the replacement of waste vehicles.	(500,000)	The current waste vehicle fleet cost £3.6m to acquire. It is recommended that annual contributions are made from revenue, if affordable, to ensure a sufficient balance for replacement in 2028/29, to avoid the additional costs of borrowing or leasing. Top up is possible if there is a revenue account underspend.
Ashbourne Reborn Reserve	To provide funding to the Ashbourne Reborn regeneration project.	(175,000)	This balance is considered sufficient to deliver the project.

Appendix 8 - Parish Precepts

PARISH REQUIREMENTS

PARISH PRECEPT 2023/24 £	BAND D COUNCIL TAX 2023/24 £	PARISH	PARISH PRECEPT 2024/25 £	COUNCIL TAX BASE 2024/25 £	BAND D COUNCIL TAX 2024/25 £
326,756	93.18	Ashbourne	325,060	3,511.70	92.56
105,000	64.71	Bakewell	110,250	1,620.70	68.03
172,300	73.79	Darley Dale	180,054	2,334.70	77.12
356,070	97.03	Matlock	366,716	3,743.50	97.96
61,980	89.24	Tideswell	66,473	691.70	96.10
213,500	116.04	Wirksworth	233,000	1,827.50	127.50
1,402	19.84	Alkmonton & Hungry Bentley	1,402	71.00	19.75
29,843	127.26	Ashford-in-the-Water	30,625	234.90	130.37
500	6.05	Ballidon & Bradbourne	750	78.10	9.60
16,224	25.04	Baslow & Bubnell	17,525	645.00	27.17
4,368	58.02	Beeley	4,368	77.00	56.73
7,500	53.44	Birchover	8,000	139.90	57.18
21,000	63.50	Bonsall	22,050	326.90	67.45
3,000	30.35	Boylestone	6,500	96.90	67.08
2,500	16.51	Bradley	3,500	147.40	23.74
53,544	86.13	Bradwell	54,615	616.90	88.53
20,000	28.20	Brailsford	22,000	696.00	31.61
17,160	63.33	Brassington	17,160	266.50	64.39
9,000	25.07	Calver	9,000	364.60	24.68
5,717	44.34	Carsington & Hopton	7,718	136.60	56.50
5,694	40.84	Chelmorton	5,902	137.60	42.89
6,000	28.59	Clifton	7,000	212.40	32.96
21,316	39.03	Cromford	20,060	554.10	36.20
1,200	11.83	Cubley	1,400	104.60	13.38
8,003	33.81	Curbar	8,500	236.20	35.99
29,203	38.57	Doveridge	30,678	755.70	40.60
1,000	17.61	Eaton, Alsop & Newton Grange	1,500	55.60	26.98
2,255	22.05	Edlaston & Wyaston	3,700	98.30	37.64
9,312	56.67	Elton	10,243	160.70	63.74
43,262	98.31	Eyam	43,695	440.60	99.17
2,800	39.13	Fenny Bentley	3,500	72.90	48.01
1,500	18.78	Flagg	2,000	77.50	25.81
2,200	27.46	Foolow	2,200	80.80	27.23
1,030	8.06	Froggatt	1,250	128.00	9.77
19,444	57.49	Great Longstone	20,416	339.40	60.15
8,278	19.63	Grindleford	9,095	415.20	21.91
1,800	12.67	Hartington Middle Quarter	2,300	143.80	15.99
7,000	42.15	Hartington Nether Quarter	9,000	170.60	52.75
10,000	53.55	Hartington Town Quarter	15,000	191.50	78.33
500	11.53	Hassop	500	43.40	11.52

60,000	72.00	Hathersage & Outseats	60,000	831.7	72.14
4,700	35.64	Hognaston	6,580	130.00	50.62
2,090	19.76	Hollington	2,400	106.50	22.54
6,275	45.46	Hucklow	6,526	143.20	45.57
20,000	39.93	Hulland Ward	23,000	515.40	44.63
13,125	55.94	Kirk Ireton	14,437	237.70	60.74
5,862	34.48	Kniveton	6,448	168.20	38.34
10,291	34.34	Litton	13,378	293.40	45.60
4,400	24.30	Longford	4,600	177.80	25.87
1,980	33.47	Mappleton	2,230	59.70	37.35
5,000	22.99	Marston Montgomery	5,500	217.60	25.28
29,000	101.51	Matlock Bath	31,500	285.00	110.53
15,000	48.09	Middleton-by-Wirksworth	16,000	313.70	51.00
4,700	68.02	Middleton & Smerrill	4,980	65.50	76.03
7,185	46.86	Monyash	7,185	151.80	47.33
2,350	16.84	Norbury & Roston	2,538	138.00	18.39
5,049	20.66	Northwood & Tinkersley	5,049	243.50	20.74
1,550	6.65	Offcote & Underwood	1,550	233.70	6.63
2,600	16.15	Osmaston & Yeldersley	2,900	164.90	17.59
5,500	47.15	Over Haddon	5,600	116.20	48.19
10,010	46.34	Parwich	10,711	210.00	51.00
813	14.99	Pilsley	1,626	54.10	30.06
5,000	25.80	Rodsley & Yeaveley	5,000	207.40	24.11
6,552	36.47	Rowsley	8,500	181.50	46.83
1,500	32.33	Sheldon	1,700	46.40	36.64
7,488	58.12	Shirley	6,885	130.90	52.60
200	1.98	Snelston	220	100.70	2.18
14,180	46.48	South Darley	14,889	298.70	49.85
7,200	43.84	Stanton-in-the-Peak	7,400	165.90	44.61
12,783	60.83	Stoney Middleton	14,061	207.70	67.70
7,537	45.47	Sudbury	8,202	171.80	47.74
8,755	43.41	Taddington	9,630	207.60	46.39
22,323	40.99	Tansley	27,203	632.20	43.03
2,500	29.21	Thorpe	2,750	86.40	31.83
3,250	47.77	Tissington & Lea Hall	3,500	67.80	51.62
600	10.89	Wardlow	600	55.30	10.85
19,965	77.64	Winster	21,218	259.00	81.92
21,872	48.64	Youlgreave	23,933	450.50	53.13
0	0.00	All Other Parts of the Council's Area	0	748.20	0.00
1,968,346		**Total**	**2,075,135**	**30,817.70**	

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PAY POLICY STATEMENT FOR 2024/25

The national pay award effective from 1 April 2024 has not yet been determined. When it is, this statement will be updated.

INTRODUCTION

Source and scope of policy statement

This policy statement has been produced in accordance with Sections 38 to 43 of the Localism Act 2011 (the Act), which, from 2012 onwards, require local authorities to publish an annual statement of their policy for the relevant financial year in relation to:

- The remuneration of their most senior employees (which the Act defines as the Head of Paid Service (Chief Executive), the Monitoring Officer, the Chief Officers (or Corporate Directors), and the Deputy Chief Officers (i.e. Directors)
- The remuneration of their lowest-paid employees; and
- The relationship between the remuneration of the most senior employees and that of other employees.

The Secretary of State has produced guidance on the Act's provisions relating to openness and accountability in local pay, which local authorities must have regard to in preparing and approving their annual pay policy statements. The Council's statement takes full account of this guidance as well as the provisions of the Act.

It also takes account of:

- The Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government in September 2011;
- Guidance issued by the Joint National Council (JNC) for Local Authority Chief Executives on pay policy statements, published in November 2011;
- Employment and equalities legislation affecting local authority employers, where relevant.

Status of policy statement

The pay policy statement will be reviewed on an annual basis.

The pay policy statement can be amended during the course of any financial year, but only by a resolution of the full Council. If it is amended during the year to which it relates, the revised version of the statement will be published as soon as reasonably possible after the amendment is approved by the Council.

The Localism Act specifically refers adoption of the Pay Statement to the Council as a responsibility it cannot discharge. It requires the statement to be approved before the end of the 31 March immediately preceding the financial year to which it relates i.e. it must be approved by a resolution of the authority before it comes into force. This is however not always possible as it dependent on the timing of settlement of the national Local Government pay awards.

The April 2023 national pay award was not settled until 1 November 2023 so the Pay Policy Statement approved at the meeting of the Council on 25 January 2022 needed to be updated with this statement. The pay award has been implemented in November pay, with back pay to 1 April 2023 or start date for those joining the District Council between 1 April and 31 October. The Chief Executives national pay award was also agreed on November 2023 with back pay to April 2023.

Transparency and autonomy

The District Council recognises and welcomes the aim behind this pay policy statement to ensure that its approach to pay is accessible for all and to enable local people to take an informed view of whether local decisions on all aspects of remuneration are fair and make the best use of public funds.

It also welcomes the government's recognition that each local authority remains an individual employer in its own right, and, as such, has the autonomy to make decisions on pay that are appropriate to local circumstances and deliver value for money for local taxpayers.

This Statement is divided into seven sections:

Section 1	Provides details of the remuneration of the District Council's senior officers.
Section 2	Provides details of the remuneration of the District Council's lowest paid and other employees.
Section 3	Shows the relationship of pay levels and provides comparative pay in accordance with requirements of the act.
Section 4	Provides details of policies applied as appropriate across all categories of the District Council's employees.
Section 5	Explains the basis of the District Council's decision making on remuneration.
Section 6	Covers the Pay Policy period.
Section 7	Details the District Council's commitment on publication and transparency.

SECTION 1: REMUNERATION OF THE COUNCIL'S SENIOR EMPLOYEES

REMUNERATION COVERED IN THIS SECTION OF THE POLICY

This section covers the Council's policies in relation to the remuneration of its senior employees, including:

- Its Chief Executive and Head of Paid Service;

- Its first tier officer i.e.
    - Corporate Director,

- Its second tier officers i.e.
    - Director of Resources (Section 151 Officer), Director of Corporate & Customer Services (Monitoring Officer), Director of Regeneration & Policy, Director of Regulatory Services, Director of Housing, Director of Community & Environmental Services.

1.2 CONTEXT

These senior employees are responsible for working with elected politicians to determine the overall strategic direction of the Council, to develop the scale, nature, efficiency and effectiveness of all the services provided by the Council, and to provide day-to-day management of those services.

1.3 OVERALL POLICY ON REMUNERATION FOR SENIOR ROLES

The District Council's overall approach to remuneration for its senior employees is based on:

- Compliance with equal pay, equalities and other relevant employment legislation, plus

- Ensuring that its overall remuneration packages align with market norms for the local government and public sectors, whilst at the same time, taking account of
-
    - Pay levels in the local area, including neighbouring public sector employers;
    - The responsibilities and accountabilities of particular posts which may be very demanding
    - The Collective Agreement that ensures the harmonisation of pay and working conditions.

The District Council seeks to maintain this overall approach by carefully monitoring pay data provided by the Joint National Councils (JNCs) for Chief Officers and Chief Executives, the Local Government Association/Employers, and other pay surveys.

In terms of pay differentials, the District Council recognises that the role of Chief Executive/Head of Paid Service leads the organisation's workforce and has the greatest level of accountability, and so warrants the highest pay level in the organisation.

At first tier level the District Council recognises this role is more demanding than others, and has identified those with a greater level of accountability through job evaluation and careful analysis of job demands and offers them levels of remuneration appropriate to their role.

Below this level, the District Council recognises that the demands on and accountabilities of different management roles vary considerably, and seeks to align pay levels with the relative importance and responsibilities of jobs using a process of job analysis and evaluation.

1.4 THE REMUNERATION OFFERED TO SENIOR EMPLOYEES

At Chief Executive and first and second tier levels, the District Council offers an annual salary, access to the Local Government Pension Scheme and a range of other benefits, as shown in the table at paragraph 4.

Annual salaries

Annual salary levels for senior employees are set in accordance with the overall principles set out in section 1.3 above. They consist of a grade range which is determined locally by the District Council. This grade range consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

The staff and Chief Executive salary ranges from 1 April 2023 were announced in November 2023, back dated to 1 April 2023 in line with the nationally agreed local government pay award for 2023/24. The Award varied from 9.42% at the lowest grade (grade 2) in decreasing percentages at each grade to 7.30% at grade 7 and 5.17% at grade 10 to 3.88% at grade 13-17. The Chief Executive award was 3.5%.

From 1 April 2023 pay to the most senior officers was as follows

- Chief Executive & Head of Paid Service: £110,229 to £116,855
- Corporate Director: £83,152 to £95,217
- Director - grade 17: £74,446 - £80,177
- Director - grade 16: £67,454- £72,629
- Director - grade 15: £61,134- £65,814
- Director - grade 14: £55,426- £59,656

Remuneration of Senior Employees/ Directors on Recruitment

The District Council's policy is that any newly appointed Director will start at the lowest pay point in the pay range for their job, other than when the particular skills and experience of the successful candidate merit a higher starting salary.

Pay awards

The salaries of senior employees will be increased in line with any pay increase agreed in the Joint National Councils (JNCs) for Chief Executives, Chief Officers or National Joint Council (NJC) for Local Government for all other staff.

"Earn back" pay

The District Council notes the suggestion in the Hutton Review of Fair Pay in the Public Sector, published in March 2011, for the introduction of "earn back" pay (a system where an element of a manager's pay is "at risk" if a certain level of performance) is not met. The introduction of "earn back" pay within the District Council's current pay systems, as a way of relating pay levels to performance, is not an approach that would be compatible with its current pay policy.

1.5 RE-ENGAGEMENT OF CHIEF OFFICERS

Re-engagement as employees or under a contract for services

It is the policy of the District Council not to re-employ former employees granted voluntary redundancy or any other enhanced severance package, including former Chief Officers or Directors. In exceptional cases, and only where there is a clear benefit to the District Council, such former employees may be re-engaged on a short term contract for service.

Employment of those in receipt of an LGPS pension

Where in the unlikely event that the District Council employs as a Chief Executive, Corporate Director or Director who is in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the District Council's Administering Authority for the LGPS, pursuant to Regulations 70 and 71 of the the Local Government Pension Scheme (Administration) Regulations 2008 will be applied. Such persons would only be employed following strict application of the normal process of competitive selection for employment.

1.6 PUBLICATION OF DETAILS OF EMPLOYEE REMUNERATION

In accordance with 39 (5) of the Localism Act, this pay policy statement will be published on the District Council's website. It will also be published in the District Council's Constitution and the District Council's intranet.

The District Council is also required to publish information about the remuneration of senior officers under The Accounts and Audit (Amendment No. 2) (England) Regulations 2015 and the Code of Recommended Practice for Local Authorities on Data Transparency.

SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES

This section sets out the District Council's policies in relation to the remuneration of its lowest-paid employees, as defined in this pay policy statement.

2.1 OVERALL REMUNERATION POLICY: LOWEST PAID EMPLOYEES

Aims, Objectives and Key Principles

The District Council aims to develop, implement and maintain fair and equitable remuneration arrangements which enable it to recruit, retain, motivate and develop staff with the skills and capabilities necessary to ensure the continued provision of high quality services and which are cost effective and provide value for money.

The District Council's remuneration policy complies with all equal pay, equalities and other relevant employment legislation.

When setting pay levels for specific posts the District Council takes account of internal differentials, as measured by job evaluation.

