

ASHFIELD DISTRICT COUNCIL



Council Offices,
Urban Road,
Kirkby in Ashfield
Nottingham
NG17 8DA

Agenda

Extraordinary Council (Tax Setting)

Date: **Monday, 3rd March, 2025**

Time: **7.00 pm**

Venue: **Council Chamber, Council Offices, Urban Road,
Kirkby-in-Ashfield**

For any further information please contact:

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01623 457317

COUNCIL

Membership

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Vice-Chairman: Councillor Paul Grafton

Councillors:

Kier Barsby
Will Bostock
Jodine Cronshaw
Anna Ellis
Julie Gregory
Oliver Hay
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SUMMONS

You are hereby requested to attend a meeting of the Council to be held at the time/place and on the date mentioned above for the purpose of transacting the business set out below.



Theresa Hodgkinson
Chief Executive

AGENDA

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- 1. To receive apologies for absence, if any.**

- 2. Declarations of Disclosable Pecuniary or Personal Interests and/or Non-Registrable Interests.**

- 3. Council Tax 2025/26.**
 - a Recommendation from Cabinet held on 17 February 2025: Annual Budget and Council Tax 2025/26 and Medium-Term Financial Strategy Update.** 5 - 130

 - b Formal Setting of Council Tax 2025/26.** Document to Follow

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Report To:	COUNCIL
Date:	3 MARCH 2025
Heading:	ANNUAL BUDGET AND COUNCIL TAX 2025/26 AND MEDIUM-TERM FINANCIAL STRATEGY UPDATE
Portfolio Holder:	CLLR RACHEL MADDEN – EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS
Ward/s:	ALL
Key Decision:	YES
Subject to Call-In:	YES

Purpose of Report

This report sets out the proposed:

- 2025/26 Annual Revenue (General Fund) and Housing Revenue Account (HRA) Budgets and the Capital Programme for 2024/25 to 2028/29;
- 2024/25 In-Year Revised Budgets (HRA and Capital); and
- 2025/26 Proposed District Council Tax
- 2025/26 Proposed Fees and Charges
- 2025/26 Proposed Capital Strategy; and the
- 2025/26 Proposed Treasury Management Strategy

The report also sets out the estimated financial challenge in the Medium-Term Financial Strategy (MTFS) for 2025/26 to 2027/28, the Chief Finance Officer’s advice regarding the robustness of the estimates included in the proposed 2025/26 Budget and the adequacy of reserves for which the proposed budget provides.

Recommendation(s)

That Council:

- 1. Approves a freeze (no annual increase) in the level of the District's own Council Tax for 2025/26, setting the Band D equivalent at £207.13.**
- 2. Approves the proposed changes to Fees and Charges, (Appendix 1), which have been factored into the proposed 2025/26 budgets.**
- 3. Approves the proposed 2025/26 Revenue (General Fund) and HRA Budgets as summarised in this report (Sections 4 and 5).**
- 4. Approves the proposed Capital Programme and associated borrowing 2024/25 to 2028/29 as set out in this report. (Section 6 and Appendix 2).**
- 5. Approves the 2024/25 Revised HRA and Capital Budgets as set out in this report. (Sections 5, 6 and Appendix 2).**
- 6. Notes the estimated financial challenge in the Medium-Term Financial Strategy (MTFS) for 2026/27 to 2027/28 and the planned approach to address the challenge. (Section 7).**
- 7. Approval of the proposed use of reserves as set out in this report. (Table 6 (General Fund) and Table 8 (HRA)).**
- 8. Notes and accepts the comments and advice of the Corporate Resources Director (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the 2025/26 Budget and the adequacy of the reserves for which this budget provides. (Section 8).**
- 9. In accordance with Schedule 1A Section 13A of the Local Government Finance Act 1992 (Council Tax Reduction Schemes), that it approves an unchanged scheme for Council Tax Support for 2025/26.**
- 10. Notes and approves the proposed 2025/26 Capital Strategy (Appendix 3).**
- 11. Notes and approves the proposed 2025/26 Treasury Management Strategy (Appendix 4).**

Reasons for Recommendation(s)

In accordance with the Local Government Finance Act 1992 the Council must set its annual budget by 10th March in the preceding financial year.

Alternative Options Considered

(with reasons why not adopted)

The District Council is able to set a Council Tax increase of up to the greater of 3.00% or £5 per annum without triggering a referendum. The proposal is to freeze the level of District Council Tax for 2025/26. For illustration, a 3% increase would yield an additional £215.5k in 2025/26, which would be compounded in future years. The Council, like all businesses, has seen inflationary increases to its pay, energy, fuel and contracts costs in recent years and this is expected to continue. It also has a significant estimated funding gap beyond the current year and a Council Tax increase could, with its compounding effect, help to mitigate future funding pressures. However, the Council also recognises the adverse impact of cost of living pressures on many residents and the desire of this Council to be as supportive to our residents as possible.

Careful consideration has been given to each of the proposed investments and savings included in this report. The investments proposed will support the Council in delivering its Corporate Plan priorities and achieving a balanced budget. The proposed savings will increase the efficiency of the Council with minimal adverse impact on residents and customers.

Detailed Information

1. Background and Economic Context

- 1.1 Since 2010 Local Government has seen an unprecedented reduction in the level of funding from Central Government. Local Government financing remains very challenging with a number of Councils issuing Section 114 Notices or indicating they are on the brink of doing so. Ashfield District Council is not one of those Councils but we are mindful of the potential significant changes (expected reductions to core Central Government funding) likely to materialise when Local Government Funding Reform and Business Rates reset are implemented, and this has to be responsibly planned for.
- 1.2 Despite the significant year on year reduction in funding this Council has a proven track record of setting a robust annual budget and delivering an Outturn within the budget set. However, despite this good financial performance the Council does face further financial challenges, which it will need to address into the medium and longer term.
- 1.3 Although this report contains proposals to balance the 2025/26 revenue budget it is essential that the Council's senior management continues to work with the Cabinet to identify and agree options to address the estimated financial challenge in the Medium-Term Financial Strategy for 2026/27 and beyond; ensuring the Council remains a 'Going Concern' and has a sustainable future.
- 1.4 The proposed 2025/26 Budget reflects the impact of both the Provisional and Final Local Government Finance Settlements. The Government has again provided only a one-year Funding Settlement for 2025/26. This significantly compromises all Councils' ability to plan effectively into the medium term. However, Government has announced proposals to issue a multi-year settlement next year. It also expects to conclude Funding Reform proposals and a Business Rates reset on the same timescale, which should provide much greater clarity at that time.

1.5 The proposed revenue and capital budgets included in this report will facilitate the delivery of the Council's Priorities as set out in the Corporate Plan. The significant Capital Schemes currently being delivered across Ashfield will increase economic growth and attract more inward investment, making the District a more inviting, exciting and prosperous place for our residents, businesses and visitors.

2. District Council Tax 2025/26

- 2.1 Ashfield District Council is proposing to freeze (no annual increase) in the level of its own Council Tax. This would set the District's Council Tax level (Band D equivalent property) at £207.13 for 2025/26.
- 2.2 This proposed District Council Tax increase is reflected in the proposed Annual Revenue Budget for 2025/26 shown in Section 4, Tables 4 and 5.
- 2.3 Based on the number of Band D equivalent properties in the 2025/26 Council Tax Base (34,682.7) and a District Council Tax of £207.13, this will generate District Council Tax income of £7.184m for 2025/26.
- 2.4 The Council like all businesses continues to face inflationary cost pressures. However, the Council also recognises that we need to protect our most financially vulnerable residents at this difficult time and so to mitigate this, the Council is proposing to again extend its Council Tax Support Scheme up to the maximum level for those residents eligible for this support.
- 2.5 Table 1 below shows the level of Council Tax in each Council Tax band in the Ashfield District. The table also shows the percentage of properties in each Band in Ashfield, and within each Band the percentage of households receiving full or partial support through our Council Tax Support Scheme.

73% of our residents live in a Band A or Band B property so will pay less than £207.13. 37% of those in Band A and Band B properties will receive full or partial support through the Council's up to 100% maximum Council Tax Support Scheme.

In addition to the above a significant number of homes receive a 25% Single Person Discount: Band A: 44% of homes, Band B: 31%, Band C: 25%, Band D: 17% Band E: 14%, Band F: 11%, Band G: 16% and Band H: 0%.

Table 1 – Proposed Council Tax and Council Tax Support by Band

Council Tax Property Band	Annual District Council Tax	Annual increase in District Council Tax	% of Properties in the Band	% of Properties in the Band receiving full or partial Council Tax Support
A	£138.09	nil	52.2%	27%
B	£161.10	nil	20.6%	10%
C	£184.12	nil	15.6%	6%
D	£207.13	nil	7.7%	3%
E	£253.16	nil	2.7%	2%
F	£299.19	nil	0.9%	1%
G	£345.72	nil	0.2%	3%
H	£414.26	nil	0.1%	0%

3. Fees and Charges 2025/26

- 3.1 The proposed schedule of fees and charges for 2025/26 is set out at Appendix 1. This follows line-by-line review by services. Some charges are set by statute or capped at the cost of providing the service. Where the Council has discretion to set the charges, they have generally been increased to reflect inflation indices or the inflation in the cost of providing the services concerned. However, there is no change proposed for:-
- Car parking charges.
 - Child burials, which will remain free of charge.
 - Garden waste collection charges.
- 3.2 The proposed fees and charges are incorporated into the service budgets that are summarised later in this report.

4. Annual Revenue Budget 2025/26

- 4.1 The proposed 2025/26 Annual Revenue Budget includes a number of Investments, Savings/Efficiencies and additional income generation. These are set out in Tables 2 and 3 below.
- 4.2 The proposed Revenue Budget is based on the Council's approved staffing structure from April 2025 and assumes a budgeted average 4% pay increase for staff for 2025/26 (still yet to be determined). It also reflects the changes to the Employers' National Insurance Contribution threshold which take effect in April 2025. If the pay award is settled at less than 4% budgets will be reduced accordingly. If the pay award is settled at above 4% budgets will be adjusted accordingly with the funding being transferred from the General Reserve. (For the General Fund a +/-1% variation equates to £245k). Energy costs (Gas and Electricity) for 2025/26 have been budgeted for in accordance with advice from the Council's Energy team and contract terms. The energy costs for 2025/26 have been frozen to reflect the current contracts in place. These are reflected in the savings tables in the report. The proposed 2025/26 Budget also includes any revenue implications from the proposed Capital Programme yet to be approved by Council on 3rd March 2025.

Table 2 – Investments 2025/26

			2025/26
Investment	Detail	Link to Corporate Priorities / Themes	£'000
Training and Development	Additional investments aligned to the implementation of Decision Making Accountability (DMA) and to assist with the development of staff for recruitment and retention purposes (Employer of Choice).	Innovate and Improve / Invest to Save / People Focussed	23
Events	Increased and improved Events Programme for residents, including Christmas Illuminations.	Economic Growth and Place / People Focussed	43

			2025/26
Investment	Detail	Link to Corporate Priorities / Themes	£'000
Corporate Policy & Performance (GF Share)	Additional resource following the Service Review to support service monitoring and improvement, with a focus on delivering the objectives in the Corporate Plan 2023 - 2027.	Innovate and Improve	95
Corporate Communications Service (GF share)	Additional resource following the Service Review aligned to effective and timely communications in respect of corporate objectives and projects delivered.	Innovate and Improve	53
Corporate Digital Services (GF share)	Additional resource following the Service Review aligned to effective provision and development of digital services in respect of corporate objectives and projects delivered.	Innovate and Improve	173
Corporate Digital Services (GF share)	Ongoing increase in costs associated with Application Software & Licences	Innovate and Improve / Invest to Save	194
Planning	Building Control – Increased contract costs	Innovate and Improve	50
Planning	Local Plan Examination and production - costs for work to be undertaken in 25/26	Economic Growth and Place	120
Neighbourhoods	Agency Staff requirement to maintain service while the Service Review is undertaken	Cleaner and Greener	125
Neighbourhoods	Trade waste Disposal - contractual costs increasing	Cleaner and Greener	45
Community Safety	Domestic Homicide Review – cost of work to be undertaken in 25/26	People Focussed	16
Strategic Housing	Prevention of Homelessness. Further review of this activity to take place during 25/26, with updated financial figures to be presented as per first budget review within the 25/26 financial year.	People Focussed	120
Neighbourhoods	Implementation of simpler recycling activities across the district	Cleaner and Greener	TBD
TOTAL			1,057

Table 3 – Savings/Efficiencies 2025/26

			2025/26
Saving / Efficiency	Detail	Link to Corporate Priorities / Themes	£'000
Council Wide Base Budget Review	Line by line review of all service budgets to realign to service budget requirements. This will take into consideration the service reviews already undertaken and the service reviews due to be undertaken during the 25/26 financial year. It will also review Councils capacity to deliver its ambitious capital program. This indicative amount is likely to change as this review is undertaken.	Innovate and Improve / Invest to Save / People Focussed	-486
Revenues & Benefits	Renegotiated contract with Civica for the Revenues and Benefits system	Innovate and Improve / Invest to Save	-82
TOTAL			-568

4.3 Factoring in the above proposed Investments and Savings/Efficiencies, the proposed Annual Revenue Budget for 2025/26 is shown in Table 4 below:

Table 4 – Annual Revenue Budget by Directorate 2025/26

Directorate	£'000
Place	5,568
Transformation	3,467
Governance	2,960
Operations	8,448
Chief Executive	903
Sub Total - Directorates	21,346
Net Recharges In/Out	-3,737
Borrowing & Capital Financing Costs	3,827
Net Interest Receivable	267
Transfers to Earmarked Reserves	314
TOTAL	22,017

4.4 Table 5 below shows how the proposed 2025/26 Annual Revenue Budget is funded:

Table 5 – Funding the 2025/26 Annual Revenue Budget

Funding Source	£'000
New Homes Bonus Grant	-148
Revenue Support Grant	-467
Funding Guarantee	-27
Net Business Rates / Section 31b Grants	-9,257
District Council Tax	-7,223
Recovery Fund	-407
Domestic Abuse Safe Accommodation	-35
NIC Compensation	-200
Use of Earmarked Reserves ⁽¹⁾	-2,044
Use of General Reserve	-2,209
TOTAL	-22,017

(1) The Council has also been awarded £1.137m of Extended Producer Responsibility for Packaging (pEPR) funding for 2025/26. This figure may vary during the year as the scheme develops and it is not guaranteed at the same level beyond 2025/26. It will be taken to a new earmarked reserve to smooth the impact of investment in simpler recycling in the first instance. It has therefore been excluded from the budget at this stage, but transfers from the reserve to fund related costs will be included in budget updates as the funding and costs become clearer.

4.5 General Fund Earmarked Reserves

Table 6 below shows the planned movement in General Fund Earmarked Reserves:

Table 6 – Known and Planned Movement in General Fund Earmarked Reserves

Movement on Earmarked Reserves	Balance as at 1st April 2024	Transfer to Reserve 2024/25	Transfer from Reserve 2024/25	Expected Balance as at 31st March 2025	Budgeted Transfer to Reserve 2025/26	Budgeted Transfer from Reserve 2025/26	Expected Balance as at 31st March 2025
Elections	(56)	(54)	0	(110)	(54)	0	(164)
Insurance Related Funds (Inc Risk Mngt)	(376)	(75)	0	(451)	(75)	0	(526)
Revenue Grant Reserve	(3,808)	0	0	(3,808)	0	0	(3,808)
District Planning Enquiry Fund	(120)	0	0	(120)	0	0	(120)
Asset Renewal	(600)	0	276	(324)	0	0	(324)
Leisure Maintenance Reserve	(1,901)	(476)	0	(2,377)	0	0	(2,377)
NNDR Equalisation Reserve	(5,982)	0	1,209	(4,773)	0	1,488	(3,285)
Supported Housing Trading Fund	(53)	0	0	(53)	0	0	(53)
Corporate Transformation Reserve	(839)	(750)	671	(918)	(150)	0	(1,068)
Commercial Property Investment Reserve	(4,400)	(1,000)	2,014	(3,386)	0	513	(2,873)
Economic Development and Place Reserve	(225)	0	13	(212)	0	43	(169)
Joint Crematorium Reserve	(642)	0	0	(642)	0	0	(642)
Selective Licencing	(138)	0	0	(138)	0	0	(138)
Licensing Reserve	(271)	0	0	(271)	0	0	(271)
Legal Reserve	(35)	(10)	0	(45)	(10)	0	(55)
Winter Maintenance Reserve	(20)	(5)	0	(25)	(5)	0	(30)
Commercial Property Dilapidations Reserve	(540)	(10)	0	(550)	(10)	0	(560)
IT Reserve	(25)	(10)	0	(35)	(10)	0	(45)
pEPR	N/A	N/A	N/A	N/A	TBD	TBD	TBD
TOTAL	(20,031)	(2,390)	4,183	(18,238)	(314)	2,044	(16,508)

4.6 Proposed transfers to Reserves

The proposed transfers to Earmarked Reserves for 2025/26 are:

- £54k to Elections reserve which includes an annual contribution to the 4 yearly District elections and a contribution towards costs of potential future By-elections.
- £75k annual contribution to the General Fund Insurance Reserve to meet costs of self-insurance.
- £35k transfer to the reserves; Legal (£10k), IT (£10k), Winter Maintenance (£5k) and Commercial Property Dilapidations (£10k).
- £150k to the Corporate Transformation Reserve to provide resource to implement key projects which will deliver service improvements to customers and wider stakeholders and deliver both cashable and non-cashable efficiencies at the earliest opportunity.

