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25th February 2015

To: All Councillors

As a Member of the **Council**, please treat this as your summons to attend the meeting on **Thursday 5th March 2015 at 6.00pm in the Council Chamber, Town Hall, Matlock.**

Yours sincerely

Sandra Lamb
Head of Corporate Services

AGENDA

1. APOLOGIES

Please advise Democratic Services on 01629 761133 or e-mail committee@derbyshiredales.gov.uk of any apologies for absence.

2. PUBLIC PARTICIPATION

To give members of the public who have given notice an opportunity to ask questions, present petitions or air their views.

3. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING

12 February 2015

4. INTERESTS

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

5. CHAIRMAN'S ANNOUNCEMENTS

Councillor Mrs Walker will give a short talk on Fair Trade (winners' cups for the Fair Trade Bake-Off competition will be on display)

Page Nos.

6. PERFORMANCE PLAN AND REVENUE BUDGET 2015/16 — 4 - 25

To consider the Council's Performance Plan, revised spending proposals for 2014/15 and spending proposals for 2015/16.

REVENUE SPENDING PROPOSALS AND DRAFT SERVICE PLANS TO BE PUBLISHED SEPARATELY

7. CAPITAL PROGRAMME 2014/15 TO 2019/20 — 26 - 33

To determine the revised Capital Programme for 2014/15, and the Capital Programme and Financing arrangements for 2015/16, and to outline the Capital Programme proposals for 2016/17 to 2019/20.

8. COUNCIL TAX SETTING 2015/16

To set the Council Tax 2015/16, in accordance with the provisions of the Local Government Finance Act 1992.

REPORT TO FOLLOW

9. TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY — 34 - 58

To determine the Treasury Management Strategy for 2015/16, the Annual Investment Strategy for 2015/16 and the Minimum Revenue Provision Strategy for 2015/16. Also, to set the Prudential Indicators as required under the Local Government Act 2003.

10. CORPORATE PLAN 2014/15 — 59 - 66

To consider the adoption of the Values, as set out in Paragraph 1.6 of the report, for inclusion in the Corporate Plan 2015/16, and of the proposals in Appendix 2 as Corporate Plan targets for 2015/16. To note the progress against the Corporate Plan targets 2014/15.

11. LOCALISM ACT - PAY POLICY STATEMENT — 67 - 81

To consider the District Council's Annual Pay Policy Statement in accordance with the requirements of the Localism Act 2011.

12. REFERRED ITEM

To consider recommendations from the Environment Committee held on 26 February 2015 in relation to the outcome of the Consultation on Public Space Protection Orders (previously dog control orders).

REPORT TO FOLLOW

13. SEALING OF DOCUMENTS

To authorise that the Common Seal of the Council be affixed to those documents, if any, required to complete transactions undertaken by Committees or by way of delegated authority to others, since the last meeting of the Council.

NOTE

For further information about this Agenda or on “Public Participation” call 01629 761300 or e-mail committee@derbyshiredales.gov.uk

NOT CONFIDENTIAL – For public release Item No. 6

COUNCIL MEETING
5th MARCH 2015

Updated report

Report of the Chief Executive

PERFORMANCE PLAN AND REVENUE BUDGET 2015/16

SUMMARY

This report seeks the Council's approval of the District Council's Performance Plan 2015/16, revised spending proposals for 2014/15 and the spending proposals for 2015/16.

RECOMMENDATIONS

That the Council approves:-

1. That the level of Council Tax for 2015/16 be frozen at the 2014/15 level.
2. The revised estimate of net revenue expenditure for 2014/15 of £5,284,764 as detailed in the Summary Revenue Account.
3. The net sum of £329,845 be transferred to earmarked reserves in 2014/15, as shown in Appendix 6.
4. The estimated net revenue expenditure for 2015/16 totalling £5,322,715 as detailed in the Summary Revenue Account.
5. The minimum level of uncommitted working balances be approved at £1,000,000 at 1st April 2015, and £1,000,000 at 1st April 2016.
6. The net sum of £1,073,187 be transferred from earmarked reserves in 2015/16, as shown in Appendix 6.
7. The following amounts be calculated by the Council for the chargeable financial year 2015/16 in accordance with Section 31A of the Localism Act 2011:-
   - i aggregate of the amounts which the Council estimates for the items set out in Section 31A(2)(a) to (f) thereof is £40,510,478;
   - ii aggregate of the amounts which the Council estimates for the items set out in Section 31A(3)(a) to (d) thereof is £33,872,529;
   - 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 2015/16 is £6,637,949;
8. The Derbyshire Dales District Council Service Plans and Revenue Spending Proposals (as circulated with the agenda).
9. That progress on service reviews is noted.
10. The Head 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.

WARDS AFFECTED
All

STRATEGIC LINK

All the Council's aims and priorities as contained in the Corporate Plan, the Performance Plan, and various service strategies have been taken into account in determining the service plans and spending proposals. Budgets are included, where appropriate, for the completion of targets for 2014/15, and for the achievement of the key target areas for 2015/16. Corporate targets for 2015/16, which are subject to a report elsewhere on the Agenda of this meeting, reflect the budget decisions taken in this report.

REPORT

1. Introduction

1.1 Proposals for all the Council's General Fund services and activities are shown in detail in the "Revenue Spending Proposals 2015/16" booklet, which is circulated with the Agenda for this meeting. The totals for each service are given in Appendix 1 to this report.

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

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

1.4 The draft service plans, which seek to set out actions necessary to deliver the Council's priorities, are set out in the "Service Plans" booklet, which is circulated with the Agenda for this meeting. . These service plans incorporate summary budget data with other service information to clarify the link between service levels and resources.

2 Local Government Finance Settlement 2015/16

2.1 The Local Government Finance Settlement for the Council is summarised below:-

	2014/15	2015/16 Indicative	Decrease
Settlement Funding Assessment	£3.353m	£2.891m	13.78%
Council Spending Power	£9.615m	£9.322m	3.1%

2.2 The Government has provided additional funding of approximately £58,000, which is available should the Council decide to freeze its 2015/16 Council Tax at the 2014/15 level. The funding is equivalent to a 1% Council Tax increase. The Government has confirmed that, if accepted, the funding will be incorporated into the Settlement Funding Assessment in future years.

3. New Homes Bonus

3.1 The Government has recently announced allocations under the New Homes Bonus. This grant is designed to address the disincentive within the local government finance system for local authorities to welcome growth, as new housing has meant increased strain and additional costs for local authority services. The New Homes Bonus is intended to provide additional funding to mitigate the additional costs caused by increased population.

3.2 New Homes Bonus is an un-ringfenced revenue grant, to be used towards the provision of all Council services. It is intended to be a permanent feature of the Local Government Finance System.

3.3 However, it should be noted that funding for the New Homes Bonus has been top-sliced from the amount available for the Settlement Funding Assessment, and is not additional funding for Local Authorities

3.4 The District Council has received an allocation of £695,775 for 2014/15, and an allocation of £866,128 for 2015/16.

4. Council Tax Requirement

4.1 In order to arrive at a total amount to be financed from the Council Tax, various adjustments need to be made to the Service Committee spending proposals. One of these is a credit relating to the reversal of capital charges. Accounting regulations state that all Council Services have to be charged with depreciation for the use of assets. An equivalent figure to total depreciation is then credited to the Income and Expenditure Account. Similar entries are made in respect of pensions' adjustments.

4.2 The net cost of services is detailed in Appendix 1. The calculation of the council tax requirement is shown in detail in the Summary Revenue Account (Appendix 2) and is summarised in the table below.

	Estimate 2014/15	Revised Estimate 2014/15	Estimate 2015/16
	£	£	£
Net Cost of Services (as Appendix 1)	11,556,658	11,029,357	10,563,591
Net Interest	193,000	183,500	180,500
Settlement Funding Assessment	(3,352,544)	(3,352,997)	(2,891,008)
Council Tax Freeze Grant 2015/16	0	0	(57,621)
New Homes Bonus	(695,775)	(695,775)	(866,128)
New Homes Bonus Adjustment Grant	0	(5,111)	(5,059)
Financing Adjustments	(2,041,023)	(1,537,948)	(659,074)
Council Tax Collection Fund Deficit / (Surplus)	8,092	8,092	(3,684)
NDR Collection Fund Surplus / Additional Rates	0	(232,000)	(271,016)
Parish Council Tax Base Support Grants	71,153	71,153	46,537
Transfer to/(from) strategic reserves (detailed in Appendix 6)	(455,335)	(183,507)	(714,323)
Net Revenue Expenditure	**5,284,226**	**5,284,764**	**5,322,715**
Transfer to Balances	538	0	0
Council Tax Requirement (Appendix 2)	**5,284,764**	**5,284,764**	**5,322,715**

4.3 A summary of variances when comparing the 2014/15 revised estimate to the original estimate is given in Appendix 3.

The revised estimates include proposed transfers of:

- £300,000 to the Vehicle Renewals Reserve, to provide for the future replacement of vehicles;

- £150,000 to the Insurances Reserve to replace the amount used to offset the loss of income from the fire at Ashbourne Leisure Centre;

- £150,000 to the Invest to Save Reserve to finance schemes that will result in future ongoing savings;

- £50,000 to the local plan reserve to finance the cost of the Council's Local Plan;

- £50,000 to the wheeled bin reserve to finance the future purchase of any replacement wheeled bins required by the Council;

- £350,619 to the Direct Revenue Financing Reserve for future application to capital schemes.

4.4 A summary of variances when comparing the 2015/16 estimate to the 2014/15 estimate is given in Appendix 4.

The estimate for 2015/16 includes proposed transfers of:

- £300,000 to the Vehicle Renewals Reserve, to provide for the future replacement of vehicles.

- £50,000 to the local plan reserve to finance the cost of the Council's Local Plan;

- £50,000 to the wheeled bin reserve to finance the future purchase of any replacement wheeled bins required by the Council;

- £342,294 to the Direct Revenue Financing Reserve for future application to capital schemes.

- £39,016 to the Business Rates Volatility Reserve for applications against future falls in business rates income.

Following this transfer, there is a "break-even" position in the 2015/16 budget, with expenditure matched by income.

4.5 The Summary Revenue Account (Appendix 2) sets out the spending proposals for this Council and the precepts of the Town/Parish Councils for 2015/16. The estimates of cost reflect the spending needs of the current service plans and policies of the Council.

5 SERVICE REVIEWS

5.1 Council on 14 July 2014 approved the programme of Service Reviews for 2014/15. Service Reviews are carried out with the intention of achieving significant savings, to contribute towards the overall savings target identified in the Medium Term Financial Plan, and driving improvement. For each of the current service reviews, the table below indicates any savings identified.

Service	Savings in Revenue Expenditure Identified	Included in Budget 2015/16	Further Savings Included in Future Years
Grounds Maintenance / Street Cleaning	£120,000	£120,000	£0
Administration	£200,000	£129,000	£71,000
Leisure (Phase 1)	£111,500	£111,500	£0
Tourism	£23,000	£0	£23,000
Discretionary Grants*	£15,000	£11,600	£3,400
Total	£469,500	£372,100	£97,400

*This review also identified a further saving of £20,000 p.a. from the Capital Programme.

5.2 The service reviews shown above have not only generated these efficiency savings but have also introduced service improvements for customers / residents.

5.3 The following service reviews are currently in progress:

- Leisure (phase 2)
- ICT Transformation
- Housing
- Development Management (Planning)
- Building Control
- Matlock Bath Illuminations
- Reprographics

These service reviews are due to start in 2015/16:

- Highways Agency
- Environmental Health
- Licensing

Savings from these service reviews have not yet been identified and, therefore, have not been included in the budget for 2015/16 or the medium term financial plan.

6. Council Tax 2015/16

6.1 Council Tax Collection Fund Balance

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.

At 31st March 2015 there is expected to be a surplus on the council tax collection fund. The District Council's share of the surplus is £3,684, which has to be taken into account in setting the 2015/16 Council Tax level.

6.2 Non-domestic Rates Collection Fund Balance

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

At 31st March 2015 there is expected to be a surplus on the non-domestic rates collection fund. The District Council's share of the surplus is £271,016, which has to be taken into account in setting the 2015/16 Council Tax level. This surplus has arisen mainly as a result of appeals being settled for less than had previously been anticipated.

6.3 Taking the above factors into account, this Council's requirement from the Council Tax for 2015/16, including a comparison with 2014/15, is calculated as follows:-

	2014/15	**2015/16**
	£	**£**
Total to be met from Council Tax	5,284,764	5,322,715
Council Tax Base	27,864.41	28,064.51
DDDC Council Tax - Band D	**£189.66**	**£189.66**

6.4 Under the Localism Act 2012 and the Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012, the Secretary of State for Communities and Local Government has proposed the council tax principles he is minded to set for 2015/16, i.e. that authorities will be required to seek the approval of their local electorate in a referendum if, compared with 2014/15, they set a council tax increase of 2% or more.

7. Medium Term Financial Plan

7.1 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.

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

7.3 The Medium Term Financial Plan demonstrates that there is a balanced budget in the financial year 2015/16 and over the following two financial years to 2017/18.

7.4 However, the Medium Term Financial Plan shows that further grant losses are expected in the period 2018/19 to 2020/21, and that as result, savings of around £1.2 million could be required by 2020/21. The aim is to make ongoing savings as soon as possible in order to close that gap and to assist in dealing with other potential future liabilities that have not yet been estimated. An example of a potential future liability is property improvements, where a condition survey is currently underway and early indications are that significant works might be required (if so, a full report will be presented to the appropriate committee for members' consideration).

7.5 It is expected that the continuing programme of service reviews will be the main way that future savings will be identified. The Council will review & reduce spending across all services while minimising as far as possible the impact on residents. As well as this method, the Council will also use the following techniques to identify savings:

- Considering shared services & other alternative service delivery methods, e.g. those agreed for Revenues & Benefits, ICT Service and Internal Audit;
- Reducing fixed and variable employee costs while protecting existing employees as far as practicable
- Making best use of our assets

- Assessing utilisation of reserves and balances
- Generating additional income
- Increasing fees and charges
- Considering future Council Tax increases.

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

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Current MTFP, as Appendix 5							
Surplus (-) / Deficit	0	0	0	39	501	1,020	1,259
Loss of new homes bonus from 2016/17							
Surplus (-) / Deficit	0	0	866	736	1,051	1,351	1,430
Future financial settlements cut by 15% instead of 10%							
Surplus (-) / Deficit	0	0	145	294	725	1,020	1,259
Future financial settlements cut by 5% instead of 10%							
Surplus (-) / Deficit	0	0	-144	-230	125	549	912

8. Reserves and Balances

In examining the immediate and longer term spending plans, for both revenue and capital, it is necessary to consider the levels of balances which are available and, of those, the ones that will be required to meet spending plans. Transfers to/from reserves are detailed in Appendix 6. The estimated position on the Council's Reserves and Balances as at 31st March 2015 and 31st March 2016 is detailed in Appendix 7.

A number of points need to be taken into account:-

8.1 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. Whilst it is impossible to advise on the precise level because of the uncertainty involved, it is considered prudent to retain uncommitted working balances of approximately 10% of net revenue expenditure. Working balances at 1st April 2015 are set at £1,000,000, which is considered adequate for the purpose described above.

8.2 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 5, and a summary of reserves is given in Appendix 7. It can be seen that the estimated General Reserve balance is almost £985,000 at 1st April 2015.

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

It should be noted that the approved 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.

8.3 Earmarked 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 transfers to/from reserves are shown in Appendix 6 and details of earmarked reserves are given in Appendix 7.

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 earmarked reserves is given at Appendix 8. The statement lists the various earmarked reserves, the purposes for which they are held, and provides advice on the appropriate levels.

Following this review of reserves, earmarked reserves are estimated to total £5.6 million at 31st March 2015 and £5 million at 31st March 2016.

9 Head of Resources’ Report

9.1 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.