2.2 DEFINITION OF LOWEST PAID EMPLOYEES

The definition of the "lowest-paid employees" adopted by the District Council for the purposes of this statement is as follows:

The lowest paid employees within the District Council are those substantive employees who are paid on the minimum salary point of the Council's substantive pay structure, i.e., spinal column point (SCP) 2 (there is no longer a SCP1), of local grade 2.

The current annual full-time equivalent value of this pay level, based on a 37-hour standard working week, for the financial year 23/24 was £22,366 SCP 2.

The District Council considers this to be the most appropriate definition as this is the lowest pay point/pay level on its substantive pay structure and which normally applies to new entrants to the lowest graded jobs within the organisation.

2.3 REMUNERATION OF LOWEST PAID EMPLOYEES

For the purposes of this policy statement, remuneration includes the employee's basic annual salary and any bonuses, allowances or other similar payments, benefits in kind, any increases or enhancements to any pension entitlement and any termination or other severance payments.

Pay structure

The basic pay of the District Council's lowest paid employees comprises a grade range derived from the revised national pay spine, as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service. This grade range now consists of 1 incremental salary point.

Craft Employees

There are no employees on pay and conditions of service for craft employees as determined by the Joint Negotiating Committee for Local Authority Craft & Associated Employees.

Other elements of remuneration

The other elements of remuneration which it is the District Council's policy to offer its lowest paid employees are set out in the table set out in Section 4.

2.4 OTHER TERMS AND CONDITIONS

The other terms and conditions which apply to the District Council's lowest paid employees are as set out in the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service, as amended and/or supplemented by any local agreements which may apply.

2.5 REMUNERATION OF EMPLOYEES WHO ARE PAID MORE THAN THE LOWEST PAID EMPLOYEES BUT WHO ARE NOT CHIEF OFFICERS

The District Council's policy and practice with regard to the remuneration of employees who are paid more than its lowest paid employees but who are not Chief Officers is the same as that which applies to its lowest paid employees.

2.6 EMPLOYEES WHO ARE PAID LESS THAN THE DISTRICT COUNCIL'S LOWEST PAID EMPLOYEES, AS DEFINED IN THIS PAY POLICY STATEMENT

Apprentices are paid a rate outside the local government pay spine. The Council's Apprenticeship pay is the National Apprenticeship rate plus 10% in year 1 then the National Minimum Wage for the age of the Apprentice in any subsequent years as an Apprentice plus 10% up to age 21 (will change to age 20 from 1 April 20-24 in line with the changes in National Living Wage announcement by government). The District Council applies this pay rate and/or different remuneration arrangements to this category of employees, to reflect the particular nature and/or duration/frequency of their employment.

SECTION 3: PAY RELATIONSHIPS

3.1 This section sets out the District Council's overall approach to ensuring pay levels are fairly and appropriately dispersed across the organisation, including the current pay multiple which applies within the Authority, and its policy toward maintaining or reaching a specific pay multiple in the future.

3.2 The District Council believes that the principle of fair pay is important to the provision of high quality and well-managed services and is committed to ensuring fairness and equity in its remuneration practices. The District Council's pay policies, processes and procedures are designed to ensure that pay levels are appropriately aligned with, and properly reflect, the relative demands and responsibilities of each post and the knowledge, skills and capabilities necessary to ensure that the post's duties are undertaken to the required standard, as well as taking account of relevant market considerations. This includes ensuring that there is an appropriate relationship between the pay levels of its senior managers and of all other employees.

3.3 Under the provisions of the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, the District Council is expected to publish its "pay multiple", i.e. the ratio between the highest paid salary and median average salary of the whole of the local authority's workforce. The current pay multiple, based on earnings for the financial year ending 31 March 2024, is 1 to 4.57 – the median average salary being £25,545 and the top of the Chief Executive scale £116,855.

3.4 The pay multiple between the basic salary of its highest paid employee (the Chief Executive) and the lowest paid employees, as defined in this statement is 1 to 5.22 – scale 2 being £22,366 and the top of the Chief Executive scale £116,855.

3.5 The District Council considers that the current pay multiples, as identified above, represent an appropriate, fair and equitable internal pay relationship between the highest salary and that which applies to the rest of the workforce.

SECTION 4: POLICIES COMMON TO ALL EMPLOYEES

4.1 The District Council operates a transparent pay structure that reflects the relevant duties and responsibilities of each post within the organisation. The majority of the payment terms are universal and apply to all employees. The District Council also recognises that it must pay additional allowances to certain individuals or groups of employees to reflect the diverse and occasionally unique nature of their duties. All departures from the universal set of allowances are justified on the basis that they enhance the effectiveness of the individual's role or seek to protect the individual on health and safety grounds (e.g. mobile telephones to support the District Council's lone worker policy).

This Section details the universal set of allowances and the current year's exceptions.

4.2 Pay Progression

Incremental progression through each grade will be automatic and applied on 1 April each year. Employees with less than six months service in the grade by 1 April will be granted their first increment six months after their appointment, promotion or re-grading; except where their salary on the 1 April following appointment, promotion or re-grading would be less than one spinal column point in excess of the salary they would have received on that day in their old grade with the District Council, when they shall be entitled to their first increment on the 1 April.

4.3 Market Supplements

The District Council recognises that increasing pressures in the national or regional labour market can mean that pay levels for a particular category of employee in a particular function can be such that the District Council's normal pay level would not be sufficiently competitive to enable it to recruit or retain an employee in that function. In that case, where there is proven difficulty to recruit, the District Council's market supplement policy will be applied.

There are 11 posts (an increase from 5 last year) in receipt of a market supplement ranging from 9-15%. These market supplements have been determined by the Corporate Leadership Team and will be subject to review in line with the District Council's Reward and Recognition Policy.

Given proven difficulty to recruit to some vacancies, the District Council have decided to trial the payment of a £2,000 Welcome Payment (half on appointment and the balance after 6 months). This would have to be repaid, in full, if the new employee leaves the District Council within the first 2 years of their appointment; so will also act as a retention payment. This payment may attract applicants, especially those who may have to repay training grants when leaving their existing employer. In 2023, 2 posts were appointed with a welcome payment, after proven difficulty to recruit to them. The trial is under an ongoing review.

4.4 Local Government Pension Scheme (LGPS)

The District Council offers all its employees access to the Local Government Pension Scheme, in accordance with the statutory provisions of the scheme. From 1 April 2014 the Council automatically enrols all new employees into the pension scheme.

Any pension payments made on termination of employment either on grounds of redundancy, in the interests of the efficiency of the service or on grounds of ill health will be made within the statutory terms of the LGPS.

The discretions which the District Council is able to apply under the scheme upon termination of employment are the same for senior employees as for all other employees who are LGPS members.

4.5 Flexible Retirement

Under the Local Government Pension Scheme Regulations, an employer can consent to a reduction in an employee's hours or grade and consent to the release of pension benefits where the employee is aged 55 or over.

In all cases decisions must be based on the merits of each application and the needs of the service and not be influenced by the employee's wish for early payment of their pension scheme benefits.

The District Council's policy delegates authority to the Chief Executive & Corporate Leadership Team to determine such cases. There were no applications for Flexible Retirement to date in 2023/4.

4.6 Payments on Termination of Employment

Other than payments made under the LGPS, the District Council's payments to employees whose employment is terminated on grounds of redundancy or in the interests of the efficiency of the service will be in accordance with the policies the District Council has adopted for all its employees in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 and Redundancy. No redundancy payments were made to date in 2023/4.

Other than payments pursuant to the LGPS and Redundancy, the District Council's policy is not to make any other termination payments, other than where it has received specific legal advice to the effect that a payment may be necessary to eliminate risk of claims against the District Council.

4.7 Removal/Relocation expenses

Where senior employees need to move house in order to take up an appointment with the District Council, the District Council will reimburse their removal, legal and other associated relocation costs in accordance with its policy, which sets maximum limits on the levels of payment. The policy was reviewed in 2019/20 and expenses capped at £6,000 and requires repayment in full if the employee leaves within 3 years of appointment. No relocation expenses were paid to date in 2023/24.

4.8 Acting up/additional responsibility payments

Where employees are required to act up to a higher graded post or undertake additional responsibilities beyond those of their substantive post for a temporary period of time, they may receive an additional payment in recognition of the extra responsibilities. This policy applies to all employees. 3 employees received acting up pay to date in 2023/24.

4.9 Car Provision

The Council no longer offers subsidised lease cars.

4.10 Other Payments and Allowances

Element of Remuneration	Chief Executive/ Head of Paid Service	1st tier	2nd tier	Other employees
Reimbursement of removal/ relocation costs on appointment	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Acting-up/additional responsibility payments	Not available	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Car provision	Not available	Not available	Not available	Not available
Mileage rates	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Payment of professional subscriptions or membership fees	Not available	Not available	Contractual allowance, dependent upon nature of work undertaken	Contractual allowance, dependent upon nature of work undertaken
Reimbursement of subsistence or other expenses	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Provision of mobile telephones	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Provision of landline telephones	Not available	Not available	Not available	Not available

Element of Remuneration	Chief Executive/ Head of Paid Service	1st tier	2nd tier	Other employees
Election fees	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
TOIL Scheme	Not available	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy	Available to all employees in accordance with Council policy
Bonus Payments	Not available	Not available	Not available	Not available

4.11 Mileage payments

From April 2019 all employees are reimbursed at HMRC rates for approved mileage (currently 45p per mile for a car).

In addition our locally agreed Travel & Subsistence Policy confirms that whilst we will retain a distinction between casual car users and essential car users, the designation of essential user will be reviewed annual based on the number of miles undertaken in the previous year. Employee's exceeding 400 business miles in the previous year will be designated an essential user and receive a taxable sum (paid monthly) in contribution of the additional cost to providing their car for work.

- Tier 1: 1,500 miles and above per annum- £1,200 per annum
- Tier 2: 1,000 - 1,499 mile per annum- £800 per annum
- Tier 3: 500 – 999 miles per annum- £400 per annum.

From April 2020, the previous year is taken as January to December to enable changes in essential user payments from 1 April each year to be confirmed a month in advance.

4.12 Payment of professional subscriptions or membership fees

The Council pays the professional subscriptions for the following posts only:

- Director of Resources (as Section 151 officer): Chartered Institute of Public Finance and Accountancy (CIPFA).
- Solicitors: Law Society Practice Certificate
- Estates & Facilities Manager: Royal Institute of Chartered Surveyors (RICS)

4.13 Reimbursement of Subsistence or Other Expenses

In accordance with the Travel & Subsistence Policy, the following expenses are claimable after meeting conditions for approval of reimbursement within the scheme.

• Subsistence:	Breakfast	£5.77
	Lunch	£0
	Evening Meal	£9.78
• Car Parking:	Fees actually incurred	
• Special Licences:	HGV driving licence	

- Change in Place of Work: Compensation for additional travel incurred for a period 18 months due to a compulsory change in workplace.

4.14 Mobile Telephones

Mobile telephones are provided to the Chief Executive and to other specific employees on the basis that they are necessary for them to undertake their duties effectively and to mitigate risk in lone worker situations.

The District Council funds the provision of the phone and business calls.

Employees are expected to pay for personal calls.

4.15 Landline Telephones

No officers are required to have payment for a private landline to effectively undertake their duties.

4.16 Election Fees

The Chief Executive receives fee payments pursuant to his appointment as Returning Officer at elections. The fees paid in elections vary according to the size of the electorate and number of postal voters. Fee payments for all but the District Council elections are set by the relevant body, and are in effect not paid by the District Council, as the fees are reclaimed.

The fee for the Returning Officer therefore varies at each election. The District Council has a policy of paying the maximum fee. Separate payments are made to the Deputy Returning Officer(s) and other members of staff who work as part of the elections team, and are commensurate with time spent undertaking election duties.

4.17 Payments for Additional/ Overtime Working

The NJC Conditions of Service make provision for employees graded up to spinal column point 22, who undertake work outside of normal working hours, to receive appropriate overtime payments. Those above point 22 are not entitled to overtime payments but are allowed to take approved flexi time or time off in lieu.

In 2019/20, The District Council agreed to make overtime payment to staff above scale point 22 and below scale point 46 (entry point of Director grades) are required to work extra hours on a Major Incident or Emergency formally declared under the Major Incident Procedure (the Civil Contingencies Act which defines an emergency as "an event which threatens serious damage to human welfare, the environment or security of the UK). The objectives in declaring an emergency include saving lives and reducing harm, prevention of escalation, safeguarding the environment and the protection of property and the District Council would work in association with relevant emergency services during an incident. This initiative arose from having to respond to severe flooding in autumn/winter 2019/20.

The overtime payment scheme is not available to those officers whose conditions of service are determined by the Joint National Councils for Chief Executives or Chief Officers but TOIL may be granted.

4.18 Bonus Payments

No employees are eligible for bonus payments under the Joint Negotiating Committee for Local Authority Craft & Associated Employees.

SECTION 5: DECISION MAKING ON PAY

5.1 The District Council recognises the importance of ensuring openness and transparency and high standards of corporate governance, with clear lines of accountability, in its pay decision-making processes and procedures. Any pay-related decisions must be capable of public scrutiny, be able to demonstrate proper and appropriate use of public funds and ensure value for money. The arrangements adopted by the District Council are designed to reflect these requirements, as well as ensuring compliance with all relevant legislation and other statutory regulation.

5.2 Any proposal to offer a new chief officer appointment on terms and conditions which include a total remuneration package of £100,000 or more, including salary, fees or allowances which would routinely be payable to the appointee and any benefits in kind to which the officer would be entitled as a result of their employment will be referred to the full District Council for approval before any such appointment is advertised or before any such offer is made to a particular candidate.

SECTION 6: AMENDMENTS TO THIS PAY POLICY STATEMENT

6.1 This pay policy statement relates to the financial year 2024/25. The national Local Government pay award effective 1 April 2024 is not yet determined. This statement will be updated and posting to the website when the pay award is agreed.

6.2 The District Council may agree any amendments to this pay policy statement during the financial year to which it relates.

SECTION 7: PUBLICATION OF AND ACCESS TO INFORMATION

7.1 The District Council will publish an annual pay policy statement on its website at www.derbyshiredales.gov.uk as soon as is reasonably practicable after it has been approved by the District Council. Any subsequent amendments to this pay policy statement made during the financial year to which it relates will also be similarly published.

7.2 The information required to be published by the District Council in accordance with the Code of Recommended Practice for Local Authorities on Data Transparency, issued by the Department for Communities and Local Government under Section 2 of the Local Government Planning and Land Act 1980, and in accordance with the requirements of the Accounts and Audit (Amendment No. 2) (England) Regulations 2009, as referred to/set out in this pay policy statement, is also available on its website.

7.3 For further information about this pay policy statement please contact the Council's Human Resource Section on: 01629 761364 or by e-mailing humanresources@derbyshiredales.gov.uk

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Appendix 10 – Budget Report: Glossary of Terms

Budget

A statement of the Council's policies and spending plans for net revenue and capital expenditure over a specified period of time, usually one financial year from 1st April to 31st March.

Budget Requirement (or External Funding Requirement)

The Council's revenue budget on general fund services after deducting funding streams such as fees and charges and any funding from reserves. This excludes income from council tax, business rates and non-specific government grants such as Revenue Support Grant, Rural Services Delivery Grant and New Homes Bonus.