4.7 Proposed transfers from Reserves

The proposed transfers from Earmarked Reserves for 2025/26 are:

- £1.488m from the Business Rates Equalisation Reserve to fund timing differences on the forecast outturn position on the Collection Fund.
- £513 from the Commercial property Reserve to fund voids or partial rental agreements
- £43 from the Economic Development & Place Reserve to fund the legal work around charitable land.

4.8 General Reserve

As at 31st March 2024 the balance on the General Reserve was £10m. **The proposed Revenue Budget for 2025/26 assumes that £2.209k funding is required from the General Reserve.**

5. Housing Revenue Account (HRA)

5.1 Local housing authorities are required by Section 74 of the Local Government and Housing Act 1989 (the 1989 Act) to keep a Housing Revenue Account (HRA). The HRA reflects a statutory obligation to account separately for local authority housing provision. It identifies the major elements of housing revenue expenditure such as maintenance, administration, and contributions to capital costs and how these are funded, primarily from housing rent.

5.2 The proposed budget includes provision for funding for increments and contractual inflation. The 2025/26 Budget also includes any revenue implications from the proposed Capital Programme yet to be approved by Council.

5.3 Table 7 shows the 2024/25 Revised HRA Budget and Proposed 2025/26 HRA Budget.

Table 7 - Revised HRA budget for 2024/25 and the proposed HRA Budget for 2025/26:

Description	2024/25 Revised Budget	2025/26 Original Budget
	£'000	£'000
Income		
Rents, Charges and Contributions	(30,581)	(31,711)
Interest and investment income	(700)	(800)
Total Income	(31,281)	(32,511)
Expenditure		
Repairs and Maintenance	9,653	10,474
Supervision and Management	5,276	5,416
Interest payable and similar charges	3,548	3,548
Rents, Rates, Taxes, and other charges	176	193
Depreciation and impairments of fixed assets	4,692	4,784
Debt Management Costs	44	44

Contribution to the Bad Debt Provision	200	200
Transfer to Major Repairs Reserve	0	17,845
Capital expenditure funded by the HRA	4,055	9,663
Total Expenditure	27,644	52,166
Net Cost of HRA Services	(3,637)	19,655

The main changes to the above budget for 2025/26 are:

- Increased Rental income from tenants for the approved new charges in rents, amenity, and service charges. (A decision in respect of rents for 2025/26 is presented to this meeting as a separate agenda item).
- The Repairs and Maintenance section has increased due to the estimated pay award for 2025/26 along with the changes to the National Insurance employer deductions, subcontractor inflation and material increases.
- The Supervision and management section has increased due to the estimated pay award for 2025/26 along with the changes to the National Insurance employer deductions.
- Transfer to the Major Repairs Reserve movement is due to the delay of the onboarding of a new major repairs' contractor for Capital Programme schemes in 2024/25, this has all been moved forward to 2025/26.
- Capital expenditure funded by the HRA is higher in 2025/26 reflecting the current level of approved new build developments of affordable housing.

The 2024/25 Revised Budget above includes the proposed HRA Capital Scheme budget changes for 2024/25 proposed in Section 6 of this report.

The HRA uses a sophisticated 30-year business planning model. This enables the impact of various changes in income and expenditure to be monitored across a 30-year timespan. Whilst there is not an immediate risk to the HRA within the short term the Council must be mindful savings are required within the service itself and from those services and funds that receive contributions from the HRA as well as a potential need to scale back capital investment within existing properties.

5.4 Possible Future impacts on the HRA

Social Housing Regulation Act 2023 & Awaab's Law:

Social Housing (Regulation) Act 2023 received Royal Assent on 20th July 2023 this followed the Social Housing White Paper published 17th November 2020 included proposals to introduce new primary building safety legislation and a new Decent Homes Standard. An action plan is regularly reported to Cabinet highlighting the areas within the White Paper and specific Consumer Standards that are being met and identifies gaps where service areas will need to ensure work continues to remain compliant.

Currently awaiting the outcome of the consultation on the introduction of Awaab's Law. The requirements/implications of Awaab's Law are as yet unknown, however, it is that hazards identified with the Council's housing stock will have strict deadlines for inspection, reporting of actions required including timescales and completion of works and a requirement to temporarily decant vulnerable tenants into alternative accommodation until the hazard is resolved.

Further additional posts may be required once more of the regulations unfold following legislation being approved with an implementation date highly likely to be within the 2025/26 financial year.

Carbon Zero by 2050:

Under legislation passed in 2019, the UK is legally obliged to reach net-zero carbon emissions by 2050. There are a wide variety of factors that could influence the financial impact to retrofit the entire housing stock to zero-carbon standards. The age and composition of stock, existing maintenance plans, the cost of technology are all factors going forward. Based on £20,000 costs per property for carbon zero by 2050 and without Government funding the carbon zero target cannot be met within the current self-financing model of the HRA.

5.5 HRA Earmarked Reserves

Table 8 below shows the already approved movements in the HRA earmarked reserves in 2024/25, and transfers required for 2025/26:

Table 8 – HRA Earmarked Reserves

Movement on Earmarked Reserves	Balance as at 1st April 2024/25	Transfer to Reserve 2024/25	Transfer from reserve 2024/25	Balance as at 31st March 2025	Transfer to Reserve 2025/26	Transfer from Reserve 2025/26	Balance as at 31st March 2026
	£	£	£	£	£	£	£
Revenue Grants Reserve	(53,424)	0	6,400	(47,024)	0	10,000	(37,024)
Eco Funding Reserve	(243,430)	0	0	(243,430)	0	130,000	(113,430)
Insurance Reserve	(156,905)	(30,000)	30,000	(156,905)	(30,000)	30,000	(156,905)
Technology Investment	(25,566)	0	25,566	0	0	0	0
Welfare Reform Reserve	(90,399)	0	0	(90,399)	0	50,000	(40,399)
Total	(569,724)	(30,000)	61,966	(537,758)	(30,000)	220,000	(347,758)

5.6 Planned Movement in HRA Earmarked Reserves 2025/26

Revenue Grants Reserve – This will be utilised for Tenant Survey Measures and surveys.

Eco Funding Reserve – This reserve was set up to fund future carbon saving and renewable energy works. Proposals in this area include works on retrofit properties which are estimated to include £130k revenue costs (delayed from 2024/25).

The HRA insurance reserve was established in 2016/17 to fund any damage to the Council's housing stock. All housing stock damage claims will go against the HRA insurance reserve. This has been reviewed this year and based on outstanding claims a contribution is required in 2024/25. This will be reviewed again at the end of 2025/26 in readiness for the next budget cycle.

The Welfare Reform Reserve was created to support the planned full migration across to Universal Credit which will impact on the HRA, with the view to complete the whole process nationally by March 2026. This will require additional resources in 2025/26 to manage the increase in claimants and to provide the necessary support to complete outstanding IT projects/work all related to Income Collection and Recovery.

6. Capital Programme 2024/25 to 2028/29

6.1 The proposed Capital Programme and funding is summarised in Table 9 below. Appendix 2 shows a detailed breakdown of all the schemes below.

Table 9 – Capital Programme (2024/25 to 2028/29)

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Capital Expenditure						
Area Schemes	598	994	0	0	0	1,592
General Fund	36,858	71,464	5,860	6,110	1,110	121,402
Housing Revenue Account	11,641	43,012	19,742	18,280	17,329	110,004
Grand Total	49,097	115,470	25,602	24,390	18,439	232,998
Capital Financing						
Developers Contributions - Area Schemes	1,156	352	0	0	0	1,508
Reserves	0	7	0	0	0	7
Capital Receipts	4	0	0	0	0	4
Other Capital Grants and Contributions - Area Schemes	73	0	0	0	0	73
Sub Total - Area Schemes	1,233	359	0	0	0	1,592
Prudential Borrowing - General Fund	15,645	31,567	4,750	5,000	0	56,962
Direct Revenue Financing - General Fund	1,814	484	0	0	0	2,298
Developers Contributions - General Fund	662	112	0	0	0	774
Capital Receipts	1,230	22	0	0	0	1,252
Other Capital Grants and Contributions - General Fund	17,507	39,278	1,110	1,110	1,110	60,115
Sub Total - General Fund	36,858	71,463	5,860	6,110	1,110	121,401
Funded from HRA Reserves	3,956	39,967	18,468	17,006	16,055	95,452
Homes England	3,001	1,377	0	0	0	4,378
Social Housing Decarbonisation Fund 2	961	0	0	0	0	961
Economic Dev - Kingsway Car park	10	0	0	0	0	10
S106 Fairhaven	387	0	0	0	0	387
Local Authority Housing Fund - second funding round	293	0	0	0	0	293
Nottingham City Council Retrofit	514	0	0	0	0	514
Future 1-4-1 Capital Receipts						
Funding Recently Built and New Schemes	1,501	788	394	394	394	3,471
Non 1-4-1 Capital Receipts	1,018	880	880	880	880	4,538
Sub Total - HRA	11,641	43,012	19,742	18,280	17,329	110,004
Grand Total	49,732	114,834	25,602	24,390	18,439	232,997

6.2 The above proposed Capital Programme includes all changes previously requested up to the end of December 2024 plus any further changes requested in March 2025.

Area Capital Programme

6.3 These consist of mainly self-financed schemes that enhance the local environment. Developers' contributions (known as Section 106 funding) make up the largest funding source. Additional grant funding is sought wherever possible to maximise the benefit to local communities. Area schemes are included in Table 10.

Table 10 – Area Schemes (2024/25 to 2028/29)

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Area						
Hucknall Area	158	16	0	0	0	174
Kirkby Area	85	176	0	0	0	261
Sutton Area	59	328	0	0	0	387
Skegby Area	0	0	0	0	0	0
Rural	60	0	0	0	0	60
Total	362	520	0	0	0	882
Funded by						
Capital Receipts	4	0	0	0	0	4
Lawn Tennis Association	63	0	0	0	0	63
Nottinghamshire County Council (NCC)	10	0	0	0	0	10
Reserves	0	7	0	0	0	7
Section 106	1,156	352	0	0	0	1,508
Total	1,233	359	0	0	0	1,592

6.4 Inflation is inevitably continuing to impact the Council's Capital Programme. The various schemes within the programme are being reviewed to try and contain costs within approved budgets. For external schemes such as Towns Fund (TF) and Future High Streets Fund (FHSF) this includes looking at the potential through Value Engineering to scale back elements of schemes where it may be appropriate to do so but also working with MHCLG to agree scheme variations with the associated funding variations for schemes, whilst containing the overall cost within the approved TF and FHSF funding envelopes.

6.5 Where the additional costs cannot be mitigated and/or timescales for scheme implementations are delayed, additional requests for funding will need to be sought through Council.

6.6 There is currently the one capital scheme where final decision is yet to be taken. (Joint Crematorium Project). Currently this is not include within the capital program as above.

7. Medium Term Financial Strategy (MTFS) Update

7.1 There remains significant uncertainty around the level of resources which will be available to the Council beyond 2025/26. Local Government Funding Reform is expected to happen during 2025/26, effective from 2026/27. Government has consulted on the principles of the reform but the detailed impact on funding at particular councils has yet to be confirmed.

7.2 Because of the above significant uncertainty, indications of the future financial challenge for the Council (like all other Councils) will potentially be subject to considerable variation. However, based on use of the LG Futures financial model and our current estimate of expenditure required for the next three years the current estimated funding gaps are shown in Table 12 below.

Table 12 – MTFs Estimated Funding Gap 2025/26 to 2027/28

	2025/26	2026/27	2027/28
	£'000	£'000	£'000
Estimated Expenditure	22,017	23,484	24,668
Estimated Income	17,764	15,361	14,826
Estimated Annual Funding Gap	4,253	8,123	9,842
Use of Reserves	4,253	0	0
Revised Funding Gap	0	8,123	9,842
Estimated Cumulative Funding Gap	0	8,123	17,865

7.3 This is an estimated worst case scenario. Work is underway on service reviews, with the dual objectives of identifying cost efficiencies and improving capacity to deliver against objectives. A further thorough review of service budgets is proposed during 2025/26, together with a review of capacity to deliver our ambitious capital programme and its revenue impacts. Further options to reduce the gap are summarised below.

7.4 The above estimated funding gaps from 2024/25 currently include the following annual assumptions (which may change on further review) as set out in Table 13 below:

Table 13 – Inflation Assumptions

	2025/26	2026/27	2027/28
	%	%	%
Pay	4.0 + NIC	4.0	3.0
Utilities – Gas, Electric, Fuel	Per Contract	5.0	5.0
Contracts	Per Contract	2.4	2.4
Council Tax - inflation	0	0	0
Council Tax – Growth in Base (No. of Properties)	1.0	1.0	1.0

7.5 The significant increase in the estimated funding gap represents the expected financial consequences of Local Government Finance Reform and reset of the Non-Domestic Rating system. However, this assumes no transitional funding will be provided by Central Government and no future New Homes Bonus receipts (or replacement scheme). It also does not include pEPR funding or the potential savings from the implementation of ongoing service reviews.

7.6 The Strategic Leadership Team (SLT) and Cabinet will continue to meet regularly to identify and agree options to address this estimated financial challenge in the MTFs for 2026/27 and beyond; ensuring the Council has a sustainable future.

- 7.7 Consideration will be given to options for additional income generation, the identification of efficiencies (further service reviews, procurement savings, asset rationalisation, alternate service delivery models, etc.) and potential savings through Invest to Save – in particular via the Council’s Digital Transformation Programme. Once the outcome of Local Government Funding Reform is known, depending on the size of the financial challenge, consideration will need to be given to whether or not some services will need to continue to be delivered, scaled back or even ceased.
- 7.8 Consideration will also be given to the one-off use of reserves to smooth the delivery of savings to address the financial challenge over the next few years.
- 7.9 The ongoing Service Review Programme may identify in-year savings (or additional costs) and as these materialise they will be reported to Cabinet through the Budget Monitoring Reports requesting budget adjustments as appropriate. There are two reviews which are nearing completion; Simpler Recycling (Commercial) and Community Safety Review, with further reviews in progress, including: Neighbourhoods Service (Environment) Review and Operations Directorate Review. As the financial impacts of these reviews are still being determined they are excluded from the proposed budget.

8. Section 151 Officer Comments

- 8.1 Section 25 of The Local Government Act 2003 requires that the ‘Chief Financial Officer’ (the Corporate Resources Director at Ashfield District Council) reports to Council on the following matters in making decisions on the budget and financial strategy:
- The robustness of the estimates made for the purposes of the calculations; and
The adequacy of the proposed financial reserves.
- It is also recognised good financial management for the Council to identify target levels for reserves and balances that are based on a thorough understanding of its risks and needs.
- 8.2 The content of this report is the mechanism by which positive assurances are made by the Corporate Resources Director about the adequacy of the proposed financial reserves.
- 8.3 The Corporate Resources Director gives his assurance that the budget estimates for 2025/26 are robust. There is a forecast deficit in future years as public sector funding is expected to get tighter and there is recognition that this will have to be addressed for the Council to remain sustainable in the longer term but that there are options available for development, consideration and subsequent implementation to do this. Early progress of any of the supported options during 2025/26 may also deliver in year savings.
- 8.4 The key fundamental principles which underpin the Corporate Resources Director’s assurances are:
- Directorates manage their finances within the clearly defined cash limited budgets within this report.
 - The Council recognises the need to explore income and savings options to ensure the future financial sustainability of the organisation.
 - The General Reserves (General Fund) Minimum Balance is maintained at its current level and is not called upon for other purposes save in exceptional circumstances with the agreement of the Leader of the Council, Chief Executive and the Corporate Resources Director and approved by the appropriate body of the Council in accordance with the Constitution.

Implications

Corporate Plan:

The proposed 2025/26 General Fund budget, HRA Budget and the 2024/25 to 2028/29 Capital Programme reflect the priorities in the Corporate Plan.

The financial position of the HRA has a direct impact on the Corporate Plan. Sustainability of the HRA will assist in maintaining existing homes and increase the supply of affordable homes within the District in the future.

Legal:

When setting the Revenue Budget and Council Tax the Council has various legal and fiduciary duties. The Council is required by the Local Government Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the calculation of the Council Tax Requirement and the setting of the overall Budget and Council Tax for the year. The amount of the Council Tax requirement must be sufficient to meet the Council's legal and financial commitments, ensure proper discharge of its statutory duties and lead to a balanced budget.

In exercising its fiduciary duty, the Council should be satisfied that the proposals put forward are a prudent use of the Authority's resources in both the short and long term; that the proposals strike the right balance between the interests of Council Tax payers and ratepayers on the one hand and the community's interests in adequate and efficient resources on the other; and that they are acting in good faith for the benefit of the community whilst complying with all statutory duties. It is believed that the proposals in this Budget Report do strike that right balance.

All capital projects require input from Legal Services in relation to contracts. The Council must ensure that robust contractual arrangements are in place, specifications are clearly defined, and it is clear which project risks are the responsibility of the Contractor and which remain with the Council. This is to avoid potential contractual disputes and to limit the potential financial impact on the Council should they arise.

The Council is required by the LGHA 1989 to have a separate Housing Revenue Account.

If supported by Cabinet, this report will require approval by Council as this forms part of the Council's Budgetary Framework (Financial Regulation B.1 and Article 4 of the Constitution). [RLD 20/02/2025]

Finance: [PH 20/02/2025]

Budget Area	Implication
General Fund – Revenue Budget	As set out in the body and appendix of this report.
General Fund – Capital Programme	As set out in the body and appendix of this report.
Housing Revenue Account – Revenue Budget	As set out in the body and appendix of this report.
Housing Revenue Account – Capital Programme	As set out in the body and appendix of this report.