9.2 In accordance with this requirement, the Head of Resources is of the opinion that the processes used in calculating the net budget requirement are robust. In reaching this opinion, the Head 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;
- pay & price increases;
- pension contributions;
- the impact of interest rate movements;
- increased demand for services;
- the revenue impact of capital investment;
- local predictions of future grant settlements;
- debt recovery performance;
- future Council Tax Base changes;
- the timing and level of capital receipts;
- expected savings from service reviews;
- a realistic forecast has been made of major income streams, e.g. car park income;

- the effect of the V.A.T. partial exemption calculation;
- resource allocations are in line with Council policies. and priorities;
- the budget process is supported by clear guidelines in the approved Financial Strategy, a clear timetable with allocated roles and responsibilities, and a Budget Manual for staff involved in the preparation of estimates

9.3 The Head of Resources is also satisfied that the Council's Financial Reserves, as summarised in Appendices 7 & 8, are adequate. In reaching this opinion, the Head 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 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 (LAAP Bulletin 77);
- the Council has adequate systems of budgetary control throughout the year.

10. Town/Parish Precepts

10.1 The precepts of Town/Parish Councils for 2015/16 are shown in Appendix 9 to this report and total £1,315,234, an increase of £45,047 (3.5%) over 2014/15.

In addition to their precepts, Parishes are receiving "tax base support grant" of £46,537 in 2015/16, compared with £71,153 in 2014/15, a reduction of £24,616. This is paid by the District Council to local precepting authorities to reduce the effect of a lower tax base resulting from the introduction of the Local Council Tax Support Scheme. Taking this into account, Town/Parish Councils are increasing their income by £20,431 (1.5%) over 2014/15.

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

10.3 The average Parish Council Tax increases from £45.58 in 2014/15 to £46.86 in 2015/16, an increase of £1.28 (2.8%).

11. Consultation

11.1 Consultation on the District Council's spending plans has been carried in three ways. During October and November a Budget Survey was held where members of the public were invited to tell the Council the services that were a priority and those services where the felt savings should be made. The results of that survey (291 respondents) are set out below and were considered when preparing the budget proposals:

- **Priority services that the public says the Council should spend most on:**
    1. Keeping streets and public areas clean and presentable
    2. Tackling crime and anti-social behaviour
    3. Creating local employment opportunities
    4. Affordable housing
- **Services that the public says the Council should spend least on:**

1. Reception opening hours
2. Subsidising special events
3. District Council Communications

11.2 At the corporate level, a series of Community Forum meetings has been held with Council Tax payers to discuss the Council's budget and Council Tax proposals. Meetings have been held as follows:

- 2nd February, 2015 – Southern Community Forum, Ashbourne Leisure Centre
- 9th February, 2015 – Central Community Forum, Matlock Town Hall
- 16th February 2015 – Northern Community Forum, Bakewell Agricultural Business Centre

11.3 The statutory meeting to consult representatives of National Non-Domestic Ratepayers was held on 16th February 2015.

12. Risk Assessment

12.1 Legal

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

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

12.2 Financial

Significant risks within the revenue budget include:

- Uncertainty about the level of Government grant with effect from 2016/17. This financial risk is assessed as High.
- Targeted savings not being achieved. As stated in the body of the report, Service Reviews aim to generate significant savings for the District Council, whilst recognising that there may be a need for short-term 'invest to save' funding where this is justified by a sound business case. The reviews have so far identified £474,500 in savings of which £380,500 have been incorporated in the budget for 2015/16, as detailed in the table in paragraph 5.1. However, the Corporate Plan target is for service reviews to generate £1m in savings within three years, and there is not currently certainty that this is on track to be achieved. This financial risk is therefore considered to be Medium.
- Significant income items 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.

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

12.3 Corporate Risk

As identified in the report, the key risks result from changing some current practices and procedures. These will be mitigated by project management, communication and training. If current practices and procedures do not change, there is a risk that the savings and efficiencies required could not be realised. This latter risk is considered to be Medium.

13. Other Considerations

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

14. Attachments

Appendix 1	Service Summary
Appendix 2	Summary Revenue Account
Appendix 3	Variations in revised spending proposals 2014/15 compared with original estimate
Appendix 4	Variations in spending proposals 2015/16 compared to 2014/15 original estimate
Appendix 5	Medium Term Financial Plan
Appendix 6	Transfers to and from Earmarked Reserves
Appendix 7	Summary of Revenue Balances, Provisions and Earmarked Reserves
Appendix 8	Annual Review of Earmarked Reserves
Appendix 9	Parish Precepts

Revenue spending proposals for each service **(booklet circulated separately)**

Draft service plans for each service **(booklet circulated separately)**

For further information contact:

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BACKGROUND PAPERS

Date	Description	File
30/01/15	Letter from DCLG – "New Homes Bonus – Final 2015/16 Allocation for Derbyshire Dales District Council"	Budget 2015/16
04/02/15	Email from DCLG – "Local Government Finance Settlement 2015/16"	Budget 2015/16
12/02/15	Email from DCLG – "Council Tax Referendums Information Note 2015/16"	Budget 2015/16

BACK TO AGENDA

APPENDIX 1

SERVICE SUMMARY

	2013/14 Actual £	2014/15 Estimate £	2014/15 Revised £	2015/16 Estimate £
CORPORATE COMMITTEE				
Corporate & Democratic Costs	1,600,668	1,615,631	1,710,359	1,629,867
Elections & Electoral Registration	116,492	132,007	144,302	228,411
Development Control & Planning Policy	393,169	531,042	431,052	525,392
Property Services	308,688	127,383	104,886	120,212
Corporate Committee Total	2,419,017	2,406,063	2,390,599	2,503,882
COMMUNITY COMMITTEE				
Environmental Health	713,118	780,063	666,562	629,980
Licensing	44,297	54,706	65,123	62,000
Leisure Services	1,661,717	1,661,848	1,967,773	1,840,232
Revenues & Benefits	295,781	151,908	24,089	111,224
Other Central Services	180,957	296,732	223,673	334,650
Private Sector Housing	908,645	1,631,507	1,363,025	1,441,362
Economic Development	158,160	790,247	920,500	217,493
Grants & Subsidies	113,399	119,032	82,100	96,235
Community Committee Total	4,076,074	5,486,043	5,312,845	4,733,176
ENVIRONMENT COMMITTEE				
Building Control	53,059	67,498	83,871	70,375
Land Drainage	0	5,926	0	6,062
Parks & Cemeteries	1,087,769	924,978	979,805	985,543
Waste Management	1,695,781	2,405,088	1,705,460	1,794,062
Car Parking	-1,495,377	-1,519,698	-1,444,334	-1,533,862
Markets	-299,218	49,095	223,441	228,937
Planning: Conservation	133,124	140,425	148,266	139,445
Planning: Tree Preservation	43,054	44,875	48,415	48,623
Tourism, including Illuminations	280,324	244,241	248,793	246,933
Countryside Management	52,734	53,702	43,893	43,738
Public Conveniences	443,180	430,460	438,360	455,407
Street Cleansing	906,985	833,601	848,092	837,869
Local Land Charges	1,280	-15,639	851	3,401
Environment Committee Total	2,902,695	3,664,552	3,325,913	3,326,533
NET COST OF SERVICES	9,397,786	11,556,658	11,029,357	10,563,591

Detailed spending proposals for each service are given in the Revenue Spending Proposals 2015/16 booklet (circulated separately)

APPENDIX 2

SUMMARY REVENUE ACCOUNT

	Actual 2013/14 £	Estimate 2014/15 £	Revised Estimate 2014/15 £	Estimate 2015/16 £	
NET COST OF SERVICES	9,397,786	11,556,658	11,029,357	10,563,591	
Interest on Balances	(37,653)	(35,000)	(42,500)	(46,000)	
Borrowing Interest Paid	225,399	228,000	226,000	226,500	
Revenue Support Grant	(2,199,616)	(1,525,496)	(1,525,496)	(1,018,457)	
Retained Business Rates (Settlement Funding)	(1,695,231)	(1,376,859)	(1,376,859)	(1,403,169)	
NDR Collection Fund Surplus	0	0	(232,000)	(271,016)	
Local Precepting Authorities Support Grant	95,529	71,153	71,153	46,537	
Homelessness Prevention Funding	0	(138,567)	(138,567)	(138,034)	
Council Tax Freeze Grant 2011/12	0	(141,036)	(141,036)	(140,498)	
Council Tax Freeze Grant 2013/14	(56,727)	(56,727)	(56,727)	(56,727)	
Council Tax Freeze Grant 2014/15	0	(56,901)	(57,354)	(57,354)	
Council Tax Freeze Grant 2015/16	0	0	0	(57,621)	
New Homes Bonus	(535,539)	(695,775)	(695,775)	(866,128)	
New Homes Bonus Adjustment Grant	(12,404)	0	(5,111)	(5,059)	
Rural Services Delivery Grant	(38,442)	(56,958)	(56,958)	(76,769)	
Disabled Facilities Grant	(176,717)	(172,000)	(184,482)	(184,000)	
Capitalisation Fund Grant	(11,597)	0	0	0	
Pensions Adjustments	130,000	78,000	15,000	15,000	
Capital & Other Items	634,911	(877,290)	(793,672)	928,494	
Adj. For MRP/Depreciation	(1,180,149)	(1,098,000)	(1,100,404)	(1,079,871)	
Building Control Surplus	36,804	28,267	12,258	20,167	
Council Tax Collection Fund Deficit / (Surplus)	10,007	8,092	8,092	(3,684)	
Transfer to/from Reserves (see App. 5)	658,724	(455,335)	329,845	(1,073,187)	
DISTRICT NET EXPENDITURE	**5,245,085**	**5,284,226**	**5,284,764**	**5,322,715**	
Contribution to General Reserve	3,790	538	0	0	
DISTRICT COUNCIL TAX REQUIREMENT	**5,248,875**	**5,284,764**	**5,284,764**	**5,322,715**	
Town and Parish Council Precepts*	1,226,474	1,270,187	1,270,187	1,315,234	
TOTAL REQUIREMENT INCL. PARISHES	**6,475,349**	**6,554,951**	**6,554,951**	**6,637,949**	
Council Tax Base	27,675.18	27,864.41	27,864.41	28,064,51	
BASIC AMOUNT OF TAX BAND D (including Parishes)	£233.98	£235.24	£235.24	£236.52	0.5% increase
DDDC AMOUNT OF TAX BAND D	£189.66	£189.66	£189.66	£189.66	0% increase
PARISH COUNCIL BAND D	£44.32	£45.58	£45.58	£46.86	2.8% increase

APPENDIX 3

SIGNIFICANT VARIATIONS IN REVISED SPENDING PROPOSALS 2014/15 COMPARED TO ORIGINAL ESTIMATE

Item	Variance £000s
Increases in Cost / Reductions in Income	
Fall in leisure centre income (excl. loss of income from fire at Ashbourne Leisure Centre)	198
Reduction in income from car parks owing to bad weather*	60
Additional property repairs	75
Transfers to reserves to support future capital programme & other liabilities	1,051
Total Increases in Cost / Reductions in Income	**1,384**
Reductions in Cost / Increases in Income	
Additional business rates	(232)
Additional planning application fees *	(167)
Increased recycling credits (net)	(129)
Reduced employee costs from service reviews and delayed recruitment	(235)
Change in accounting treatment of vehicle leases	(383)
Reduced energy consumption	(54)
Further savings from outsourcing revenues and benefits service	(39)
Additional government grants	(15)
Increased ticket sales for Matlock Bath Illuminations	(29)
Letting of ice cream concessions at car parks	(16)
Recovery of legal costs (Cawdor Quarry)*	(85)
Total Reductions in Cost / Increases in Income	**(1,384)**
Reduction in revised budget proposals for 2014/15, compared with original estimate	**0**

* “One-off” variance

APPENDIX 4

SIGNIFICANTVARIATIONS IN SPENDING PROPOSALS 2015/16
COMPARED TO 2014/15 ORIGINAL ESTIMATE

Item	Variance £000s
Increases in Cost / Reductions in Income	
Reduction in leisure centre income	237
Reduction in settlement funding from government	481
Additional property repairs	127
Inflation	59
Transfers to reserves to support future capital programme & other liabilities	742
Total Increases in Cost / Reductions in Income	**1,646**
Reductions in Cost / Increases in Income	
Additional business rates	(232)
Increased recycling credits (net)	(81)
Reduced employee costs from service reviews and delayed recruitment	(78)
Withdrawal of council tax support for parish councils	(25)
Change in accounting treatment of vehicle leases	(383)
Reduced energy consumption	(56)
Further savings from outsourcing revenues and benefits service	(24)
Increase in other government grants	(264)
Increased ticket sales for Matlock Bath Illuminations	(29)
Letting of ice cream concessions at car parks	(17)
Special transfers to reserves in 2014/15	(440)
Other	(17)
Total Reductions in Cost / Increases in Income	**(1,646)**
Reduction in budget proposals for 2015/16, compared with original estimate 2014/15	**0**

APPENDIX 5

MEDIUM TERM FINANCIAL PLAN

	Note	Revised Estimate 2014/15	Estimate 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019//20	Forecast 2020/21
		£000s	£000s	£000s	£000s	£000s	£000s	£000s
Existing Spending Level		9,315	8,856	9,958	9,442	9,191	9,410	9,634
Future Commitments / savings								
Inflation – pay awards	1			142	142	142	142	142
Inflation - general	2			43	50	52	57	63
Reduction in Benefits Administration Subsidy				25	25	25	25	25
Reduction in support for Parish tax base				(24)	(24)			
Pensions past service deficit recovery				20				
'"One – off" transfer to Property Repairs reserve		100						
'"One – off" transfer to Vehicle Renewals reserve		290						
'"One – off" transfer to Office Technology reserve		50						
2015/16 "one-off" transfers to reserves to finance future liabilities			742	(742)				
2016/17 "one-off" transfers to reserves to finance future liabilities				319	(319)			
Administration service review				(23)	(48)			
Tourism Service Review				(23)				
Ashbourne leisure Centre Gym Contract					(77)			
Change in contracted out national insurance				107				
Total Spending Requirements		**9,755**	**9,598**	**9,442**	**9,191**	**9,410**	**9,634**	**9,864**
Financed by:								
Revenue Support Grant	3	(1,525)	(1,018)	(729)	(465)	(224)	0	0
Retained Business Rates	4	(1,377)	(1,403)	(1,438)	(1,474)	(1,511)	(1,549)	(1,588)
Homelessness Prevention Grant		(139)	(138)	(138)	(138)	(138)	(138)	(138)
Council Tax Freeze Grant 2011/12		(141)	(141)	(141)	(141)	(141)	(141)	(141)
Council Tax Freeze Grant 2013/14		(57)	(57)	(57)	(57)	(57)	(57)	(57)
Council Tax Freeze Grant 2014/15		(57)	(57)	(57)	(57)	(57)	(57)	(57)
Rural Services Delivery Grant		(57)	(77)	(77)	(77)	(77)	(77)	(77)
Total Settlement Funding Assessment		(3,353)	(2,891)	(2,637)	(2,409)	(2,205)	(2,019)	(2,058)
New Homes Bonus – 2011/12 Allocation		(169)	(169)	(169)				
New Homes Bonus – 2012/13 Allocation		(147)	(147)	(147)	(147)			
New Homes Bonus – 2013/14 Allocation		(219)	(219)	(219)	(219)	(219)		
New Homes Bonus – 2014/15 Allocation		(160)	(160)	(160)	(160)	(160)	(160)	
New Homes Bonus – 2015/16 Allocation		0	(171)	(171)	(171)	(171)	(171)	(171)
New Homes Bonus – Adjustment Grant		(6)	(6)					
Total New Homes Bonus	5	(701)	(872)	(866)	(697)	(550)	(331)	(171)
Disabled Facilities Grant		(184)	(184)	(184)	(184)	(184)	(184)	(184)
Ongoing additional business rates		(232)	(271)	(271)	(271)	(271)	(271)	(271)
Council Tax Freeze Grant 2015/16		0	(58)	(58)	(58)	(58)	(58)	(58)
Financing from Council Tax	6	(5,285)	(5,322)	(5,426)	(5,532)	(5,640)	(5,749)	(5,862)
Total Income		**(9,755)**	**(9,598)**	**(9,442)**	**(9,152)**	**(8,909)**	**(8,614)**	**(8,605)**
DEFICIT / CORPORATE SAVINGS TARGET		**0**	**0**	**0**	**39**	**501**	**1,020**	**1,259**