Business Rates

These rates, called National Non-Domestic Rates, are the means by which local businesses contribute to the cost of providing local authority services.

Business Rates Baseline Funding Level

The amount of a local authority's start-up funding allocation which is provided through the local share of the estimated business rates aggregate (England) at the outset of the scheme as forecast by the Government. This is due to change from 2026/27 – See Business Rates Local Share.

Business Rates Local Share (Retention)

This is the percentage share of locally collected business rates that will be retained by local government, currently 50%. The local share of business rates is divided between authorities on the basis of proportionate shares set by the government. Currently the 50% local share is shared 40% for Derbyshire Dales District Council, 9% for Derbyshire County Council and 1% for Derbyshire Fire and Rescue Authority,

The Government has announced that the local share of business rates will increase to 75%, though this will be accompanied by additional responsibilities and a change in the business rates baseline funding level. The additional responsibilities, baseline funding level and the share between district and county councils have not yet been determined. It is currently expected that these changes will be introduced in the financial year 2026/27.

Business Rates Multiplier

Business rates are calculated by taking the property's rateable value (set by the Valuation Office Agency, not the local authority) and multiplying it by a relevant business rates multiplier, to arrive at the annual rates payable before adjusting for reliefs and exemptions.

Business rates multipliers are set by the government before the start of each financial year.

For 2024/25 the Chancellor announced, that:

- the **small business multiplier** (for properties with a rateable value less than £51,000) will be frozen at 49.9p

- the **standard multiplier** will be uprated in April by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p
- the 2024/25 **Retail, Hospitality and Leisure (RHL) scheme** will be extended for a fifth year into 2024-25, retaining the existing scope and providing eligible properties with 75% relief, up to a cap of £110,000 per business.

Business Rates Pool

As part of the business rates retention scheme, authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. This not only allows them to pool their resources under the scheme (which they could do anyway),but ensures that they are treated as if they were a single entity for the purposes of calculating tariffs, top-ups, levies and safety net payments. Derbyshire Dales District Council has been part of the Derbyshire Business Rates Pool since 1st April 2015.

Capital Charge

A charge to service revenue accounts to reflect the cost of fixed assets used in the provision of services.

Capital Expenditure

Spending on assets that have a lasting value such as land, buildings, vehicles and equipment. It can also include grants to other bodies towards such assets.

Chartered Institute of Public Finance & Accountancy (CIPFA)

The Chartered Institute of Public Finance and Accountancy is one of the UK accountancy institutes. Uniquely, CIPFA specialise in the public sector. Consequently, CIPFA holds the responsibility for setting accounting standards for local government.

Collection Fund

A separate account, required by statute, to show the transactions of a billing authority in relation to Council Tax and Non-Domestic Rates (NDR).and the payments to central government and major preceptors (the County Council, the Police and the Fire Authority).

Collection Fund Surplus or Deficit

If the Council collects more or less council tax than it expected at the start of the financial year, the surplus or deficit is shared between the billing authority (Derbyshire Dales District Council) and the major preceptors in proportion to the respective council tax precepts These surpluses or deficits have to be returned to the council taxpayer in the following year through lower or higher council taxes. If, for example, the number of properties or the allowance for discounts, exemptions or appeals vary from those used in the council tax base, a surplus or deficit will arise.

A separate Collection Fund is maintained for transactions relating to business rates. Any surplus or deficit arising from business rates is shared in proportion to the business rates local share (see above) and taken into account when setting the council tax for the following financial year.

Core Spending Power

A measure of the resources available to local authorities to fund service delivery. It sets out the money that has been made available to local authorities through the Local Government Finance Settlement (LGFS). The definition, broadly speaking, is spending power from council tax, Government revenue grants and the local share of business rates.

Council Tax

A local tax on domestic property, set by local authorities, calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government, in order to meet its planned spending.

Council Tax Bands

There are eight Council Tax bands. How much Council Tax each household pays depends on the value of the homes. The bands are set out below.

Council Tax bands

Value of home estimated at 1 April 1991		Proportion of the tax due April 1991 for a band D property
Band A	Under £40,000	66.7%
Band B	£40,001 - £52,000	77.8%
Band C	£52,001 - £68,000	88.9%
Band D	£68,001 - £88,000	100.0%
Band E	£88,001 - £120,000	122.2%
Band F	£120,001 - £160,000	144.4%
Band G	£160,001 - £320,000	166.7%
Band H	Over £320,001	200.0%

Council Tax Base

This is the figure that is used by the Council in the calculation of the Council Tax. It is the number of band D equivalent properties within the District. This figure is produced by counting each property in each council tax band across the district; the number of properties in each band is then multiplied by a factor to convert it into a band D equivalent; these are then added up to produce the total number of band D equivalent properties for the district; an adjustment is then made to reflect Council Tax Support; finally a collection rate is applied and the result is the council tax base.

Council Tax Referendum Principles (Capping)

This is the power under which the Government may limit the maximum level of local authority spending or increases in the level of spending year on year, which it considers excessive. It is a tool used by the Government to restrain increases in council tax. For shire district councils their relevant basic amount of council tax in 2024/25 will require a referendum if it is both

a) **3%, or more than 3%,** above its 2023-24 level; **and**

b**) more than £5** above its 2023-24 level.

This means that a shire district council will need to exceed **both** the percentage and cash referendum thresholds in order to be subject to a referendum; exceeding one principle but not the other would not require a referendum. Councils losing a referendum would have to revert to a lower increase in their bills.

Council Tax Requirement

The Council Tax Requirement is the amount that the Council needs to collect from Council Tax each year. It is the Budget (or External Funding) requirement less business rates income and non-specific grants.

The Council Tax Requirement is divided by the Council Tax Base to calculate the Band D Council Tax for the financial year.

CPI

The CPI (Consumer Price Index).is the main inflation rate used in the UK. Some of the Council's contracts with suppliers (such as that for waste collection) include an agreement that prices will be increased each year in line with CPI.

Department for Levelling Up, Communities and Housing (DLUHC)

The Department for Levelling Up, Communities and Housing (DLUHC) is the government department responsible for housing, communities, and local government in England and the levelling up policy.

Depreciation

This is a charge made to the revenue account each year that reflects the reduction in value of fixed assets due to age or deterioration through usage.

Earmarked Reserves

Amounts put aside to meet specific liabilities in the future.

Fair Funding Review

The Fair Funding Review is a government review that will "set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources, using the best available evidence". Consultation took place in 2018 but the new baseline funding allocations have not yet been implemented.

Financial Year

The Council's financial year commences on 1st April and finishes on 31st March the following year.

Funding Guarantee

This guarantee, introduced in 2023/24, ensured that all councils saw at least a 3% increase in their core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels. For 2024/25 the government increased the guarantee to 4%. This means every council in England will receive at least 4% more Core Spending Power, in cash terms, than they did last year, before they have taken any local decisions on council tax.

General Fund

The statutory revenue account of the Council which summarises the cost of all services provided by the Council which are funded from the precept, government grants and other income.

General Fund Balances & General Reserve

This represents amounts put aside for, but not allocated to meet, any future spending commitments or unforeseen pressures.

The Council's General Fund Balances include a working balance of £1m (£1.4m from 31 March 2024, if approved by Council on 29 February 2024) to meet emergencies and contingencies, and to assist with cash flow. Any General Fund Balance over and above the working balance is termed the 'General Reserve'. The Council's General Reserve currently stands at £3m.

The Council's Medium Term Financial Strategy states that the General Reserve will be available for meeting 'one-off' expenditure or development items and should only be used to fund ongoing revenue expenditure in exceptional circumstances. The Council will aim to set balanced budgets that do not require the use of the general reserve.

Government Grants

Part of the cost of the Council's services is paid for by central government from its own tax income. These grants are of two main types. Some (Specific Grants and Supplementary Grants) are for particular services such as Housing Benefits. Others are in aid of services generally such as the Rural Services Delivery Grant.

Local Council Tax Support Scheme

The Local Council Tax Support (also known as Council Tax Reduction) Scheme helps eligible residents who are on a low income or claiming certain benefits to pay their Council Tax bill. The Council has different schemes for pensioners and working age claimants. The Council approves a scheme before the start of each financial year. The scheme is taken into account when setting the council tax base.

Local Government Finance Settlement (LGFS)

The Local Government Finance Settlement is the annual determination of funding distribution to local authorities as made by the Government and debated by Parliament.

Medium Term Financial Plan (MTFP)

The Medium-Term Financial Plan (MTFP) identifies the estimated financial commitments of the Council alongside the likely level of resources available to it over the next five financial years. It provides a financial overview against which budgets will be set, highlighting any future savings requirements.

Medium-Term Financial Strategy (MTFS)

The Medium-Term Financial Strategy is intended to set out the Council's strategic approach to the management of its finances and to provide a framework within which decisions can be made regarding future service provision and council tax levels. The MTFS sets out the approach to delivering the savings requirements identified in the Medium-Term Financial Plan so that a balanced budget can be set. The MTFS aims to ensure the financial sustainability of the Council's financial position; it highlights financial risks and mitigating actions.

Minimum Revenue Provision

The minimum amount which must be charged to an authority's revenue account each year, as a provision to repay borrowing and finance leases.

Negative Revenue Support Grant

See Revenue Support Grant

Net revenue expenditure

This is gross expenditure less income, but before deduction of government grant, business rates and council tax income.

New Homes Bonus (NHB)

Under this scheme local authorities receive a new homes bonus (NHB) for each new property built in the district. There is also a payment in respect of empty homes brought back into use. Payments are based on match funding the council tax raised on each property with an additional amount for affordable homes. It is paid in the form of an un-ringfenced grant, which the government has announced will cease after 2024/25.

Non-Domestic Rates (NDR or NNDR)

Also known as 'business rates', see above,

Precept

The levying of an amount by one authority that requires another authority to collect income on its behalf.

The Council Tax Collection Fund meets the precepts from the major preceptors i.e. the County Council, Police Authority and Fire and Rescue Service) as well as making a payment to the Council's own General Fund.

"Local precepts" are raised by Town and Parish Councils. These are paid from the Council's General Fund and are part of Derbyshire Dales District Council's Council Tax Requirement.

Prudential Borrowing

A set of rules governing local authority borrowing for funding capital projects under a professional code of practice developed by CIPFA to ensure the Council's capital investment plans are affordable, prudent and sustainable.

Reserves

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending.

Revenue Expenditure

Expenditure to meet the day-to-day running costs incurred in providing services e.g., wages and salaries, purchase of materials and capital charges.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure classified as capital for funding purpose, when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. This is to enable it to be funded from capital resources rather than charged to the General Fund and impact on the Council Tax.

Revenue Support Grant (RSG)

A general government grant paid to the Council as a contribution towards the cost of its services. When added to the Business Rates Baseline Funding Level (see above), it produces the Settlement Funding Assessment.

The introduction of **Negative Revenue Support Grant** has been deferred by the government for several financial years but has not been ruled out. As revenue support grant is phased out and replaced by greater business rates retention, some councils will have to pay income back to government as part of the business rates top up and tariff system. This "payback" is known as Negative Revenue Support Grant. It is likely to be revisited as part of the government's review of the business rates baselines and the Fair Funding Review.

Rural Services Delivery Grant (RSDG)

The Rural services Delivery Grant provides un-ringfenced government funding in recognition of the additional costs of delivering services in sparsely populated areas. This funding is distributed to the top-quartile of authorities ranked by 'super-sparsity', a measure of rurality.

Section 106 Agreement (S106)

A Section 106 agreement is a legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of the new development on the local community and infrastructure. This may generate financial contributions that the local authority may use in defined ways to finance relevant expenditure, such as the provision of affordable housing or play equipment.

Services Grant

The purpose of the services grant is to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. This is a non-specific grant towards the general cost of services.

Settlement Funding Assessment

The Settlement Funding Assessment is a key figure in the Local Government Finance Settlement. It comprises at a national level the total Revenue Support Grant and the local share of estimated Business Rates Aggregate for the year in question.

Specific Grants

These grants are for specified purposes and cannot be used on anything else. An example of a specific grant is that for housing benefits administration. Specific grants are usually accounted for in the services to which they relate.

Working balance

The purpose of the working balance is to meet emergencies and contingencies, and to assist with cash flow. The Council currently has a working balance of £1m (£1.4m from 31 March 2024, if approved by Council on 29 February 2024).

The Council's Medium-Term Financial Strategy states that the Council will maintain a working balance of approximately 10% of its net revenue expenditure, which is considered appropriate to the strategic and operational risks which the authority faces.

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Agenda Item 11

OPEN REPORT
COUNCIL

Council – 29 February 2024

COUNCIL TAX SETTING 2024/25

Report of the Director of Resources (Section 151 Officer)

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Wards Affected
All

Report Summary
This report enables the Council to calculate and set the Council Tax for 2024/25.

Recommendations

1. That the Council approves the formal Council Tax resolution set out in Appendices A to C of the report.

2. That Council endorses the following in respect of the empty homes premium:

   a) That the Council continues to apply council tax empty homes premiums as follows except where statutory exemptions apply:
      I. 100% premium in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 2 years but less than 5 years;
      II. 200% in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 5 years but less than 10 years;
      III. 300% in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 10 years.

List of Appendices
Appendix A - Council Tax Resolutions (part)
Appendix B - Total Council Tax by parish and band 2024/25
Appendix C - Town and Parish Council Requirements

Background Papers
None

Council Approval Required
Yes

Exempt from Press or Public
No

COUNCIL TAX SETTING 2024/25

1. Background

1.1 The Local Government Finance Act 1992, amended by the Localism Act 2011, requires the billing authority to calculate a Council Tax requirement for the year.

1.2 The 2024/25 Council Tax requirement for Derbyshire Dales District Council is the subject of a separate report on the agenda for this meeting. If approved, the Council tax requirement (excluding town and parish council precepts) will be £7,303,179. This results in a Band D Council Tax of £236.98.

1.3 The precept levels of other precepting bodies are detailed below.

2. Key Issues

2.1 **Town and Parish Councils**

The Town and Parish Council Precepts for 2024/25 are detailed in Appendix C and total £2,075,135. The average Town/Parish Council Band D Council Tax for 2024/25 is £67.34, an increase of £3.15 (4.91%) on 2023/24.

2.2 **Derbyshire County Council**

Derbyshire County Council has set its precept for 2024/25 at £ 47,820,688. This results in a County Council Band D Council Tax of £1,551.73.

2.3 **Police and Crime Commissioner for Derbyshire**

The Police and Crime Commissioner for Derbyshire has set a precept of £8,616,617 for 2024/25. This results in a Band D Council Tax of £279.60.

2.4 **Derbyshire Fire and Rescue Authority**

Derbyshire Fire and Rescue Authority has set its precept for 2024/25 at £2,724,589. This results in a Band D Council Tax of £88.41.

2.5 Council Tax Base

The Director of Resources, under powers delegated by the Council, has determined the Council Tax Base for 2024/25 for the whole of the District, and for each Town/Parish Council area. The tax base for the whole area for 2024/25 has been determined as 30,817.7.

2.6 Empty Homes Premium

At a meeting of Council held on 27 January 2022 it was agreed:

- That the Council continues to apply a council tax empty homes premium of 100% in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 2 years but less than 5 years, except where statutory exemptions apply.