Risk:

Risk	Mitigation
That the budget set may be insufficient to provide the required services and subsequently services overspend.	Periodic budget monitoring arrangements are in place with reports produced monthly from June onwards for SLT and periodically for Cabinet. Any pressures and potential mitigation of pressures is included in these reports.
The funding assumptions for the level of central Government funding from 2026/27 in the MTFS may vary once known.	<p>There is significant uncertainty around the level of central Government funding beyond 2026/27.</p> <p>The proposed freeze in Council tax reduces the Council's ability to mitigate this risk, insofar as it will not be able to achieve compounding of the additional funds that a Council Tax increase may have provided. There is a further risk that Government might reflect Council Tax levels in future grant formulae, which would mean that setting Council Tax below the 3% threshold could potentially impact grant funding in the future.</p> <p>However, there are reserves to mitigate this risk and other underlying assumptions included in this report are prudent. As clarity is provided on future funding this will be reported through to SLT and Cabinet, with the MTFS updated accordingly.</p>

Human Resources:

There are no direct HR implications contained in this report. [KH 19/02/2025]

Environmental/Sustainability

There are no environment/sustainability implications resulting from the recommendations detailed in this report.

Equalities:

Projects within the Capital Programme will ensure that as far as possible Council buildings and facilities are accessible, to enable all users to access Council services. In addition, the various projects within the Council's Digital Transformation Strategy will ensure that individual customer needs are optimised and include Equality Impact Assessments to inform policy and decision-making.

Other Implications:

None

Reason(s) for Urgency

Not Applicable

Reason(s) for Exemption

Not Applicable

Background Papers

2025/26 Council Tax Base report

Housing Rents report 2025/26 – Cabinet 17 February 2025

Budget and Council Tax 2025/26 Report – Cabinet 17 February 2025

CIPFA – The Prudential Code for Capital Finance in Local Authorities 2017

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ASHFIELD DISTRICT COUNCIL

FEES AND CHARGES 2025/26

Electoral Registration

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Sale of Full Register - Data Sherwood Forest Constituency (£20 plus £1.50/1000 electors)	62.00	0.00	62.00	NB
Sale of Full Register - Data Ashfield Constituency (£20 plus £1.50/1000 electors)	120.50	0.00	120.50	NB
Sale of Full Register - Printed Sherwood Forest Constituency (£10 plus £5.00/1000 electors)	150.00	0.00	150.00	NB
Sale of Full Register - Printed Ashfield Constituency (£10 plus £5.00/1000 electors)	345.00	0.00	345.00	NB
Sale of Edited Register - Data Sherwood Forest Constituency (£20 plus £1.50/1000 electors)	36.50	0.00	36.50	NB
Sale of Edited Register - Data Ashfield Constituency (£20 plus £1.50/1000 electors)	60.50	0.00	60.50	NB
Sale of Edited Register - Printed Sherwood Forest Constituency (£10 plus £5.00/1000 electors)	65.00	0.00	65.00	NB
Sale of Edited Register - Printed Ashfield Constituency (£10 plus £5.00/1000 electors)	145.00	0.00	145.00	NB
Monthly update of Full Register x 11 months - Data (£20 plus £1.50/1000 electors)	236.50	0.00	236.50	NB
Monthly update of Full Register x 11 months - Printed (£10 plus £5.00/1000 electors)	165.00	0.00	165.00	NB
Sale of Overseas Register - Data Sherwood Forest Constituency (£20 plus £1.50/100 electors)	21.50	0.00	21.50	NB
Sale of Overseas Register - Data Ashfield Constituency (£20 plus £1.50/100 electors)	21.50	0.00	21.50	NB
Sale of Overseas Register - Printed Sherwood Forest Constituency (£10 plus £5.00/100 electors)	15.00	0.00	15.00	NB
Sale of Overseas Register - Printed Ashfield Constituency (£10 plus £5.00/100 electors)	15.00	0.00	15.00	NB
Marked copies of the Polling station/Absent voter Register - initial charge	10.00	0.00	10.00	NB
Marked copies - Additional charge / 1000 electors - Data	1.00	0.00	1.00	NB
Marked copies - Additional charge / 1000 electors - Printed	2.00	0.00	2.00	NB

Legal Services

Planning matters

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Section 106 Agreements	1,389.15	0.00	1,389.15	NB
Deeds of Variation/Modification	1,158.15	0.00	1,158.15	NB
Stopping up/diversion orders (non-contentious only)	695.10	0.00	695.10	NB

Contracts

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Deeds of Variation and/or Novation	462.88	92.58	555.45	SR
Sealing and Administration Fee	119.00	23.80	142.80	SR
All other contracts for third party matters	462.88	92.58	555.45	SR
Sealing and Administration Fee	119.00	23.80	142.80	SR

Conveyancing Transactions

Commercial and Shop Lettings - Large Commercial premises	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Assignments	810.25	162.05	972.30	SR
Licence to Assign	175.35	35.07	210.42	SR
New Lettings	925.75	185.15	1,110.90	SR
Variations	925.75	185.15	1,110.90	SR
Lease Notice	115.50	23.10	138.60	SR
Commercial and Shop Lettings - Small Units				
Assignments	357.88	71.58	429.45	SR
New Lettings	417.38	83.48	500.85	SR
Variations	417.38	83.48	500.85	SR
Lease Notice	83.13	16.63	99.75	SR
Other Conveyancing Transactions				
Sale of land and/or property	1.5% of sale price subject to a minimum charge of £386. Transactions of over £1 million to be agreed separately.			
Purchase of land and/or property	1.5% of sale price subject to a minimum charge of £386. Transactions of over £1 million to be agreed separately.			
Development agreements	Minimum of £1050 or Hourly Rate of Fee Earner depending upon complexity			
Freehold reversions	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Release of covenants	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Lease extensions	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Deed of variation	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Licences	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Easements	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Surrenders	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Grant of sub - lease	417.38 - 894.25	83.48 - 178.85	500.86 - 1073.1	SR
Epitome of title/certificate of title	143.50	28.70	172.20	SR
Section 156 certificate	135.66	27.13	162.79	SR
Deed of Postponement	135.66	27.13	162.79	SR
LPE1 enquiries	110.46	22.09	132.55	SR

Information Requests

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
CCTV Requests from third parties for legal purposes:	52.50	0.00	52.50	NB
FOI requests (where compliance exceeds £450) Costs of communicating the information (where estimated total cost exceeds £5.00); Charged in line with disbursements (see below)			£25.00 per hour	

Pension Signings / Certifying or Signing documents

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Pension signings	35.00	7.00	42.00	SR

Disbursements

All disbursements will be charged for in the usual way and will include (but are not limited to) :-
counsel's fees, enquiry agents and process servers fees, expert's fees, advertising costs,

*Copying charges for third parties (unless bound by statutory provision) are discretionary dependent upon the number of pages copied and whether any large or complex plans are

As a guide - each A4 sheet will incur a copy charge of 0.10 pence. Other sizes or specialised requests will vary.

Information sent via CDR / DVDR will be charged at £3 per disc. Postage charges for all items will be at the prevailing Royal Mail rate based on the weight of the item posted.

Car Parking - Off Street

Parking Permits (season tickets)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Parking permits- per quarter	122.50	24.50	147.00	SR
Parking permits- per annum	437.50	87.50	525.00	SR

Sutton-in-Ashfield - Sutton Market, Sherwood Place (Maximum stay 4 hours)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR
Up to 4 hours	1.67	0.33	2.00	SR

Sutton in Ashfield - New Street (Maximum stay 12 hours)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR
Up to 4 hours	1.67	0.33	2.00	SR
Up to 12 hours	3.33	0.67	4.00	SR

Sutton in Ashfield - New Cross Street, Robin Hood Line, Lammas Leisure Centre (Maximum stay 12 hours)

	0.00	0.00	0.00	SR
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Kings Mill Reservoir Car Park

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 1 hour	0.00	0.00	0.00	SR
Up to 2 hours	0.83	0.17	1.00	SR
Up to 4 hours	1.67	0.33	2.00	SR
Up to 6 hours	2.50	0.50	3.00	SR
Up to 8 hours	3.33	0.67	4.00	SR
Up to 10 hours	4.17	0.83	5.00	SR
Up to 12 hours	5.00	1.00	6.00	SR

Hucknall - Market Place

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR

Hucknall - Piggins Croft, Yorke Street (Maximum stay 12 hours)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR
Up to 4 hours	1.67	0.33	2.00	SR
Up to 12 hours	3.33	0.67	4.00	SR

Hucknall - Leisure Centre (Centre users only)

	0.00	0.00	0.00	SR
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Kirkby in Ashfield - Ellis Street

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR

Kirkby in Ashfield - Hodgkinson Road (Maximum stay 12 hours)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR
Up to 4 hours	1.67	0.33	2.00	SR
Up to 12 hours	3.33	0.67	4.00	SR

Kirkby in Ashfield - Council Offices (for Council visitors only)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 2 hours	0.00	0.00	0.00	SR

Kirkby in Ashfield - Robin Hood Line (Train station users only)

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 12 hours	0.00	0.00	0.00	SR

Jacksdale Village

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 12 hours	0.00	0.00	0.00	SR

Huthwaite Market Place

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Up to 12 hours	0.00	0.00	0.00	SR

Penalty Charge Notices

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Car Park Contravention - HIGHER	70.00	0.00	70.00	NB
If paid within 14 Days	35.00	0.00	35.00	NB
Car Park Contravention - LOWER	50.00	0.00	50.00	NB
If paid within 14 Days	25.00	0.00	25.00	NB

Community Centres

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Music Supplement for any group that play live or recorded music. Price per session.	6.58	1.32	7.90	SR

Healdswood, Harwood Court, The Homesteads Main Room, Watnall Road Ballroom, Willetts Court Main Room

Monday - Friday up to 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	10.00	0.00	10.00	E
Social Rate per Hour	18.50	0.00	18.50	E
Commercial Rate per Hour	24.50	0.00	24.50	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Monday - Friday after 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	10.00	0.00	10.00	E
Social Rate per Hour	20.50	0.00	20.50	E
Commercial Rate per Hour	26.00	0.00	26.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Saturday, Sunday, Bank Holidays & A.D.C Concessionary Holidays up to 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	9.00	0.00	9.00	E
Social Rate per Hour	22.00	0.00	22.00	E
Commercial Rate per Hour	37.00	0.00	37.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Saturday, Sunday, Bank Holidays & A.D.C Concessionary Holidays after 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	9.00	0.00	9.00	E
Social Rate per Hour	27.50	0.00	27.50	E
Commercial Rate per Hour	43.00	0.00	43.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Brierley House, Healdswood Small Room, The Homesteads Small Room, Mill House, Watnall Road Games room, Willetts Court Small Room

Monday - Friday up to 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	7.00	0.00	7.00	E
Social Rate per Hour	12.50	0.00	12.50	E
Commercial Rate per Hour	16.50	0.00	16.50	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Monday - Friday after 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	7.00	0.00	7.00	E
Social Rate per Hour	14.00	0.00	14.00	E
Commercial Rate per Hour	18.00	0.00	18.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Saturday, Sunday, Bank Holidays & A.D.C Concessionary Holidays up to 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	7.00	0.00	7.00	E
Social Rate per Hour	19.00	0.00	19.00	E
Commercial Rate per Hour	27.00	0.00	27.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Saturday, Sunday, Bank Holidays & A.D.C Concessionary Holidays after 6pm	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Community Rate per Hour	7.00	0.00	7.00	E
Social Rate per Hour	22.00	0.00	22.00	E
Commercial Rate per Hour	37.00	0.00	37.00	E
New Tariff - Rent of rooms to any voluntary organisations who provide help to residents through cost-of-living activities	0.00	0.00	0.00	E

Guest Rooms in Sheltered Housing

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Per night	30.00	0.00	30.00	E

Common Rooms in Sheltered Housing - Aspley Court, Beauvale Court, Brook St Court, Brand Court, Summerhill Court, Beechwood, Desmond Court, Nuncar Court, Sherwood Court, St Mary's, St Modwens, Titchfield Court

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Per Hour	7.00	0.00	7.00	E

Private Sector Licensing

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Selective Licensing	350.00	0.00	350.00	NB
Selective Licensing if licence holder is a member of an approved body	250.00	0.00	250.00	NB
Houses of Multiple Occupation (HMO)				
HMO Pre Licence advice visit	347.00	0.00	347.00	NB
Initial Basic licence fee (covering premises of up to 6 persons maximum permitted occupancy)	1,031.10	0.00	1,031.10	NB
For each additional person (maximum permitted occupancy)	91.35	0.00	91.35	NB
Basic Licence Renewal (up to 6 persons)	Higher of £606 or £121 per person	0.00	Higher of £606 or £121 per person	NB
Renewal charge for each additional person	91.35	0.00	91.35	NB
Issue of first Temporary Exemption Notice	330.75	0.00	330.75	NB
Issue of second Temporary Exemption Notice	164.85	0.00	164.85	NB
Charging Orders for Housing Act visits	551.25	0.00	551.25	NB

Mobile Homes Site Licence Fees

Application for a new licence up to 25 units	£448 plus £9.5 per pitch	
Application for a new licence over 25 units	£840 plus £9.5 per pitch	
Existing licence holders	£14 per pitch annual fee	
Transfer/Variation of Site Licence	£167 to £301 dependent upon complexity	
Deposit of site rules – one off fee for new and existing licence holders	138.60	

A licence lasts for a 12 month period. Existing licence holders will not be charged an initial one off application fee, they will however be charged an annual pitch fee and for the Deposit

Street Naming and Numbering

New Addresses	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Assign Number/naming of new properties		Free		
Notification number/name of new address (first 11 plots) per plot	85.00	0.00	85.00	NB
Notification number/name of new address (additional plots) per plot	50.00	0.00	50.00	NB
Additional charge for the naming of a street	255.00	0.00	255.00	NB
Additional charge for the naming of a building (block of flats)	255.00	0.00	255.00	NB

Existing Addresses	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Individual House Name including notification - per plot	130.00	0.00	130.00	NB
Re-name or Re-number including notification - per plot	130.00	0.00	130.00	NB
Rename of Street requested by residents including notification	415.00	0.00	415.00	NB
Additional charge per property for rename of street	135.00	0.00	135.00	NB

Pest Control Service

Domestic Pest Control Charges	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Rats - up to 3 visits - In District	68.33	13.67	82.00	SR
Rats - up to 3 visits - Out of District	79.17	15.83	95.00	SR
Rats - additional visits (each) - In District	37.08	7.42	44.50	SR
Rats - additional visits (each) - Out of District	42.08	8.42	50.50	SR
Mice - up to 3 visits - In District	68.33	13.67	82.00	SR
Mice - up to 3 visits - Out of District	79.17	15.83	95.00	SR
Mice - additional visits (each) - In District	37.08	7.42	44.50	SR
Mice - additional visits (each) - Out of District	42.08	8.42	50.50	SR
Bedbugs - up to 2 visits - In District (unlimited number of rooms)	149.17	29.83	179.00	SR
Bedbugs - up to 2 visits - Out of District (unlimited number of rooms)	157.50	31.50	189.00	SR
Bedbugs - additional visits (each) - In District	85.00	17.00	102.00	SR
Bedbugs - additional visits (each) - Out of District	89.58	17.92	107.50	SR
Fleas - up to 2 visits - In District	81.67	16.33	98.00	SR
Fleas - up to 2 visits - Out of District	87.50	17.50	105.00	SR
Fleas - additional visits (each) - In District	42.08	8.42	50.50	SR
Fleas - additional visits (each) - Out of District	47.50	9.50	57.00	SR
Wasps - In District	60.00	12.00	72.00	SR
Wasps - Out of District	65.00	13.00	78.00	SR
Bees (if treated) - In District	60.00	12.00	72.00	SR
Bees (if treated) - Out of District	65.00	13.00	78.00	SR
Ants - up to 2 visits - In District	87.50	17.50	105.00	SR
Ants - up to 2 visits - Out of District	92.08	18.42	110.50	SR
Ants - additional visits (each) - In District	48.75	9.75	58.50	SR
Ants - additional visits (each) - Out of District	52.50	10.50	63.00	SR
Cockroaches - up to 2 visits - In District	81.67	16.33	98.00	SR
Cockroaches - up to 2 visits - Out of District	87.50	17.50	105.00	SR
Cockroaches - additional visits (each) - In District	36.67	7.33	44.00	SR
Cockroaches - additional visits (each) - Out of District	42.08	8.42	50.50	SR
Other insect pests - up to 2 visits - In District	81.67	16.33	98.00	SR
Other insect pests - up to 2 visits - Out of District	87.50	17.50	105.00	SR
Other insect pests - additional visits (each) - In District	42.08	8.42	50.50	SR
Other insect pests - additional visits (each) - Out of District	47.50	9.50	57.00	SR
Moles treatment - 3 visits - In District	87.50	17.50	105.00	SR
Moles treatment - 3 visits - Out of District	92.08	18.42	110.50	SR
Pigeons assessment - In District		Quotation only		SR
Pigeons assessment - Out of District		Quotation only		SR
Pigeons per treatment - In District		Quotation only		SR
Pigeons per treatment - Out of District		Quotation only		SR
Squirrels assessment - In District	40.00	8.00	48.00	SR
Squirrels assessment - Out of District	44.17	8.83	53.00	SR
Squirrels per treatment - In District	77.08	15.42	92.50	SR
Squirrels per treatment - Out of District	79.17	15.83	95.00	SR

Commercial Pest Control Charges	Quote based on size and nature of business, routine treatment or infestation.			
Drain Surveys - In District	131.25	26.25	157.50	SR
Drain Surveys - Out of District	175.00	35.00	210.00	SR