Notes

1. Assumes pay awards of2.2% for 2015/16 and 2% from 2016/17 to 2020/21
2. General inflation assumed at 2.3% for 2015/16 and 2.5% from 2016/17 to 2020/21
3. Assumes a 10% reduction in Settlement Funding Assessment from 2016/17 to 2018/19
4. Assumes that business rates will have an inflationary increase of 2.5% from 2016/17 to 2020/21
5. New Homes Bonus is awarded for 6 years; assumed no further awards after 2015/16;
6. Assumes Council Tax will be frozen in 2015/16, and will increase by 1.95% per year in 2016/17 to 2020/21

APPENDIX 6

TRANSFERS TO AND FROM EARMARKED RESERVES

	Actual 2013/14 £	Estimate 2014/15 £	Revised Estimate 2014/15 £	Estimate 2015/16 £
Transfers to Reserves				
Vehicle Renewals Reserve	540,000	290,000	590,000	300,000
DRF Reserve	0	0	350,619	342,294
Local Plan Reserve	0	0	50,000	50,000
Property Repairs Reserve	254,000	100,000	100,000	0
Elections Reserve	10,000	10,000	10,000	10,000
Business Rates Volatility Reserve	0	0	0	39,016
Economic Development Reserve	300,000	0	0	0
Invest-to-Save Reserve	80,606	0	150,000	0
Insurances Reserve	0	0	150,000	0
ICT Renewals Reserve	63,964	50,000	50,000	0
Wheeled Bins Reserve	0	0	50,000	50,000
Replacement Car Parking Machine Reserve	250,000	0	0	0
Revenue Grants Unapplied	452,168	70,246	350,548	183,776
Committed Expenditure Reserve	195,609	0	0	8,815
	2,146,347	520,246	1,851,167	983,901
Less: Transfers from Reserves				
Elections Reserve	0	0	0	65,000
ICT Renewals Reserve	0	0	928	0
Revenue Grants Unapplied	783,735	424,457	235,354	261,583
Insurances Reserve	6,568	15,000	165,000	15,000
Economic Development Reserve	4,000	0	100,000	0
Invest-to-Save Reserve	0	20,000	86,050	0
Local Plan Reserve	59,472	35,457	50,704	12,153
Committed Expenditure Reserve	75,875	11,762	92,587	13,169
	929,650	506,676	730,623	366,905
Financing Capital – Capital Grants Unapplied	6,323	5,109	0	0
Financing Capital – Revenue Grants Unapplied	5,407	0	129,000	393,000
Financing Capital – Capital Improvements	0	0	9,500	30,000
Financing Capital – DRF Reserve	264,280	240,000	212,601	506,139
Financing Capital – Car Park M/c Replacement	0	0	52,000	198,000
Financing Capital – Bakewell ABC	17,242	0	14,136	0
Financing Capital – Vehicle Renewals	186,437	208,796	69,425	347,000
Financing Capital – Carsington Improvements	33,232	15,000	19,768	16,044
Financing Capital – Invest to save reserve	0	0	78,182	5,768
Financing Capital – Insurances Reserve	0	0	10,000	0
Financing Capital – ICT Renewals	45,052	0	38,000	124,232
Financing Capital – Wheeled Bin Reserve	0	0	45,087	0
Financing Capital – Property Repairs Reserve	0	0	113,000	70,000
	1,487,623	975,581	1,521,322	2,057,088
TOTAL	**658,724**	**-455,335**	**329,845**	**-1,073,187**

APPENDIX 7

SUMMARY OF REVENUE BALANCES, PROVISIONS AND EARMARKED RESERVES

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

	Balance at 1st. April 2014	Estimated Contribution in 2014/15	Estimated use in 2014/15	Estimated Balance at 31st. March 2015	Estimated Contribution in 2015/16	Estimated Use use in 2015/16	Estimated Balance at 31st. March 2016
	£	£	£	£	£	£	£
Revenue Balances							
General Fund Working Balance*	1,000,000	0	0	1,000,000	0	0	1,000,000
General Reserve	988,263	0	0	988,263	0	0	988,263
Building Control	-70,686	12,258	0	-58,428	20,167	0	-38,261
Other Minor Balances	1,093	0	0	1,093	0	0	1,093
	1,918,670	**12,258**	**0**	**1,930,928**	**20,167**	**0**	**1,951,095**
Provisions							
Insurances	53,000	6,568	7,568	52,000	0	0	52,000
Earmarked Reserves							
Bakewell A.B.C. Repairs	14,136	0	14,136	0	0	0	0
Business Rates Volatility Reserve	0	0	0	0	39,016	0	39,016
Capital Improvements Reserve	57,133	0	9,500	47,633	0	30,000	17,633
Carsington Improvements	35,812	0	19,768	16,044	0	16,044	0
Committed Expenditure	223,492	0	92,587	130,905	8,815	13,169	126,551
Direct Revenue Financing of Capital Expenditure	1,462,570	350,619	212,601	1,600,588	342,294	506,139	1,436,743
Economic Development	376,475	0	100,000	276,475	0	0	276,475
Elections	93,696	10,000	0	103,696	10,000	65,000	48,696
ICT Renewals	544,055	50,000	38,928	555,127	0	124,232	430,895
Insurances	482,713	150,000	175,000	457,713	0	15,000	442,713
Invest-to-Save	165,000	150,000	164,232	150,768	0	5,768	145,000
Job Evaluation	383,000	0	0	383,000	0	0	383,000
Local Plan	63,785	50,000	50,704	63,081	50,000	12,153	100,928
Member / Officer Indemnity	25,000	0	0	25,000	0	0	25,000
Property Repairs	254,000	100,000	113,000	241,000	0	70,000	171,000
Replacement Car Parking Machines	250,000	0	52,000	198,000	0	198,000	0
Vehicle Renewals	641,825	590,000	69,425	1,162,400	300,000	347,000	1,115,400
Wheeled Bins	151,406	50,000	45,087	156,319	50,000	0	206,319
	5,224,098	**1,500,619**	**1,156,968**	**5,567,749**	**800,125**	**1,402,505**	**4,965,369**
Other							
Revenue Grants Unapplied	1,404,491	350,548	364,354	1,390,685	183,776	654,583	919,878
TOTAL	**8,600,259**	**1,869,993**	**1,528,890**	**8,941,362**	**1,004,068**	**2,057,088**	**7,888,342**

* The General Fund Working Balance is specified as a "controlled reserve" for the purposes of Section 26 of the Local Government Act 2003.

APPENDIX 8

ANNUAL REVIEW OF EARMARKED RESERVES

Earmarked Reserve	Purpose	Appropriate Balance
Bakewell Agricultural Business Centre Repairs	To provide funding towards future repairs at the Bakewell Agricultural Business Centre.	As per Appendix 7.
Business Rates Volatility Reserve	To provide funding towards potential future losses on Non-Domestic Rates	As per Appendix 7.
Capital Improvements Reserve	To provide funding for capital improvements	As per Appendix 7.
Carsington Improvements	To provide grants towards projects in Parishes bordering Carsington Reservoir.	The reserve was initiated with a deposit from Severn Trent Water, and will continue until total grants awarded result in a balance of nil.
Committed Expenditure	Annual contributions in respect of expenditure which has been committed, but service not received at the end of the financial year, therefore an accrual is not appropriate.	As per Appendix 7.
Direct Revenue Financing of Capital Expenditure	To provide additional future funding for the capital programme.	As per Appendix 7.
Economic Development	To provide funding for economic development initiatives.	As per Appendix 7.
Elections	Annual revenue contributions to smooth the cost of four-yearly District Council elections.	Approximately £100,000 by 31st March 2015 towards the cost of the May 2015 election.
Insurances	To provide funding for uninsured losses.	A maximum balance of approximately £500,000 is considered appropriate.
Invest-to-Save	To provide funding towards, for example, interim and temporary resources to provide additional capacity and skills to support the change agenda, subject to suitable business cases	As per Appendix 7

Earmarked Reserve	Purpose	Appropriate Balance
Property Repairs	Originally created from the saving arising from the property repairs tender, to provide funding for future property repairs	Further contribution of £100,000 in 2014/15 in order to provide funding to maintain the Council's property assets in good condition as and when the

		results of the Property Condition Survey are considered in 2015.
Technology Renewals	To provide funding for renewal of the Council’s information technology equipment, including the telephone switchboard & central printing equipment.	As per Appendix 7.
Local Plan	Annual revenue contributions to smooth the cost of four-yearly review of the local plan.	As per Appendix 7.
Vehicle Renewals	To provide for the replacement of vehicles.	As per Appendix 7.
Wheeled Bins	To provide for the replacement of wheeled bins.	As per Appendix 7.
Replacement Car Parking Machines	To finance future car parking machines throughout the District, to enable the Council to provide customers with additional payment methods and to meet the needs of disabled users.	As per Appendix 7.
Job Evaluation	To provide funding for approximately 8 years for the additional cost of implementing job evaluation / single status.	As per Appendix 7.
Member/Officer Indemnity	To indemnify Members and officers against acts or omissions subsequently found to be ultra vires, and against defence costs of criminal proceedings.	£25,000 in accordance with minute 588/05.

APPENDIX 9

PARISH PRECEPTS (UPDATED)

PARISH PRECEPT 2014/15	BAND D COUNCIL TAX 2014/15	PARISH	PARISH PRECEPT 2015/16	COUNCIL TAX BASE 2015/16	BAND D COUNCIL TAX 2015/16	INCREASE IN BAND D COUNCIL TAX
£	£		£		£	%
191,166	68.89	Ashbourne	213,689	2,799.60	76.33	10.80
105,000	65.40	Bakewell	105,000	1,628.75	64.47	-1.42
78,000	38.21	Darley Dale	78,000	1,945.11	40.10	4.95
255,263	78.35	Matlock	262,920	3,300.72	79.66	1.67
42,644	62.97	Tideswell	45,000	689.09	65.30	3.70
112,000	64.84	Wirksworth	115,000	1,744.59	65.92	1.67
13,170	58.02	Ashford-in-the-Water	10,120	229.23	44.15	-23.91
2,765	31.95	Ballidon & Bradbourne	2,765	88.71	31.17	-2.44
14,150	22.11	Baslow & Bubnell	14,150	649.39	21.79	-1.45
4,097	53.92	Beeley	4,097	75.03	54.60	1.26
4,200	33.87	Birchover	4,500	125.50	35.86	5.88
10,934	33.75	Bonsall	10,934	327.64	33.37	-1.13
675	7.40	Boylestone	1,426	92.85	15.36	107.57
1,250	8.60	Bradley	2,500	146.29	17.09	98.72
39,526	69.68	Bradwell	41,502	571.38	72.63	4.23
5,800	12.44	Brailsford	7,000	467.09	14.99	20.50
9,044	35.88	Brassington	10,000	250.51	39.92	11.26
7,394	21.80	Calver	7,412	340.02	21.80	0.00
4,750	37.09	Carsington & Hopton	4,750	127.72	37.19	0.27
5,435	39.27	Chelmorton	5,435	139.13	39.06	-0.53
4,000	19.55	Clifton	4,000	204.68	19.54	-0.05
16,000	30.53	Cromford*	16,000	535.84	29.86	-2.19
900	9.65	Cubley*	900	96.80	9.30	-3.63
5,800	25.02	Curbar	6,200	226.92	27.32	9.19
10,175	17.38	Doveridge	10,210	587.50	17.38	0.00
500	8.69	Eaton, Alsop & Newton Grange	600	56.41	10.64	22.44
730	8.71	Edlaston & Wyaston	890	84.23	10.57	21.35
7,149	46.47	Elton	7,149	157.09	45.51	-2.07
21,000	50.73	Eyam	21,500	419.57	51.24	1.01
1,288	17.68	Fenny Bentley	1,400	73.80	18.97	7.30
1,500	19.45	Flagg	1,500	78.62	19.08	-1.90
2,200	26.58	Foolow	2,000	83.59	23.93	-9.97
920	7.13	Froggatt	635	129.91	4.89	-31.42
16,230	46.91	Great Longstone	16,554	351.09	47.15	0.51
6,280	14.92	Grindleford	6,280	418.82	14.99	0.47
1,800	12.54	Hartington, Middle Quarter	2,000	144.03	13.89	10.77
5,500	32.83	Hartington, Nether Quarter	5,000	164.15	30.46	-7.22
8,238	51.63	Hartington, Town Quarter	8,000	165.47	48.35	-6.35
500	11.79	Hassop	500	45.11	11.08	-6.02
1,017,973		Balance Carried Forward	1,057,518	19,761.98		

PARISH PRECEPTS (CONTINUED) (UPDATED)

PARISH PRECEPT 2014/15	BAND D COUNCIL TAX 2014/15	PARISH	PARISH PRECEPT 2015/16	COUNCIL TAX BASE 2015/16	BAND D COUNCIL TAX 2015/16	INCREASE IN BAND D COUNCIL TAX
£	£		£		£	%
1,017,973		Balance Brought Forward	1,057,518	19,761.98		
29,200	51.73	Hathersage	29,184	564.17	51.73	0.00
4,202	33.58	Hognaston	4,200	122.47	34.29	2.11
1,600	15.69	Hollington	1,600	101.97	15.69	0.00
2,500	18.37	Hucklow, Great & Little, & Grindlow	2,500	137.99	18.12	-1.36
11,039	27.99	Hulland Ward	11,260	395.35	28.48	1.75
9,000	40.41	Kirk Ireton	9,000	225.34	39.94	-1.16
4,168	25.95	Kniveton	4,295	165.11	26.01	0.23
7,206	24.49	Litton	7,573	298.11	25.40	3.72
3,400	21.56	Longford	3,400	164.48	20.67	-4.13
1,335	23.50	Mappleton	1,650	58.62	28.15	19.79
2,917	18.11	Marston Montgomery	3,248	165.40	19.64	8.45
23,969	79.86	Matlock Bath	23,969	301.62	79.47	-0.49
9,514	38.29	Middleton by Wirksworth	9,800	255.17	38.41	0.31
2,700	41.82	Middleton & Smerrill	3,000	68.58	43.74	4.59
4,000	28.37	Monyash	4,600	142.26	32.34	13.99
1,200	9.25	Norbury & Roston	1,200	133.27	9.00	-2.7
2,500	10.51	Northwood & Tinkersley	2,500	235.26	10.63	1.14
500	2.18	Offcote & Underwood	1,750	229.95	7.61	249.08
2,161	14.50	Osmaston & Yeldersley	2,297	153.60	14.95	3.10
15,294	61.58	Outseats	13,192	255.02	51.73	-16.00
3,750	31.75	Over Haddon	3,750	120.36	31.16	-1.86
9,267	44.37	Parwich	8,344	211.98	39.36	-11.29
621	10.70	Pilsley	600	57.15	10.50	-1.87
2,994	17.46	Rodsley & Yeaveley	2,900	170.86	16.97	-2.81
6,300	35.53	Rowsley	6,552	176.27	37.17	4.62
1,250	31.40	Sheldon	1,250	42.21	29.61	-5.70
6,900	54.18	Shirley	4,900	126.36	38.78	-28.42
300	3.20	Snelston	0	95.21	0.00	-100.00
5,000	16.51	South Darley	5,000	303.42	16.48	-0.18
6,300	39.07	Stanton-in-the-Peak	6,300	163.68	38.49	-1.48
10,123	51.65	Stoney Middleton	10,325	204.21	50.56	-2.11
6,787	44.72	Sudbury	5,500	155.26	35.42	-20.80
5,253	26.67	Taddington & Priestcliffe	5,095	199.39	25.55	-4.20
13,707	27.85	Tansley	13,981	495.18	28.23	1.36
3,400	40.28	Thorpe	3,900	85.92	45.39	12.69
2,292	35.89	Tissington & Lea Hall	3,000	64.04	46.85	30.54
12,042	48.19	Winster	18.578	256.47	72.44	50.32
17,523	40.92	Youlgreave	17,523	436.55	40.14	-1.91
		All other Parts of the Council's Area		764.27		
1,270,187		**Total**	**1,315,234**	**28,064.51**		

BACK TO AGENDA

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

COUNCIL
Date 5 March 2015

Report of the Chief Executive

CAPITAL PROGRAMME 2014/15 TO 2019/20

SUMMARY

This report:

- Determines the revised Capital Programme and financing arrangements for 2014/15;
- Determines Capital Programme and financing arrangements for 2015/16
- Outlines the Capital Programme proposals for 2016/17 to 2019/20

RECOMMENDATIONS

1.1 That the revised Capital Programme and financing arrangements as at January 2015 detailed in appendix 1 for 2014/15 in the sum £3,110,328 be approved.