- That, with effect from 1st April 2023, the Council will apply a council tax empty homes premium of 200% in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 5 years but less than 10 years, except where statutory exemptions apply.
- That, with effect from 1st April 2023, the Council will apply a council tax empty homes premium of 300% in respect of any dwelling that has been unoccupied and substantially unfurnished for at least 10 years, except where statutory exemptions apply.

It is recommended that Council continues to apply council tax empty homes premiums as shown above, except where statutory exemptions apply.

2.7 Second Homes Premium

Elsewhere on the agenda for this Council meeting is a report that seeks approval for a second homes premium, to be introduced from 1st April 2025.

2.8 Conclusions

The recommendations of the Council are set out in the formal Council Tax Resolution in Appendices A – C.

If the formal Council Tax Resolution at Appendices A – C is approved, the total Band D Council Tax will be as follows:

	2023/24 £	2024/25 £	Increase £	Increase %
Derbyshire Dales District Council	230.10	36.98	6.88	2.99%
Derbyshire County Council	1,477.98	1,551.73	73.75	4.99%
Police and Crime Commissioner for Derbyshire	266.60	279.60	13.00	4.88%
Derbyshire Fire & Rescue Authority	85.84	88.41	2.57	2.99%
Sub-total	**2,060.52**	**2,156.72**	**96.20**	**4.67%**
Town and Parish Council (average)	64.19	67.34	3.15	4.91%
Total	**2,124.71**	**2,224.06**	**99.35**	**4.68%**

An Empty Homes Premium will apply to the above in 2024/25 at the following levels, except where statutory exemptions apply:

a. 100% for homes that have been 'unoccupied' and 'substantially unfurnished' for two years or more
b. 200% for homes that have been 'unoccupied' and 'substantially unfurnished' for five years or more

c. 300% for homes that have been 'unoccupied' and 'substantially unfurnished' for ten years or more.

3 Options Considered and Recommended Proposal

3.1 An alternate option would be to NOT approve the recommendations of this report. Failure to set a council tax by 11 March would be a breach of statutory requirements. It would be an extremely high financial risk, not only for this Council but also for the other precepting bodies. This would create a high reputational risk.

4 Consultation

4.1 No consultation is required but there is a legal requirement to place a notice of the amounts set for each council tax band in each part of the Authority's area. This notice must be published in at least one newspaper circulating the Authority's area within 21 days of the decision being made. It must also include information relating to council tax premiums.
.

5 Timetable for Implementation

5.1 If the recommendations of this report are approved, an order will be placed as soon as possible for the council tax bills to be printed and despatched.

6 Policy Implications

6.1 As Council Tax is an important source of funding for the Council, it has a link to all the Council's aims and priorities.

7 Financial and Resource Implications

7.1 The financial details are set out in the body of the report and Appendices A to C. The financial risk of the report recommendations is low. The financial risk of not setting a council tax would be high.

8 Legal Advice and Implications

8.1 This report enables the Council to calculate and set the Council Tax for 2024/25.

8.2 The Localism Act 2011 places a duty on the Council, as a billing authority to set an amount of council tax for the different categories of dwellings according to the band in which the dwelling falls before 11 March.

8.3 A notice of the amount set must be published in at least one newspaper circulating the authority's area within 21 days of the decision.

8.4 Section 106 of the Local Government Finance Act 1992 precludes a councillor from voting on this decision as a relevant matter if he or she has an outstanding council tax debt of over two months. If Section 106 of the Act applies to a councillor present at this meeting they must disclose this and may not vote.

Failure to comply is a criminal offence.

8.5 Taking into account the above the legal risk associated to this report has been assessed as low.

9 Equalities Implications

9.1 There are considered to be no equalities implications for this report.

10 Climate Change Implications

10.1 There are no direct climate change implications arising from this report.

11. Risk Management

11.1 Failure to set a council tax by 11 March would be a breach of statutory requirements. It would be an extremely high financial risk, not only for this Council but also for the other precepting bodies. This would create a high reputational risk.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	22/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	22/02/2024
Monitoring Officer	Helen Mitchell	22/02/2024

APPENDIX A

The Council is recommended to resolve as follows:

1. It be noted that on 10 January 2024 the Director of Resources under delegated powers calculated the Council Tax Base 2024/25:

   a) For the whole Council area as 30,817.7 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and
   b) For dwellings in those parts of its area to which a Parish precept relates as in the attached Appendix C.

2. Calculate that the Council Tax Requirement for the Council's own purposes for 2024/25 (excluding Parish precepts) is £7,303,179.

3. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act:

a) £35,453,949	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
b) £26,075,635	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act.
c) £9,378,314	Being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 21A(4) of the Act as its Council Tax requirements for the year. (Item R in the formula in Section 31B of the Act).
d) £304.32	Being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
e) £2,075,135	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C)
f) £236.98	Being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that Derbyshire County Council, the Police and Crime Commissioner for Derbyshire and the Derbyshire Fire and Rescue Authority precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area are as indicated in the table below after 5.

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings (excluding parish council requirements) are:

Valuation Bands

DERBYSHIRE DALES DISTRICT COUNCIL

A	B	C	D	E	F	G	H
£157.99	£184.32	£210.65	£236.98	£289.64	£342.30	£394.97	£473.96

DERBYSHIRE COUNTY COUNCIL

A	B	C	D	E	F	G	H
£1,034.49	£1,206.90	£1,379.32	£1,551.73	£1,896.56	£2,241.39	£2,586.22	£3,103.46

OFFICE OF POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE

A	B	C	D	E	F	G	H
£186.40	£217.47	£248.53	£279.60	£341.73	£403.87	£466.00	£559.20

DERBYSHIRE FIRE AUTHORITY

A	B	C	D	E	F	G	H
£58.94	£68.76	£78.59	£88.41	£108.06	£127.70	£147.35	£176.82

AGGREGATE OF COUNCIL TAX REQUIREMENTS

A	B	C	D	E	F	G	H
£1,437.82	£1,677.45	£1,917.09	£2,156.72	£2,635.99	£3,115.26	£3,594.54	£4,313.44

6. That the Council's basic amount of Council Tax for 2023/24 is not excessive in accordance with principles approved under the Referendums Relating to Council Tax Increases (Principles) (England) Report 2024/25.

APPENDIX B

Council Tax Schedule 2024/25	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Derbyshire Dales District Council	157.99	184.32	210.65	236.98	289.64	342.30	394.97	473.96
Derbyshire County Council	1,034.49	1,206.90	1,379.32	1,551.73	1,896.56	2,241.39	2,586.22	3,103.46
Police and Crime Commissioner for Derbyshire	186.40	217.47	248.53	279.60	341.73	403.87	466.00	559.20
Derbyshire Fire And Rescue Service	58.94	68.76	78.59	88.41	108.06	127.70	147.35	176.82
Parish / Town only (average)	44.89	52.37	59.85	67.34	82.30	97.26	112.23	134.67
Parish / Town (average) & District	202.88	236.69	270.50	304.32	371.94	439.56	507.20	608.63
Total	1,482.71	1,729.82	1,976.94	2,224.06	2,718.29	3,212.52	3,706.77	4,448.11
Town / Parish								
Ashbourne	1,499.53	1,749.44	1,999.37	2,249.28	2,749.12	3,248.96	3,748.81	4,498.56
Bakewell	1,483.17	1,730.36	1,977.56	2,224.75	2,719.14	3,213.53	3,707.92	4,449.50
Darley Dale	1,489.23	1,737.43	1,985.64	2,233.84	2,730.25	3,226.66	3,723.07	4,467.68
Matlock	1,503.13	1,753.64	2,004.17	2,254.68	2,755.72	3,256.76	3,757.81	4,509.36
Tideswell	1,501.89	1,752.19	2,002.51	2,252.82	2,753.45	3,254.07	3,754.71	4,505.64
Wirksworth	1,522.82	1,776.62	2,030.42	2,284.22	2,791.82	3,299.43	3,807.04	4,568.44
Alkmonton & Hungry Bentley	1,450.99	1,692.81	1,934.65	2,176.47	2,660.13	3,143.79	3,627.46	4,352.94
Ashford-in-the-Water	1,524.73	1,778.85	2,032.97	2,287.09	2,795.33	3,303.57	3,811.82	4,574.18

APPENDIX B CONTINUED

Council Tax Schedule 2024/25	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Ballidon & Bradbourne	1,444.22	1,684.92	1,925.62	2,166.32	2,647.72	3,129.13	3,610.54	4,332.64
Baslow & Bubnell	1,455.93	1,698.58	1,941.24	2,183.89	2,669.20	3,154.51	3,639.82	4,367.78
Beeley	1,475.64	1,721.57	1,967.52	2,213.45	2,705.33	3,197.20	3,689.09	4,426.90
Birchover	1,475.94	1,721.92	1,967.92	2,213.90	2,705.88	3,197.85	3,689.84	4,427.80
Bonsall	1,482.79	1,729.91	1,977.05	2,224.17	2,718.43	3,212.69	3,706.96	4,448.34
Boylestone	1,482.54	1,729.62	1,976.72	2,223.80	2,717.98	3,212.15	3,706.34	4,447.60
Bradley	1,453.65	1,695.91	1,938.19	2,180.46	2,665.01	3,149.55	3,634.11	4,360.92
Bradwell	1,496.84	1,746.31	1,995.78	2,245.25	2,744.19	3,243.14	3,742.09	4,490.50
Brailsford	1,458.89	1,702.04	1,945.19	2,188.33	2,674.62	3,160.92	3,647.22	4,376.66
Brassington	1,480.75	1,727.53	1,974.33	2,221.11	2,714.69	3,208.27	3,701.86	4,442.22
Calver	1,454.27	1,696.65	1,939.03	2,181.40	2,666.15	3,150.91	3,635.67	4,362.80
Carsington & Hopton	1,475.49	1,721.39	1,967.31	2,213.22	2,705.05	3,196.87	3,688.71	4,426.44
Chelmorton	1,466.41	1,710.81	1,955.21	2,199.61	2,688.41	3,177.21	3,666.02	4,399.22
Clifton	1,459.79	1,703.09	1,946.39	2,189.68	2,676.27	3,162.87	3,649.47	4,379.36
Cromford	1,461.95	1,705.61	1,949.27	2,192.92	2,680.23	3,167.55	3,654.87	4,385.84
Cubley	1,446.74	1,687.86	1,928.98	2,170.10	2,652.34	3,134.59	3,616.84	4,340.20
Curbar	1,461.81	1,705.44	1,949.08	2,192.71	2,679.98	3,167.25	3,654.52	4,385.42
Doveridge	1,464.89	1,709.03	1,953.18	2,197.32	2,685.61	3,173.90	3,662.21	4,394.64
Eaton, Alsop & Newton Grange	1,455.81	1,698.43	1,941.07	2,183.70	2,668.97	3,154.23	3,639.51	4,367.40
Edlaston & Wyaston	1,462.91	1,706.73	1,950.55	2,194.36	2,681.99	3,169.63	3,657.27	4,388.72
Elton	1,480.31	1,727.03	1,973.75	2,220.46	2,713.89	3,207.33	3,700.77	4,440.92
Eyam	1,503.93	1,754.58	2,005.24	2,255.89	2,757.20	3,258.51	3,759.82	4,511.78
Fenny Bentley	1,469.83	1,714.79	1,959.77	2,204.73	2,694.67	3,184.61	3,674.56	4,409.46
Flagg	1,455.03	1,697.52	1,940.03	2,182.53	2,667.54	3,152.54	3,637.56	4,365.06
Foolow	1,455.97	1,698.63	1,941.29	2,183.95	2,669.27	3,154.59	3,639.92	4,367.90
Froggatt	1,444.33	1,685.05	1,925.77	2,166.49	2,647.93	3,129.37	3,610.82	4,332.98
Great Longstone	1,477.92	1,724.23	1,970.56	2,216.87	2,709.51	3,202.14	3,694.79	4,433.74
Grindleford	1,452.43	1,694.49	1,936.57	2,178.63	2,662.77	3,146.91	3,631.06	4,357.26
Hartington, Middle Quarter	1,448.48	1,689.89	1,931.30	2,172.71	2,655.53	3,138.36	3,621.19	4,345.42

APPENDIX B CONTINUED

Council Tax Schedule 2024/25	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Hartington, Nether Quarter	1,472.99	1,718.48	1,963.98	2,209.47	2,700.46	3,191.45	3,682.46	4,418.94
Hartington, Town Quarter	1,490.04	1,738.37	1,986.72	2,235.05	2,731.73	3,228.40	3,725.09	4,470.10
Hassop	1,445.50	1,686.41	1,927.33	2,168.24	2,650.07	3,131.90	3,613.74	4,336.48
Hathersage & Outseats	1,485.91	1,733.56	1,981.21	2,228.86	2,724.16	3,219.46	3,714.77	4,457.72
Hognaston	1,471.57	1,716.82	1,962.09	2,207.34	2,697.86	3,188.38	3,678.91	4,414.68
Hollington	1,452.85	1,694.98	1,937.13	2,179.26	2,663.54	3,147.82	3,632.11	4,358.52
Hucklow, Gt. & Lt, & Grindlow	1,468.20	1,712.89	1,957.60	2,202.29	2,691.69	3,181.08	3,670.49	4,404.58
Hulland Ward	1,467.57	1,712.16	1,956.76	2,201.35	2,690.54	3,179.73	3,668.92	4,402.70
Kirk Ireton	1,478.31	1,724.69	1,971.08	2,217.46	2,710.23	3,203.00	3,695.77	4,434.92
Kniveton	1,463.38	1,707.27	1,951.17	2,195.06	2,682.85	3,170.64	3,658.44	4,390.12
Litton	1,468.22	1,712.92	1,957.62	2,202.32	2,691.72	3,181.13	3,670.54	4,404.64
Longford	1,455.07	1,697.57	1,940.09	2,182.59	2,667.61	3,152.63	3,637.66	4,365.18
Mappleton	1,462.72	1,706.50	1,950.29	2,194.07	2,681.64	3,169.21	3,656.79	4,388.14
Marston Montgomery	1,454.67	1,697.11	1,939.56	2,182.00	2,666.89	3,151.78	3,636.67	4,364.00
Matlock Bath	1,511.51	1,763.42	2,015.34	2,267.25	2,771.08	3,274.91	3,778.76	4,534.50
Middleton & Smerrill	1,488.51	1,736.58	1,984.67	2,232.75	2,728.92	3,225.08	3,721.26	4,465.50
Middleton by Wirksworth	1,471.82	1,717.12	1,962.42	2,207.72	2,698.32	3,188.93	3,679.54	4,415.44
Monyash	1,469.37	1,714.26	1,959.16	2,204.05	2,693.84	3,183.63	3,673.42	4,408.10
Norbury & Roston	1,450.08	1,691.75	1,933.44	2,175.11	2,658.47	3,141.82	3,625.19	4,350.22
Northwood and Tinkersley	1,451.65	1,693.58	1,935.53	2,177.46	2,661.34	3,145.22	3,629.11	4,354.92
Offcote & Underwood	1,442.24	1,682.61	1,922.98	2,163.35	2,644.09	3,124.84	3,605.59	4,326.70
Osmaston & Yeldersley	1,449.55	1,691.13	1,932.73	2,174.31	2,657.49	3,140.67	3,623.86	4,348.62
Over Haddon	1,469.95	1,714.93	1,959.93	2,204.91	2,694.89	3,184.87	3,674.86	4,409.82
Parwich	1,471.82	1,717.12	1,962.42	2,207.72	2,698.32	3,188.93	3,679.54	4,415.44
Pilsley	1,457.86	1,700.83	1,943.81	2,186.78	2,672.73	3,158.68	3,644.64	4,373.56
Rodsley & Yeaveley	1,453.89	1,696.20	1,938.52	2,180.83	2,665.46	3,150.09	3,634.72	4,361.66
Rowsley	1,469.04	1,713.87	1,958.72	2,203.55	2,693.23	3,182.90	3,672.59	4,407.10