Licensing, Permits, Registration & Consents

Hackney Carriage and Private Hire (Dual) Driver Licence	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
New 1-year Hackney Carriage & Private Hire (Dual) Driver Licence	180.00	0.00	180.00	NB
New 2-year Hackney Carriage & Private Hire (Dual) Driver Licence	220.00	0.00	220.00	NB
New Hackney Carriage & Private Hire (Dual) Driver Licence - three years	260.00	0.00	260.00	NB
Renewal of 1-year Hackney Carriage & Private Hire (Dual) Driver Licence	160.00	0.00	160.00	NB
Renewal of 2-year Hackney Carriage & Private Hire (Dual) Driver Licence	200.00	0.00	200.00	NB
Renewal of 3-year Hackney Carriage & Private Hire (Dual) Driver Licence	240.00	0.00	240.00	NB
DVLA Check	5.00	0.00	5.00	NB
Replacement Identity Badge	15.00	0.00	15.00	NB
Driver Knowledge Test Resit Fee	25.00	0.00	25.00	NB
Safeguarding Test Resit Fee	15.00	0.00	15.00	NB
Amendment to licence	15.00	0.00	15.00	NB
Copy of licence	5.00	0.00	5.00	NB

Hackney Carriage Vehicle Licence	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Licence New/Renewal/Change of Vehicle	320.00	0.00	320.00	NB
Transfer (Change of Proprietor)	0.00	0.00	0.00	NB
Discount for Low Emission or Wheelchair Accessible Vehicle	-30.00	0.00	-30.00	NB
Replacement Licence Plate	29.00	0.00	29.00	NB
Plate Holding Bracket	10.00	0.00	10.00	NB
Amendment to licence	15.00	0.00	15.00	NB
Copy of licence	5.00	0.00	5.00	NB

Private Hire Vehicle Licence	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Licence New/Renewal/Change of Vehicle	300.00	0.00	300.00	NB
Transfer (Change of Proprietor)	0.00	0.00	0.00	NB
Discount for Low Emission or Wheelchair Accessible Vehicle	-30.00	0.00	-30.00	NB
Replacement Licence Plate	29.00	0.00	29.00	NB
Plate Holding Bracket	10.00	0.00	10.00	NB
Private Hire Vehicle Exemption Notice (from displaying plate and livery)	25.00	0.00	25.00	NB
Amendment to licence	15.00	0.00	15.00	NB
Copy of licence	5.00	0.00	5.00	NB

Private Hire Operator Licence	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Operator 1-year licence fee New / Renewal	210.00	0.00	210.00	NB
Operator 2-year licence fee New / Renewal	320.00	0.00	320.00	NB
Operator 3-year licence fee New / Renewal	430.00	0.00	430.00	NB
Operator 4-year licence fee New / Renewal	540.00	0.00	540.00	NB
Operator 5-year licence fee New / Renewal	650.00	0.00	650.00	NB
Fee Per Non-Low Emission Vehicle Operated	0.00	0.00	0.00	NB
Safeguarding Test Resit Fee	15.00	0.00	15.00	NB
Amendment to licence	15.00	0.00	15.00	NB
Copy of licence	5.00	0.00	5.00	NB

Hackney Carriage/Private Hire Additional Charges	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Vehicle Compliance Test/ Retest fee	65.00	0.00	65.00	NB
Additional Compliance Test following Suspension of Vehicle Licence	65.00	0.00	65.00	NB
Duplicate vehicle, driver or operator licence when lost or stolen	5.00	0.00	5.00	NB
Amended vehicle, driver or operator licence change of address	15.00	0.00	15.00	NB

Licensing Act 2003	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Premises Licences and Club Premises Certificates - Initial Application	100.00 - 1,905.00	0.00	100.00 - 1,905.00	NB
Premises Licences and Club Premises Certificates - Annual Charge	70.00 - 1,340.00	0.00	70.00 - 1,340.00	NB
Application for a provisional statement where premises being built etc.	315.00	0.00	315.00	NB
Application for transfer of premises licence	23.00	0.00	23.00	NB
Replacement of stolen, lost, etc. premises licence or summary	10.50	0.00	10.50	NB
Theft, loss etc. of certificate or summary	10.50	0.00	10.50	NB
Change of relevant registered address of club	10.50	0.00	10.50	NB
Notification of change of name or alteration of rules of club	10.50	0.00	10.50	NB
Application to vary licence to specify individual as premises supervisor	23.00	0.00	23.00	NB
Application for the grant or renewal of a personal licence	37.00	0.00	37.00	NB
Temporary event notice	21.00	0.00	21.00	NB
Theft, loss etc. of temporary event notice	10.50	0.00	10.50	NB
Notification of change of name or address	10.50	0.00	10.50	NB
Replacement of stolen, lost or damaged licences/certificates/notices/summaries	10.50	0.00	10.50	NB
Interim authority notice following death etc. of licence holder	23.00	0.00	23.00	NB
Right of freeholder etc. to be notified of licensing matters	23.00	0.00	23.00	NB

Gambling Act 2005	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Bingo New (S159) (NON TRANSITION)	1,315.00	0.00	1,315.00	NB
Bingo Provisional Statement (S159) (s204)	1,315.00	0.00	1,315.00	NB
Conversion of Provisional Statement (s159)	660.00	0.00	660.00	NB
Bingo Annual Fee (sS184)	620.00	0.00	620.00	NB
Bingo Variation of Licence (s159) (s187)	1,315.00	0.00	1,315.00	NB
Bingo Transfer of Licence (s159) (s188)	660.00	0.00	660.00	NB
Reinstatement of Licence (s159) (s195)	660.00	0.00	660.00	NB
Bingo Copy of licence (s190)	19.00	0.00	19.00	NB
Bingo Change of Circumstances (s186)	32.00	0.00	32.00	NB
Betting (Track) New (s159) Non transition	1,315.00	0.00	1,315.00	NB
Betting Track Provisional Statement (S159) (s204)	1,315.00	0.00	1,315.00	NB
Conversion of Provisional Statement (s159)	660.00	0.00	660.00	NB
Betting (Track) Annual Fee (s184)	620.00	0.00	620.00	NB
Betting Track Variation of Licence (s159) (s187)	1,250.00	0.00	1,250.00	NB
Betting Track Transfer of Licence (s159) (s188)	660.00	0.00	660.00	NB
Betting Reinstatement of Licence (s159) (s195)	660.00	0.00	660.00	NB
Betting Copy of licence (s190)	19.00	0.00	19.00	NB
Betting Change of Circumstances (s186)	32.00	0.00	32.00	NB
Betting Off-Course New (s159) Non transition	1,315.00	0.00	1,315.00	NB
Betting Off-Course Provisional Statement (S159) (s204)	1,315.00	0.00	1,315.00	NB
Betting Off-Course Conversion of Provisional Statement (s159)	660.00	0.00	660.00	NB
Betting Off-Course Annual Fee (s184)	600.00	0.00	600.00	NB
Betting Off-Course Variation of Licence (s159) (s187)	1,315.00	0.00	1,315.00	NB
Betting Off-Course Transfer of Licence (s159) (s188)	660.00	0.00	660.00	NB
Betting Off Course Reinstatement of Licence (s159) (s195)	660.00	0.00	660.00	NB
Betting Off-Course Copy of licence (s190)	19.00	0.00	19.00	NB
Betting Off-Course Change of Circumstances (s186)	32.00	0.00	32.00	NB
Adult Gaming Centre / Family Entertainment Centre (FEC) New (s159) Non transition	1,315.00	0.00	1,315.00	NB
Adult Gaming Centre / FEC Provisional Statement (S159) (s204)	1,315.00	0.00	1,315.00	NB
Adult Gaming Centre / FEC Conversion of Provisional Statement (s159)	660.00	0.00	660.00	NB
Adult Gaming Centre / FEC Annual Fee (s184)	620.00	0.00	620.00	NB
Adult Gaming Centre / FEC Variation of Licence (s159) (s187)	1,000.00	0.00	1,000.00	NB
Adult Gaming Centre / FEC Transfer of Licence (s159) (s188)	660.00	0.00	660.00	NB
Adult Gaming Centre / FEC Reinstatement of Licence (s159) (s195)	660.00	0.00	660.00	NB
Adult Gaming Centre / FEC Copy of licence (s190)	19.00	0.00	19.00	NB
Adult Gaming Centre / FEC Change of Circumstances (s186)	32.00	0.00	32.00	NB

Consents & Registration	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Consent Street Trading - New & Existing 12 month	1294	0.00	1,294.00	NB
Consent Street Trading Standard Site - New & Existing 6mth	697.00	0.00	697.00	NB
Consent Street Trading Market Site - New & Existing 12mth	970.50	0.00	970.50	NB
Consent Street Trading Market Site - New & Existing 6mth	485.25	0.00	485.25	NB
Mobile Trading Consent - New & Existing 12mth	750.00	0.00	750.00	NB
Mobile Trading Consent - New & Existing 6mth	375.00	0.00	375.00	NB
Special Event Trading Consent (per event - per stall - max 4 stalls)	30.00	0.00	30.00	NB
Community & Charity Event Trading Consent - per event - per stall - max 4 stalls)	0.00	0.00	0.00	NB
Societies Lotteries Registration Initial	40.00	0.00	40.00	NB
Societies Lotteries Registration Renewal	20.00	0.00	20.00	NB
Copy / Replacement of lost / stolen licence	5.00	0.00	5.00	NB

Other Licences	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Control of sex establishments	3,606.00	0.00	3,606.00	NB
Massage and Special Treatment	200.00	0.00	200.00	NB
Additional Charge on first application where LASERs used	180.00	0.00	180.00	NB
Additional Charge on renewal where LASERs used	97.00	0.00	97.00	NB
Dangerous wild animals	945.00	0.00	945.00	NB
Pet shop licences	400.00	0.00	400.00	NB
Dog breeding establishments	400.00	0.00	400.00	NB
Animal boarding establishments	400.00	0.00	400.00	NB
Animal home boarding establishments	330.00	0.00	330.00	NB
Riding establishments	450.00	0.00	450.00	NB
Animal Activity Licence - Exhibition of Animals New / Renew (3 Year Licence)	400.00	0.00	400.00	NB
Copy / Replacement of lost / stolen licence	5.00	0.00	5.00	NB
Reassessment of Star Rating	105.00	0.00	105.00	NB
Minor Amendment of Licence	25.00	0.00	25.00	NB
Variation to Licence	175.00	0.00	175.00	NB
Combined Animal Activities (i.e. more than 1 type of licence applied for)	145.00 plus Licence fee for highest priced activity	0.00	145.00 plus Licence fee for highest priced activity	NB
Duplicate copy of Licence	15.00	0.00	15.00	NB
Pavement Licence - New 1 year	250.00	0.00	250.00	NB
Pavement Licence - Renewal 1 year	220.00	0.00	220.00	NB
Pavement Licence - New 2 years	300.00	0.00	300.00	NB
Pavement Licence - Renewal 2 years	270.00	0.00	270.00	NB
Amendment to Pavement Licence	15.00	0.00	15.00	NB
Copy of Pavement Licence	10.00	0.00	10.00	NB

Registrations	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Acupuncture, tattooing, ear piercing and electrolysis:				
- Registration of persons	97.00	0.00	97.00	NB
- Registration of premises	147.00	0.00	147.00	NB
Scrap metal site licence	195.00	0.00	195.00	NB
Scrap metal collectors licence	132.00	0.00	132.00	NB
Scrap metal site licence - renewal	195.00	0.00	195.00	NB
Scrap metal collectors licence - renewal	132.00	0.00	132.00	NB
Scrap metal site licence - variation	62.00	0.00	62.00	NB
Scrap metal collectors licence - variation	68.00	0.00	68.00	NB
Copy / Replacement of lost / stolen licence	5.00	0.00	5.00	NB

Dog Control

Release of seized dog - initial release fee:	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Day one	68.25	0.00	68.25	NB
Day two	78.75	0.00	78.75	NB
Day three	94.50	0.00	94.50	NB
Day four	105.00	0.00	105.00	NB
Day five	120.75	0.00	120.75	NB
Day six	131.25	0.00	131.25	NB
Day seven	141.75	0.00	141.75	NB

Environmental Protection

Environmental Permitting Regulation Part B: Processes	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Permit Application Fees:				
Standard process	1,650.00	0.00	1,650.00	NB
Additional fee for operating without a permit	1,180.00	0.00	1,180.00	NB
Reduced fee activities - except Vehicle Refinishers	155.00	0.00	155.00	NB
Vehicle Refinishers	362.00	0.00	362.00	NB
Reduced fee activities: Additional fee for operating without a permit	71.00	0.00	71.00	NB
Petrol Vapour Recovery I and II combined	257.00	0.00	257.00	NB
Mobile screening and crushing plant	1,650.00	0.00	1,650.00	NB
For the 3rd to 7th applications:	985.00	0.00	985.00	NB
For the 8th and subsequent applications:	498.00	0.00	498.00	NB
Provide Environmental Information	0.00	0.00	0.00	NB

Air Pollution Prevention	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Annual Subsistence Charge Low	772.00	0.00	772.00	NB
Annual Subsistence Charge Medium	1,161.00	0.00	1,161.00	NB
Annual Subsistence Charge High	1,747.00	0.00	1,747.00	NB
Reduced Fee Activities Low	228.00	0.00	228.00	NB
Reduced Fee Activities Medium	365.00	0.00	365.00	NB
Reduced Fee Activities High	548.00	0.00	548.00	NB
Part 1 Reduced Fee Low	79.00	0.00	79.00	NB
Part 1 Reduced Fee Medium	158.00	0.00	158.00	NB
Part 1 Reduced Fee High	237.00	0.00	237.00	NB
PVR 1 & 2 Low	113.00	0.00	113.00	NB
PVR 1 & 2 Medium	226.00	0.00	226.00	NB
PVR 1 & 2 High	341.00	0.00	341.00	NB
Mobile Screening and Crushing 1st and 2nd Plant Low	626.00	0.00	626.00	NB
Mobile Screening and Crushing 1st and 2nd Plant Medium	1,034.00	0.00	1,034.00	NB
Mobile Screening and Crushing 1st and 2nd Plant High	1,551.00	0.00	1,551.00	NB
Mobile Screening and Crushing 3rd and 7th Plant Low	386.00	0.00	386.00	NB
Mobile Screening and Crushing 3rd and 7th Plant Medium	617.00	0.00	617.00	NB
Mobile Screening and Crushing 3rd and 7th Plant High	924.00	0.00	924.00	NB
Mobile Screening and Crushing 8th and subsequent Plant Low	198.00	0.00	198.00	NB
Mobile Screening and Crushing 8th and subsequent Plant Medium	314.00	0.00	314.00	NB
Mobile Screening and Crushing 8th and subsequent Plant High	473.00	0.00	473.00	NB
Late Payment Fee	52.00	0.00	52.00	NB
Change of operator fee for a low risk reduced fee activity	78.00	0.00	78.00	NB
Instalment charge	38.00	0.00	38.00	NB

* Not using simplified permits

Clean Neighbourhoods and Environment Act 2005

Subject to government upper limit approvals

Fixed Penalty Notices	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Nuisance Parking	100.00	0.00	100.00	NB
Abandoning a vehicle	200.00	0.00	200.00	NB
Litter	150.00	0.00	150.00	NB
Unauthorised distribution of litter on designated land	100.00	0.00	100.00	NB
Graffiti and fly posting	100.00	0.00	100.00	NB
Fly tipping	1,000.00	0.00	1,000.00	NB
Household Duty of Care	400.00	0.00	400.00	NB
Waste receptacles and putting out waste offences	400.00	0.00	400.00	NB
Failure to produce authority (eg waste carriers licence)	400.00	0.00	400.00	NB
Failure to furnish documentation (eg waste transfer notes)	400.00	0.00	400.00	NB
Public Space Protection Orders	100.00	0.00	100.00	NB
Community Protection Notice	100.00	0.00	100.00	NB

Fixed Penalty Notices - Early Payment (within 10 days)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Abandoning a vehicle	150.00	0.00	150.00	NB
Litter - £150 reduced to £100 for early repayment	100.00	0.00	100.00	NB
Fly tipping £1000 reduced to £600 for early repayment	600.00	0.00	600.00	NB
Household Duty of Care	300.00	0.00	300.00	NB
Waste receptacles and putting out waste offences	300.00	0.00	300.00	NB
Failure to produce authority (eg waste carriers licence)	300.00	0.00	300.00	NB
Failure to Furnish Documentation (Waste Transfer Note)	300.00	0.00	300.00	NB
Public Space Protection Orders	75.00	0.00	75.00	NB
Community Protection Notice	75.00	0.00	75.00	NB

Transport & Depot Services

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
MOT Test Class IV - ADC Employee, General Public & Trade	44.00	0.00	44.00	NB
MOT Test Class VII - ADC Employee, General Public & Trade	50.00	0.00	50.00	NB
MOT Retest (within 10 working days)	12.00	0.00	12.00	NB
MOT Retest after 10 working days - As full test				
Vehicle engineers report	70.00	14.00	84.00	SR

Cemeteries

Interment of Bodies in a Grave	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Still born child up to 1 month		Free		
Child grave 1 month to 16 years (Children's section only)		Free		
Cremated Remains	269.00	0.00	269.00	NB
Scattering of Ashes	108.00	0.00	108.00	E
Adult Depth for one	942.00	0.00	942.00	NB
Adult Depth for two	921.00	0.00	921.00	NB
Adult Depth for three	1,075.00	0.00	1,075.00	NB

Purchase of Exclusive Right of Burial Fees (75 years)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Adult grave	1,210.00	0.00	1,210.00	E
Child's grave (Childs Section Only)		Free		
Cremated Remains Area	672.00	0.00	672.00	E