2.1 That the revised Capital Programme and financing arrangements for 2015/16 in the sum of £2,430,361 as detailed in Appendix 1, be approved.

3.1 That the Capital Programmes for 2016/17 – 2019/20 as detailed in appendix be noted.

WARDS AFFECTED

All

STRATEGIC LINK

The Council's Capital Programme takes into account all the priorities and targets within the Corporate Plan and these are identified in the Capital Strategy.

1 REPORT

1.1 BACKGROUND AND INTRODUCTION

Further to the report on the Capital Programme approved at the Council meeting on the 20th November 2014 a revised programme is now presented for consideration

1.2 REVISED CAPITAL PROGRAMME FOR 2014/15

1.2.1 Proposed Capital Expenditure 2014/15

The revised Capital Programme for 2014/15 is summarised below:

Priority	2014/15 Recommended Capital Programme
	£
Affordable housing	843,000
Business growth and job creation	720,834
Maintain street cleaning, waste collection & safe and healthy communities	1,134,129
Other	382,365
Capital Salaries and Support Service Charges	30,000
	3,110,328

The spending proposals shown in the table above are the aggregate of the estimated scheme costs. All estimated grants and contributions have been dealt with as part of the financing arrangements (shown below). The major items in the spending proposals where expenditure in 2014/15 is estimated at £250,000 or more are:

	£000
Ashbourne Leisure Centre Changing Rooms	378
Social Housing Grants	643
Repayment of Derelict Land Grants	721

1.2.2 Financing Arrangements 2014/15

The overall financing package that is proposed for the revised 2014/15 Capital Programme is as follows:

	£000	£000
Borrowing		0
Capital Receipts		1,742,470
Revenue Financing		10,000
Grants and Contributions:		
Housing – Disabled Facilities Grants	184,482	
Ashbourne Leisure Centre Changing Rooms	175,000	
Insurance claim for fire at Ashbourne Leisure Centre	140,000	
Ashbourne Leisure Centre Gym Project	60,000	
Miscellaneous Grants	7,677	
		567,159
Use of Reserves:		
Car Parking Machine Reserve	52,000	
Capital Improvements, Property Repairs & Bakewell ABC	127,136	
Carsington Fund	19,768	
Direct Revenue Financing Reserve	212,601	
Grants Unapplied Reserve (section 106 contributions)	129,000	
Insurances Reserve	10,000	
Invest to Save Reserve	78,182	

Office Technology Reserve	38,000	
Vehicle Renewal Reserve	69,425	
Wheeled Bin Reserve	45,087	
Capital Improvements Reserve	9,500	
		790,699
		3,110,328

Proposed Capital Expenditure 2015/16

The proposed Capital Programme for 2015/16 is summarised below:

Priority	2015/16 Recommended Capital Programme
	£
Affordable housing	845,000
Business growth and job creation	0
Maintain street cleaning, waste collection & safe and healthy communities	825,927
Other	741,934
Capital Salaries and Support Service Charges	17,500
	2,430,361

The spending proposals shown in the table above are the aggregate of the estimated scheme costs. All estimated grants and contributions have been dealt with as part of the financing arrangements (shown below). The major items in the spending proposals where expenditure in 2015/16 is estimated at £250,000 or more are:

	£000
Disabled Facilities Grant	250,000
Social Housing Grants	595,000
Replacement of Pay and Display Car Parking Machines	354,000
Vehicles	347,000

1.2.2 Financing Arrangements 2015/16

The overall financing package that is proposed for the revised 2015/16 Capital Programme is as follows:

	£000	£000
Borrowing		0
Capital Receipts		540,753
Revenue Financing		0
Grants and Contributions:		
Housing – Disabled Facilities Grants	184,000	
Miscellaneous Grants	15,425	
		199,425
Use of Reserves:		
Car Parking Machine Reserve	198,000	
Capital Improvements, Property Repairs & Bakewell ABC	30,000	

Carsington Fund	16,044	
Direct Revenue Financing Reserve	506,139	
Grants Unapplied Reserve (section 106 contributions)	393,000	
Invest to Save Reserve	5,768	
Office Technology Reserve	124,232	
Vehicle Renewal Reserve	347,000	
		1,690,183
		2,430,361

1.3 REVISED CAPITAL PROGRAMME PROPOSALS FOR 2016/17 TO 2019/20

1.3.1 Proposed Capital Expenditure 2016/17 to 2019/20

The revised Capital Programme Proposals for 2016/17 to 2019/20 are summarised below and are shown in detail in Appendix 1:

Priority	2015/16 to 2019/20 Recommended Capital Programme
	£
Affordable housing	1,710,000
Business growth and job creation	0
Maintain street cleaning, waste collection & safe and healthy communities	290,000
Other (mainly replacement commercial vehicles)	1,337,800
Capital Salaries and Support Service Charges	17,000
	3,354,800

1.3.2 Proposed Financing Arrangements 2016/17 to 2019/20

The overall financing package that is proposed for the revised Capital Programme Proposals for 2016/17 to 2019/20 is as follows:

	£000	£000
Borrowing		0
Capital Receipts		1,079,109
Grants and Contributions: Disabled Facilities Grants		736,000
Use of Reserves:		
Direct Revenue Financing Reserve	168,500	
Grants Unapplied Reserve (section 106 contributions)	57,791	
Office Technology Reserve	98,000	
Property Repairs Reserve	100,000	
Vehicle Renewal Reserve	1,115,400	
		1,539,691
		3,354,800

1.4 REVENUE FINANCING

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

Reserve/Balance	Bwd 01/04/2014 £	New Receipts £	Used £	C/fwd 31/03/2020	Comments
Strategic Reserves (earmarked for capital schemes)	3,295,174	1,867,913	3,440,782	1,722,305	Mostly earmarked for specific projects
Section 106 Income	580,085	157,116	579,791	157,410	Relies on new receipts being attained
Capital Receipts	2,494,257	1,466,000	3,362,332	597,925	Relies on new receipts being attained
Total	**6,369,516**	**3,491,029**	**7,382,905**	**2,477,640**	

The table above demonstrates that usable (capital) reserves will have reduced to £598,000 by 31 March 2020, if the capital programme proposals set out in this report are accepted.

The proposals set out above do not include £1.4m of potential liabilities, identified by the Corporate Leadership Team, which are currently unfinanced nor any liabilities that will result from the property Survey now being undertaken

This demonstrates that additional sources of funding will be required to finance capital projects that have not been included in the capital programme proposals set out in Appendix 1, such as the £1.4m of potential liabilities identified by CLT or any new liabilities that have not yet been identified. The results of the property survey will be reported to Council in June 2015.

2 RISK ASSESSMENT

2.1 Legal

Contained within the body of the report.

2.2 Financial

There is adequate funding for the revised capital programme for 2014/15 to 2019/20.. The risk, however, remains high.

3 OTHER CONSIDERATIONS

In preparing this report the relevance of the following factors is also been considered prevention of crime and disorder, equality of opportunity, environmental health, legal and human rights, financial personal and property considerations.

4 CONTACT INFORMATION

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5 BACKGROUND PAPERS

None

6 ATTACHMENTS

Appendix 1 Capital Programme 2014/15 to 2019/20

BACK TO AGENDA

PROPOSED CAPITAL PROGRAMME 2014/15 TO 2019/20

CAPITAL PROGRAMME 2014/15 to 2019/20 - Appendix 1

SCHEMES LISTED BY CORPORATE PRIORITY	REV EST 2014/15 JANUARY	ESTIMATE 2015/16	ESTIMATE 2016/17	ESTIMATE 2017/18	ESTIMATE 2018/19	ESTIMATE 2019/20 ONWARDS	TOTAL 2014/20
		£	£	£	£	£	£
Increase in affordable housing							
IMPROVEMENT GRANTS							
Disabled Facilities Grants	200,000	250,000	260,000	270,000	270,000	270,000	1,520,000
SOCIAL HOUSING GRANT							0
Longford	115,000	0	0	0	0	0	115,000
Stoney Middleton	80,000	0	0	0	0	0	80,000
Youlgreave	314,000	0	0	0	0	0	314,000
Ashbourne - Alms Houses	14,000	0	0	0	0	0	14,000
Birchover	120,000	0	0	0	0	0	120,000
Taddington	0	0	80,000	0	0	0	80,000
Ashford	0	0	80,000	0	0	0	80,000
Winster	0	0	0	80,000	0	0	80,000
Bonsall	0	50,000	50,000	0	0	0	100,000
Bakewell Lady Manners School	0	142,000	100,000	0	0	0	242,000
Litton	0	80,000	0	0	0	0	80,000
Wirksworth Cromford Road	0	273,000	0	0	0	0	273,000
Cromford / Matlock Bath	0	50,000	50,000	0	0	0	100,000
Hathersage	0	0	200,000	0	0	0	200,000
Sub Total - Increase in affordable housing	843000	845,000	820,000	350,000	270,000	270,000	3,398,000
Increase business growth and job creation							
INDUSTRIAL DEVELOPMENT							
Repayment of DLG Rowsley	451,654	0	0	0	0	0	451,654
Repayment of DLG Clifton Road Ashbourne	269,180	0	0	0	0	0	269,180
Sub Total - Increase in business growth and job creation	720,834	0	0	0	0	0	720,834
Maintain street cleaning, waste collection, safe and healthy communities							
ASHBOURNE LEISURE CENTRE							
Changing Rooms	378,320	0	0	0	0	0	378,320
Fire Damage	150,000	0	0	0	0	0	150,000
IFI Project	60,000	0	0	0	0	0	60,000
Dehumidifier	50,000	0	0	0	0	0	50,000
External Decoration	0	20,000	0	0	0	0	20,000
Fitness Equipment	0	0	70,000	0	0	0	70,000
CAR PARKS							0
Ashbourne Shawcroft Car Park Redesign	0	225,000	0	0	0	0	225,000
Bakewell ABC strips to sides of Agricultural Way	0	50,000	100,000	0	0	0	150,000
Bakewell ABC drainage	40,000	0	0	0	0	0	40,000
Bakewell ABC new tracks (Guiton)	0	50,000	0	0	0	0	50,000
Bakewell ABC	18,531	0	0	0	0	0	18,531
Matlock - Repair / Resurface Roof Co-op Car Park	25,000	0	0	0	0	0	25,000
Replacement of Pay and Display Ticket Machines	52,000	354,000	0	0	0	0	406,000
FLOOD ALLEVIATION							0
Birchover	1,285	0	0	0	0	0	1,285
Matlock Bath	10,000	0	0	0	0	0	10,000
Stoney Middleton - Coombs Dale	1,500	0	0	0	0	0	1,500
MISCELLANEOUS GRANTS	30,000	30,000	30,000	30,000	30,000	30,000	180,000
PARKS and OPEN SPACES							0
Bakewell Recreation Ground Pavilion Improvements	8,823	0	0	0	0	0	8,823
Matlock Bath - Jubilee Bridge	210,533	3,002	0	0	0	0	213,535
Wirksworth Fanny Shaw Playing Field Improvements	0	35,425	0	0	0	0	35,425
Bakewell Recreation Play area - noise barrier	18,000	0	0	0	0	0	18,000
PUBLIC CONVENIENCES							
Matlock Bath Memorial Toilets	0	50,000	0	0	0	0	50,000
PLANNING CONSERVATION / ENHANCEMENT GRANTS							0
Partnership Grants	15,050	0	0	0	0	0	15,050
RURAL CONVENIENCES	20,000	8,500	0	0	0	0	28,500
WASTE MANAGEMENT							0
Replacement of Waste Containers etc.	45,087	0	0	0	0	0	45,087
Sub Total - Maintain street cleaning, waste collection and healthy communities	1,134,129	825,927	200,000	30,000	30,000	30,000	2,250,056

SCHEMES LISTED BY CORPORATE PRIORITY	REV EST 2014/15 JANUARY	ESTIMATE 2015/16	ESTIMATE 2016/17	ESTIMATE 2017/18	ESTIMATE 2018/19	ESTIMATE 2019/20 ONWARDS	TOTAL 2014/2020
		£	£	£	£	£	£
Other							
BAKEWELL AGRICULTURAL BUSINESS CENTRE							
Trade Effluent Discharge Improvements	0	95,590	0	0	0	0	95,590
Noise, Drainage and Other Works	7,000	63,300	0	0	0	0	70,300
Drainage on Agricultural Way*	32,500	0	0	0	0	0	32,500
BURIALS							0
Darley Dale Cemetery Store and Paths	0	60,000	0	0	0	0	60,000
Matlock Churchyard - Retaining Wall	72,000	0	0	0	0	0	72,000
Wirksworth Steeple Arch Cemetery Land Purchase etc.	14,000	30,000	30,000	0	0	0	74,000
Wirksworth St Mary's Churchyard Railings	0	0	25,000	25,000	0	0	50,000
CARSINGTON FUND GRANTS	19,768	16,044	0	0	0	0	35,812
I T STRATEGY							0
Electoral Registration	7,677	0	0	0	0	0	7,677
Data Storage Capacity	13,000	15,000	0	0	0	0	28,000
Server Replacements	0	45,000	24,000	0	28,000	0	97,000
Town Hall Recabling	0	20,000	0	0	0	0	20,000
SQL 2008 Replacement	0	0	0	0	16,000	0	16,000
Microsoft Enterprise Agreement	0	0	0	0	30,000	0	30,000
Windows 2008/12 Migration	25,000	0	0	0	0	0	25,000
Leisure system - Capita link	24,369	0	0	0	0	0	24,369
Electronic Document Management System	0	50,000	0	0	0	0	50,000
Environmental Health Noise Meter	0	0	0	0	0	0	0
Leisure Management and Booking System	53,813	0	0	0	0	0	53,813
PUBLIC OFFICES							0
Matlock Town Hall - Boilers	2,813	0	0	0	0	0	2,813
Matlock Town Hall - Roof	21,000	0	0	0	0	0	21,000
Matlock Town Hall - Library	20,000	0	0	0	0	0	20,000
COMMERCIAL VEHICLES - Vans, lorries etc.	69,425	347,000	647,000	226,800	154,000	132,000	1,576,225
Sub Total - Other	382,365	741,934	726,000	251,800	228,000	132,000	2,462,099
CAPITAL SALARIES	30,000	17,500	5,000	3,500	3,500	5,000	64,500
	30,000	17,500	5,000	3,500	3,500	5,000	64,500
	3,110,328.00	2,430,361.00	1,751,000.00	635,300.00	531,500.00	437,000.00	8,895,489.00

BACK TO AGENDA

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

COUNCIL
5 March 2015

Report of the Chief Executive

TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY

SUMMARY

This report:
- Determines the Treasury Management Strategy for 2015/16
- Sets the Prudential Indicators as required under the Local Government Act 2003
- Determines the Annual Investment Strategy for 2015/16
- Determines the Minimum Revenue Provision Strategy for 2015/16

RECOMMENDATION

1. That the Treasury Management Strategy Statement be approved
2. That the Prudential Indicators be approved
3. That the Annual Investment Strategy be approved
4. That the Minimum Revenue Provision (MRP) Strategy be approved

WARDS AFFECTED

All

STRATEGIC LINK

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

1. REPORT

1.1 TREASURY MANAGEMENT ANNUAL REPORT

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

1.2 REPORTING REQUIREMENTS

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

Prudential and treasury indicators and treasury strategy (this report) – The first, and most important report covers:

- The capital plans (including prudential indicators);
- A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- The treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An investment strategy (the parameters on how investments are to be managed).