APPENDIX B CONTINUED

Council Tax Schedule 2024/25	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Sheldon	1,462.25	1,705.95	1,949.66	2,193.36	2,680.77	3,168.18	3,655.61	4,386.72
Shirley	1,472.89	1,718.36	1,963.85	2,209.32	2,700.28	3,191.24	3,682.21	4,418.64
Snelston	1,439.27	1,679.15	1,919.03	2,158.90	2,638.65	3,118.41	3,598.17	4,317.80
South Darley	1,471.05	1,716.22	1,961.40	2,206.57	2,696.92	3,187.27	3,677.62	4,413.14
Stanton-in-the-Peak	1,467.56	1,712.15	1,956.74	2,201.33	2,690.51	3,179.70	3,668.89	4,402.66
Stoney Middleton	1,482.95	1,730.11	1,977.27	2,224.42	2,718.73	3,213.05	3,707.37	4,448.84
Sudbury	1,469.65	1,714.58	1,959.53	2,204.46	2,694.34	3,184.22	3,674.11	4,408.92
Taddington	1,468.75	1,713.53	1,958.33	2,203.11	2,692.69	3,182.27	3,671.86	4,406.22
Tansley	1,466.51	1,710.92	1,955.34	2,199.75	2,688.58	3,177.41	3,666.26	4,399.50
Thorpe	1,459.04	1,702.21	1,945.38	2,188.55	2,674.89	3,161.24	3,647.59	4,377.10
Tissington and Lea Hall	1,472.23	1,717.60	1,962.97	2,208.34	2,699.08	3,189.82	3,680.57	4,416.68
Wardlow	1,445.05	1,685.89	1,926.73	2,167.57	2,649.25	3,130.93	3,612.62	4,335.14
Winster	1,492.43	1,741.17	1,989.91	2,238.64	2,736.11	3,233.59	3,731.07	4,477.28
Youlgreave	1,473.24	1,718.77	1,964.32	2,209.85	2,700.93	3,192.00	3,683.09	4,419.70
All Other Parts of the Council's Area	1,437.82	1,677.45	1,917.09	2,156.72	2,635.99	3,115.26	3,594.54	4,313.44

APPENDIX C - TOWN AND PARISH COUNCIL PRECEPTS

TOWN / PARISH COUNCIL	2023/24			2024/25			
	COUNCIL TAX BASE £	PARISH PRECEPT £	BAND D COUNCIL TAX £	COUNCIL TAX BASE £	PARISH PRECEPT £	BAND D COUNCIL TAX £	BAND D COUNCIL TAX INCREASE %
Ashbourne	3,506.90	326,756	93.18	3,511.70	325,060	92.56	-0.7
Bakewell	1,622.60	105,000	64.71	1,620.70	110,250	68.03	5.1
Darley Dale	2,335.00	172,300	73.79	2,334.70	180,054	77.12	4.5
Matlock	3,669.50	356,070	97.04	3,743.50	366,716	97.96	0.9
Tideswell	694.60	61,980	89.23	691.70	66,473	96.10	7.7
Wirksworth	1,839.80	213,500	116.05	1,827.50	233,000	127.50	9.9
Alkmonton & Hungry Bentley	70.70	1,402	19.83	71.00	1,402	19.75	-0.4
Ashford-in-the-Water	234.50	29,843	127.26	234.90	30,625	130.37	2.4
Ballidon & Bradbourne	82.60	500	6.05	78.10	750	9.60	58.7
Baslow & Bubnell	648.00	16,224	25.04	645.00	17,525	27.17	8.5
Beeley	75.30	4,368	58.01	77.00	4,368	56.73	-2.2
Birchover	140.30	7,500	53.46	139.90	8,000	57.18	7.0
Bonsall	330.70	21,000	63.50	326.90	22,050	67.45	6.2
Boylestone	98.90	3,000	30.33	96.90	6,500	67.08	121.2
Bradley	151.50	2,500	16.50	147.40	3,500	23.74	43.9
Bradwell	621.60	53,544	86.14	616.90	54,615	88.53	2.8
Brailsford	709.30	20,000	28.20	696.00	22,000	31.61	12.1
Brassington	271.00	17,160	63.32	266.50	17,160	64.39	1.7
Calver	359.00	9,000	25.07	364.60	9,000	24.68	-1.6
Carsington & Hopton	128.90	5,717	44.35	136.60	7,718	56.50	27.4
Chelmorton	139.40	5,694	40.85	137.60	5,902	42.89	5.0
Clifton	209.90	6,000	28.59	212.40	7,000	32.96	15.3
Cromford	546.20	21,316	39.03	554.10	20,060	36.20	-7.3
Cubley	101.40	1,200	11.83	104.60	1,400	13.38	13.1
Curbar	236.70	8,003	33.81	236.20	8,500	35.99	6.4
Doveridge	757.10	29,203	38.57	755.70	30,678	40.60	5.3
Eaton, Alsop & Newton Grange	56.80	1,000	17.61	55.60	1,500	26.98	53.2
Edlaston & Wyaston	102.30	2,255	22.04	98.30	3,700	37.64	70.8
Elton	164.30	9,312	56.68	160.70	10,243	63.74	12.5
Eyam	440.10	43,262	98.30	440.60	43,695	99.17	0.9
Fenny Bentley	71.60	2,800	39.11	72.90	3,500	48.01	22.8
Flagg	79.90	1,500	18.77	77.50	2,000	25.81	37.5
Foolow	80.10	2,200	27.47	80.80	2,200	27.23	-0.9

APPENDIX C - TOWN AND PARISH COUNCIL PRECEPTS (CONTINUED)

TOWN / PARISH COUNCIL	2023/24 COUNCIL TAX BASE £	2023/24 PARISH PRECEPT £	2023/24 BAND D COUNCIL TAX £	2024/25 COUNCIL TAX BASE £	2024/25 PARISH PRECEPT £	2024/25 BAND D COUNCIL TAX £	BAND D COUNCIL TAX INCREASE
Froggatt	127.70	1,030	8.07	128.00	1,250	9.77	21.1
Great Longstone	338.20	19,444	57.49	339.40	20,416	60.15	4.6
Grindleford	421.80	8,278	19.63	415.20	9,095	21.91	11.6
Hartington, Middle Quarter	142.10	1,800	12.67	143.80	2,300	15.99	26.2
Hartington, Nether Quarter	166.10	7,000	42.14	170.60	9,000	52.75	25.2
Hartington, Town Quarter	186.70	10,000	53.56	191.50	15,000	78.33	46.2
Hassop	43.40	500	11.52	43.40	500	11.52	0.0
Hathersage & Outseats	833.40	60,000	71.99	831.70	60,000	72.14	0.2
Hognaston	131.90	4,700	35.63	130.00	6,580	50.62	42.1
Hollington	105.80	2,090	19.75	106.50	2,400	22.54	14.1
Hucklow, Gt. & Lt, & Grindlow	138.00	6,275	45.47	143.20	6,526	45.57	0.2
Hulland Ward	500.90	20,000	39.93	515.40	23,000	44.63	11.8
Kirk Ireton	234.60	13,125	55.95	237.70	14,437	60.74	8.6
Kniveton	170.00	5,862	34.48	168.20	6,448	38.34	11.2
Litton	299.60	10,291	34.35	293.40	13,378	45.60	32.8
Longford	181.10	4,400	24.30	177.80	4,600	25.87	6.5
Mappleton	59.20	1,980	33.45	59.70	2,230	37.35	11.7
Marston Montgomery	217.50	5,000	22.99	217.60	5,500	25.28	10.0
Matlock Bath	285.70	29,000	101.51	285.00	31,500	110.53	8.9
Middleton & Smerrill	69.10	4,700	68.02	65.50	4,980	76.03	11.8
Middleton by Wirksworth	311.90	15,000	48.09	313.70	16,000	51.00	6.1
Monyash	153.30	7,185	46.87	151.80	7,185	47.33	1.0
Norbury & Roston	139.60	2,350	16.83	138.00	2,538	18.39	9.3
Northwood and Tinkersley	244.40	5,049	20.66	243.50	5,049	20.74	0.4
Offcote & Underwood	233.20	1,550	6.65	233.70	1,550	6.63	-0.3
Osmaston & Yeldersley	161.00	2,600	16.15	164.90	2,900	17.59	8.9
Over Haddon	116.70	5,500	47.13	116.20	5,600	48.19	2.2
Parwich	216.00	10,010	46.34	210.00	10,711	51.00	10.1
Pilsley	54.20	813	15.00	54.10	1,626	30.06	100.4
Rodsley & Yeaveley	193.80	5,000	25.80	207.40	5,000	24.11	-6.6
Rowsley	179.70	6,552	36.46	181.50	8,500	46.83	28.4
Sheldon	46.40	1,500	32.33	46.40	1,700	36.64	13.3
Shirley	128.80	7,488	58.14	130.90	6,885	52.60	-9.5
Snelston	100.90	200	1.98	100.70	220	2.18	10.1
South Darley	305.10	14,180	46.48	298.70	14,889	49.85	7.3

APPENDIX C - TOWN AND PARISH COUNCIL PRECEPTS (CONTINUED)

TOWN / PARISH COUNCIL	2023/24			2024/25			
	COUNCIL TAX BASE	PARISH PRECEPT	BAND D COUNCIL TAX	COUNCIL TAX BASE	PARISH PRECEPT	BAND D COUNCIL TAX	BAND D COUNCIL TAX INCREASE
	£	£	£	£	£	£	%
Stanton-in-the-Peak	164.20	7,200	43.85	165.90	7,400	44.61	1.7
Stoney Middleton	210.10	12,783	60.84	207.70	14,061	67.70	11.3
Sudbury	165.80	7,537	45.46	171.80	8,202	47.74	5.0
Taddington	201.70	8,755	43.41	207.60	9,630	46.39	6.9
Tansley	544.70	22,323	40.98	632.20	27,203	43.03	5.0
Thorpe	85.60	2,500	29.21	86.40	2,750	31.83	9.0
Tissington and Lea Hall	68.00	3,250	47.79	67.80	3,500	51.62	8.0
Wardlow	55.10	600	10.89	55.30	600	10.85	-0.4
Winster	257.20	19,965	77.62	259.00	21,218	81.92	5.5
Youlgreave	449.70	21,872	48.64	450.50	23,933	53.13	9.2
All Other Parts of the Council's Area	646.10			643.90			
Total	**30,662.50**	**1,968,346**		**30,817.70**	**2,075,135**		

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Agenda Item 12

OPEN REPORT
COUNCIL

Council – 29Th February 2024

TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25

Report of the Director of Resources

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Rachael Ayre – Principal Accountant
Rachael.Ayre@derbyshiredales.gov.uk Tel: 01629 761213

Wards Affected
All

Report Summary
This report determines the Treasury Management Strategy Statement for 2024/25.

Recommendations
That the Treasury Management Strategy Statement for 2024/25 and the Treasury Management Prudential Indicators contained within be approved.

List of Appendices
Appendix A – Arlingclose Economic & Interest Rate Forecast

Background Papers
None

Consideration of report by Council or other committee
N/A

Council Approval Required
Yes

Exempt from Press or Public
No

TREASURY MANAGEMENT STRATEGY STATEMENT 2024/25

1. Introduction

1.1 Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

1.2 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management 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 the CIPFA Code.

1.3 Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy. (Appendix 1 of the Capital & Investment Strategy Report, elsewhere on the agenda for this meeting).

2. Key Issues

External Context

<u>Economic background</u>

2.1 The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.

2.2 The Bank of England (BoE) increased the Bank Rate to 5.25% in August 2023, before maintaining this level for the rest of 2023. In December 2023, members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

2.3 The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

2.4 Office for National Statistics (ONS) figures showed Consumer Price Inflation (CPI) was 4.0% in January 2024, the same as in December 2023, 3.9% in

November 2023, down from a 4.6% rate in October 2023. In January 2023 CPI was 10.1%. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.

2.5 ONS figures showed the UK economy contracted by 0.1% between July and September 2023. The BoE forecasts GDP will likely stagnate through 2024. The BoE forecasts that higher interest rates will constrain GDP growth, which will remain weak over the entire forecast horizon.

2.6 The labour market appears to be loosening, but only very slowly. The unemployment rate rose slightly to 4.2% between June and August 2023, from 4.0% in the previous 3-month period, but the lack of consistency in the data between the two periods made comparisons difficult. Earnings growth has remained strong but has showed some signs of easing; regular pay (excluding bonuses) was up 7.3% over the period and total pay (including bonuses) up 7.2%. Adjusted for inflation, regular pay was 1.4% and total pay 1.3%. Looking forward, the MPR showed the unemployment rate is expected to be around 4.25% in the second half of calendar 2023, but then rising steadily over the forecast horizon to around 5% in late 2025/early 2026.

2.7 Having increased its key interest rate to a target range of 5.25-5.50% in August 2023, the US Federal Reserve appears now to have concluded the hiking cycle. It is likely this level represents the peak in US rates following a more dovish meeting outcome in December 2023. US GDP grew at an annualised rate of 4.9% between July and September 2023, ahead of expectations for a 4.3% expansion and the 2.1% reading for Q2. But the impact from higher rates has started to feed into economic activity and growth will weaken in 2024. Annual CPI inflation was 3.1% in November.

2.8 Eurozone inflation has declined steadily since the start of 2023, falling to an annual rate of 2.4% in November 2023. Economic growth has been weak and GDP contracted by 0.1% in the three months to September 2023. In line with other central banks, the European Central Bank has increased rates, taking its deposit facility, fixed rate tender, and marginal lending rates to 3.75%, 4.25% and 4.50% respectively.

Outlook

- Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

- On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

- Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

- Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

- There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets. However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (December 2023):

- Although UK inflation and wage growth remain elevated, the Council's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

- Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for Bank Rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

- For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4.16%,

<u>Local Context</u>

2.9 On 15th February 2024, the Council held £5.45m of borrowing and £27.8m of treasury investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.23 Actual £m	**31.3.24 Estimate £m**	**31.3.25 Estimate £m**	**31.3.26 Estimate £m**	**31.3.27 Estimate £m**
Capital financing requirement	5.7	5.6	5.5	5.4	5.3
Less: External borrowing	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
Internal (over) borrowing	0.2	0.1	0	(0.1)	(0.2)
Less: Balance Sheet Resources	22.8	14.6	7.4	9.3	9.4
Treasury investments	**22.6**	**14.5**	**7.4**	**9.4**	**9.6**

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

1.2 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 Author expects to comply with this recommendation during 2024/25. From 2025-26 onwards it can be seen that external debt is slightly higher than the CFR. Advice from Arlingclose will be sought and presented to members in a future report.