Miscellaneous Fees	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Chapel Use	269.00	0.00	269.00	E
Late arrival on site (after first 30min)	135.00	0.00	135.00	E
Transfer of exclusive rights of burial without interment	36.00	0.00	36.00	E
Family tree and genealogy searches per name/per grave	36.00	0.00	36.00	E
Late arrival of paperwork (after first 30min)	36.00	0.00	36.00	E

Memorial Charges - Permit fee	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Headstone (Not exceeding 3ft x 2ft 6in)	311.00	0.00	311.00	NB
8in x 8in Vase/Tablet	190.00	0.00	190.00	NB
Vase over 8in	234.00	0.00	234.00	NB
Additional Inscription	121.00	0.00	121.00	NB
Memorial Tree	206.00	0.00	206.00	NB

Allotments

	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
With water supply - Per 100 square metres, Per Annum	27.27	0.00	27.27	NB
Without water supply - Per 100 square metres, Per Annum	19.69	0.00	19.69	NB

Waste Management & Recycling

Bulky items (including fridges/freezers)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Price reduced by half if a resident is in receipt of a qualifying income-based benefit				
1 item on its own	16.00	0.00	16.00	NB
Up to 3 items in one collection	22.00	0.00	22.00	NB
Over 3 items, each additional piece	9.00	0.00	9.00	NB

New and replacement wheeled bins	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
New home wheeled bin set for developer 3 bins	123.00	0.00	123.00	NB
New home wheeled bin set for developer 4 bins	160.00	0.00	160.00	NB
Replacement red lidded bin (delivery and administration)	40.00	0.00	40.00	NB

Garden Waste	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Subscription	35.00	0.00	35.00	NB
Additional garden waste bin	20.00	0.00	20.00	NB

Trade Waste (Residual & Recyclable)	Price on application
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Parks & Outdoor Recreation

Parks/Open spaces land booking day rates	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Boot camp/ fitness up to 20 people per session	21.00	0.00	21.00	NB
Boot camp/fitness 20 to 40 people per session	36.75	0.00	36.75	NB
Boot camp/fitness 40+ people per session	52.50	0.00	52.50	NB
Charity/Not for profit events fee applied if staff & changing rooms required	0.00	0.00	0.00	N/A
Private/Commercial Events including training courses (small approx. football pitch size)	131.25 - 656.25	25.00 - 125.00	157.50 - 787.50	SR
Funfair ride per day (excludes food - see prices below) - small children's rides	78.75	0.00	78.75	E
Funfair ride per day (excludes food - see prices below) - larger rides/ adults	136.50	0.00	136.50	E
Food serving vehicles or stalls				
Hot food/catering van	168.00	33.60	201.60	SR
Ice cream van or fun fair sweet stalls	110.25	22.05	132.30	SR

Bowls	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Club (10+ sessions)	1,575.00	0.00	1,575.00	NB
Club individual	47.25	0.00	47.25	NB

Croquet	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Club (10+ sessions)	1,575.00	0.00	1,575.00	NB

Tennis (per court)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Hourly rate (adult)	6.30	0.00	6.30	NB
Annual Membership (per household, 10+ sessions)	47.25	0.00	47.25	NB
Floodlights (per 1 hour session)	2.10	0.00	2.10	NB

Football	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Annual Fee - Standard (10+ games)	477.75	0.00	477.75	NB
Annual Fee - Juniors (10+ games)	309.75	0.00	309.75	NB
Annual Fee - Mini (10+ games)	168.00	0.00	168.00	NB
Football training ½ day (not pitch use)	26.25	0.00	26.25	NB

Netball (Titchfield Park, Kirkby only)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Annual Fee - (10+ games, one x 2 hour session per week)	304.50	0.00	304.50	NB
Per Court - Standard (per 2 hour session)	36.75	0.00	36.75	NB
Per Court - Juniors (per 2 hour session)	26.25	0.00	26.25	NB
Floodlights (per 2 hour session)	28.35	0.00	28.35	NB

Astroturf (Kingsway Park, Kirkby)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Full Pitch (per 2 hour session) Standard	59.85	0.00	59.85	NB
Full Pitch (per 2 hour session) Juniors	50.40	0.00	50.40	NB
Half Pitch Standard (per 2 hour session)	34.65	0.00	34.65	NB
Half Pitch Juniors (per 2 hour session)	28.35	0.00	28.35	NB
Floodlights (per 2 hour session)	28.35	0.00	28.35	NB

Astroturf (Titchfield Park, Hucknall)	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Full Pitch (per 2 hour session) Standard	29.40	0.00	29.40	NB
Full Pitch (per 2 hour session) Juniors	21.00	0.00	21.00	NB
Floodlights (per 2 hour session)	26.25	0.00	26.25	NB

LEISURE CENTRES - These are managed by Everyone Active on behalf of ADC. Fees & charges are set by Everyone Active and agreed by the Council

Contract Pricing				
SWIMMING		Net (£)		Total (£) 2025/26
full price		5.50		5.50
concession/juniors		2.90		2.90
inflatable session				
sauna/steam room		5.00		5.00
good boost		4.50		4.50
Public Swim		5.50		5.50
Public Swim Junior		3.60		3.60
Public Swim Senior		4.15		4.15
Lane Swim		6.05		6.05
Lane Swim Junior		3.95		3.95
Lane Swim Senior		4.55		4.55
Family Swim		6.30		6.30
Family swim with inflatable		6.90		6.90
good boost		4.50		4.50
Shower only		5.00		5.00
SWIMMING TEACHING Group lessons (per session)		Net (£)		Total (£) 2025/26
Adult		7.75		7.75
Senior		7.75		7.75
Junior		7.75		7.75
POOL HIRE (INC VAT-WHERE APPLICABLE)		Net (£)		Total (£) 2025/26
Club		105.00		105.00
Additional Lifeguard - per session (£ / hour)		29.00		29.00
Private		105.00		105.00
Birthday Parties -		Net (£)		Total (£) 2025/26
Ice Rink + food		299.00		299.00
Bouncy Castle 2 hour		155.00		155.00
Pool Party - sensory - teach pool		135.00		135.00
10%		220.00		220.00
Football Party		115.00		115.00
Sports party		115.00		115.00
Roller Skating - 2 hours		170.00		170.00
Roller skate and bounce 2 hrs		220.00		220.00
Kirkby pool + splash		165.00		165.00
Kirkby inflate		200.00		200.00
Kirkby inflate + splash		250.00		250.00
soft play 90min		200.00		200.00

Tag Active Party - option one 1 hr 20 children No food	90.00		90.00	
Tag Active Party - option two 2 hr 20 children	250.00		250.00	
Tag Active Party - option three 1 hr 10 children	120.00		120.00	
FITNESS	Net (£)		Total (£) 2025/26	
Adult Casual Visitor	8.10		8.10	
Off peak price??	5.00		5.00	
Junior & senior Active	4.10		4.10	
Group Exercise	7.10		7.10	
Virtual	4.30		4.30	
MEMBERSHIP	Net (£)		Total (£) 2025/26	
Full multi site access Gym, Swim , Classes & Health Suite				
DD Adults	34.99		34.99	
DD Concessionary	31.22		31.22	
DD Junior	23.49		23.49	
New Soft Play Facility				
Soft play 90 mins	5.00		5.00	
Tag	6.00		6.00	
Active Antz	3.50		3.50	
Themed events Ice	std rate		std rate	
Themed events soft play	7.00		7.00	
Hire of meeting room per hr including admission but excluding VAT				
Meeting room	25.00		25.00	
Health hub	25.00		25.00	
BADMINTON	Net (£)		Total (£) 2025/26	
Full price	10.00		10.00	
Off peak	6.10		6.10	
Concession Price	5.50		5.50	
Social Badminton	3.90		3.90	
Racquets / bats each	1.60		1.60	
SQUASH & RACKETBALL 45mins	Net (£)		Total (£) 2025/26	
Full price	8.80		8.80	
Concession Price	5.60		5.60	
Off Peak Price	5.60		5.60	

TABLE TENNIS	Net (£)		Total (£) 2025/26	
Full price	8.00		8.00	
Concession				
Senior sessions				
Boccia	3.00		3.00	
50+ Swim Session	2.70		2.70	
50+ Dry Activities	3.50		3.50	
Walking football/cricket	4.20		4.20	
Bowls	3.15		3.15	
ICE RINK	Net (£)		Total (£) 2025/26	
Full price	6.80		6.80	
Concession Price	4.15		4.15	
Artistic Ice - what does this mean?	5.80		5.80	
Polar Cubs 1 adult & 1 child	6.30		6.30	
Penguin Aid Hire per 1/2 hour	2.95		2.95	
Junior Ice Membership - monthly	70.00		70.00	
Ice Disco	5.80		5.80	
Ice Rink Hire	180.00		180.00	
Skate UK	7.25		7.25	
Group Exercise	Net (£)		Total (£) 2025/26	
BTS / LBT's / Circuits /Boot camps	7.15		7.15	
Group Cycling / Zumba	7.15		7.15	
Forever Fit / Seated Exercise	4.15		4.15	
Aqua Adult	7.15		7.15	
Aqua Concession	7.15		7.15	
Indoor Courts	Net (£)		Total (£) 2025/26	
full court Adult - Football, Netball, basketball etc	65.00		65.00	
Full court Concessions - Football, Netball Basketball Etc	50.00		50.00	
Roller Skating	3.50		3.50	
Football Deposit	10.00		10.00	
Sensory room (Kirkby)	Net (£)		Total (£) 2025/26	
Sensory Session	5.00		5.00	
Holiday Activities	Net (£)		Total (£) 2025/26	
Day Camps	22.30		22.30	
Sport Activities	Net (£)		Total (£) 2025/26	
Gymnastics	5.60		5.60	

Planning

Pre Application Charges	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Householder Development	To be confirmed			SR
Minor Development (Excluding Householder) - 1 or 2 dwellings	To be confirmed			SR
Other Minor Development - 3- 9 dwellings	To be confirmed			SR
Small scale development - 10 to 199 dwellings	To be confirmed			SR
Large Scale development - 200+ dwellings	To be confirmed			SR
Confirmation that S106 financial contricutions have been complied with	121.00	24.20	145.20	SR
Confirmation that planning conditions have been complied with	121.00	24.20	145.20	SR

Land Charges	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Full Search (LLC1 & CON29)				
LLC1	40.21			NB
CON29	98.54	19.71	158.45	SR
Each additional parcel of land (full search)				
LLC1	1.16			NB
CON29R	20.86	4.17	26.18	SR
Con29O Enquiries - Question 22	44.96	8.99	53.95	SR
Con29O Enquiries - Questions 4, 5, 9, 16 & 20	20.86	4.17	25.03	SR
Con29O Enquiries - Questions 8, 10, 11, 12, 13, 14, 15, 17, 18 & 19	20.86	4.17	25.03	SR
Con29O Enquiries - Questions 6 & 7	20.86	4.17	25.03	SR
Con29O Enquiries - Question 21	The District Council is unable to respond to this enquiry, therefore please contact the Environment Agency (https://www.gov.uk/topic/environmental-management/flooding-			
Applicants own questions (each) An additional charge of £3.00 will be added where a request is received for reports to be posted out	17.88	3.58	21.45	SR

Additional Searches	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Drainage and Water Enquiry (CON29DW) - Residential	52.75	10.55	63.29	SR
Drainage and Water Enquiry (CON29DW) - Commercial	146.98	29.40	176.38	SR
Chancel Check	22.46	4.49	26.95	SR

CON29 Information				
In some instances, interested parties will be able to access the required information via public registers and incur no costs. The provision of Individual Enquiry Reports is to enhance the number of access channels available and not limit access.				
CON29 Individual Enquiries	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Questions 1.1. (a) to (i)	16.50	3.30	19.80	SR
Questions 1.1. (j) to (l)	16.50	3.30	19.80	SR
Question 1.2.	16.50	3.30	19.80	SR
Questions 2.1. (a) to (d) and 2.2. to 2.5. - Please contact Highway Searches Via East Midlands Ltd. Tel 0115 9773143 or Email highwaysearches@viaem.co.uk				
Question 3.1.	16.50	3.30	19.80	SR
Questions 3.2., 3.3. (a) to (c), 3.4. (a) to (f), 3.5. (a) & (b), 3.6. (a) to (l) and 3.7. (e) - Please contact Highway Searches Via East Midlands Ltd. Tel 0115 9773143 or Email				
Questions 3.7. (a) to (d) & (f)	16.50	3.30	19.80	SR
Question 3.7. (g) - The District Council is unable to respond to this enquiry, therefore please contact the Environment Agency (https://www.gov.uk/topic/environmental-				
Question 3.8.	4.21	0.84	5.06	SR
Questions 3.9. (a) to (n)	9.08	1.82	10.89	SR
Questions 3.10. (a) to (h)	4.21	0.84	5.06	SR
Questions 3.11. (a) & (b)	4.21	0.84	5.06	SR
Question 3.12	4.21	0.84	5.06	SR
Questions 3.13. (a) to (c)	4.21	0.84	5.06	SR
Question 3.14.	4.21	0.84	5.06	SR
Questions 3.15. (a) and (b)	9.08	1.82	10.89	SR

Markets

Indoor Market - per pitch based on floor space - price range	POA*	E
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Outdoor Markets

Kirkby in Ashfield	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
First stall	15.00	0.00	15.00	E
Extra stall each up to 3 extra	10.80	0.00	10.80	E
Extra stall above 4 stall each	6.90	0.00	6.90	E

Hucknall	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
First stall	15.00	0.00	15.00	E
Extra stall each up to 3 extra	10.80	0.00	10.80	E
Extra stall above 4 stall each	6.90	0.00	6.90	E

Sutton in Ashfield	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
First stall	15.00	0.00	15.00	E
Extra stall each up to 3 extra	10.80	0.00	10.80	E
Extra stall above 4 stall each	6.90	0.00	6.90	E

All Markets	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Designated special event markets through the year	POA*	0.00	POA*	E
Catering stalls	POA*	0.00	POA*	E
Catering stalls with Electricity	POA*	0.00	POA*	E
Self erect market stall	POA*	0.00	POA*	E
Trailer Unit	POA*	0.00	POA*	E

Catering and Similar Vans	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
All Markets	26.50	0.00	26.50	E
Extra with electrical supply	9.60	0.00	9.60	E
Promotional Vehicle	20.70	0.00	20.70	E

Promotional Space	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
All areas	POA*	0.00	POA*	E

Sunday Markets	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
Christmas and Sunday markets	POA*	0.00	POA*	E
Subsequent stalls (each)	POA*	0.00	POA*	E
Catering Vans/Trailers	POA*	0.00	POA*	E
Connection to electric supply	POA*	0.00	POA*	E

Private Market fees and charges

There is a fixed fee to process the initial application of £204

There is a sliding scale of fees depending on the size of the market.

Number of traders / stalls / catering vehicles	Net (£)	VAT (£)	Total (£) 2025/26	VAT Rate
1 – 25	30.50	0.00	30.50	NB
26 – 50	61.70	0.00	61.70	NB
51 - 75	92.20	0.00	92.20	NB
76 - 100	123.50	0.00	123.50	NB
101 - 200	352.00	0.00	352.00	NB
Over 200	433.30	0.00	433.30	NB

The council reserves the right to negotiate the commercial event fee for large scale events and for markets operated on behalf of the Council

POA* - Price on application and determined through ODR at commercial rates

VAT Key:

SR = Standard Rated

E = Exempt

NB = Non Business / Outside Scope

Z = Zero Rated

Appendix 2 – Capital Programme

	Lead Officer	2024/25	2025/26	2026/27	2027/28	2028/29	Total	Loan	Section 106	Grant	Grant Funder	Capital Receipts	Reserves	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	e.g. Lottery	£'000	£'000	£'000
Capital Schemes														
General Fund														
Ashfield Innovation and Technology PAsK	John Bennett	4,500	0	0	0	0	4,500	4,500	0	0		0	0	4,500
Comm Facilities Investment - Selston Country PAsK	John Bennett	3	0	0	0	0	3	3	0	0		0	0	3
Depot Roof	Charles Edwards	1,456	7,146	0	0	0	8,602	6,711	0	1,527		364	0	8,602
External health and safety works required for the Urban Road office Firewalls	Charles Edwards	12	0	0	0	0	12	12	0	0		0	0	12
	Craig Bonas AD -	0	0	0	0	0	0	0	0	0		0	0	0
Flood Support Schemes	Neighbourhoods	0	0	0	0	0	0	0	0	0		0	0	0
Green Space Improvements	John Bennett	6	0	0	0	0	6	0	6	0		0	0	6
Green Homes Grant (GF) (1)	Charles Edwards	0	0	0	0	0	0	0	0	0		0	0	0
Green Homes Grant (GF) (2)	Charles Edwards	37	0	0	0	0	37	0	0	37	Green Homes Grant	0	0	37
Hucknall Car Park - Titchfield Street	John Bennett	0	115	0	0	0	115	22	93	0		0	0	115
Hucknall Leisure Centre CAS PAsK Extension	John Bennett	372	372	0	0	0	744	350	0	0		394	0	744
Hucknall Leisure Centre - Fixtures, Fittings and Equipment	John Bennett	296	0	0	0	0	296	296	0	0		0	0	296
Hucknall Leisure Centre - New Pool	John Bennett	152	110	0	0	0	262	262	0	0		0	0	262
Hucknall Leisure Centre (PSDS3)	John Bennett	874	0	0	0	0	874	365	0	0	PSDS3	0	509	874
In District Regeneration	John Bennett	3,000	0	0	0	0	3,000	2,500	0	0		0	500	3,000
Lammas Leisure Centre cASbon reduction	John Bennett	169	0	0	0	0	169	0	0	169	Sport England - Swimming Pool support fund	0	0	169
Idlewells Market Hall	John Bennett	9	0	0	0	0	9	9	0	0		0	0	9
Asbestos removal works	John Bennett	0	277	0	0	0	0	0	0	0		0	277	0
Refurbishment of market traders toilets	John Bennett	0	77	0	0	0	0	0	0	0		0	77	0