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

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

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

1.3 TREASURY MANAGEMENT STRATEGY FOR 2015/16

The strategy for 2015/16 covers two main areas:

Capital issues

- The capital plans and the prudential indicators;
- The minimum revenue provision (MRP) policy.

Treasury management issues

- The current treasury position;
- Treasury indicators which limit the treasury risk and activities of the Council;
- Prospects for interest rates;
- The borrowing strategy;
- Policy on borrowing in advance of need;
- Debt rescheduling;
- The investment strategy;
- Creditworthiness policy; and
- Policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 TRAINING

Training on treasury management will be given to members following their induction, later in the summer.

The training needs of treasury management officers are periodically reviewed.

1.5 TREASURY MAMAGEMENT CONSULTANTS

The Council uses Capita Asset Services, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2015/16 – 2017/18

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 CAPITAL EXPENDITURE

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure £000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Increase in Affordable Housing	751	843	845	820	350
Increase in Business Growth and job creation	0	721	0	0	0
Maintain street cleansing, waste collection, safe and healthy communities	298	1,134	826	200	30
Other	595	412	759	731	255
Total	1,644	3,110	2,430	1,751	635

Other long term liabilities. The above financing need excludes other long term liabilities, such as leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure £000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Total	1,644	3,110	2,430	1,751	635
					Financed by:
Capital receipts	366	1,742	541	770	451
Capital grants	700	567	199	184	184
Revenue reserves inc DRF	578	801	1,690	797	0
Net financing need for the year	0	0	0	0	0

2.2 THE COUNCIL'S BORROWING NEED (THE CAPITAL FINANCING REQUIREMENT)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £2m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

£000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Capital Financing Requirement					
Total CFR	8,977	8,450	7,901	7,325	6,834
Movement in CFR	(527)	(549)	(576)	(491)	(465)

Movement in CFR represented by					
Net financing need for the year (above)	0	0	0	0	0
Less MRP/VRP and other financing movements	(527)	(549)	(576)	(491)	(465)
Movement in CFR	(527)	(549)	(576)	(491)	(465)

2.3 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision –

MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. The Council is recommended to approve the following MRP Statement.

From the 1st April 2008 any unsupported borrowing financing the Council's capital expenditure (including finance leases) the MRP Policy will be:

- Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction).

The repayment of MRP is based on both the annuity and fixed instalment of principal basis. Repayments included in finance leases are applied as MRP.

The Council does not plan to borrow externally in the financial year 2015/16.

2.4 CORE FUNDS AND EXPECTED INVESTMENT BALANCES

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.) Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

£000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Fund balances / reserves	3,895	4,382	3,419	2,490	2,264
Capital receipts	2,494	1,568	1,627	1,039	814
Provisions	0	0	0	0	0
Other	0	0	0	0	0
Total core funds	6,369	5,950	5,046	3,529	3,078
Expected investments	3,385	2,500	1,450	1,300	1,200

2.5 AFFORDABILITY PRUDENTIAL INDICATORS

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.6 RATIO OF FINANCING COSTS TO NET REVENUE STREAM

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Ratio	9.62	9.47	9.64	8.45	8.18

The estimates of financing costs include current commitments and the proposals in this budget report.

2.7 INCREMENTAL IMPACT OF CAPITAL INVESTMENT DECISIONS ON COUNCIL TAX

This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Incremental impact of capital investment decisions on the band D council tax

£	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Council Tax – Band D	1.30	1.65	0.80	0.06

3 BORROWING

The capital expenditure plans set out in the Capital Programme Report elsewhere on this agenda provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 CURRENT PORTFOLIO POSITION

The Council's treasury portfolio position at 31 March 2014, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement – CFR), highlighting any over or under borrowing.

£000	2013/14 Actual	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
External Debt					
Debt at 1 April	5,619	5,600	5,600	5,600	5,600
Expected change in Debt	19	0	0	0	0
Other long-term liabilities (OLTL)	2,684	2,245	1,784	1,298	898
Expected change in OLTL	439	461	486	400	371
Actual gross debt at 31 March	7845	7,384	6,898	6,498	6,127
The Capital Financing Requirement	8,450	7,901	7,325	6,834	6,369
Under / (over) borrowing	605	517	427	336	212

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2015/16 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Head of Resources reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 TREASURY INDICATORS: LIMITS TO BORROWING ACTIVITY

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary £000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Debt	8,000	8,000	8,000	8,000
Other long term liabilities	3,000	2,000	2,000	1,000
Total	11,000	10,000	10,000	9,000

The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

2. The Council is asked to approve the following authorised limit:

Authorised limit £000	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate
Debt	11,000	11,000	11,000	11,000
Other long term liabilities	3,000	2,000	2,000	1,000
Total	14,000	13,000	13,000	12,000

4.2 PROSPECTS FOR INTEREST RATES

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.

Annual Average %	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
Mar 2015	0.50	2.20	3.40	3.40
Jun 2015	0.50	2.20	3.50	3.50
Sep 2015	0.50	2.30	3.70	3.70
Dec 2015	0.75	2.50	3.80	3.80
Mar 2016	0.75	2.60	4.00	4.00
Jun 2016	1.00	2.80	4.20	4.20
Sep 2016	1.00	2.90	4.30	4.30
Dec 2016	1.25	3.00	4.40	4.40
Mar 2017	1.25	3.20	4.50	4.50
Jun 2017	1.50	3.30	4.60	4.60
Sep 2017	1.75	3.40	4.70	4.70
Dec 2017	1.75	3.50	4.70	4.70
Mar 2018	2.00	3.60	4.80	4.80

- Investment returns are likely to remain relatively low during 2015/16 and beyond;

- Borrowing interest rates have been volatile during 2014 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. The closing weeks of 2014 saw gilt yields dip to historically remarkably low levels after inflation plunged, a flight to quality from equities (especially in the oil sector), and from the debt and equities of oil producing emerging market countries. The ECB will commence quantitative easing (purchase of EZ government debt) in early 2015. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when authorities will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt;

- There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

4.3 BORROWING STRATEGY

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

Against this background and the risks within the economic forecast, caution will be adopted with the 2015/16 treasury operations. The Head of Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

Treasury management limits on activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments

- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£000	2015/16	2016/17	2017/18
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing 2015/16			
		Lower	Upper
Under 12 months		0%	50%
12 months to 2 years		0%	50%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years to 20 years		0%	100%
20 years to 30 years		0%	100%
30 years to 40 years		0%	100%
40 years to 50 years		0%	100%
Maturity structure of variable interest rate borrowing 2015/16			
		Lower	Upper
Under 12 months		0%	50%
12 months to 2 years		0%	50%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years to 20 years		0%	75%
20 years to 30 years		0%	100%
30 years to 40 years		0%	100%
40 years to 50 years		0%	100%

4.4 POLICY ON BORROWING IN ADVANCE OF NEED

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

4.5 DEBT RESCHEDULING

There is no scope for rescheduling the Council's debt with the Public Works Loans Board as the premium due would be prohibitive.

4.6 MUNICIPAL BOND AGENCY

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). Consideration of this avenue of finance will need to be considered in the future.

4 ANNUAL INVESTMENT STRATEGY

The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings "uplift" due to implied levels of sovereign support. More recently, in response to the evolving regulatory regime, the agencies have indicated they may remove these "uplifts". The actual timing of the changes is still subject to discussion, but this does mean immediate changes to the credit methodology are required.

It is important to stress that the rating agency changes do not reflect any changes in the underlying status of the institution or credit environment, merely the implied level of sovereign support that has been built into ratings through the financial crisis. The eventual removal of implied sovereign support will only take place when the regulatory and economic environments have ensured that financial institutions are much stronger and less prone to failure in a financial crisis.

Both Fitch and Moody's provide "standalone" credit ratings for financial institutions. For Fitch, it is the Viability Rating, while Moody's has the Financial Strength Rating. Due to the future removal of sovereign support from institution assessments, both agencies have suggested going forward that these will be in line with their respective Long Term ratings. As such, there is no point monitoring both Long Term and these "standalone" ratings.

Furthermore, Fitch has already begun assessing its Support ratings, with a clear expectation that these will be lowered to 5, which is defined as "A bank for which there is a possibility of external support, but it cannot be relied upon". With all institutions likely to drop to these levels, there is little to no differentiation to be had by assessing Support ratings.

As a result of these rating agency changes, the credit element of our future methodology will focus solely on the Short and Long Term ratings of an institution. Rating Watch and Outlook information will continue to be assessed where it relates to these categories. This is the same process for Standard & Poor's that has always been taken, but a change to the use of Fitch and Moody's ratings. Furthermore, continuation to utilise CDS prices as an overlay to ratings in our new methodology.

4.1 INVESTMENT POLICY

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk.

Continuing regulatory changes in the banking sector are designed to see greater stability, lower risk and the removal of expectations of Government financial support should an institution fail. This withdrawal of implied sovereign support is anticipated to have an effect on ratings applied to institutions. This will result in the key ratings used to monitor counterparties being the Short Term and Long Term ratings only. Viability, Financial Strength and Support Ratings previously applied will effectively become redundant. This change does not reflect deterioration in the credit environment but rather a change of method in response to regulatory changes.

As with previous practice, ratings will not be the sole determinant of the quality of an institution and that it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 3 under the 'specified' and 'non-specified' investments categories. Counterparties limits will be set through the Council's treasury management practices – schedules.

4.2 CREDITWORTHINESS POLICY

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed.

These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Head of Resources will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non- specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used. It is not proposed to amend the counterparty list that has been agreed at previous meetings of the Council.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 – good credit quality – the Council will only use banks which:
  i. Are UK banks; and/or
  ii. Are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AAA

  And have, as minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

  i. Short Term – A
  ii. Long Term – A

- Banks 2 – Part nationalised UK banks – Lloyds Banking Group and Royal Bank of Scotland. These banks can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.

- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.

- Building societies. The Council will use all societies which:

  i. Meet the ratings for banks outlined above and, or
  ii. Have assets in excess of £1 billion

- Money market funds – AAA

- Enhanced money market funds (EMMFs)

- UK Government (including gilts and the DMADF)

- Local authorities, parish councils etc

- Supranational institutions

Country and sector considerations – Due care will be taken to consider the country, group and sector exposure of the Council's investments. In part, the country selection will be chosen by the credit rating of the sovereign state in Banks 1 above.

In addition:

- No more than 50% will be placed with any non-UK country at any time;

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent)	Money and/or % Limit	Time Limit
Banks 1 higher quality	AAA	£3m	1 year
Banks 2 – part nationalised	N/A	£3m	2 years
Banks 2 – Council's banker	N/A	£6m	2 years
Other institutions limit – Building Societies only	N/A	£3m	1 year
DMADF	AAA	unlimited	6 months
Local authorities (individual)	N/A	£3m	1 year

4.3 COUNTRY LIMITS

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating or AAA from Fitch. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 INVESTMENT STRATEGY

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 4 of 2015. Bank Rate forecasts for financial year ends (March) are:

- 2015/16 0.75%
- 2016/17 1.25%
- 2017/18 2.00%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next eight years are as follows:

2015/16	0.60%
2016/17	1.25%
2017/18	1.75%
2018/19	2.25%
2019/20	2.75%
2020/21	3.00%
2021/22	3.25%
2022/23	3.25%
Later years	3.50%

Investment treasury indicator and limit – total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested >364 days			
£000	2015/16	2016/17	2017/18
Principal sums invested > 364 days	£m 2,000	£m 2,000	£m 2,000

For its cash flow generated balances, the Council will seek to utilise its instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

4.5 END OF YEAR INVESTMENT REPORT

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5. RISK ASSESSMENT

5.1 Legal

Nothing to add to the report.

5.2 Financial

The financial risks are set out in the body of the report. The overall risk is assessed as medium.

5.3 Corporate Risk

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

6. OTHER CONSIDERATIONS

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

7. CONTACT INFORMATION

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8. BACKGROUND PAPERS

Description

9. ATTACHMENTS

APPENDIX 1 – PWLB CURRENT RATES

BACK TO AGENDA

PWLB

INTEREST RATE NOTICE NUMBER 049/15

FIXED RATES FOR TRANSACTIONS AGREED AFTER 09:15 ON 05 FEB 2015

Use arrows (above) to scroll through pages of report. To export the information from this report click on one of the buttons at the end of this page.

This report displays the current PWLB Standard Fixed Interest Rates. For a given loan type and term, the PWLB Certainty New Loan Rate is calculated by subtracting 0.20% (i.e. 20 basis points) from the comparable PWLB Standard New Loan Rate, and the PWLB Project New Loan Rate is calculated by subtracting 0.40% (i.e. 40 basis points) from the comparable PWLB Standard New Loan Rate. Certainty Rates and Project Rates only apply to new loans, not premature repayment of loans.