Liability Benchmark

1.3 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of £7m at each year-end to maintain sufficient liquidity but minimise credit risk.

1.4 The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Table 2: Prudential Indicator: Liability benchmark

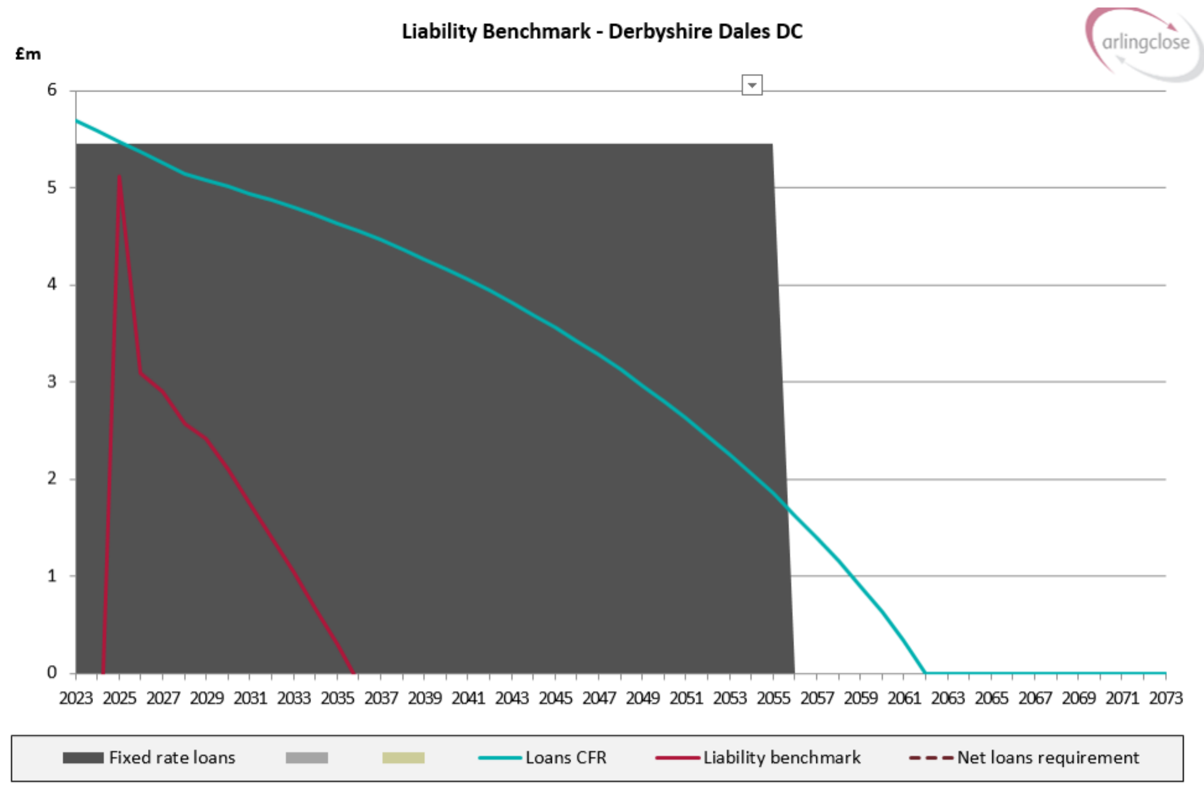
	31.3.23 Actual £m	31.3.24 Estimate £m	31.3.25 Forecast £m	31.3.26 Forecast £m	31.3.27 Forecast £m
Loans CFR	5.7	5.6	5.5	5.4	5.3
Less: Balance sheet resources	22.8	14.1	7.4	9.3	9.4
Net loans requirement	17.1	8.5	1.9	3.9	4.1
Liquidity allowance	(7.0)	(7.0)	(7.0)	(7.0)	(7.0)
Liability benchmark	**10.1**	**1.5**	**(5.1)**	**(3.1)**	**(2.9)**

1.5 Following on from the medium-term forecasts in table 2 above, the long-term liability benchmark assumes no new capital expenditure funded by borrowing, expenditure and reserves are predicted to fall as per the medium-term financial plan elsewhere on this agenda.

1.6 All forecasts have assumed inflation of 2.5% a year. This is shown in the chart below together with the maturity profile of the Council's existing borrowing:

- **Net Loans Requirement** – This is the forecast level of net borrowing, calculated as external borrowing minus treasury investments. The council's medium term financial plan forecasts Reserves to fall to £10.2m at 31st March 2025. Including working capital brings this prediction to a balance sheet resource of £7.4m. A positive net loan requirement indicates the level of borrowing needed for zero investments.
- **Liquidity allowance** - An estimate of the minimum level of short-term investments needed to provide an adequate, but not excessive, level of liquidity for daily cash flow management.
- **Liability Benchmark** – Calculated as the net loans' requirement plus liquidity allowance. The liability benchmark represents the lowest risk level of borrowing, taking into account credit, liquidity and market risks.

Chart 1: Liability Benchmark



Borrowing Strategy

1.7 The Council currently holds £5.5 million of external loans, the same as the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 shows that the Council does not need to borrow in 2024/25. The Council may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £9 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. Short-term interest rates are currently at a 15-year high but are expected to fall in the coming years and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead.

1.8 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 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 with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

1.9 The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

1.10 Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

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

Sources of borrowing:

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

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board).
- UK Infrastructure Bank Ltd.
- Any institution approved for investments (see below).
- Any other bank or building society authorised to operate in the UK.
- Any other UK public sector body.
- UK public and private sector pension funds (except Derbyshire Local Government Pension Scheme).
- capital market bond investors.
- retail investors via a regulated peer-to-peer platform.
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local Council bond issues.

1.13 **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing.
- hire purchase.
- Private Finance Initiative.
- sale and leaseback.
- similar asset-based finance.

Municipal Bonds Agency:

1.14 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

Short-term and variable rate loans:

1.15 These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

Debt rescheduling:

2.25 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. The recent rise in interest rates means that more favourable debt rescheduling opportunities should arise than in previous years.

Treasury Investment Strategy

2.26 The Council holds significant 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 £14 and £35 million, and similar levels are expected to be maintained in the forthcoming year.

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. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: . As demonstrated by the liability benchmark above, the Council may need to borrow, new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

The CIPFA Code does not permit local authorities to both borrow and invest long-term for cash flow management. But the Council may make long-term investments for treasury risk management purposes, including to manage interest rate risk by investing sums borrowed in advance for the capital programme for up to three years; to manage inflation risk by investing usable reserves in instruments whose value rises with inflation; and to manage price risk by adding diversification to the strategic pooled fund portfolio.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code

Business models: Under the IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its 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..

2.27 **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 3 below, subject to the limits shown.

Table 3: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£5m	Unlimited
Secured investments *	25 years	£4m	Unlimited

Banks (unsecured) *	13 months	£2m	Unlimited
Operational Bank (Lloyds)		£8m	
Building societies (unsecured) *	13 months	£2m	£4m
Registered providers (unsecured) *	5 years	£2m	£10m
Money market funds *	n/a	£4m	Unlimited
Strategic pooled funds	n/a	£4m	£20m
Real estate investment trusts	n/a	£4m	£10m
Other investments *	5 years	£2m	£4m

This table must be read in conjunction with the notes below

Guidance on setting Limits

1.16 **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 £2m per counterparty as part of a diversified pool e.g. via a peer-to-peer platform.

2.29 **Government:** Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

2.30 **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

2.31 **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.

2.32 **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

2.33 **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 Council will take care to diversify its liquid investments over a variety of providers capped at £4m per fund to ensure access to cash at all times.

2.34 **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 Council 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 Council's investment objectives will be monitored regularly.

2.35 **Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

2.36 **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 Council's investment at risk.

2.37 **Operational bank accounts:** The Council may incur operational exposures, for example though 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 £8m. 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 Council maintaining operational continuity.

2.38 **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. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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 "negative watch") 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.

2.39 **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, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

2.40 **Reputational aspects:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

2.41 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council 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 Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

2.42 **Investment limits**: The Council's revenue reserves available to cover investment losses are forecast to be £3.5 million on 31st March 2024 and £3.48 million on 31st March 2025. 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, investment 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 county since the risk is diversified over many countries.

Table 4: Additional 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

2.43 **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.

The Council will spread its liquid cash over at least four providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Prudential Indicators

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

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.

Credit risk indicator	Target
Portfolio average credit rating	*A-*

2.45 **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.

Liquidity risk indicator	Target
Total cash available within 3 months	£7m

2.46 **Interest rate exposures**: This indicator is set to control the Council'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	£400,000
Upper limit on one-year revenue impact of a 1% fall in interest rates	£400,000

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

2.47 **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 borrowing will be:

Refinancing rate risk indicator	**Upper limit**	**Lower limit**
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.

2.48 **Long-term treasury management investments:** 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 prudential limits on the long-term treasury management investments will be:

Price risk indicator	**2024/25**	**2025/26**	**2026/27**	**No Fixed Date**
Limit on principal invested beyond year end	£5m	£5m	£5m	£2m

Long-term investments with no fixed maturity date include strategic pooled funds and real estate investment trusts but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

Related Matters

2.49 The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The 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 considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

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

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

Financial Implications

2.50 The budget for investment income in 2024/25 is £500,000, based on an average investment portfolio of £14 million at an interest rate of 4.16%. The budget for debt interest paid in 2024/25 is £225,000, based on an average debt portfolio of £5.5million at an average interest rate of 4.1%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecasts, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, or debt interest payable falls below budget, e.g. from cheap short-term borrowing, then £45,000 of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

2. Options Considered and Recommended Proposal

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Director 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.

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

3. Consultation

3.1 No consultation is required.

4. Timetable for Implementation

4.1 Subject to approval of the report recommendations, the approved Treasury management Strategy will be used to guide Treasury management activity from 1 April 2024.

5. Policy Implications

6.1 None

6. Financial and Resource Implications

6.1 The budget for investment income in 2024/25 is £500,000. The budget for debt interest payable in 2023/24 is £225,150, based on an average debt portfolio of £5.45 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 climate is changing due to the war in Russia and Israel, and recent changes in interest rates. The financial risk is assessed as medium.

7. Legal Advice and Implications

7.1 This report determines the Treasury Management Strategy Statement for 2024/25.

7.2 The report complies with best practice and government guidance on the preparation of the treasury management strategy statement.

7.3 The legal risk at the current time has been assessed as low.

8. Equalities Implications

8.1 None.

9. Climate Change Implications

9.1 No detailed climate change impact assessment is required. However, this Strategy Statement acknowledges that Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

9.2 When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible

Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

11. Risk Management

11.1 Financial and legal risks have been assessed above. Other significant risks are set out in the report.

Report Authorisation

Approvals obtained from:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	22/02/2024
Director of Resources/ S.151 Officer	Karen Henriksen	22/02/2024
Monitoring Officer	Helen Mitchell	22/02/2024

Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but have eased over the past two months fuelling rate cuts expectations. Near-term rate cuts remain unlikely, although downside risks will increase as the UK economy likely slides into recession.
- The MPC's message remains unchanged as the Committee seeks to maintain tighter financial conditions. Monetary policy will remain tight as inflation is expected to moderate to target slowly, although some wage and inflation measures are below the Bank's last forecasts.
- Despite some deterioration in activity data, the UK economy remains resilient in the face of tighter monetary policy. Recent data has been soft but mixed; the more timely PMI figures suggest that the services sector is recovering from a weak Q3. Tighter policy will however bear down on domestic and external activity as interest rates bite.
- Employment demand is easing. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household and business spending will therefore be weak.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects has diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant loosening in the future to boost activity.
- Global bond yields will remain volatile. Markets are currently running with expectations of near-term US rate cuts, fuelled somewhat unexpectedly by US policymakers themselves. Term premia and bond yields have experienced a marked decline. It would not be a surprise to see a reversal if data points do not support the narrative, but the current 10-year yield appears broadly reflective of a lower medium- term level for Bank Rate.
- There is a heightened risk of fiscal policy and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in December. We believe this is the peak for Bank Rate.

- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.
- The immediate risks around Bank Rate have become more balanced, due to the weakening UK economy and dampening effects on inflation. This shifts to the downside in the short term as the economy weakens.
- Long-term gilt yields are now substantially lower. Arlingclose expects yields to be flat from here over the short-term reflecting medium term Bank Rate forecasts. Periodic volatility is likely.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.77	3.75	3.75	3.75	3.70	3.60	3.50	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.72	3.75	3.80	3.80	3.80	3.80	3.80	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.16	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.20	4.25
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.25	0.75	0.85	0.85	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	3.76	3.80	3.85	3.90	3.90	3.90	3.90	3.90	3.90	3.90	3.95	3.95	3.95
Downside risk	0.00	-0.25	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
UK Infrastructure Bank Rate = Gilt yield + 0.40%

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Agenda Item 13

OPEN REPORT
COUNCIL

Council – 29th February 2024

CAPITAL & INVESTMENT STRATEGY REPORT FOR 2024/25

Report of the Director of Resources

Report Author and Contact Details
Karen Henriksen, Director of Resources,
01629 761284 or karen.henriksen@derbyshiredales.gov.uk

Rachael Ayre, Principal Accountant,
01629 761213 or rachael.ayre@derbyshiredales.gov.uk

Wards Affected
All

Report Summary
This report seeks approval for the Council's Capital Strategy, Minimum Revenue Provision policy and the Corporate Investment Strategy for 2024/25.

Recommendation

That the Capital Strategy, Minimum Revenue Provision policy and the Corporate Investment Strategy for 2024/25 be approved.

List of Appendices

Appendix 1 – Corporate Investment Strategy 2024/25
Appendix 2 – Capital Strategy Sources of Financing Statement 2024/25
Appendix 3 – Minimum Revenue Provision Policy 2024/25

Background Papers
None

Council Approval Required
Yes

Exempt from Press or Public
No

CAPITAL & INVESTMENT STRATEGY REPORT FOR 2024/25

1. Introduction

1.1 This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability.

1.2 Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

1.3 The Capital Strategy report forms a key part of the Council's corporate Financial Planning Framework. It provides a mechanism by which capital expenditure is aligned over a medium term (up to a 5 year) planning period.

1.4 The Prudential Code (2021 edition) stipulates that it is not prudent for local authorities to make any investment or spending decision that will increase the Capital Financing Requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any commercial returns are related to the financial viability of the project in question. The UK Government's rules for accessing the Public Works Loans Board (PWLB) funding require statutory chief officers to verify that their local authority's capital spending plans do not include the acquisition of assets primarily for yield.

1.5 The Council has not borrowed from the PWLB for the acquisition of assets primarily for yield.

2. Key Issues

Implementation of Accounting Standard IFR16 for Leases.

2.1 The Accounting Standard IFRS16 removes the previous lease classifications of operating and finance leases, and it requires that a right-of-use asset be recognised for all leases with a corresponding lease liability representing the lessee's obligation to make lease payments for the asset. Currently operating lease payments are charged to net cost of services in the revenue account. Implementation of the standard would mean that a charge for depreciation and interest (which will be the equivalent to the former lease payment) will be charged to the net cost of services. These changes would impact upon the setting and reporting of Prudential Indicators.