Replacement of flat roofs	John Bennett	0	130	0	0	0									130	
Improvement Grants 1996 Act Disabled Facility Grant	Charles Edwards	1,000	1,575	1,110	1,110	1,110	5,905	0	0	5,905	BCF	0	0	5,905		
IT Wiring Infrastructure	Craig Bonas	0	0	0	0	0	0	0	0	0		0	0	0		
Kings Mill Reservoir (The King and Miller to Kingfisher)	John Bennett	103	0	0	0	0	103	18	0	85	NCC £67k, MDC £10k, Development (HLF) £0k, NCC ROW £3k & Donations £5k	0	0	103		
Kirkby Leisure Centre	John Bennett	621	0	0	0	0	621	621	0	0	Sport England £0k	0	0	621		
Lindley's Windmill Roof	John Bennett	5	0	0	0	0	5	0	0	0		0	5	5		
Members' IT	Craig Bonar	0	37	0	0	0	37	37	0	0		0	0	37		
New Servers	Craig Bonar	0	20	0	0	0	20	20	0	0		0	0	20		
Desktop Refresh	Craig Bonar	0	87	0	0	0	87	87	0	0		0	0	87		
Teams Room in the Chambers	Craig Bonar	0	50	0	0	0	50									
Officers' IT for Agile Working (General Fund)	Craig Bonar	40	45	0	0	0	85	85	0	0		0	0	85		
Public Space Protection Order and other UKSPF funded schemes	John Bennett	205	0	0	0	0	205	0	0	195	£25k Safer Streets, £165k UKSPF and £5k PCC	10	0	205		
Purchase of Vehicles	Charles Edwards	824	5,236	4,750	5,000	0	15,810	15,810	0	0		0	0	15,810		
Rapid Deployable CCTV Cameras and Installation	John Bennett	0	0	0	0	0	0	0	0	0	PCC	0	0	0		
SAN Hardware	Craig Bonar	0	0	0	0	0	0	0	0	0		0	0	0		
Safer Streets	John Bennett	0	0	0	0	0	0	0	0	0	Notts PCC	0	0	0		
Safer Streets for Kirkby	John Bennett	0	0	0	0	0	0	0	0	0	Notts PCC	0	0	0		
Discovery Centre and Planetarium	John Bennett	1,425	0	0	0	0	1,425	0	0	1,425	DLUHC	0	0	1,425		
Switch Network Hardware	Craig Bonar	0	0	0	0	0	0	0	0	0		0	0	0		
Butlers Hill	John Bennett	20	0	0	0	0	20					20		20		
Maun Valley	John Bennett	800	0	0	0	0	800	0	0	0		0	800	800		

Towns Fund Projects	John Bennett	0	0	0	0	0	0	19,454	580	43,041	DLUHC £40.674k, LTA £108k, HLF £45k, Football Foundation £1,950k and ATTFE Sutton Academy Trust £264k	0	1	63,076
Ashfield Civil Engineering Centre	John Bennett	1,832	0	0	0	0	1,832	0	0	0				0
Ashfield Construction Centre	John Bennett	3,057	1,713	0	0	0	4,770	0	0	0				0
Automated Distribution and Manufacturing Centre	John Bennett	1,376	17,727	0	0	0	19,103	403	0	0				403
Cycling and Walking Routes	John Bennett	291	1,644	0	0	0	1,935	0	0	0				0
Green Ashfield	John Bennett	602	1,601	0	0	0	2,203	0	0	0				0
High Street Property Fund	John Bennett	300	671	0	0	0	971	0	0	0				0
Kings Mill Reservoir Leisure Development	John Bennett	1,647	0	0	0	0	1,647	0	0	0				0
Kingsway Sports Hub	John Bennett	160	2,004	0	0	0	2,164	0	0	0				0
Library Innovation Centres	John Bennett	429	36	0	0	0	465	0	0	0				0
North Kirkby Gateway	John Bennett	2,000	11,726	0	0	0	13,726	0	0	0				0
Portland Square Refurbishment	John Bennett	1,590	0	0	0	0	1,590	0	0	0				0
Science Discovery Centre & Planetarium	John Bennett	203	0	0	0	0	203	0	0	0				0
Sutton Lawn Sports Hub	John Bennett	120	4,258	0	0	0	4,378	0	0	0				0
Visitor Digital Offer	John Bennett	85	0	0	0	0	85	0	0	0				0
West Kirkby Gateway	John Bennett	2,000	5,507	0	0	0	7,507	0	0	0				0
Rename Cornerstone	John Bennett	498	0	0	0	0	498	0	0	0				0
Walking and Cycling project	John Bennett	0	0	0	0	0	0							0
Sutton Property Purchase	John Bennett	0	0	0	0	0	0							0
Towns Fund Accelerated Funding Projects	John Bennett	170	0	0	0	0	170	170	0	0		0	0	170

Tree Planting and Habitat Improvements, Ashfield-Wide	John Bennett	15	19	0	0	0	34	0	24	10	EMG Homes £4k, J Tomlinson £2k and £4k Trees for Cities	0	0	34
Urban Road Offices (PSDS3)	Charles Edwards	1,124	0	0	0	0	1,124	660	0	0	PSDS3	464	0	1,124
Vehicle Tracking Scheme	Charles Edwards	5	0	0	0	0	5	5	0	0		0	0	5
LUF Hucknall Programme	John Bennett	0	9,281	0	0	0	9,281	0	0	9,281	LUF	0	0	9,281
Future High Street Funding Schemes		0					0							
Sutton Academy Community Theatre/Cinema	John Bennett	2,135	0	0	0	0	2,135	2,135	0	0	ATTFE Sutton Academy Trust £100k	0	0	2,135
Sutton Maker Space and Business Hub	John Bennett	153	0	0	0	0	153	153	0	0	FHSF £663 + Town Fund £587 (Used in 23-24)	0	0	153
Low Street vacant units	John Bennett	652	0	0	0	0	652	652	0	0		0	0	652
Fox Street pop-up food court and car park	John Bennett	485	0	0	0	0	485	214	71	200	DLUHC £200k	0	0	485
		0					0							
		0					0							
Total General Fund		36,858	71,464	5,860	6,110	1,110	121,402	55,554	774	61,875		1,252	2,299	121,270

Appendix 2 – Capital Programme

Housing Revenue Account Capital Schemes							
Housing Revenue Account	Lead Officer	2024/25	2025/26	2026/27	2027/28	2028/29	Total
		£'000	£'000	£'000	£'000	£'000	£'000
HOUSING REVENUE ACCOUNT							
Decent Homes Schemes							
Future Major Works - Central Heating	Charles Edwards	192	2,116	2,127	2,127	2,127	8,689
Future Major Works - Depot Central Heating Boiler Breakdowns	Charles Edwards	10	0	0	0	0	10
Future Major Works - Decoration Vouchers/Incentive payments (Quality)	Charles Edwards	5	115	125	125	125	495
Future Major Works - Electrical and associated works	Charles Edwards	70	1,611	1,936	1,936	1,937	7,490
Future Major Works - External Doors	Charles Edwards	55	426	220	220	220	1,141
Future Major Works - Roof Coverings and associated works	Charles Edwards	460	1,190	880	680	500	3,710
Future Major Works - Wall Finishes	Charles Edwards	0	200	1,600	1,600	1,600	5,000
Future Major Works - Window Replacement	Charles Edwards	35	1,225	1,075	1,075	1,075	4,485
Future Major Works - Communal heating	Charles Edwards	50	3,150	0	0	0	3,200
Future Major Works - Common Areas	Charles Edwards	325	2,775	900	530	530	5,060
Catch up (K/B)	Charles Edwards	10	2,795	3,362	3,362	3,362	12,891
		1,212	15,603	12,225	11,655	11,476	52,171
Service Improvements Loft Insulation	Charles Edwards	10	30	30	30	30	130
Service Imps Boundary Walls, Paving&Fencing	Charles Edwards	10	100	100	100	100	410
Footpaths	Charles Edwards	20	31	20	15	15	101
Housing Health and Safety Rating System	Charles Edwards	10	50	50	50	50	210
Communal Heating; Improved CASbon Saving	Charles Edwards	0	1,500	0	0	0	1,500
CASbon Saving Works	Charles Edwards	2,273	2,990	3,333	3,333	3,334	15,263
Conversions and Associated Works	Charles Edwards	0	130	130	60	0	320
Hard to Treat Properties	Charles Edwards	5	25	25	25	25	105
Service Improvements -Garage	Charles Edwards	5	90	75	75	76	321
Service Improvements - Estate Improvement	Charles Edwards	0	10	10	10	10	40
Service Improvements -Sound Insulation	Charles Edwards	0	10	10	10	10	40
SHDF2 funding -	Charles Edwards	50	895	0	0	0	945
		2,383	5,861	3,783	3,708	3,650	19,385
Asbestos Surveys and Removals	Charles Edwards	50	30	27	50	50	207
Uninsured Structural Works	Charles Edwards	20	50	50	50	50	220
Radon Testing	Charles Edwards	0	10	5	5	5	25
Flood Protection	Charles Edwards	0	30	25	25	25	105
Cold Bridging Remediation	Charles Edwards	0	15	10	10	10	45

		70	135	117	140	140	602
Non-Trad Props and Solid Wall Props	Charles Edwards	0	2,353	950	0	0	3,303
External Walkways	Charles Edwards	0	40	20	20	20	100
		0	2,393	970	20	20	3,403
Stock Condition Surveys	Charles Edwards	60	0	0	70	0	130
30 Yr validation & non-trad surveys	Charles Edwards	0	120	0	0	0	120
		60	120	0	70	0	250
Disabled adaptations - Minor adaptations	Charles Edwards	426	400	400	400	400	2,026
Disabled adaptations - Major adaptations	Charles Edwards	64	205	100	100	100	569
		490	605	500	500	500	2,595
Management Fee	Charles Edwards	701	701	701	701	701	3,505
Grand Total		4,916	25,418	18,296	16,794	16,487	81,911
Other Housing Revenue Account Schemes							
ACRS	Charles Edwards	550	0	0	0	0	550
Retrofit Infill Properties	Charles Edwards	514	64	0	0	0	578
Community Centres New Housing Scheme	Charles Edwards	758	650	0	0	0	1,408
Central Avenue New Housing Scheme	Charles Edwards	1,716	1,600	45	0	0	3,361
Investment in New or Existing Dwellings	Charles Edwards	1,501	788	788	788	788	4,653
Davies Avenue Housing Project - Frog Hopper Lane	Charles Edwards	25	0	0	0	0	25
Development of Unviable Garage Sites in Kirkby-in-Ashfield and Hucknall (Daley Avenue and Spruce Grove New Builds)	Charles Edwards	25	0	0	0	0	25
Green Homes Grant (HRA) (1)	Charles Edwards	4	0	0	0	0	4
Housing Vehicles	Charles Edwards	0	914	560	644	0	2,118
Major Repairs Temporary Accommodation	Charles Edwards	93	53	53	54	54	307
Maun View Sutton-in-Ashfield	Charles Edwards	53	0	0	0	0	53
Officers' IT for Agile Working (HRA)	Charles Edwards	46	30	0	0	0	76
Vehicle Tracking Scheme	Charles Edwards	4	0	0	0	0	4
Hardwick Lane Recreation Ground	Charles Edwards	1,238	8,100	0	0	0	9,338
Fairhaven Development	Charles Edwards	100	5,395	0	0	0	5,495
Kingsway Allotment Car park	Charles Edwards	10	0	0	0	0	10
WASwick Close, Kirkby-in-Ashfield	Charles Edwards	88	0	0	0	0	88
Grand Total		6,725	17,594	1,446	1,486	842	28,093
Total Housing Revenue Account		11,641	43,012	19,742	18,280	17,329	110,004

Appendix 2 - Capital Programme

Area Capital Schemes

											Funding						
	Start Date	Completion Date	Lead Officer	Reason for Inclusion	Impact of Exclusion	2024/25	2025/26	2026/27	2027/28	Total	Loan	Section 106	Grant	Grant Funder e.g. Lottery	Capital Receipts	Reserves	Total Funding
						£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Hucknall Area																	
Titchfield Park Management Programme			John Bennett			153	0	0	0	153	0	143	10	NCC	0	0	153
Washdyke Recreation Ground			John Bennett			5	0	0	0	5	0	5	0		0	0	5
Nabbs Lane Park			John Bennett			0	16	0	0	16	0	16	0		0	0	16
Total Hucknall Area						158	16	0	0	174	0	164	10		0	0	174
Sutton Area																	
Kingsmill Reservoir management plan: Implementation Works	Ongoing	Ongoing	John Bennett			0	6	0	0	6	0	6	0		0	0	6
Roundhill Recreation Ground	Sep-18	Mar-19	John Bennett			9	0	0	0	9	0	5	0		4	0	9
Sutton Lawn management Plan		Mar-18	John Bennett			0	43	0	0	43	0	36	0		0	7	43
Sutton Town Centre Improvements			John Bennett			0	0	0	0	0	0	0	0		0	0	0
Huthwaite Welfare Park			John Bennett			50	210	0	0	260	0	208	52	Lawn Tennis association	0	0	260
Biodiversity Net Gain Projects			John Bennett			0	69	0	0	69	0	69	0		0	0	69
Total Sutton Area						59	328	0	0	387	0	324	52		4	7	387

Appendix 2 - Capital Programme

Area Capital Schemes

	Start Date	Completion Date	Lead Officer	Reason for Inclusion	Impact of Exclusion	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000	Loan £'000	Section 106 £'000	Grant £'000	Grant Funder e.g. Lottery	Capital Receipts £'000	Reserves £'000	Total Funding £'000
Kirkby Area																	
Annesley Art Project			John Bennett			0	0	0	0	0	0	0	0		0	0	0
Forest Road Nature Area	Ongoing	Ongoing	John Bennett			0	5	0	0	5	0	5	0		0	0	5
Kingsway Park: implementation of management plan	Ongoing	Ongoing	John Bennett			49	101	0	0	150	0	139	11	Lawn Tennis	0	0	150
Annesley Green Space	Ongoing	Ongoing	John Bennett			36	70	0	0	106	0	106	0		0	0	106
Total Kirkby Area						85	176	0	0	261	0	250	11		0	0	261
Rural Area																	
Jacksdale Car Park			John Bennett			0	0	0	0	0	0	0	0		0	0	0
Papplewick Sports pitches Equipment'			John Bennett			60	0	0	0	60	0	60	0		0	0	60
Total Rural Area						60	0	0	0	60	0	60	0		0	0	60
Skegby																	
Healdswood Recreation Ground			John Bennett			0	109	0	0	109	0	109	0		0	0	109
Stanton Hill Regeneration			John Bennett			236	0	0	0	236	0	236	0		0	0	236
Brierley Forest Park Management			John Bennett			0	365	0	0	365	0	365	0		0	0	365
Total Rural Area						236	474	0	0	710	0	710	0		0	0	710
Total Area						598	994	0	0	1,592	0	1,508	73		4	7	1,592

**ASHFIELD DISTRICT COUNCIL
CAPITAL STRATEGY 2025/26 – 2028/29**

1 Introduction

- 1.1 Ashfield District Council's Corporate Capital Strategy is the policy framework document that sets out the principles to be used to guide the allocation of capital investment across all the Council's services and informs decisions on capital spending priorities contained within the Council's 5-year Capital Programme.
- 1.2 Capital investment is technically described as "Expenditure on the acquisition, creation, or enhancement of 'long term assets'". Capital investment seeks to provide long-term solutions to the Council's priorities and operational requirements. Expenditure for capital purposes therefore gives rise to new assets, increases the value and/or useful life of existing assets or generates an income stream to the Council via non-treasury investments. Expenditure outside this definition will be, by definition, 'revenue' expenditure.
- 1.3 Most of the Council's long-term assets are properties that are used in service delivery. The Council's land, buildings and infrastructure asset base of some 7,600 properties has a current use Balance Sheet value of £434m as at 31 March 2024 (£415m as at 31 March 2023.)
- 1.4 The Capital Strategy is presented to Council as a Policy Framework document, and links with the Treasury Management Strategy, Medium Term Financial Strategy (MTFS) and the approved Capital Programme. Although this Strategy focuses on the Council's management of its own investment in assets, a wider view of capital investment throughout the area by both the public and private sectors will have a major influence on meeting Council aims and objectives.
- 1.5 The Capital Strategy (and specifically the historic Commercial Investment Strategy element of the Capital Strategy) are/have been key drivers to secure the future financial sustainability of the Council.
- 1.6 The legal background to funding Capital Expenditure is contained in the Local Government Act 2003, particularly the following sections:
- S1 – power to borrow
 - S3 – affordable borrowing limit
 - S15 – regard to Guidance issued
- 1.7 Guidance is also issued by Government, the latest guidance issued by the Department of Levelling Up, Housing and Communities (DLUHC), being Investment Guidance (2018) and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2024.