	Standard New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
1 year	-		-		1.34	(+0.01)	-		-		0.22	(+0.01)
Over 1 not over 1½	-		-		1.43	(+0.01)	0.22	(+0.01)	0.22	(+0.01)	0.22	(+0.01)
Over 1½ not over 2	1.39	(+0.02)	1.39	(+0.02)	1.53	(+0.02)	0.22	(+0.01)	0.22	(+0.01)	0.31	(+0.01)
Over 2 not over 2½	1.43	(+0.01)	1.43	(+0.01)	1.62	(+0.02)	0.27	(+0.02)	0.27	(+0.02)	0.41	(+0.02)
Over 2½ not over 3	1.48	(+0.02)	1.48	(+0.02)	1.72	(+0.03)	0.31	(+0.01)	0.31	(+0.01)	0.50	(+0.02)
Over 3 not over 3½	1.53	(+0.02)	1.53	(+0.02)	1.81	(+0.03)	0.36	(+0.02)	0.36	(+0.02)	0.60	(+0.03)
Over 3½ not over 4	1.58	(+0.02)	1.58	(+0.02)	1.89	(+0.02)	0.41	(+0.02)	0.41	(+0.02)	0.69	(+0.03)
Over 4 not over 4½	1.62	(+0.02)	1.62	(+0.02)	1.97	(+0.02)	0.46	(+0.02)	0.46	(+0.02)	0.77	(+0.02)
Over 4½ not over 5	1.67	(+0.02)	1.67	(+0.02)	2.05	(+0.03)	0.50	(+0.02)	0.50	(+0.02)	0.85	(+0.02)
Over 5 not over 5½	1.72	(+0.03)	1.72	(+0.02)	2.12	(+0.03)	0.55	(+0.02)	0.55	(+0.02)	0.93	(+0.03)
Over 5½ not over 6	1.76	(+0.02)	1.77	(+0.03)	2.18	(+0.03)	0.60	(+0.03)	0.60	(+0.02)	1.00	(+0.03)
Over 6 not over 6½	1.81	(+0.03)	1.81	(+0.02)	2.24	(+0.03)	0.64	(+0.02)	0.65	(+0.03)	1.06	(+0.03)
Over 6½ not over 7	1.85	(+0.03)	1.85	(+0.02)	2.29	(+0.03)	0.69	(+0.03)	0.69	(+0.02)	1.12	(+0.03)
Over 7 not over 7½	1.89	(+0.02)	1.90	(+0.03)	2.34	(+0.03)	0.73	(+0.03)	0.73	(+0.02)	1.17	(+0.03)
Over 7½ not over 8	1.93	(+0.02)	1.94	(+0.03)	2.39	(+0.04)	0.77	(+0.02)	0.78	(+0.03)	1.22	(+0.03)
Over 8 not over 8½	1.97	(+0.02)	1.98	(+0.03)	2.43	(+0.03)	0.81	(+0.02)	0.82	(+0.03)	1.27	(+0.04)
Over 8½ not over 9	2.01	(+0.03)	2.02	(+0.03)	2.47	(+0.03)	0.85	(+0.02)	0.86	(+0.03)	1.31	(+0.03)
Over 9 not over 9½	2.05	(+0.03)	2.06	(+0.03)	2.51	(+0.03)	0.89	(+0.03)	0.90	(+0.03)	1.35	(+0.03)
Over 9½ not over 10	2.08	(+0.03)	2.09	(+0.03)	2.55	(+0.04)	0.93	(+0.03)	0.94	(+0.03)	1.39	(+0.03)
Over 10 not over 10½	2.12	(+0.03)	2.13	(+0.03)	2.58	(+0.03)	0.96	(+0.03)	0.97	(+0.03)	1.43	(+0.04)
Over 10½ not over 11	2.15	(+0.03)	2.16	(+0.03)	2.62	(+0.04)	1.00	(+0.03)	1.01	(+0.03)	1.46	(+0.03)
Over 11 not over 11½	2.18	(+0.03)	2.20	(+0.04)	2.65	(+0.04)	1.03	(+0.03)	1.04	(+0.03)	1.50	(+0.04)
Over 11½ not over 12	2.21	(+0.03)	2.23	(+0.04)	2.68	(+0.04)	1.06	(+0.03)	1.08	(+0.04)	1.53	(+0.04)
Over 12 not over 12½	2.24	(+0.03)	2.26	(+0.04)	2.71	(+0.03)	1.09	(+0.03)	1.11	(+0.04)	1.56	(+0.04)
Over 12½ not over 13	2.27	(+0.04)	2.29	(+0.04)	2.74	(+0.03)	1.12	(+0.03)	1.14	(+0.04)	1.59	(+0.03)
Over 13 not over 13½	2.29	(+0.03)	2.31	(+0.03)	2.77	(+0.03)	1.15	(+0.04)	1.17	(+0.04)	1.62	(+0.03)
Over 13½ not over 14	2.32	(+0.04)	2.34	(+0.03)	2.80	(+0.04)	1.17	(+0.03)	1.19	(+0.03)	1.65	(+0.03)
Over 14 not over 14½	2.34	(+0.03)	2.37	(+0.04)	2.83	(+0.04)	1.20	(+0.04)	1.22	(+0.03)	1.68	(+0.04)
Over 14½ not over 15	2.37	(+0.04)	2.39	(+0.04)	2.86	(+0.04)	1.22	(+0.03)	1.25	(+0.04)	1.71	(+0.04)
Over 15 not over 15½	2.39	(+0.04)	2.41	(+0.03)	2.88	(+0.03)	1.25	(+0.04)	1.27	(+0.04)	1.74	(+0.04)
Over 15½ not over 16	2.41	(+0.03)	2.44	(+0.04)	2.91	(+0.04)	1.27	(+0.04)	1.29	(+0.03)	1.76	(+0.03)
Over 16 not over 16½	2.43	(+0.03)	2.46	(+0.04)	2.94	(+0.04)	1.29	(+0.03)	1.32	(+0.04)	1.79	(+0.04)
Over 16½ not over 17	2.45	(+0.03)	2.48	(+0.04)	2.96	(+0.04)	1.31	(+0.03)	1.34	(+0.04)	1.82	(+0.04)
Over 17 not over 17½	2.47	(+0.03)	2.50	(+0.03)	2.98	(+0.03)	1.33	(+0.03)	1.36	(+0.04)	1.84	(+0.04)
Over 17½ not over 18	2.49	(+0.03)	2.52	(+0.03)	3.00	(+0.03)	1.35	(+0.03)	1.38	(+0.03)	1.86	(+0.03)
Over 18 not over 18½	2.51	(+0.03)	2.55	(+0.04)	3.03	(+0.04)	1.37	(+0.03)	1.40	(+0.03)	1.88	(+0.03)

[continued]

	Standard New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change	Rate	Change
Over 18½ not over 19	2.53	(+0.04)	2.57	(+0.04)	3.04	(+0.03)	1.39	(+0.03)	1.43	(+0.04)	1.91	(+0.04)
Over 19 not over 19½	2.55	(+0.04)	2.58	(+0.03)	3.06	(+0.03)	1.41	(+0.04)	1.45	(+0.04)	1.92	(+0.03)
Over 19½ not over 20	2.57	(+0.04)	2.60	(+0.04)	3.08	(+0.03)	1.43	(+0.04)	1.46	(+0.03)	1.94	(+0.03)
Over 20 not over 20½	2.58	(+0.03)	2.62	(+0.04)	3.10	(+0.04)	1.45	(+0.04)	1.48	(+0.04)	1.96	(+0.03)
Over 20½ not over 21	2.60	(+0.04)	2.64	(+0.04)	3.11	(+0.03)	1.46	(+0.03)	1.50	(+0.04)	1.98	(+0.04)
Over 21 not over 21½	2.62	(+0.04)	2.66	(+0.04)	3.13	(+0.04)	1.48	(+0.04)	1.52	(+0.04)	1.99	(+0.03)
Over 21½ not over 22	2.64	(+0.04)	2.68	(+0.04)	3.14	(+0.03)	1.50	(+0.04)	1.54	(+0.04)	2.01	(+0.04)
Over 22 not over 22½	2.65	(+0.04)	2.70	(+0.04)	3.15	(+0.03)	1.52	(+0.04)	1.56	(+0.04)	2.02	(+0.03)
Over 22½ not over 23	2.67	(+0.04)	2.71	(+0.04)	3.16	(+0.03)	1.53	(+0.04)	1.58	(+0.04)	2.03	(+0.03)
Over 23 not over 23½	2.68	(+0.04)	2.73	(+0.04)	3.17	(+0.03)	1.55	(+0.04)	1.59	(+0.04)	2.04	(+0.03)
Over 23½ not over 24	2.70	(+0.04)	2.75	(+0.04)	3.18	(+0.03)	1.56	(+0.04)	1.61	(+0.04)	2.05	(+0.03)
Over 24 not over 24½	2.71	(+0.03)	2.77	(+0.04)	3.19	(+0.04)	1.58	(+0.04)	1.63	(+0.04)	2.06	(+0.03)
Over 24½ not over 25	2.73	(+0.04)	2.78	(+0.04)	3.19	(+0.03)	1.59	(+0.03)	1.65	(+0.04)	2.07	(+0.04)
Over 25 not over 25½	2.74	(+0.03)	2.80	(+0.04)	3.20	(+0.03)	1.61	(+0.04)	1.66	(+0.04)	2.07	(+0.03)
Over 25½ not over 26	2.76	(+0.04)	2.82	(+0.04)	3.20	(+0.03)	1.62	(+0.03)	1.68	(+0.04)	2.08	(+0.03)
Over 26 not over 26½	2.77	(+0.03)	2.83	(+0.03)	3.21	(+0.04)	1.64	(+0.04)	1.70	(+0.04)	2.08	(+0.03)
Over 26½ not over 27	2.79	(+0.04)	2.85	(+0.04)	3.21	(+0.03)	1.65	(+0.03)	1.71	(+0.03)	2.09	(+0.04)
Over 27 not over 27½	2.80	(+0.04)	2.87	(+0.04)	3.21	(+0.03)	1.67	(+0.04)	1.73	(+0.04)	2.09	(+0.03)
Over 27½ not over 28	2.82	(+0.04)	2.88	(+0.04)	3.21	(+0.03)	1.68	(+0.04)	1.75	(+0.04)	2.09	(+0.03)
Over 28 not over 28½	2.83	(+0.04)	2.90	(+0.04)	3.22	(+0.04)	1.70	(+0.04)	1.76	(+0.04)	2.09	(+0.03)
Over 28½ not over 29	2.84	(+0.03)	2.91	(+0.03)	3.22	(+0.04)	1.71	(+0.04)	1.78	(+0.04)	2.10	(+0.04)
Over 29 not over 29½	2.86	(+0.04)	2.93	(+0.04)	3.22	(+0.04)	1.72	(+0.03)	1.79	(+0.03)	2.10	(+0.04)
Over 29½ not over 30	2.87	(+0.04)	2.94	(+0.03)	3.22	(+0.04)	1.74	(+0.04)	1.81	(+0.04)	2.10	(+0.04)
Over 30 not over 30½	2.88	(+0.03)	2.96	(+0.04)	3.22	(+0.04)	1.75	(+0.04)	1.82	(+0.03)	2.10	(+0.04)
Over 30½ not over 31	2.90	(+0.04)	2.97	(+0.03)	3.22	(+0.04)	1.76	(+0.03)	1.84	(+0.04)	2.09	(+0.03)
Over 31 not over 31½	2.91	(+0.04)	2.99	(+0.04)	3.21	(+0.03)	1.78	(+0.04)	1.85	(+0.03)	2.09	(+0.03)
Over 31½ not over 32	2.92	(+0.03)	3.00	(+0.03)	3.21	(+0.03)	1.79	(+0.04)	1.87	(+0.04)	2.09	(+0.03)
Over 32 not over 32½	2.94	(+0.04)	3.01	(+0.03)	3.21	(+0.03)	1.80	(+0.03)	1.88	(+0.03)	2.09	(+0.03)
Over 32½ not over 33	2.95	(+0.04)	3.03	(+0.04)	3.21	(+0.03)	1.82	(+0.04)	1.89	(+0.03)	2.09	(+0.04)
Over 33 not over 33½	2.96	(+0.04)	3.04	(+0.03)	3.21	(+0.04)	1.83	(+0.04)	1.91	(+0.04)	2.08	(+0.03)
Over 33½ not over 34	2.97	(+0.03)	3.05	(+0.03)	3.20	(+0.03)	1.84	(+0.04)	1.92	(+0.03)	2.08	(+0.03)
Over 34 not over 34½	2.98	(+0.03)	3.06	(+0.03)	3.20	(+0.03)	1.85	(+0.03)	1.93	(+0.03)	2.08	(+0.03)
Over 34½ not over 35	2.99	(+0.03)	3.07	(+0.03)	3.20	(+0.03)	1.86	(+0.03)	1.94	(+0.03)	2.08	(+0.04)
Over 35 not over 35½	3.00	(+0.03)	3.09	(+0.04)	3.20	(+0.04)	1.87	(+0.03)	1.95	(+0.03)	2.07	(+0.03)
Over 35½ not over 36	3.01	(+0.03)	3.10	(+0.04)	3.19	(+0.03)	1.88	(+0.03)	1.97	(+0.04)	2.07	(+0.03)
Over 36 not over 36½	3.03	(+0.04)	3.11	(+0.04)	3.19	(+0.03)	1.89	(+0.03)	1.98	(+0.04)	2.07	(+0.04)
Over 36½ not over 37	3.04	(+0.04)	3.12	(+0.04)	3.19	(+0.04)	1.91	(+0.04)	1.99	(+0.04)	2.06	(+0.03)
Over 37 not over 37½	3.04	(+0.03)	3.12	(+0.03)	3.18	(+0.03)	1.92	(+0.04)	2.00	(+0.04)	2.06	(+0.03)
Over 37½ not over 38	3.05	(+0.03)	3.13	(+0.03)	3.18	(+0.03)	1.92	(+0.03)	2.00	(+0.03)	2.06	(+0.03)
Over 38 not over 38½	3.06	(+0.03)	3.14	(+0.03)	3.18	(+0.03)	1.93	(+0.03)	2.01	(+0.03)	2.06	(+0.04)
Over 38½ not over 39	3.07	(+0.03)	3.15	(+0.03)	3.18	(+0.04)	1.94	(+0.03)	2.02	(+0.03)	2.05	(+0.03)
Over 39 not over 39½	3.08	(+0.03)	3.15	(+0.03)	3.17	(+0.03)	1.95	(+0.03)	2.03	(+0.03)	2.05	(+0.03)
Over 39½ not over 40	3.09	(+0.03)	3.16	(+0.03)	3.17	(+0.03)	1.96	(+0.03)	2.03	(+0.03)	2.05	(+0.03)
Over 40 not over 40½	3.10	(+0.04)	3.17	(+0.03)	3.17	(+0.03)	1.97	(+0.03)	2.04	(+0.03)	2.05	(+0.04)
Over 40½ not over 41	3.10	(+0.03)	3.17	(+0.03)	3.17	(+0.04)	1.98	(+0.04)	2.05	(+0.03)	2.04	(+0.03)
Over 41 not over 41½	3.11	(+0.03)	3.18	(+0.03)	3.16	(+0.03)	1.98	(+0.03)	2.05	(+0.03)	2.04	(+0.03)
Over 41½ not over 42	3.12	(+0.03)	3.18	(+0.03)	3.16	(+0.03)	1.99	(+0.03)	2.06	(+0.03)	2.04	(+0.03)
Over 42 not over 42½	3.13	(+0.04)	3.19	(+0.03)	3.16	(+0.03)	2.00	(+0.03)	2.06	(+0.03)	2.04	(+0.03)
Over 42½ not over 43	3.13	(+0.03)	3.19	(+0.03)	3.16	(+0.03)	2.01	(+0.04)	2.07	(+0.03)	2.04	(+0.04)
Over 43 not over 43½	3.14	(+0.03)	3.20	(+0.04)	3.16	(+0.04)	2.01	(+0.03)	2.07	(+0.03)	2.04	(+0.04)

	Standard New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**
Over 43½ not over 44	3.14	(+0.03)	3.20	(+0.03)	3.16	(+0.04)	2.02	(+0.03)	2.08	(+0.04)	2.03	(+0.03)
Over 44 not over 44½	3.15	(+0.03)	3.20	(+0.03)	3.15	(+0.03)	2.02	(+0.03)	2.08	(+0.03)	2.03	(+0.03)
Over 44½ not over 45	3.16	(+0.04)	3.21	(+0.04)	3.15	(+0.03)	2.03	(+0.03)	2.08	(+0.03)	2.03	(+0.03)
Over 45 not over 45½	3.16	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.04	(+0.04)	2.09	(+0.04)	2.03	(+0.03)
Over 45½ not over 46	3.16	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.04	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 46 not over 46½	3.17	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.04	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 46½ not over 47	3.17	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.05	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 47 not over 47½	3.18	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.05	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 47½ not over 48	3.18	(+0.03)	3.21	(+0.03)	3.15	(+0.03)	2.06	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 48 not over 48½	3.19	(+0.04)	3.22	(+0.04)	3.15	(+0.03)	2.06	(+0.03)	2.09	(+0.03)	2.03	(+0.03)
Over 48½ not over 49	3.19	(+0.03)	3.22	(+0.04)	3.15	(+0.03)	2.07	(+0.04)	2.10	(+0.04)	2.03	(+0.03)
Over 49 not over 49½	3.19	(+0.03)	3.22	(+0.04)	3.15	(+0.03)	2.07	(+0.03)	2.10	(+0.04)	2.03	(+0.03)
Over 49½ not over 50	3.19	(+0.03)	3.22	(+0.04)	3.15	(+0.03)	2.07	(+0.03)	2.10	(+0.04)	2.03	(+0.03)

Rates determined for residual contractual obligations for periods in excess of 50 years will be:

	New Loan Rates						Premature Repayment Rates					
	EIP		Annuity		Maturity		EIP		Annuity		Maturity	
Period (years)	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**	**Rate**	**Change**
	3.19	(+0.03)	3.22	(+0.04)	3.15	(+0.03)	2.07	(+0.03)	2.10	(+0.04)	2.03	(+0.03)

Use of these data assumes compliance with the DMO's terms of use

APPENDIX 2: ECONOMIC BACKGROUND

UK. After strong UK GDP growth in 2013 at an annual rate of 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 0.3% in January 2015. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

Eurozone (EZ). The Eurozone is facing an increasing threat from weak or negative growth and from deflation. In November 2014, the inflation rate fell further, to reach a low of 0.3% However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB took some rather limited action in June and September 2014 to loosen monetary policy in order to promote growth. The ECB will now embark on full quantitative easing (purchase of EZ country sovereign debt) in early 2015.

Concern in financial markets for the Eurozone subsided considerably after the prolonged crisis during 2011 – 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise for some countries. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed. The ECB’s pledge in 2012 to buy unlimited amounts of bonds of countries which ask for a bailout has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2013 figures) of Greece 180%, Italy 133%, Portugal 129%, Ireland 124% and Cyprus 112%, remain a cause of concern, especially as some of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are likely to continue to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US.