This standard was intended to be implemented on 1st April 2022; however, CIPFA LASAAC recently consulted on deferring implementation of IFRS 16 until 2024/25.

The Capital Strategy and the Treasury Management Strategy reports do not currently reflect the implementation of IFRS16. An exercise is in progress to identify operating leases and determine the impact IFRS16. It is expected that this will be concluded by 31st March and any necessary changes will be reported back to members for approval.

Capital Expenditure and Financing

2.2 Capital expenditure is where the Authority spends money on assets, such as property or vehicles that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example it has been our policy that assets costing below £10,000 are not capitalised and are charged to revenue in the year that expenditure is incurred.

2.3 In 2023/24 the Authority is planning capital expenditure of £000's as summarised below:-

Table 1: Prudential Indicator: Estimates of Capital Expenditure in 000's

	2023/24 Forecast £000	**2024/25 Forecast £000**	**2025/26 Forecast £000**	**2026/27 Forecast £000**	**2027/28 Forecast £000**	**2028/29 Forecast £000**
Capital Programme	10,755	21,946	4,142	1,078	807	902

2.4 The major capital projects from 2023/24 to 2028/29 (subject to Members' approval in relation to another report on the agenda for this Council meeting) include:-

a) Ashbourne Reborn – Two projects to regenerate Ashbourne Town Centre with £8.3m for Highways and Public Realm & £4.6m for a community Hub.
b) Bakewell Road, Matlock development: £1.14m to regenerate Matlock .
c) Regeneration schemes funded by UK Shared Prosperity Fund and Rural England Prosperity Fund, totalling £1.7m.
d) Energy efficiency schemes totalling £5.6m
e) Affordable Housing Projects totalling £9.8m with the Council proving housing directly itself and through supporting Housing Associations.
f) Hurst Farm Heritage Trail £683k.
g) Replacement of the Council's vehicle fleet £1.9m over 5 years.
h) £3.6m over 5 years for Disabled Facilities Grants.

2.5 Capital expenditure totals include Capital Investments. Capital Investments include loans and shares made for service purposes and property held primarily for financial return in line with the definition in the CIPFA Treasury Management Code. These are outlined at the **Corporate Investment Strategy 2022/23 shown at Appendix 1**

Governance

2.6 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 - July (to reflect the outturn of the previous financial year and any slippage) and in November (reflecting progress on projects and adding any new bids).

2.7 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 £30,000, 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 May - July and November each year, unless there are exceptional circumstances.

2.8 Where the Council is successful at obtaining funding for projects which require no financial contribution from the Council and there is a strict deadline for project delivery and no timely policy committee or Council meeting to approve the project, the Director of Resources has delegated authority to add the project to the capital programme, so that the relevant director has authority to incur expenditure on that project avoiding a delay to the project.

2.9 All projects within the programme will be financed in accordance with the funding strategy set out below. 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.

2.10 Bids for inclusion in the capital programme 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. Projects must contribute to the Council's objectives. As well as consideration of legal, financing and resource implications, a climate change assessment is carried out for each project.

2.11 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.

2.12 All capital expenditure must be financed from external sources (government grants and other contributions) or the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The planned financing of the capital programme that is recommended for approval at this Council meeting is as follows:-

Table 2: Capital financing for the proposed Capital Programme (for approval 29th February 2024)

	2023/24 £	**2024/25 £**	**2025/26 £**	**2026/27 £**	**2027/28 £**	**2028/29 £**	**Total £**
Proposed Capital Programme (including New Bids)	10,755,164	21,945,769	4,142,449	1,077,736	806,736	901,736	39,629,590
Financed by:-							
Capital Receipts Reserve	574,450	1,337,793	258,529	80,000	50,000	-	2,330,772
Capital Programme Reserve	632,739	111,354	192,833	-	-	-	936,926
S106 Contributions	3,833,228	2,477,376	-	-	-	-	6,310,604
Grants	4,795,381	17,513,246	2,811,002	601,736	601,736	601,736	26,924,837
Economic Development Reserve	9,896	38,104	-	-	-	-	48,000
IT Reserve	155,737	30,000	-	-	-	-	185,737
Invest to Save Reserve	-	-	562,510	-	-	-	562,510
Corporate Plan Priority Reserve	-	51,896	149,575	-	-	-	201,471
Vehicle Reserve	495,133	386,000	168,000	396,000	155,000	300,000	1,900,133
Revenue Grants Unapplied	258,600	-	-	-	-	-	258,600
Total	**10,755,164**	**21,945,769**	**4,142,449**	**1,077,736**	**806,736**	**901,736**	**39,629,590**

Further information regarding how the capital programme is financed can be found at **Appendix 2.**

2.13 The Council has borrowing for previous capital expenditure. Debt is only a temporary source of finance, since loans & leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as the Minimum Revenue Provision. Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

Table 3: Replacement of prior year debt finance (Minimum Revenue Provision)

	2021/22 Actual £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000	2025/26 Budget £000	2026/27 Forecast £000	2027/28 Forecast £000	2028/29 Forecast £000
Revenue Resources	101	103	105	108	110	113	115	62
Capital Resources	0	0	0	0	0	0	0	0
Total	**101**	**103**	**105**	**108**	**110**	**113**	**115**	**62**

The Council's full **minimum revenue provision statement** is shown at **Appendix 3.**

2.14 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces by the Minimum Revenue Provision and capital receipts used to replace debt. Although there is no new borrowing for the capital programme that is presented to this Council meeting for approval, the Council does have debt relating to historic capital expenditure. The CFR is expected to reduce over the life of the programme as there is no new borrowing and MRP is continued to be provided for.

Table 4: Prudential Indicator - Capital Financing Requirement

	31.3.23 Actual £'000	31.3.24 Forecast £'000	31.3.25 Forecast £'000	31.3.26 Forecast £'000	31.3.27 Forecast £'000	31.3.28 Forecast £'000	31.3.29 Forecast £'000
CFR	5,691	5,586	5,478	5,368	5,255	5,140	5.078

2.15 To ensure that capital assets continue to be of long-term use, the Council has an Asset Management Strategy in place.

2.16 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The Authority estimates to receive capital receipts as outlined in table 5 below.

Table 5: Capital Receipts receivable

	2022/23 Actual £'000	2023/24 Forecast £'000	2024/25 Forecast £'000	2025/26 Forecast £'000	2026/27 Forecast £'000	2027/28 Forecast £'000	2028/29 Forecast £'000
Capital Receipts	476	400	50	50	50	50	0

Capital receipts are dwindling as income from the Right to Buy Sharing Agreement (relating to the housing stock transfer in 2002) has reduced.

Treasury Management

2.17 Treasury Management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending requirements, while managing the risks involved. Surplus cash is invested until required, whilst a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. As discussed in the Treasury Management Strategy (elsewhere on the agenda for this Council meeting), officers forecast that the Authority will have surplus funds to invest for the time being. Due to decisions in the past, the Authority currently (15.02.2024) has £5.45m of borrowing (at an average interest rate of 4.1%) and £27.8m of treasury investments (at an average interest rate of 4.92%). The investments are expected to reduce to £19m by 31 March 2024 as reserves are used to finance spending.

Borrowing Strategy

2.18 The Authority's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Authority therefore seeks to strike a balance between cheap short-term loans and long-term fixed rate loans where the future cost is known but higher. The current capital programme does not indicate new borrowing is required at this stage.

2.19 Projected levels of the Council's total debt outstanding debt are shown in table 6 below compared to the Capital Financing Requirement.

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.3.23 Actual £'000	31.3.24 Forecast £'000	31.3.25 Forecast £'000	31.3.26 Forecast £'000	31.3.27 Forecast £'000	31.3.28 Forecast £'000	31.3.29 Forecast £'000
Gross Debt	5,450	5,450	5,450	5,450	5,450	5,450	5,450
Capital Financing Requirement	5,691	5,586	5,478	5,368	5,255	5,140	5,078

2.20 Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short term. The Council borrowed £5.45m as a maturity loan, which is not due for repayment until 2056. In accordance with sound accounting practice the Council has annually set aside amounts for the repayment of debt called the Minimum Revenue Provision. As shown in the table above, this has the impact of reducing the CFR.

2.21 The Council's expenditure plans do not currently imply any need to borrow over the forecast period. The debt is lower than the CFR until 31st March 2025. The information in table 6 shows that from 2025/26 the Council's gross debt is forecast to be higher than the CFR which indicates that the Council could potentially repay some of the loan. Premiums are imposed for settling debt before it is due. Advice has been sought from our treasury advisors and a further update will be presented to Members once the outcome is known.

2.22 The Liability Benchmark compares the Council's actual borrowing against an alternative strategy. A liability benchmark has been calculated showing the lowest risk level of borrowing. This is discussed further within the Treasury Management Strategy (elsewhere on the agenda for this Council meeting) at paragraphs 2.13 and 2.15.

Affordable Borrowing Limit

2.23 The Council is legally obliged to set an Affordable Borrowing Limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower 'operational boundary' is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt

	2023/24 Limit £000	**2024/25 Limit £000**	**2025/26 Limit £000**	**2026/27 Limit £000**	**2027/28 Limit £000**
Authorised limit for External Debt	12,000	12,000	12,000	12,000	12,000
Operational Boundary for External Debt	9,000	9,000	9,000	9,000	9,000

2.24 As discussed at paragraph 2.1, a change in accounting for Leases (IFRS16) is due to be introduced. This will require all leases (both operating and finance leases) to be brought onto the balance sheet as a "right of use asset" if the asset has a lease term greater than 12 months and is valued at more than £5,000. The Council currently has a number of operating leases of significant value, which will increase the amount of debt liability. This will have an impact on the Affordable Borrowing Limits from the year of implementation. Once the effect is known a new report will be brought forward for Members' approval.

Treasury Investments

2.25 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

2.26 The Council's policy on treasury investments is to prioritise security and liquidity over yield, that is, to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8 – Treasury Management Investments

Price risk indicator	2024/25	2025/26	2026/27	2027/28
Limit on principal invested within year	£50m	£50m	£50m	£50m
Limit on principal invested beyond year end	£5m	£5m	£5m	£5m

Investment for Service Purposes

2.27 The Council has no current plans to makes investment to assist local public services.

Commercial Activities

Update in respect of Public Works Loan Board (PWLB)

2.28 In past years Local Authorities have spent considerable sums of money on acquiring commercial property as they strived to generate returns to fund General Fund budget pressures.

2.29 HM Treasury states that the purpose of PWLB lending is to support public works. The Treasury does not consider 'debt for yield' schemes to fall into this category, and states that such activity presents risks in terms of stability of the income, puts unmanageable pressure on PWLB and distort local and regional markets.

2.30 In light of this, PWLB lending terms are as follows:

a) To require authorities that wish to borrow from the PWLB to confirm that they do not plan to buy investment asses primarily for yield;
b) To publish guidance defining the activity that the PWLB will no longer support, with clear protections for service delivery, regeneration and the re-financing of existing debt, and
c) To standardise the information currently gathered through the application process for the PWLB certainty Rate and us this as primary way to confirm that authority plans conform to the guidance.

2.31 The implications for the Council should it require future PWLB funding are:-

- The Council must provide their high- level capital programme to the Department for Levelling Up, Housing and Communities (DLUHC)
- The Council must provide assurance from their S151 Officer (the Director of Resources at DDDC) that they will not borrow in advance of need, and that the authority has no intention to buy commercial assets primarily for yield.
- There will be no access to new PWLB loans in a financial year if an authority has commercial yield assets anywhere in its capital programme.
- This applies to local authority-owned companies/joint ventures. (The Council has neither).
- Breaches may result in repayment of loans on demand, plus early repayment penalties.

2.32 The table below shows the categories of spend that are allowable for the purposes of access to PWLB borrowing.

Table 9: PWLB Borrowing: Allowable Spend

Available Capital Spend	
SERVICE SPENDING	Anything captured in the standard central government capital return forms i.e. education, highways & transport, social care, public health, culture & related services, environmental & regulatory services, police, fire & rescue
HOUSING	Land release, housing delivery, subsidising affordable housing.
REGENERATION	Schemes featuring one or more of the following characteristics. **Addressing an economic or social market failure** by providing services, facilities, or other amenities that are of value to local people and would not otherwise be provided by the private sector. **Preventing a negative outcome**, including through buying and conserving assets of community value that would otherwise fall into disrepair. **Involving or generating significant additional activity** that would not otherwise happen creating jobs and/or social or economic value.

	Rents are recycled within the project or applied to related projects with similar objectives, rather than applied to wider services.
REFINANCING	**Restructuring or extending existing debt from any sources**; including internal borrowing. Funding via source then seeking to refinance via PWLB is 'not something the Council should deliberately do'.

2.33 'Investment assets bought primarily for yield' are not allowable anywhere in the Council's capital programme for the purposes of accessing PWLB borrowing. HM Treasury considers characteristics of such schemes to be as shown in the table below.

Table 10: PWLB Borrowing: Non-Allowable Spend

Non-allowable Capital Spend	
INVESTMENT ASSETS BOUGHT PRIMARILY FOR YIELD	One or more of the following; • Buying land or existing building to let out at market rate. • Buying land or building which were previously operated on a commercial basis which is then continued by the Authority without any additional investment or modification. • Buying land or existing buildings other than housing which generate income and are intended to be held indefinitely, rather than until the achievement of some meaningful trigger such as completion of land assembly.

2.34 The Council has 3 retail sites which were acquired via ground leases in 1974 and are within the Council's boundary. These have been determined as investment properties for accounting purposes and are held primarily to generate a profit, although it may also be argued that the sites do contribute to the economy of the area. No borrowing has been undertaken to acquire an interest in these sites. The sites have been included as commercial assets for the purpose of Corporate Investment Strategy.

2.35 The previous Corporate Investment Strategy included the Bakewell Road Development (conversion of market hall to a cinema plus retail unit) as a commercial asset, one held for yield-generating purposes. However, the Bakewell Road project's primary focus is to regenerate the Matlock town centre and the yield from the operating development is important but not the primary reason for the project.

2.36 The financing of the project is being undertaken using capital receipts and reserves and there is no internal or external borrowing. The Bakewell Road Development is considered eligible capital spend as outlined in the table above and therefore should not prevent the Council from applying for PWLB funding in the future to fund the overall capital programme.

Liabilities

2.37 In addition to debt of £5.45m of borrowing debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £3m at 31st March 2024).

Governance

2.38 Decisions on incurring new discretional liabilities are taken by the Corporate Leadership Team in consultation with the Director of Resources and are then reported to full Council for approval. The risk of liabilities crystallising and requiring payment is monitored by the Financial Services Team and reported quarterly to Corporate Leadership Team.

Revenue Budget Implications

2.39 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 11: Prudential Indicator: Proportion of financing costs to net revenue stream.

	2022/23 Actual	**2023/24 Budget**	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**	**2027/28 Budget**
Financing Costs (£000)	(173)	203	(57)	(55)	(52)	(50)
Proportion of net revenue %	(1.30)	1.63	(0.43)	(0.40)	(0.41)	(0.42)

Sustainability

2.40 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Director of Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable.