- 1.8 Councils should also comply with professional codes that are issued, the key ones being:
- CIPFA Prudential Property Investment (November 2019).
 - CIPFA Prudential Code (December 2021)
 - CIPFA Treasury Management Code of Practice (December 2021).
- 1.9 The Capital Strategy sets out several guiding principles. In considering the principles, the Council needs a balance between guidance and prescription to allow a flexible approach to be taken but reflective of times of uncertainty. This Strategy focuses on the key policies for the allocation of capital resources to schemes in line with Council priorities and statutory responsibilities. The management of the Council's operational Capital Programme which 'sits' under this Capital Strategy is also supported by the Council's approved Financial Regulations.
- 1.10 CIPFA Treasury Management Code 2021 states:
- 'Where a capital strategy is produced by a local authority this may include the setting of detailed treasury management policies, while being clear that overall responsibility remains with full Council.'
 - 'This organisation will ensure that all the organisation's investments are covered in the capital strategy, investment strategy or equivalent, (*that is this strategy for Ashfield District Council and contains both*) and will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.'

2 Identifying Need

- 2.1 There are several internal and external influences that will affect the Council's Capital Strategy in the short, medium and long term.
- 2.2 External influences will include but are not limited to potential partners such as central government, priorities of the Local Enterprise Partnership (LEP), County Council, Discover Ashfield Board and the private sector.
- 2.3 Internal influences will be driven by the Council's Corporate Plan which sets out the Council's vision and priorities for the District and is available on the Council's website:
<https://www.ashfield.gov.uk/media/i3cl3jgr/corporate-plan-2023-2027.pdf>
- A new Corporate Plan is developed every four years, the current corporate plan was approved by Council on the 25th September 2023.
- 2.4 The Council's Corporate Plan 2023-2027 sets out the following six priorities;
- Health & Happiness
 - Homes & Housing
 - Economic Growth & Place

- Cleaner & Greener
- Safer & Stronger
- Innovate & Improve

2.5 Aligned to the Corporate Plan are a number of subsidiary and complementary plans and strategies. Examples include;

- Medium Term Financial Strategy
- Treasury Management Strategy
- 30 Year HRA Business Plan
- Housing Strategy
- Digital Transformation Strategy
- Commercial Investment Strategy
- Service Plans

Capital investment will therefore be made in a range of areas to support the Council's core activities and priorities including asset investment to support its existing asset base and service plans, ICT and business improvement investment to support its Transformation programme. Investment in other delivery vehicles such as a Housing Company continue to be considered to deliver priorities regarding housing units.

3 Capital Scheme Prioritisation

3.1 Due to competing demands for limited resources, the Council prioritises capital investment based on several different factors such as:

- Its contribution to corporate priorities
- Whether it facilitates delivery of statutory or non-statutory and essential/non-essential services.
- The ability of the project to leverage additional funding, or secure a future income stream – therefore preference will be given to those projects with:
 - A payback of 10 years or less
 - A positive net present value over the life of the asset based on a discount rate reflecting use of capital resources (Treasury Green book figure 3.5 %)
- The affordability of the revenue implications of the project
- The risk of not undertaking the capital expenditure, eg Health and Safety implications or legislative requirements.

3.2 Non financial indicators can also be used, for example, there are many benefits to including sustainability or environmental and social value criteria in the decision-making process when it comes to allocating capital resources. Outcomes (for example jobs created or safeguarded) and outputs (for example, number of new homes built) should also be considered.

4 Prudential Approach

- 4.1 The Prudential Code requires Councils to consider six things when it agrees its Capital Programme:
- Service objectives – are spending plans consistent with our aims and plans?
 - Stewardship of assets – is capital investment being made on new assets at the cost of maintaining existing assets?
 - Value for money – do benefits outweigh the cost?
 - Prudence and sustainability – can the Council afford the borrowing now and in the future?
 - Affordability – what are the implications for council tax? (revenue implications)
 - Practicality – can the Council deliver the programme?
- 4.2 Prudence is a difficult concept to define. In deciding whether an investment decision is prudent there should, as a minimum, be an initial consideration of the relationship between:
- the capital cost and
 - the business cost (being the revenue costs associated with the use of the asset).
- 4.3 The authority needs to consider whether this choice represents the best use of resources having looked at all available options. Above all, the authority should be confident that the preferred option is the best value for money, and the quality is sufficient to meet the Council's needs.
- 4.4 Investments in property are seen as medium to long term investments. Therefore the value for money is assessed on this basis to ensure that over a longer period of time the investment is value for money and provides a return to the Council which, as a minimum exceeds what could be earned through investing in Money Markets.
- 4.5 The question of affordability in relation to capital projects is easier to address as the list of cost components is easier to define. Whilst the list is not exhaustive, it will typically include:
- Capital Costs
 - Feasibility costs
 - Initial build/purchase
 - Disposal/demolitions/decommissioning costs
 - Project management costs - internal and external
 - Fees: Surveyors, Clerk of works
 - Revenue costs
 - Ongoing rental charges
 - Ongoing facilities management charges
 - Utilities costs
 - Maintenance (planned and reactive)

- Financing costs (where appropriate, Minimum Revenue Provision (MRP) and Interest costs)
 - staffing implications
 - Business Rates
- 4.6 Feasibility costs may be capitalised provided the scheme leads to the eventual construction of an asset, if not, any such costs incurred must be charged to revenue.
- 4.7 In assessing whether an investment is sustainable, the authority should consider:
- how it fits into any future policy or environmental framework
 - the future availability of resources to implement and continue to maintain any capital asset arising
 - the potential for changes in the need for the asset, e.g. demographic developments
 - the potential for changes in the nature of the driver, problem, or policy the capital expenditure is seeking to address.
 - The security on loans made
 - The liquidity of investments
- 4.8 In terms of practicality, the Council must ensure it has the right skills and resources available at the right time to be able to fully resource and deliver its Capital Programme ambitions. Some of the projects may be specialist in nature and, as such, will require external expertise and support in order to deliver the schemes, including good project management skills.

5 Capital Funding

5.1 Capital Funding Sources:

- 5.1.1 The Council's Capital Programme is currently funded from the following sources;
- Capital Receipts
 - Prudential Borrowing
 - Developers Contributions e.g. s106 receipts
 - Partner contributions
 - Revenue Contributions/Reserves
 - Capital Grants e.g. Disabled Facilities Grant, Future High Streets Fund, etc
 - Proportion of Housing Right to Buy receipts
 - Major Repairs Reserve (for Council Housing investments)
- 5.1.2 The Council can recycle capital receipts generated from the disposal of assets back to fund both General Fund and HRA capital projects. The Council also has in place a Flexible Use of Capital Receipts Strategy (Originally approved October 2018) which may be used to support delivery of the Council's Transformation Programme. New statutory guidance regarding the flexible

use of capital receipts was issued 2nd August 2022 and covers financial years that begin on 1 April 2022, 1 April 2023 and 1 April 2024. The Flexible use of Capital receipts whilst available to Ashfield District Council has not been utilised in these periods. No plans to utilise in the future. Capital receipts have been used purely to finance the capital programme.

5.1.3 However with limited property available for sale, capital receipts are gradually being eroded. And with continuing budgetary pressures being placed on the Council's General Fund the ability to use Direct Revenue Financing (use of reserves) is reducing and consequently the Council need to either find alternative sources through grants and contributions, pursue schemes that are self-financing (i.e. generate an income scheme to cover prudential borrowing and other on-going revenue costs) or curtail its ambitions for capital spend in future years.

5.1.4 The Council owns a number of assets including investment properties and through ongoing monitoring of assets and stock condition information, the continuation of holding such assets is reviewed in the light of suitability and sufficiency and decisions are taken on whether to:

- Hold and continue to maintain and refurbish them, or
- Dispose of and generate a capital receipt for funding the Capital Programme.

5.1.5 Following national changes during 2024-25, the Council has entered into a new agreement with the DLUHC in relation to how retained Right to Buy (RTB) receipts can be applied. The authority will recycle within a rolling 5-year period. Right to Buy (RTB) receipts arising from retaining "additional" receipts from RTB disposals into new social housing dwellings within the District. The RTB receipts retained, must be applied to fund up to 100% (previously 50%) for all receipts received in 2019-20 and 2020-21. And a rate of 50% to be applied for receipts received post 2020-21, of the capital costs of new build and acquisitions of affordable housing. If the retained receipts are not spent within 5 years, they must be returned to Government with interest. If future actual expenditure matches the budgeted expenditure in the capital programme, the spend requirement will be exceeded up to 31st March 2030. This position will continue to be monitored.

5.2 Prudential Borrowing

5.2.1 Under the Prudential Framework local authorities are free to make their own judgements as to whether new borrowing is affordable and prudent, subject to a duty to follow agreed professional principles, which are contained within the Prudential Code.

5.2.2 Prudential borrowing to fund capital projects may, depending on the nature of the capital investment, bring with it the need to make a charge to revenue to reflect the cost of borrowing. This includes Minimum Revenue Provision (MRP) and interest. The MRP policy that applies to capital decisions funded by prudential borrowing is set out within the Council's Treasury Management Strategy.

5.3 S106 Developer Contributions

5.3.1 Developer contributions are sought, as part of the planning application process to mitigate the impact of development and overcome what would otherwise be a potential reason to potentially refuse a planning application. These S106 Developer Contributions are a means of supporting infrastructure costs such as play areas, transport networks, schools, etc.

5.4 Housing Revenue Account

5.4.1 Capital commitments are funded via surpluses from within the Council's Housing Revenue Account (HRA). The production of a 30 year HRA Business Plan, which is regularly reviewed, enables the funding needs of the Council's housing stock to be planned for and accommodated.

5.4.2 The HRA originally had a debt cap which was set at £80.081m in 2012. However, the Government has removed the cap allowing Councils to once again borrow against the value of its housing stock for improving the existing stock as well as delivering new stock. The current debt is still £80.081m 31st March 2024.

5.4.3 The HRA Capital Programme is to a large extent driven by the amount of surplus generated which in turn is influenced by:

- The amount of income raised from rents, which for four years from 1/4/2016 was limited by Government policy, to a year on year decrease of 1%. Maximum increases of CPI plus 1% are permissible from 2020/21.
- The number of Right to Buy sales that take place and impact on the HRA stock and therefore the amount of future rent income receivable.

5.4.4 The resulting HRA Capital Programme provides for renovation and improvement of existing housing stock, refurbishment and limited estate regeneration.

6 New Delivery Models

6.1 In response to reducing capital resources the Council has looked to new delivery models to continue its capital investment in the District, which levers in other partners and innovative financing. These include consideration of developing a Housing Company, which the Council may establish to deliver new rented properties in the District.

6.2 In the context of the Capital Strategy, the Council has invested in property to produce an on-going revenue stream to contribute to the funding of the Council's revenue budget to sustain the delivery of key services to the District's residents. This capital expenditure has been funded through prudential borrowing. The prudential borrowing costs result in revenue costs of MRP and potentially interest. Prudential borrowing can be internal borrowing, against cash-backed reserves and working capital or external

borrowing, loans from a third party. Interest costs are incurred where external borrowing is undertaken. The MRP and interest costs are funded from the ongoing revenue stream from the property.

- 6.3 At the time of writing the Council currently has a portfolio of 'investment properties' of £46.262m (this is based on the Balance Sheet valuation in the draft, unaudited 2023/24 Statement of Accounts) and comprises of 15 properties. The portfolio is forecast to generate gross investment income of £4.541m in 2024/25. The prudential borrowing costs are estimated to be £1.005m in 2024/25, which includes interest on £22.3m, which is the additional external debt taken as a consequent of the investments made, with the remainder being funded with internal borrowing.
- 6.4 The Council's strategy in respect of 'investment properties' is detailed in the Commercial Investment Strategy (Non-Treasury Management Investment Strategy) included at Annex 1. Following the Public Works Loan Board (PWLB) Consultation outcome which was announced in November 2020 the Council has taken the decision to not acquire any further Investment Properties in order that it has continued access to the PWLB as a funding source for its Capital Programme.
- 6.5 The revised CIPFA Prudential Code issued in December 2021 states that authorities "must not borrow to invest primarily for financial return". It also says that it is not prudent for them to make any investment or spending decision that could increase the need for borrowing, unless related to the functions of the authority and where financial returns are "either related to the financial viability of the project in question or otherwise incidental to the primary purpose". Therefore, the changes in the code are aligned to the decision to remove any further investment property purchases from our Capital Programme and Capital Strategy.
- 6.6 Following a bidding process, the Council has been awarded funding of £6.27m from the Future High Street Fund, for four schemes in Sutton-in-Ashfield. All four schemes are included on the approved capital programme. All four schemes have commenced, and funding has been received based on the annual spending profiles submitted as part of the business cases.
- 6.7 The Council has successfully secured a Town Deal for both Kirkby-in-Ashfield and Sutton-in-Ashfield from the Towns Fund, securing £62.7m for 17 schemes.

7 The Current Capital Programme 2024/25 – 2028/29

7.1 A copy of the current 5 year Capital Programme can be found on the Council's website and the latest update to the Capital Programme is to be reported to Cabinet in February 2025. The current programme covers the following key areas and major schemes:

- Area schemes & General Fund Schemes
 - Towns Fund Programme
 - Future High Street Fund Programme
 - Kirkby Leisure Centre New Build
 - Other Leisure Transformation schemes
 - Purchase of Vehicles
- Housing Revenue Schemes
 - Decent Homes schemes
 - New Build and acquisitions of affordable housing
 - Affordable Housing developments

7.2 In assessing what schemes are included in the Capital Programme, the Council will ensure all schemes are properly appraised and prioritised through a scoring matrix as agreed by Council. This appraisal process will take account of the key criteria set out in this Strategy.

8 Service Enhancements & Building Asset Maintenance

8.1 The Council has a property land and buildings portfolio utilised for service delivery (eg leisure centres) and for operational delivery (offices and depots). It is important that these are maintained on a regular basis and receive upgrades and replacement if required when resources allow. This programme will be informed by the stock condition surveys alongside any service developments that may be proposed. It may also be required that some surplus assets are either disposed of (including demolition) if no longer fit for purpose or required.

8.2 As part of the agile working initiative which has significantly expanded due to the Coronavirus pandemic, opportunities for rationalisation of operational land and buildings may be identified. Equally, the retained operational land and buildings may require enhancement.

8.3 Included in the land and buildings portfolio are several Commercial Properties, which are providing an income stream to the Council. They are not deemed to be investment properties as they are held to support the economic development of Ashfield and are not held solely for returns or capital appreciation. The Council's risk exposure to be managed, in relation to these Commercial Properties include loss of income stream due to void periods and maintenance costs.

9. Grants & Contributions

- 9.1 The Council will make contributions to 3rd party schemes (including Disabled Facility Grants) as partner funding contributions to schemes not being directly delivered by the Council, to meet statutory grant requirements or to support particular initiatives.
- 9.2 The Council will also, where appropriate, seek grant funding and contributions to support the delivery of capital schemes.

10 Vehicles and Fleet

- 10.1 The Council has a significant fleet in order to deliver its operational services. The Council has traditionally purchased outright all of its fleet including refuse collection vehicles, which require a significant up-front investment. Whilst the current capital programme continues with this approach, other funding methods will be evaluated and may also be utilised (e.g. lease, Contract Hire with Maintenance, etc) in order to achieve the most cost effective approach to vehicle provision.

11 Service Transformation & Invest to Save

- 11.1 The Council still faces significant shortfalls in its revenue budget in the medium term. Therefore, it will continue to invest in technologies and programmes which deliver ongoing savings to the Councils finances. These schemes will require initial Capital investment but must demonstrate a payback and ongoing savings as part of the evaluation process. A business case will need to be made for all proposals, which must include a financial appraisal.
- 11.2 These schemes can range from enhancements to buildings to make them more energy efficient, to ICT investment, to service transformation programmes. Where available, capital receipts will be used to fund one-off revenue costs associated with the Transformation Programme, in accordance with the Flexible Use of Capital Receipts Strategy up to 31 March 2025.
- 11.3 The Flexible Use of Capital Receipts has not been utilised in prior years, no plans to in the future. Capital receipts used purely to finance the Capital Programme.

12 Economic and Regeneration Projects

- 12.1 The Council is seeking to secure additional external funding to support economic and regeneration schemes to maximise Ashfield's assets to support business growth and investment and to make Ashfield a destination of choice to work and to live.
- 12.2 In some cases the funding of the schemes may also have a commercial aspect where it generates income which may be used to fund on-going revenue costs including borrowing costs.

12.3 A detailed business case will need to be made for all proposals, which must include a financial appraisal.

13 Loans to third parties

13.1 A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth. The Council's current capital plans do not include making any loans to third parties. The Minimum Revenue Provision Guidance final consultation on the amended 2003 Regulations and revised MRP guidance was conducted from December 2023 to February 2024. Based on the consultation, there has been one substantive technical amendment.

Under the proposed changes to the 2003 Regulations, where a local authority has provided a loan to another entity, if at any time the local authority recognises a 'credit loss' whereby part or all that loan will not be repaid, then it must include an MRP charge equal to that loss in full, in the year it occurs (less any permitted reductions).

14 Capital Project Delivery and Investment Risk Management

14.1 The Council, like all Councils is exposed to a broad range of risks:

- **Financial risks** related to the investment of the Council's assets and cash flow, market volatility, currency etc.
- **Macroeconomic risks** related to the growth or decline of the local economy, interest rates, inflation and to a lesser degree, the wider national and global economy amongst others.
- **Credit and counterparty risks** related to investments, loans to institutions and individuals and counterparties in business transactions.
- **Operational risks** related to operational exposures within its organisation, its counterparties, partners and commercial interests.
- **Strategic risks** related to key initiatives undertaken by the Council such as significant purchases, new ventures, commercial interests and other areas of organisational change deemed necessary to help the Council meet its goals.
- **Reputational risks** related to the Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation and public perception.
- **Environmental and social risks** related to the environmental and social impact of the Council's strategy and interests.
- **Governance risks** related to ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances that balance oversight and efficiency.