Greece: the general election which took place on 25 January 2015 brought a political party to power which is anti EU and anti austerity. However, if this eventually results in Greece leaving the Euro, it is unlikely that this will directly destabilise the Eurozone as the EU has put in place adequate firewalls to contain the immediate fallout to just Greece. However, the indirect effects of the likely strengthening of anti EU and anti austerity political parties throughout the EU is much more difficult to quantify. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries which have high unemployment rates. There are also major concerns as to whether the governments of France and Italy will effectively implement austerity programmes and undertake overdue reforms to improve national competitiveness. These countries already have political parties with major electoral support for anti EU and anti austerity policies. Any loss of market confidence in either of the two largest Eurozone economies after Germany would present a huge challenge to the resources of the ECB to defend their debt.

USA. The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently forecast that the first increase in the Fed. Rate will occur by the middle of 2015.

China. Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has indicated a marginally lower outturn for 2014, which would be the lowest rate of growth for many years. There are also concerns that the Chinese leadership has only started to address an unbalanced economy which is heavily over dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s. with its consequent impact on the financial health of the banking sector. There are also concerns consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 has suppressed consumer expenditure and growth to the extent that it has slipped back into recession in Q2 and Q3. The Japanese government already has the highest debt to GDP ratio in the world.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries.

Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary – but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK strong economic growth is weaker than we currently anticipate.
- Weak growth or recession in the UK’s main trading partners – the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.

- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:-

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government

- ECB either failing to carry through on recent policy changes in respect of quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ.

- The commencement by the US Federal Reserve of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities.

- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities. .

- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

APPENDIX 3: Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Head of Resources has produced its treasury management practices (TMPs). This part, TMP 1 (1), covering investment counterparty policy requires approval each year.

Annual investment strategy – The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.

- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AAA by Standard and Poor's Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society)

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are that no one body with the exception of the Council's bankers will have deposits greater than £3m and be for less than 2 years in duration.

Non-specified investments – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments.

a.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	Daily balances
b.	**Building societies not meeting the basic security requirements under the specified investments.** The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £1 billion but will restrict these type of investments to a maximum of £3 million.	£3 million per society
c.	Any bank or building society that has a minimum long term credit rating of A for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

The monitoring of investment counterparties – The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Resources and if required new counterparties which meet the criteria will be added to the list.

APPENDIX 4: Approved countries for investments

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

APPENDIX 5: Treasury management scheme of delegation

(i) Council

- Receiving and reviewing reports on treasury management policies, practices and activities;
- Approval of annual strategy

(ii) Council

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations;
- Approving the selection of external service providers and agreeing terms of appointment

(iii) Corporate Leadership Team

- Reviewing the treasury management policy and procedures and making recommendations to the Council

APPENDIX 6: The treasury management role of the section 151 officer

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- Submitting regular treasury management policy reports;
- Submitting budgets and budget variations;
- Receiving and reviewing management information reports;
- Reviewing the performance of the treasury management function;
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- Ensuring the adequacy of internal audit, and liaising with external audit;
- Recommending the appointment of external service providers.

BACK TO AGENDA

NOT CONFIDENTIAL – For public release **Item No. 10**

COUNCIL
5TH MARCH 2015

Report of the Head of Regeneration and Policy

CORPORATE PLAN 2015/16

SUMMARY

This report summarises progress against the Corporate Plan targets 2014/15 as at the end of the 3rd Quarter, and recommends targets for inclusion in the Corporate Plan 2015/16.

RECOMMENDATION

1. That the Values set out in Paragraph 1.6 of the report be adopted and included in the Corporate Plan 2015/16
2. That progress against the Corporate Plan 2014/15 be noted.
3. That the proposals set out in Appendix 2 to this report be adopted as the Corporate Plan targets for 2015/16.

WARDS AFFECTED

All Wards

STRATEGIC LINK

Every plan, strategy policy, and action of the District Councils flows from the Corporate Plan. The Corporate Plan is put into effect by the Performance Plan and Budget, which in turn is supplemented by service plans, policies and strategies. Through the Performance and Development Review Scheme (PDR), employees' activities and appraisals are linked to the Corporate Plan. The Corporate Plan reflects the Peak District Partnership Statement of Priorities 2015-2019, which highlights national and local priorities and how they affect the Derbyshire Dales. We describe this linking of common priorities from the Peak District Partnership, through our Corporate and Performance Plan, and ultimately to service plans and individual employees' Personal Development Plans, as our 'golden thread'.

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1 BACKGROUND

1.1 The Corporate Plan sets out the vision, and aims of the District Council for the coming years, and lists the key improvement priorities. The Corporate Plan is a key strategy for the District Council as it sets out specific new action targets to maintain and improve service delivery in the coming year.

1.2 The current Corporate Plan was adopted by Council on 6th March 2014 and reflected Member Workshops held in Autumn 2013. It identifies two Improvement Priorities with five target areas during 2014/15; a third priority to maintain essential services valued by local people; and an underpinning priority recognising the need to manage financial pressures.

1.3 Members will recall that at the Council meeting held on 20th November 2014 it considered the outcomes of the Budget Conversation on spending priorities and that as a result resolved that the Corporate Plan priorities and targets for 2015/16 remain as set out in the Corporate Plan 2014/15.

1.4 Furthermore Council also resolved that in order to take forward the Corporate Plan for the period 2015-2019 that a comprehensive review be undertaken in order to identify the District Council's priorities for 2015-2019 commencing in June 2015, and being presented to Members for approval in November 2015.

1.5 In taking forward the Corporate Plan 2015/16 Members will be aware that the at the Council meeting on 20th November 2014 it resolved that the vision contained within the Peak District Partnership's Statement of Priorities be incorporated within the District Council's corporate planning for 2015-19. This vision being a continuation of that set out in the District Council's current Corporate Plan.

1.6 Furthermore in taking forward the Corporate Plan a review of the District Council's Values has been undertaken. This process has included extensive consultation with Members and Employees. It is therefore recommended that the following revised values be incorporated into the District Council's Corporate Plan 2015/16:

We Value:

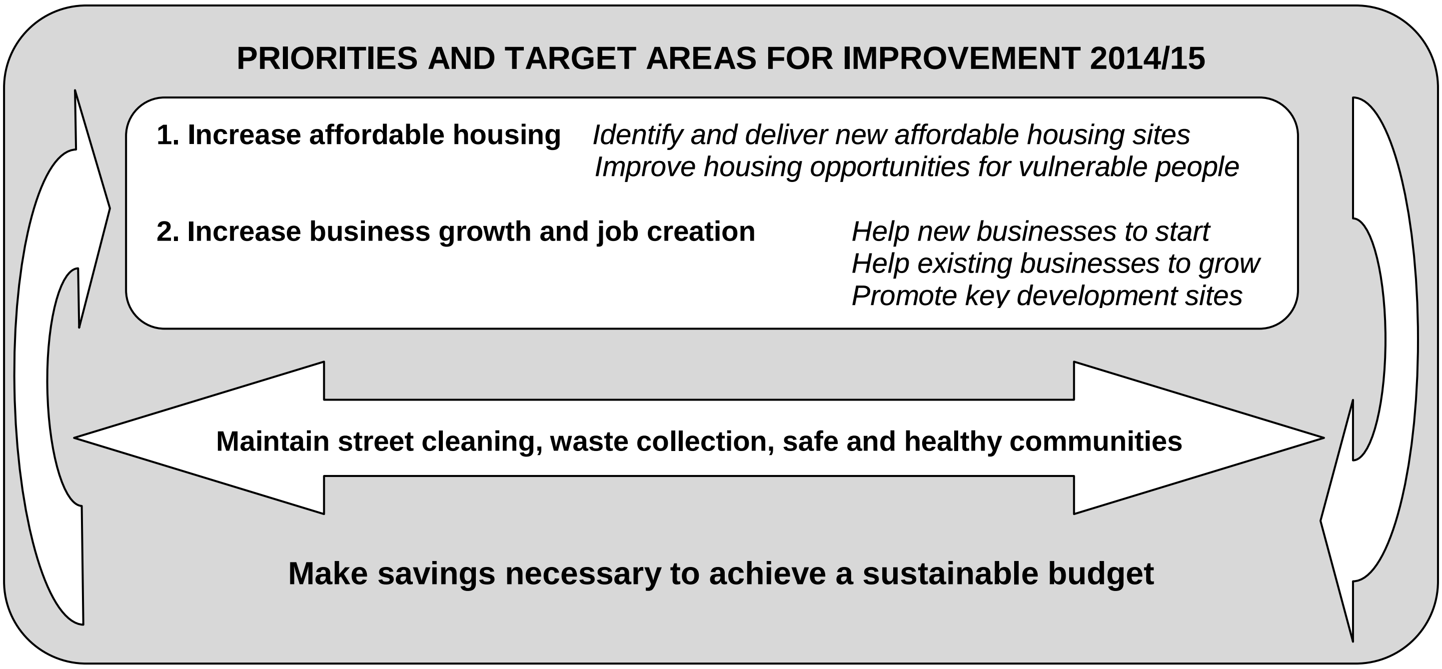
- The distinctiveness of our communities, businesses and residents;
- Working in partnership to provide affordable, quality services;
- Our employees;
- Teamwork, working together and across the organisation;
- Creative thinking and ambition.

In supporting our values:

- The Council will be open and transparent when making decisions and will use public resources ethically and responsibly.
- We will behave with integrity, courtesy and respect, listening and responding to the very best of our abilities and treating everybody fairly, and by encouraging Members and staff to deliver improvements through their own personal development

2 REPORT

2.1 The two priorities and five target areas for improvement within the Corporate Plan 2014/15 are set out below, along with two supporting priorities:



2.2 The Corporate Plan 2014/15 sets out 11 priority targets related to the five target areas identified above:

- Enable the provision of 60 new affordable homes
- Provide adaptations to the homes of 35 disabled people
- Support 150 social housing tenants affected by Welfare Reform to access financial and budgeting advice and where necessary, help move home
- Enable 35 new businesses to start
- Provide support to 85 established businesses in the Derbyshire Dales, enabling the creation of local jobs
- 15 Derbyshire Dales businesses supported to access grants or loans from Government and the Local Enterprise Partnerships
- Adopt a new Derbyshire Dales Local Plan by November 2014 allocating up to 19 Ha of land
- Introduce Fixed Penalty Notices for litter and dog fouling
- Increase the proportion of household waste recycled or composted from 56.1% to 56.7%
- Implement a Public Health funded Affordable Warmth Initiative to help the most vulnerable households
- Undertake a programme of efficiency savings and service reviews with a target of generating £1m savings within the next 3 years

3 PROGRESS AGAINST CORPORATE PLAN TARGETS 2014/15 – 3RD QUARTER

3.1 The District Council's Performance Management Handbook sets out that progress against corporate targets is measured and continually reviewed using the established 'traffic light' system where the following classification and interpretation can be used:

Green Target achieved, or on track to achieve/exceed target
Amber Target on track to be achieved after the deadline
Red Target unlikely to be achieved

3.2 The following table sets out a summary of progress overall using the above system:

Priority	No. Targets	Green			Amber	Red
		Achieved on or ahead of scheduled	Achieved After Deadline	Likely to be achieved on time	On track to be achieved after deadline	Unlikely to be achieved
Increase Affordable Housing	3	1		1	1	
Increase Businesses Growth & Job Creation	4	1		2		1
Maintain street cleaning, waste collection, safe and healthy communities	3	1		2		
Making savings necessary to achieve a sustainable budget	1				1	

3.3 Detailed progress for each of the targets at the end of the 3rd Quarter of 2014/15 is set out in Appendix 1. This indicates that

- We have almost achieved our target of delivering 35 adaptations to homes for disabled people
- The Affordable Warmth Initiative has now commenced and work is ongoing with 2 pilot GP practices across the District.
- New Fixed Penalties for Litter and Dog Fouling are scheduled to be brought into force from 1st April 2015
- Advice to new and established businesses continues to be very popular across Derbyshire Dales
- The ability of the District Council to be able to allocate 19ha of employment land through the Derbyshire Dales Local Plan suffered a set back with the withdrawal of the Local Plan in October 2014
- The target for the number of affordable houses enabled is likely to be missed, primarily as a result of delays in funding availability for sites in Bakewell, Tideswell and Wirksworth – although work is ongoing with partners to ensure that an appropriate level of affordable housing is competed during 2015/16.

4 CORPORATE PLAN TARGETS 2015/16

4.1 Whilst it has been resolved previously that the Corporate Plan Priorities and Target Areas should remain as set, for each priority the District Council must set clear targets. This is so that specific actions can be carried out and our achievements measured.

4.2 It is recommended that the 9 targets proposed in Appendix 2 be agreed as the actions the Council will seek to deliver during 2015/16, taking account of the identified priorities and resources available. Other activities will also take place, but these are the key actions in the priority areas.

5 RISK ASSESSMENT

5.1 Legal

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

5.2 Financial

Service and financial planning is an integrated process. The budget and service plans are prepared simultaneously, and actions for 2015/16 are to be funded from within budgetary provision for 2015/16. It is considered that the Corporate Plan targets for 2015/16 can be achieved within the proposed budgets. The financial risk is therefore considered to be low.

5.3 Corporate Risk

There is a risk that Corporate Plan targets may not be achieved. Progress is monitored regularly by Service Heads and by Corporate Leadership Team. Whilst priority actions have been developed with managers as part of the combined service planning and budget setting process, given the continuing financial pressures on the District Council, the risk of not achieving corporate targets is classified as medium.

6 OTHER CONSIDERATIONS

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

7 CONTACT INFORMATION

Mike Hase, Policy Manager
Tel: 01629 761251 E-mail: mike.hase@derbyshiredales.gov.uk

8 BACKGROUND PAPERS

Description	**Date**	**File**
Report to Council	20th November 2014	

BACK TO AGENDA

PROGRESS ON CORPORATE PLAN TARGETS APRIL-DECEMBER 2014

Target Area	Description	2013/14 Target	2013/14 Outturn	Risk at start of Q1 2014/15	Risk at start of Q2 2014/15	Risk at start of Q3 2014/15	2014/15 Target	Q1 Performance	Q2 Performance	Q3 Performance	Improvement Trend	On track to achieve 2014/15 target?	Q3 Commentary	Risk at start Q4 2014/15
Increase Affordable Housing	No. of affordable homes enabled	47	20	Red	Red	Amber	60		12	0	-	×	Schemes projected to have started in this year have slipped to 2015/16. DDDC Community Housing Team are working with partners to achieve starts in 2015/16.	Amber
	No. of adaptations provided to the homes of disabled people	35	49	Green	Green	Green	35	10	19	24	-	✓	Cumulative figures. Further 8 completed on site but not yet invoiced	Green
	No. of social housing tenants affected by Welfare Reform supported to access financial and budgeting advice, and where necessary, help move home	150	138	Amber	Amber	Green	150	32	47	35	-	✓	At Q3 total is 114 clients - The project is performing to target with 35 new enquiries in Q3, and ongoing casework for 17 clients. 11 cases closed in Q3. Debt managed of £344,000 and benefit gains of over £35,000	Green
Increase Business Growth & Job Creation	No. of new business start-ups enabled by Derbyshire Dales Business Advice	20	37	Amber	Green	Green	35	10	16	30	↑	✓	Q3 figure is cumulative. 26 new business start-ups were enabled in the same period last year. On course to achieve target	Green
	No. of established businesses assisted by Derbyshire Dales Business Advice, enabling the creation of local jobs	95	80	Red	Green	Green	85	34	56	69	↑	✓	Q3 figure is cumulative. 64 established businesses assisted in same period last year. Focus in Q3 has been on assisting new start and established businesses through Global Derbyshire application process. Still anticipate achieving year end target	Green
	No. of businesses supported to access grants or loans from Government and Local Enterprise Partnerships	New	New	/	Green	Amber	15	7	7	15	↑	✓	Q3 figure is cumulative. A further 8 Dales businesses supported by Derbyshire Dales Business Advice have secured grant offers from the Global Derbyshire Business Support Programme. The target has already been achieved.	Green
	Derbyshire Dales Local Plan adopted allocating up to 19ha of land for new employment development	New	New	/	Amber	Red	Nov-14	/	N/A	N/A	-	×	L:ocal Plan withdrawn by Council on 2nd October 2014 - Target will not be achieved	Red
Maintain Street Cleaning, Waste Collection, Safe & Healthy Communities	Introduce Fixed Penalty Notices for litter and dog fouling	New	New	/	Green	Green	Mar-15	/			-	✓	Public consultation complete - progress report to Environment Cttee 26 Feb 2015	Green
	% of household waste which has been sent for reuse, recycling, composting or anaerobic digestion	54.67	56.1	Green	Green	Green	56.7	59.84%	59.69%	TBC	↑	✓	Data shown is Quarterly data - Q3 Data not due until end of February 2015 - on track to achieve target for 2014/15	Green
	Implement Public Health funded Affordable Warmth Initiative to help the most vulnerable households	New	New	/	Green	Green	Mar-15	/			-	✓	Staff in post and working with 2 pilot GP practices in Derbyshire Dales	Green
Achieve a Sustainable Budget	No. of service reviews completed / £ savings identified (contributing to £1m savings target over next 3 years)	New	New	/	Green	Amber	7	2 / £92,894		TBC			Although some progress has been made, the risk of not achieving the savings requirement should be noted	Amber

Corporate Plan Priorities 2015/16

VISION

The Peak District will be a distinctive, high quality rural environment with...