Knowledge and Skills

2.41 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Director of Resources is a qualified accountant with over 30 years' experience and the Financial Services Manager is a qualified accountant. The Principal Accountant is also a qualified accountant and is experienced in treasury management and capital accounting.

2.42 Where Council staff members do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers. This approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

3 Options Considered and Recommended Proposal

3.1 Not applicable

4 Consultation

4.1 None required.

5 Timetable for Implementation

5.1 If approved, the strategies and MRP policy will be implemented for the financial year 2024/25.

6 Policy Implications

6.1 The report recommendation contributes to ensuring that adequate resources & investments are in place to fund the Council's Corporate Plan Priorities

7 Financial and Resource Implications

7.1 Financial Information is contained within the report.

7.2 While investment activities carry risks, the report explains how these are mitigated. For example, security and liquidity are given more importance than yield. See paragraph 11.1 below.

7.3 The financial risk of this report is assessed as low.

8 Legal Advice and Implications

8.1 This report seeks approval for the Council's Capital Strategy, Minimum Revenue Provision policy and the Corporate Investment Strategy for 2024/25.

8.2 The report complies with best practice and government guidance on the preparation of the Capital & Treasury Monitoring Statement.

8.3 The legal risk at the current time has been assessed as low.

9 Equalities Implications

9.1 There are considered to be no equalities implications for this report.

10 Climate Change Implications

Capital Strategy 2024/25

10.1 The Capital strategy, as set out in Appendix 2, provides details of sources of finance that have been / could be used to finance the delivery of the Climate Change Strategy and Action Plan (but see paragraph 10.3 below). It should be noted that:

- The Council will continue to bid for capital grants when opportunities arise. Attracting ongoing external grant funding for climate change projects will be critical if the Council is to achieve the aim of being Net Zero in respect of its own emissions by 2030;

- Finance leases will be considered as a method of future capital financing where they can be shown to be 'cost effective, prudent, affordable and sustainable'. This level of flexibility will be essential, particularly when considering the future vehicle replacement programme as the Council shifts to operating electric vehicles in the fleet.

Minimum Revenue Provision policy for 2024/25

10.2 No comments (attached at Appendix 3)

Corporate Investment Strategy for 2024/25

10.3 It is noted that no significant changes to the corporate investment strategy are recommended for 2024/25 and that the objective of the Strategy is to establish a framework for the identification of commercial investments which, if made, would provide the Authority with an income stream but would not meet the PWLB's definition of service spending. The approved Climate Change Strategy and Action Plan has identified that the Council could consider generating revenue through the sale of renewable energy generated by ground mounted solar PV arrays in the long term. Initial discussions with the Council's treasury advisers have indicated that this could fall under the heading of service spending, giving access to PWLB borrowing. However, if that measure is not met, any investment would need to be assessed against the criteria set out in the 'Commercial Investments' part of the Corporate Investment Strategy.

11. Risk Management

Treasury Management

11.1 The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks. Further details of Treasury Investments are shown within the Treasury Management Strategy, also part of this Agenda.

Capital Strategy

11.2 The Council unanimously approved a Climate Change strategy and Action plan in October 2020 designed to ensure that the Authority meets its target of being net zero in respect of its own emissions by 2030. Some key projects are already contained with the current Capital Programme to help meet this objective but more are being explored and developed e.g. Electric Vehicles, Solar Farm. With the Council's depleting capital receipts and reserves, it may be necessary to consider borrowing (internal or external) for future updates of the Capital Programme to achieve the Council's objectives in this respect.

Report Authorisation

Approvals obtained from:-

	Named Officer	**Date**
Chief Executive	Paul Wilson	22/02/2024
Director of Resources (S.151 Officer)	Karen Henriksen	22/02/2024
Director of Corporate & Customer Services (Monitoring Officer)	Helen Mitchell	22/02/2024

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Appendix 1

CORPORATE INVESTMENT STRATEGY 2024/25

1. Background and Introduction

1.1 This strategy outlines the Authority's Investment Strategy for 2024/25 for consideration and approval by Council before the start of the financial year.

1.2 The Authority's Treasury Management Strategy, Capital Programme, Capital Strategy and Minimum Revenue Provision (MRP) Policy are addressed elsewhere.

1.3 The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

1.4 This Corporate Investment Strategy meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

2. Treasury Management Investments

2.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and to suppliers, benefit claimants etc.). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

Contribution: The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities and to generate income while having regard to security and liquidity.

Further details: Full details of the Authority's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the Treasury Management Strategy, available on the Authority's website.

3. Service Investments

3.1 Service Investments: Loans

3.1.1 **Contribution:** The Authority has powers to lend money to any subsidiaries, its suppliers, business partners, parish and town councils, local charities, registered providers (formerly known as housing associations), its employees and to community groups to support local public services and stimulate local economic growth. For example, the Authority may give a loan to a local community group who are undertaking a project to deliver affordable housing. The Council's current Capital programme doesn't have any commitments to provide any Service loans at this current time.

3.1.2 **Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes

Category of borrower	31.3.2023 Actual			2024/25
	Balance owing	Loss allowance	Net figure in accounts	Approved Limit
Subsidiaries	0	0	0	£500,000
Town and parish councils	0	0	0	£500,000
Business partners	0	0	0	£1m
Local charities	0	0	0	£500,000
Local community groups	0	0	0	£500,000
Registered Providers (Housing associations)	0	0	0	£1m
TOTAL	**0**	**0**	**0**	**£4m**

3.1.3 Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. However, officers will make every reasonable effort to collect the full sum lent and will put in place appropriate credit control arrangements in place to monitor payments and to recover overdue payments.

3.1.4 **Risk assessment:** The Authority will assess the risk of loss before entering into and whilst holding service loans, using the following approach:

1. The Authority will consider a comprehensive business case and business plan for each individual potential investment opportunity. This will include a market analysis focussing on competition, demand, and current market trends.

2. To ensure that it has access to quality advice and expertise in specialist areas, the Authority will use external advisers where appropriate. This may include an assessment of the particular market that the Authority will be competing in, the nature and level of competition, an assessment of how the market/customer needs will evolve over time, barriers to entry and exit, legal and taxation issues and any ongoing investment requirements (such as a credit reference check). Each potential investment will undergo qualitative and quantitative appraisal to establish its relevance to the Authority's Corporate Plan priorities and the legal and financial implications of the purchase.

3.2 Service Investments: Shares

3.2.1 **Contribution:** The Authority currently has an equal share in the Derbyshire Building Control Partnership, along with 5 other local authorities, to support local development by delivering a local service. The Authority has powers to invest in the shares of any subsidiaries, its suppliers, and business partners to support local public services and stimulate local economic growth.

3.2.2 **Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes

Category of company	31.3.2023 Actual			2024/25
	Amount invested	Gains or losses	Value in accounts	Approved Limit
Derbyshire Building Control Partnership	£5	0	£5	£5
Business Partners	0	0	0	£500,000
TOTAL	**£5**	**0**	**£5**	**£500,005**

3.2.3 **Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding shares by using the following approach:

1. The Authority will consider a comprehensive business case and business plan for each individual potential investment opportunity. This will include a market analysis focussing on competition, demand and current market trends.

2. To ensure that it has access to quality advice and expertise in specialist areas, the Authority will use external advisers where appropriate. This may include an assessment of the particular market that the Authority will be competing in, the nature and level of competition, an assessment of how the market/customer needs will evolve over time, barriers to entry and exit, legal and taxation issues and any ongoing investment requirements (such as a credit reference check). Each potential investment will undergo qualitative and quantitative appraisal to establish its relevance to the

Authority's core values and the legal and financial implications of the purchase.

3.2.4 **Liquidity:** Based on the approved limit in Table 2 the funds will not be required in the short term and may prudently be committed for the periods covered by this strategy.

3.3 **Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

4. Commercial Investments: Property

4.1 The government (DLUHC) defines property to be an investment if it is held primarily or partially to generate a profit.

4.2 **Contribution:** The Authority currently holds three retail sites with the intention of generating income that will be spent on local public services. The main property investments that are held are shown in the table below:

Table 3: Property held for investment purposes

Property	Actual	Actual 31.03.23		Expected 31.03.25	
	Purchase cost	Gains or (losses)	Value in accounts £000	Gains or (losses)	Value in accounts
Retail Site 1	n/a*		1,390		1,390
Retail Site 2	n/a*		111		111
Retail Site 3	n/a*		154		154
TOTAL			**1,655**		**1,655**

*The Authority acquired ground leases for investment properties in 1974.

4.3 **Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

Where the value in accounts is at or above purchase cost a fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment.

4.4 **Risk Assessment**: The risk is low as there are no outstanding borrowing associated with their acquisition.

4.5 **Future commercial Investments:** With effect from 1st April 2023, the Council shall not acquire Commercial Assets bought primarily for yield.

Acquisition and development of property will be with the primary aim of strategic regeneration, business growth, job creation and enhancing social or economic value with secondary aims of achievement of a financial return in order to contribute to the costs of investment and provide for whole-life asset maintenance costs and future fluctuations in property income.

5 Loan Commitments and Financial Guarantees

5.1 Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and, therefore, are included in this Strategy for completeness. No Loan commitments and financial guarantees are included in the medium-term financial plan or capital programme.

6 Net Income from Commercial Investments

6.1 For 2024/25 the Authority's revenue budget includes income arising from Commercial Property Investment Income as shown in Table 3 above. Table 4 below shows net income received from commercial investments as a proportion of net revenue stream.

Table 4: Net income from commercial investments to net revenue stream

	2022/23 Actual	2023/24 Budget	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast
Total net income from service and commercial investments £000	102	102	102	102	102	102
Proportion to NRE	0.76%	0.82%	0.77%	0.74%	0.81%	0.85%

7 Borrowing in Advance of Need

Government guidance is that local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

8 Capacity, skills and culture

8.1 This Authority recognises the importance of ensuring that all Elected Members and Officers involved in investment decisions are fully equipped to undertake the duties and responsibilities allocated to them and have the appropriate capacity, skills and information to enable them to make informed decisions e.g. as to whether to enter into a specific investment. There is a requirement to understand:

- the context i.e. the Authority's corporate objectives
- the Authority's risk appetite and risk assessment framework
- the prudential framework
- the regulatory regime in which the council operates.

8.2 Officers: The Authority will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The following measures are in place:

- Identification of officer training needs on commercial investment related issues through the Performance Development and Review process;
- Attendance at relevant training events, seminars and workshops; and
- Support from the Authority's treasury management advisors, Arlingclose.

8.3 Elected Members: Elected members' training needs are assessed through the Member Development Group. The Authority will also specifically address this important issue by:

- Periodically facilitating workshops or other training for members on investment issues;
- Interim reporting and advice to members.

8.4 Where necessary the Authority will engage external advisers for investment advice, property surveys and due diligence checks. The cost of any such advice will be taken into account when developing business cases and when assessing the overall viability of projects.

8.5 It is important that the Authority has sound arrangements in place to ensure accountability, responsibility and authority for decision making on investment activities within the context of the Authority's values. Full Council is responsible for the approval of the Corporate Investment Strategy and for monitoring performance against it.

8.6 The Authority's values include transparency in decision-making. To facilitate that, the following arrangements are in place:

- This Corporate Investment Strategy will be made available on the Authority's website;
- Meetings of Policy Committees and Full Council will be open to the public and the agendas and minutes from such meetings will be shown on the Authority's website.

9. Investment Indicators

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

9.1 **Total risk exposure:** The indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 7: Total investment exposure

Type of investment	31.03.23 Actual *£'000*	31.03.24 Forecast *£'000*	31.03.25 Forecast *£'000*
Treasury management investments	22,400	19,000	12,000
Service investments: Loans*	0.	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	0	0	0
TOTAL INVESTMENTS	22,000	19,000	12,000
Commitments to lend	0	0	0
Guarantees issued on loans	0	0	0
TOTAL EXPOSURE	22,000	19,000	12,000

*Loan to repaid before end of 2022/23.

10 How investments are funded

The Authority does not have any investments which are funded by borrowing.

10.1 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 8: Investment rate of return (net of all costs)

Type of investment	31.03.23 Actual	31.03.24 Forecast	31.03.25 Forecast
Treasury management investments	4.04%	5.18%	4.16%
Service investments: Loans	0	0	0
Service investments: Shares	0	0	0
Commercial investments: Property	4.04%	5.18%	4.16%

Appendix 2

SOURCES OF FINANCING FOR THE CAPITAL PROGRAMME

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:

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.

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.

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 and it also includes disposal receipts arising from certain other housing sales. During 2024/25, the Director of Housing and the Director of Resources will develop a strategy for the future use of such housing receipts.

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.

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 on Appendix 3

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.

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 affordable and sustainable.

Revenue Contributions to Strategic Reserves

The Council has, in previous years and in the proposed budget for 2024/25 made contributions to strategic reserves to provide capital funding. Such reserves include the Vehicle Renewals 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 2024/25 budget includes £300,000 transfer to the Vehicle Renewals Reserve to fund future replacement vehicles. An annual contribution of £300,000 has been included in the Medium Term Financial Plan from 2025/26 onwards.

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 a method of financing, subject to availability, and (for some reserves) the relevant purpose.

Leasing

IFRS16 sets out the principles for recognition, measurement, presentation and disclosure requirements of Leases by introducing a single lessee accounting model which provides greater transparency of the lessee's financial leverage and capital employed by requiring recognition of right-of-use assets and lease liabilities on balance sheet.

IFRS16 was initially due for implementation from 01 April 2020 but was delayed due to Covid-19 until 1 April 2022. In response to audit delays, however, the Department for Levelling Up, Housing and Communities (DLUHC) asked CIPFA to consider some time-limited changes to the Code, which would ease these delays. Following consultation and review by the Financial Reporting Advisory Board (FRAB), CIPFA has confirmed that there is a further optional delay for a period of two years until 1 April 2024. Officers recommend that this option be taken.

Where the Council acts as lessee, both operating and finance leases will be brought 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 £10,000.

The use of leases will be considered as a source of future capital funding subject to these being cost-effective when compared to other methods of financing.

Finance leases will be considered as a method of future capital financing where they can be shown to be cost effective (compared to other methods of finance that might be available), prudent, affordable and sustainable.

Order for Use of Resources for the Capital 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 and if it complies with the Prudential Code.

Note: Finance leases will be considered as a method of future capital financing where they can be shown to be cost effective (compared to other methods of finance that might be available), prudent, affordable and sustainable.

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APPENDIX 3

Minimum Revenue Provision Statement 2024/25

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the former Department for Communities and Local Government's *Guidance on Minimum Revenue Provision* the CLG Guidance) most recently issued in 2018.

The broad aim of the CLG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP.

The following statements incorporate options recommended in the Guidance:

- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments *or* as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure starting in the year after the asset becomes operational.

- For assets acquired by finance, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Capital expenditure (that is financed by internal borrowing) incurred during 2024/25 will not be subject to a MRP charge until 2025/26. However, MRP is due in 2024/25 in respect of liabilities from previous financial years. Based on the Council's latest estimate of capital financing requirement on 31st March 2023, MRP has been determined as follows:

	31.03.2024 Estimated CFR £'000	2024/25 Estimated MRP £000
Supported capital expenditure after 31.03.2008	5,586	105

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