- people of all ages who are healthy and safe;
- high-wage, high-skill jobs;
- affordable, decent homes for local people;
- towns and villages that offer a high quality of life.

OUR VALUES

We Value:

- the distinctiveness of our communities, businesses and residents;
- working in partnership to provide affordable, quality services;
- our employees;
- teamwork, working together and across the organisation;
- creative thinking and ambition.

In supporting our values:

- the Council will be open and transparent when making decisions and will use public resources ethically and responsibly.
- we will behave with integrity, courtesy and respect, listening and responding to the very best of our abilities and treating everybody fairly, and by encouraging Members and staff to deliver improvements through their own personal development

PRIORITIES AND TARGET AREAS

PRIORITIES AND TARGET AREAS FOR 2015/16

CP1 **Increase affordable housing**
TA1 *Identify and deliver new affordable housing sites*
TA2 *Improve housing opportunities for vulnerable people*

CP2 **Increase business growth and job creation**
TA3 *Help new businesses to start*
TA4 *Help existing businesses to grow*
TA5 *Promote key development sites*

CP3 **Maintain street cleaning, waste collection, safe and healthy**
TA6 *Household Recycling & Composting*

CP4 **Make savings necessary to achieve a sustainable budget**

Priority	Target Areas	Corporate Plan Performance Indicator Ref No.	Action	Risk	Service & Lead
CP1 **Increase affordable housing**	**TA1** **Identify and deliver new affordable housing sites**	**CORP1**	**Complete on site 30 new affordable homes by March 2016**	TBC	Housing (Rob Cogings)
	TA2 **Improve housing opportunities for vulnerable people**	**CORP2**	**Support 130 social housing tenants affected by Welfare Reform to access financial and budgeting advice by March 2016, and where necessary, help move home**	TBC	Housing (Rob Cogings)
		CORP3	**Provide adaptations to the homes of 35 disabled people by March 2016**	TBC	Private Sector Housing (Tim Braund)
CP2 **Increase business growth and job creation**	**TA3** **Help new businesses to start**	**CORP4**	**Enable 30 new businesses to start by March 2016**	TBC	Economic Development (Giles Dann)
	TA4 **Help existing businesses to grow**	**CORP5**	**Provide support to 100 established businesses in the Derbyshire Dales by March 2016, enabling the creation of local jobs**	TBC	Economic Development (Giles Dann)
		CORP6	**8 Derbyshire Dales businesses supported to access grants or loans from Government and Local Enterprise Partnerships by March 2016**	TBC	Economic Development (Giles Dann)
	TA5 **Promote key development sites**	**CORP7**	**Assist private sector partners to secure Growth Deal funding and commence work on a new access road at Ashbourne Airfield Industrial Estate by March 2016, opening up 8 ha of new employment land**	TBC	Economic Development (Giles Dann)
CP3 **Maintain street cleaning, waste collection, safe and healthy communities**	**TA6** **Household Recycling & Composting**	**CORP8**	**Increase the proportion of household waste recycled or composted from 56.7% (TBC) to 57.7% by March 2016**	TBC	Parks & Street Scene (Heidi McDougall)
CP4 **Make savings to achieve a sustainable budget**		**CORP9**	**Undertake a programme of efficiency savings and service reviews with a target of generating £1m in savings by March 2017**	**TBC**	All Service Heads

BACK TO AGENDA

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

COUNCIL
5 MARCH 2015

Report of the Chief Executive

LOCALISM ACT – PAY POLICY STATEMENT

SUMMARY

This report meets the requirement to publish the Council's Annual Pay Policy Statement.

RECOMMENDATION

That Council is recommended to approve the annual Pay Policy Statement

WARDS AFFECTED

All

STRATEGIC LINK

Implementation of the Act will enhance the District Council's ability to deliver its Corporate Aims and Objectives, and will significantly impact on the Council's governance framework.

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1. REPORT

1.1. The Localism Act, November, 2011, requires relevant authorities to prepare and publish an annual pay policy statement. The relevant provisions came into force on 15 January 2012 and the Council agreed the first Pay Policy Statement on 2nd February 2012 and there is a continuing need to review the policy on an annual basis.

1.2. 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.

1.3. The Statement must set out the authority's policies for the financial year relating to the:

- remuneration of its Chief Officers
- remuneration of its lowest paid employees
- relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers.

1.4. The term 'Chief Officer' is defined as

- The Head of Paid Service (who is also the Chief Executive)
- The Monitoring Officer

- Chief Officers (or Director) and the Deputy Chief Officers (i.e. Heads of Service)

1.5 The Statement must cover the Council's polices relating to:

- The levels and elements of remuneration for each chief officer (including salary and any bonuses and benefits in kind)
- Remuneration of chief officers on recruitment
- Increases and additions to remuneration for each chief officer
- The use of performance related pay for chief officers (if any)
- The use of bonuses for chief officers (if any)
- The approach to the payment of chief officers on their ceasing to hold office under or to be employed by the authority, and
- The publication of and access to information relating to remuneration of chief officers

1.6 The Council is asked to consider the Pay Statement for the 2015/16 financial year as attached in Appendix 1. The Localism Act specifically refers adoption of the Pay Statement to the Council as a responsibility it cannot discharge.

2. RISK ASSESSMENT

2.1. Legal

The requirement to publish a Pay Statement is contained within Section 38 to 43 of the Localism Act 2011, which came into force on 15 January, 2012. The policy appended to the report complies with all ancillary employment and equalities legislation and satisfies the statutory requirement. The legal risk is therefore low.

2.2 Financial

There are no financial risks arising from the report.

3. OTHER CONSIDERATIONS

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

4. CONTACT INFORMATION

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5. BACKGROUND PAPERS

None

6. ATTACHMENTS

Pay Policy Statement as Appendix 1

BACK TO AGENDA

PAY POLICY STATEMENT FOR THE FINANCIAL YEAR 2015/16

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 Directors), and the Deputy Chief Officers (i.e. Heads of Service who report directly to a Chief Officer));
- 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

Section 41 of the Act makes it clear that the Council must comply with this pay policy statement during the financial year 2015/16.

The pay policy statement will be reviewed on an annual basis, and a new version of the policy will be approved before the start of each subsequent financial year, which will need to be complied with during that year.

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.

Transparency and autonomy

The 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.

This information is available, free of charge, in electronic, audio, Braille and large print versions, and in other languages on request. Please contact the District Council's Human Resource Section for assistance.

SECTION 1: REMUNERATION OF THE COUNCIL'S SENIOR EMPLOYEES

1.1 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.
    - Head of Resources (Section 151 Officer), Head of Corporate Service (Monitoring Officer), Head of Regeneration & Policy and Head of Regulatory Services, Head of Housing, Head of Environmental Services, Head of Community Development.

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 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 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 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 Council recognises that certain roles are 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 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 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 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 salary ranges are:

Chief Executive & Head of Paid Service: £94,480 to £100,263

Corporate Director – grade CO1: £76,684 to £81,378

Senior Manager - grade 17:	£61,277- £67,825
Senior Manager - grade 16:	£56,787- £61,277
Senior Manager - grade 15:	£51,304- £55364
Senior Manager - grade 14:	£46,352- £50,021

Remuneration of Senior Employees on Recruitment

The Council's policy is that any newly appointed senior manager 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 Services, as appropriate for the category of senior manager.

"Earn back" pay

The 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 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 Council not to re-employ former employees granted voluntary redundancy or any other enhanced severance package, including former Chief Officers. In exceptional cases, and only where there is a clear benefit to the 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 Council employs as a Chief Executive or Chief Officer a person who is in receipt of a pension under the LGPS, the rules on abatement of pensions adopted by the 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 Council's website. It will also be published in the Council's Constitution and the District Council's intranet.

The Council is also required to publish information about the remuneration of senior officers under The Accounts and Audit (Amendment No. 2) (England) Regulations 2009, and the Code of Recommended Practice for Local Authorities on Data Transparency, issued under Section 2 of the Local Government Planning and Land Act 1980. This latter information can be obtained via the Council's website.

SECTION 2: REMUNERATION OF LOWEST PAID EMPLOYEES

This section sets out the 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 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 Council's remuneration policy complies with all equal pay, equalities and other relevant employment legislation.

When setting pay levels for specific posts the 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 Council for the purposes of this statement is as follows:

The lowest paid employees within the 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 5, of Grade 2 which will be deleted on 1 October 2015 in accordance with the Pay Award effective 1 January 2015.

The current annual full-time equivalent value of this pay level, based on a 37 hour standard working week, for the financial year 2015/16 is £13,500 to 1 October and £13,614 thereafter.

The 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 Council’s lowest paid employees comprises a grade range derived from the 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 consists of a number of incremental salary points, through which employees may progress until the top of the grade is reached.

Craft Employees

There are no employees on pay and conditions of service for craft employees is 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 Council’s policy to offer its lowest paid employees are set out in the table set out in Section 4.

2.5 OTHER TERMS AND CONDITIONS

The other terms and conditions which apply to the 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.

2.6 REMUNERATION OF EMPLOYEES WHO ARE PAID MORE THAN THE LOWEST PAID EMPLOYEES BUT WHO ARE NOT CHIEF OFFICERS

The 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, other than where any differences are indicated in this policy statement.

2.7 EMPLOYEES WHO ARE PAID LESS THAN THE COUNCIL'S LOWEST PAID EMPLOYEES, AS DEFINED IN THIS PAY POLICY STATEMENT

Apprentices are paid less than the Council's lowest paid employees, as defined in this pay policy statement. The Council applies a lower pay rate and/or different remuneration arrangements to this category of employees, to reflect the particular nature and/or duration/frequency of their employment at a rate above the national apprenticeship rate.

SECTION 3: PAY RELATIONSHIPS

3.1 This section sets out the 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 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 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 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 2015, is 1 to 5.90 – the median average salary being £16,969 and the top of the Chief Executive scale £100,263.

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 7.42 – the bottom of scale 1 being £13,500 (to 1 October 15) and the top of the Chief Executive scale £100,263.

3.5 The 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 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 the 1st April each year. Employees with less than six months service in the grade by 1st April will be granted their first increment six months after their appointment, promotion or re-grading; except where their salary on the 1st 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 1st April.

4.3 Market Supplements

The Council recognises that 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 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, the Council's market supplement policy will be applied.

4.4 Local Government Pension Scheme (LGPS)

The 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 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 to determine such cases.

4.6 Payments on Termination of Employment

Other than payments made under the LGPS, the 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 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.

Other than payments pursuant to the LGPS and Redundancy, the 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 Council.

4.7 Other Payments and Allowances

KEY
* - Contractual allowance, dependent upon nature of work undertaken
# - available to specific category of employee
> - available to all employees in accordance with Council policy
NA - Not available

Element of Remuneration	Chief Executive/ Head of Paid Service	1st tier	2nd tier	Other employees
Reimbursement of removal/ relocation costs on appointment	>	>	>	>
Acting-up/additional responsibility payments	NA	>	>	>
Car provision	*	*	*	*
Mileage rates	>	>	>	>
Payment of professional subscriptions or membership fees	NA	NA	*	*
Reimbursement of subsistence or other expenses	>	>	>	>
Provision of mobile telephones	>	>	>	>
Provision of landline telephones	*	*	*	*
Election fees	>	>	>	>
TOIL Scheme	NA	>	>	>
Bonus Payments	NA	NA	NA	#

4.8 Removal/Relocation expenses

Where senior employees need to move house in order to take up an appointment with the Council, the 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 requires repayment in part or in full if the employee leaves within 5 years of appointment.

4.9 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.

4.10 Car Provision

The Council offers subsidised lease cars to the specific senior managers and other employees whose contract of employment classifies them as Essential Users. The Council insures the vehicle provided, but the employee is required to pay the premium and the excess should any claims be made.

The Council's annual contribution levels are:

Directors	£3,494
Pay Spinal Point 37 and above	£3,132
Pay Spinal Points 22 to 36	£2,588
Below Pay Spinal Point 22	£2,300

The leased car scheme was closed to new entrants with effect from February 2005 and the scheme will cease on 31 January 2017 when staff affected will revert to essential user status and allowances.

4.11 Mileage payments

Mileage payments are made in accordance with the National Joint Council agreed rates. These are:

	451 to 999cc	1000 to 1199cc	1200 to 1450cc
Essential Users			
Lump sum per annum	£846	£963	£1,239
Per mile first 8,500	36.9p	40.9p	50.5p
Per mile after 8,500	13.7p	14.4p	16.4p
Casual Users			
Per mile first 8,500	46.9p	52.2p	65.0p
Per mile after 8,500	13.7p	14.4p	16.4p

The mileage rate for lease vehicles is set locally according to the petrol element for 1200 to 1450cc vehicles as identified by the National Joint Council. The current rate is 11.288p

The above mileage rates have been effective from 1 April 2013, in line with the National Agreement.

4.12 Payment of professional subscriptions or membership fees

The Council pays the professional subscriptions for the following posts only:

Head of Resources (as Section 151 officer): Chartered Institute of Public Finance Accountants (CIPFA).
Solicitor: 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 requirements of the National Conditions of Service, the Council makes provision for the reimbursement of approved expenses. The following expenses are covered by the "Reimbursement of Expenditure Scheme":

Subsistence:	Breakfast	£5.77
	Lunch	£7.80
	Tea	£3.10
	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 work place.	

Certain conditions must be met for approval of reimbursement within the scheme.

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 Council funds the provision of the phone and business calls. Employees are expected to pay for personal calls.

4.15 Landline Telephones

A scheme of reimbursement applies to certain officers who are required to have a landline to effectively undertake their duties.

4.16 Election Fees

The Chief Executive receives fee payments pursuant to his/her appointment as Returning Officer at elections. The fees paid in respect of parish, district and county council elections vary according to the size of the electorate and number of postal voters and are calculated in accordance with the schedule in Appendix 1. Fee payments for national and European elections are set by central government and are, in effect, not paid by the Council, as the fees are reclaimed.

The fee for the Returning Officer is calculated by adding the elements as set out in the Appendix, and therefore varies at each election. The Council has a policy of paying the maximum fee. Separate payments are made to the Deputy Returning

Officer 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 Working (TOIL) Scheme

The NJC Conditions of Service make provision for employees graded up to spinal column point 28, who undertake work outside of normal working hours, to receive appropriate overtime payments. Those above point 28 are not entitled to overtime payments but are allowed to take time off in lieu.

The scheme is not available to those officers whose conditions of service are determined by the Joint National Councils for Chief Executives or Chief Officers.

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 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 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, bonuses, 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 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 2015/16

6.2 The 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 Council will publish this pay policy statement on its website at www.derbyshiredales.gov.uk as soon as is reasonably practicable after it has been approved by the 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 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 01629 761155, or by e-mailing personnel@derbyshiredales.gov.uk

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