14.2 The Council must manage and mitigate these risks where possible but there is inherent risk in undertaking major Capital Projects and this needs to be recognised. Therefore, for each scheme, risk assessments and risk registers need to be prepared and monitored to ensure, as far as possible, risks are managed.

15 Governance & Monitoring

15.1 The Prudential Code sets out a clear governance procedure for the setting and revising of a Capital Strategy and Prudential Indicators i.e. this should be done by the same body that takes the decisions for the local authority's budget – i.e. Full Council.

15.2 The Prudential Code also states that decisions around capital expenditure, investment and borrowing should align with the processes established for the setting and revising of the budget. The Financial Procedure Rules (FPR) set out clear procedures for the approval of capital expenditure, including:

- approval of the capital programme – Full Council (FPRs para B.1)
- additions/changes to the capital programme – Cabinet/Council (FPRs para B.8)

15.3 The Audit Committee has delegated powers responsible for Governance and Treasury Management within the Council. They scrutinise and recommend an annual Treasury Management Strategy (incorporating an Investment Strategy and Borrowing Strategy) to Council for approval as part of the annual approval of budget. They also receive monitoring reports on Treasury activity and a year-end Annual Report.

15.4 The s.151 Officer is responsible for ensuring that all matters required to be taken into account are reported to the decision-making body for consideration. They also have to declare that they consider the strategy to be prudent and affordable, are integrated into the Treasury Management Strategy and other Strategic Plans, and that all the revenue implications are included in the MTFS.

16 Knowledge and Skills

16.1 In order to deliver this Capital Strategy it is important that the Council employs and /or has access to competently skilled people in order to manage the delivery of the Capital Programme. The Council's s.151 Officer has the overall responsibility for the Capital and Treasury Management activities so needs to be professionally qualified and undertake ongoing CPD in these areas. This should be underpinned by experienced staff who can support the s.151 Officer in meeting these requirements. Additionally, professional advice can be bought in from external providers. The Council's current Treasury Management Advisors are Link Asset Services.

16.2 Training should also be provided to those Members and Officers involved in the monitoring and delivery of the Capital Strategy and Programme and this should be regularly updated. Appropriate project management training should also be provided to project leads, Officers and Members responsible for each of the Capital schemes.

**ASHFIELD DISTRICT COUNCIL
COMMERCIAL PROPERTY INVESTMENT STRATEGY**

This Commercial Property Investment Strategy document outlines the rationale, process and risk management in relation to previous Commercial Property Investment acquisitions and the on-going management of the Commercial Property Investment portfolio.

The current capital programme (to be approved February 2025) does not include any plans for further Commercial Property Investment. The last acquisition was made on 2nd April 2020.

1. Key Principles

- 1.1 The core function of the Council is to deliver statutory and other services to local residents. Reductions in government funding has required local authorities to look at the options for balancing the budget. Investing in property helps the Council to generate an additional on-going revenue income stream that it can then use to reduce its net costs of providing services.
- 1.2 This is achieved by buying property that has a tenant who pays rent to the owner of the property – the landlord. The tenant needs to be of good financial standing and the property and lease must meet certain standards such as being in a commercially popular location and have a number of years left on the lease providing a certain and contractually secure rental income stream into the future.
- 1.3 The Council funds the purchase of the property by prudential borrowing and/or use of Capital Receipts where these are available. The rental income paid by the tenant must exceed the cost of capital (MRP and interest). The annual surplus then supports the Council's budget position and enables the Council to continue to provide services for local people.
- 1.4 Historically, property has proved to be one of, if not the best, investment in terms of capital growth over the last 50 years. If the Council owns the property for 20 years plus, and the property is managed and maintained appropriately, the Council can expect to see an increase in the value of the property as well as a net annual surplus of revenue.
- 1.5 The increase in value is realised when the property is sold. The sales proceeds from the sale of property result in a capital receipt for the Council. The capital receipt will be used to extinguish the debt outstanding in the Capital Financing Requirement in relation to the property sold, and the remaining capital receipt can be used to fund further capital investments or applied to revenue transformation costs under the Flexible Use of Capital

Receipts Policy, although this flexibility is currently due to expire at the end of March 2025. In both cases, the additional capital receipt will support the delivery of services for local people.

Purpose

- 2.1 The Commercial Property Investment Strategy:
- Clarifies the legal powers used to operate the Strategy and ensure continued compliance.
 - Sets out what the Council wants to achieve when acquiring property assets for investment purposes – primarily to provide an income stream with a margin over the cost of capital.
 - Identifies criteria for acquiring and owning property assets for investment purposes to ensure risks are minimised.
 - Includes an outline of the process involved in acquiring property assets for investment purposes.
 - Is part of a wider policy framework supporting what the Council does and why.
- 2.2 Each acquisition is evaluated on its merits to consider the relevant purpose(s), legal powers, financial powers and any other implications. The evaluation addresses the potential within the market place for future uplift or loss in value of the asset being considered for acquisition, as well as the security of income from the tenant in occupation.
- 3. Legal Powers**
- 3.1 Local authorities have very wide powers to acquire, sell, appropriate and develop land, such that it is rare to need to use the powers in the Localism Act 2011. Specific property related powers are very wide and include the following:
- Sections 120 to 123 of the Local Government Act 1972
 - Section 227, Town and Country Planning Act 1990
 - Section 233, Town and Country Planning Act 1990
 - Local Authorities (Land) Act 1963 (development)
 - Housing Act 1985
 - Sections 24-26 Local Government Act 1988
- 3.2 There are various powers that would usually be sufficient for the Council to undertake any property acquisition, sale or related project in its area where at least part of the motivation is connected with the broad benefit or improvement of its area, as it is in the case of this strategy.
- 3.3 Section 120 of the Local Government Act 1972 to acquire land (inside or outside of their area) for the purposes of any of their functions, and then this gives us the power to borrow as contained in Section 1 of the Local

Government Act 2003 - A local authority is empowered to borrow money for any purpose relevant to its functions under any enactment.

4. Objectives of the investment activity

- 4.1 Acquisition to generate an income stream is a natural progression from acquisition for regeneration purposes. The two can also be combined – an example of this is if an acquisition is made which offers a secure income stream and the option for future regeneration of a site. Therefore, the reasons for buying and owning property investments are primarily in this order:
1. Financial gain to fund our services to local people
 2. Market and economic opportunity – the time is right
 3. Economic development and regeneration activity in Ashfield
- 4.2 The UK commercial property investment market is very well established, attracts global investors and is defined as a ‘mature asset class’. It has a wide range of new and established investors including institutions, pension funds, specialist property companies, charities, family trusts and individuals.
- 4.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines investment property as “...used solely to earn rentals or for capital appreciation or both...”.
- 4.4 Returns from property ownership can be both income driven (through the receipt of rent) and by way of appreciation of the underlying asset value (capital growth). The combination of these is a consideration in assessing the attractiveness of a property for acquisition.
- 4.5 Property prices and returns are a function of the property type, condition, use and location, together with the lease structure and covenant strength of the tenant (in the case of a let property). Lease contracts will reflect all liability and outgoings being the responsibility of the tenant.
- 4.6 The Council has pursued property investments which produce the best returns possible, whilst carrying an acceptable level of risk. The main mitigation measure in managing risk is to target investments which are let to ‘blue chip’ tenants, on relatively long leases with little or no landlord management involvement – typically the tenant is responsible for all property costs such as repair, maintenance and outgoings. In this way, the Council will be primarily buying a secure income stream and the buildings themselves become almost secondary considerations.
- 4.7 Any property asset coming onto the market could be for a number of reasons. Investors seek to buy and sell in many different circumstances - rebalancing their portfolio, seeking cash to influence balance sheet or share price, requirement for a more “liquid” asset, short-term investment taking advantage of small capital growth, moving into different property classes, etc.

5. Priorities & Risk in Property Investment

- 5.1 The priorities the Council had considered when acquiring property interests for investment purposes are (in order of importance):

- **Covenant Strength** - in the case of a let property, the quality of the tenant and, more importantly, their ability to pay the rent on time and in full. The Council's primary reason and objective for this strategy is financial gain to sustain delivery of key services to residents. The underlying principles of a Property Investment Strategy imply, assume and default to nothing taking higher priority than financial gain. It is however worth noting that the Council, as a public body, may not wish to invest in properties where the occupiers are generally seen to be undertaking a business which is contrary to its corporate values.
- **Lease length** - in the case of a let property, the unexpired length of the term of the lease or a tenant's break clause is of key importance in ensuring that the landlord's revenue stream is uninterrupted. The Council will take into consideration the risks associated with a tenant vacating and the potential to attract good quality replacement tenants at acceptable rental levels. Generally, occupiers are moving away from 25year leases which were more common back in the late twentieth century with 10 to 15 years now becoming more acceptable unless some form of lease break provisions are included in favour of the tenant.
- **Rate of return** - the rate of return from the property (for example through annual rental incomes) will need to be equivalent or better than the returns that could be earned from alternate investments, such as placing monies on deposit, following adjustment for risks and potential growth. The property will also need to produce an annual return in excess of the cost of capital (Interest and MRP).
- **Risk** – rate of return is one side of the coin; risk is the other. In general, the higher the sought level of return from an investment, the higher level of risk that it carries. For example, if a property is let at an attractive rent which would create a good return, it could still be risky if the tenant does not possess good covenant strength and could default at any time.
- **Lease Terms** – The terms of leases vary and even those held on an "Institutionally acceptable basis" can be very different in nature particularly as such leases have developed over time. The Council has sought to invest in modern leases with full repairing and insuring obligations on the Tenant and a full Service Charge recovery to include any management fees where applicable. This ensures a certain income/return to the Council.
- **Growth** - property has the potential for both revenue and capital growth. The Council has taken into account that potential when assessing the strength of the investment opportunity. Property values can fall as well as rise and mechanisms to minimise revenue reductions should be identified. Generally, the nature of standard, institutional leases is that rent review clauses are upward only which protects landlords from any downward pressure on rental income giving some security as to the level of income.
- **Location** - should a tenant default or vacate, the location of the property is the key factor in influencing the ability to re-let and find another tenant. Location is also important when considering future redevelopment or regeneration opportunities. Ideally the Council will be able to undertake

inspections and to deal with any management issues without the need to employ specialists or agents. When appropriate opportunities surface in Ashfield, they will be evaluated against the same criteria as those opportunities located outside of the District. In this way, this investment activity does not discriminate against location. Any investment decision is subject to the appropriate justification, business case and governance. As from the end of November 2020 the Council will no longer acquire out of District Investment Properties.

- **Sector** - information as to the sector of use of the property (e.g. office, retail, industrial, leisure) has assisted in deciding on the risks associated with specific properties and the mix of sectors within the portfolio.
- **Building Age and Specification** - in the case of a let property, whilst the Council, as an investor, may be principally concerned with the characteristics of the tenant and lease, the age and specification of the property will also affect the ability of the Council to let or sell the property in the future. It must also be taken into consideration in respect of the cost of protecting the investment. An example of this would be the undertaking of repairs and refurbishment if the cost cannot be fully recovered from the tenant.

5.2 In summary, the strategy for previously acquiring investment property assets was therefore to:

- Seek property let to tenants who are of strong covenant strength and sound financial standing with at least more than five years remaining on an FRI lease.
- Minimise risk.
- Maximise rental income and minimise management costs to ensure the best return is generated.
- Identify opportunities for future growth, redevelopment or regeneration via property in commercially popular or development areas.
- Prioritise the Ashfield area.
- Pursue opportunities to increase returns and improve the investment value of commercial assets

6. **Reporting Requirements and Governance**

6.1 **Commercial Property Investment Strategy**

- 6.1.1 In accordance with the DLUHC revised Statutory Guidance on Local Government Investments (2018), each financial year, a local authority should prepare an Investment Strategy, which should be approved by full Council. The investment strategy must include non-treasury management investments.
- 6.1.2 This Commercial Property Investment Strategy, which is incorporated into the Capital Strategy is this Council's non-treasury management investment strategy.

6.1.3 The DLUHC Statutory Guidance on Local Government Investments (2018) requires the Commercial Property Investment Strategy to include quantitative indicators to allow risk exposure as a result of its non-treasury management investments to be assessed. The indicators are included as Annex 2.

6.2 **Acquisition, Re-assignment and Regear Decision Making and Reporting**

6.2.1 The acquisition process was defined, and implemented to ensure roles and responsibilities are clearly defined, outcomes are understood, and unnecessary risk has been avoided. This process is included in Annex 3 of this Strategy.

6.2.2 Where time constraints allowed, which is more often not the case, a collective Cabinet decision has been sought; however a faster, robust decision-making process must be available to ensure Ashfield's competitiveness is maintained. In most, if not all, circumstances where the Council has negotiated an acquisition by Private Treaty, the Vendor has wanted to proceed swiftly with the transaction for financial reasons. Furthermore, where the Council may purchase at auction, the contract is signed at the end of the auction; therefore, authorisations/delegations must be in place in advance. As such, the Officers have used existing provisions within the Scheme of Delegation and Access to Information Procedure Rules to ensure a decision can be taken expediently. In all cases, a full written report and decision record has been prepared and required notices published in accordance with Governance requirements. Specifically:

1. Where timeframes have not allowed a collective Cabinet decision, the Leader of the Council has taken a delegated Executive Decision.
2. Previously, where a potential purchase is a key decision and/or will contain exempt information but the full 28 days' notice cannot be given due to the urgency of the matter, a General Exception has been applied (Rule 15). This gives five clear days' notice of the decision being made. The Monitoring Officer informs the Chairman of the Overview and Scrutiny Committee and has published the required notices.
3. Where there is a greater urgency and 5 clear days' notice could not be given, the Special Urgency provisions has been used (Rule 16). In this case, the permission of the Chairman of the Overview and Scrutiny Committee (or if they are unable to act, the Chairman of the Council or, in their absence, the Vice Chairman of the Council) has been obtained before making the decision. The Rule 16 notice has then been published.
4. In such cases it is expected that the decision has been implemented without delay and therefore not been subject to call in.
5. The report has explained the reasons in each case as to why a decision is not to be called in.
6. The Leader has reported to the next available Council meeting any decisions, which are made pursuant to Rule 16.

6.2.3 This process is also followed where decisions are needed to be made urgently in relation to re-assigning and regears.

6.3 **Post Acquisition Monitoring Arrangements**

6.3.1 A Commercial Investment Working Group operates within the Council and is attended by:

- Chief Executive/Deputy Chief Executive
- Executive Director - Transformation
- Monitoring Officer/Deputy Monitoring Officer
- Section 151 Officer/Deputy Section 151 Officer
- Commercial Development Service Manager

6.3.2 The Group meets quarterly and discusses:

- Progress of commercial investments being pursued (will not be applicable in line with current capital plans)
- New opportunities for commercial investments (will not be applicable in line with current capital plans)
- Factors impacting or influencing opportunities for commercial investments (will not be applicable in line with current capital plans)
- Performance of and factors impacting or influencing existing commercial investments

6.3.3 A quarterly Commercial Property Performance Report is presented to the group which details:

- the rentals payment performance of the Commercial Property Investment tenants;
- financial performance of Commercial Property (as defined in 8.3 of the Capital Strategy) and Commercial Property Investments;
- the state of the market which covers how each sector e.g. industrial, office, retail, leisure is performing;
- Tenant Covenant, which covers default risk (payments not being made), failure risk (business failure) and delinquency risk (payments being late).

6.3.4 A mid-year report and outturn report on Commercial Property Investment Performance detailing the information in 6.3.3 is reported to Audit Committee.

6.3.5 A Council representative, primarily the Council's Property Agent and/or the Commercial Development Service Manager will periodically visit and inspect Commercial Property Investments. Regular contact is also maintained between the Council's Property Agent and the tenants, this informs the quarterly report to the Council.

7. Risk Management

7.1 Risk Mitigation on acquisition

7.1.1 In order to mitigate the risks of investing in commercial property, the considerations outlined 5.1 have always been evaluated and the processes in 6.2. undertaken. The acquisition process has been defined, and implemented to ensure roles and responsibilities are clearly defined, outcomes are understood, and unnecessary risk has been avoided. This process is included in Annex 3 of this Strategy.

7.1.2 A fair value assessment has been conducted on purchase and provides sufficient security for the underlying capital invested.

External Advice

7.1.3 The Council's Commercial Property team has the relevant investment and management knowledge/experience to manage the investment property portfolios. Nevertheless, officers have taken external advice on a number of occasions such as:

- Appointing a representing agent in line with Contract Procedure Rules to represent and advise Ashfield on potential acquisitions.
- Seeking external legal advice, via the Legal Shared Service, on various matters during conveyancing and indeed, to represent Ashfield directly, in complex transactions or in jurisdictions where English Law does not apply.
- Commissioning external Chartered Surveyors to carry out surveys on properties prior to purchase, with their reports forming a key part of the decision-making process and to carry out valuations of investment properties.

7.2 Risk Mitigation post acquisition

Annual Review of Fair Value

7.2.1 An annual review will be undertaken of the Commercial Property Investment portfolio fair value as per the Council's revaluation programme as outlined in the accounting policies and agreed with the external auditors. The fair value will be compared to the debt outstanding and appropriate provision will be made if there is a fall in the value of the assets.

Commercial Property Investment Earmarked Reserve

7.2.2 The Council has established a Commercial Property Investment Earmarked Reserve, which is to mitigate against the risk of business failure and lease events.

7.2.3 The reserve will be used to cover:

- Loss of investment return
- Capital financing costs (MRP and interest costs are still incurred, if the income stream is lost)
- Business Rates (the Council will be liable to pay the Business Rates, if the property is vacant)

- Capital Expenditure (may be necessary to fund dilapidation works to get the property to a standard to enable re-let.

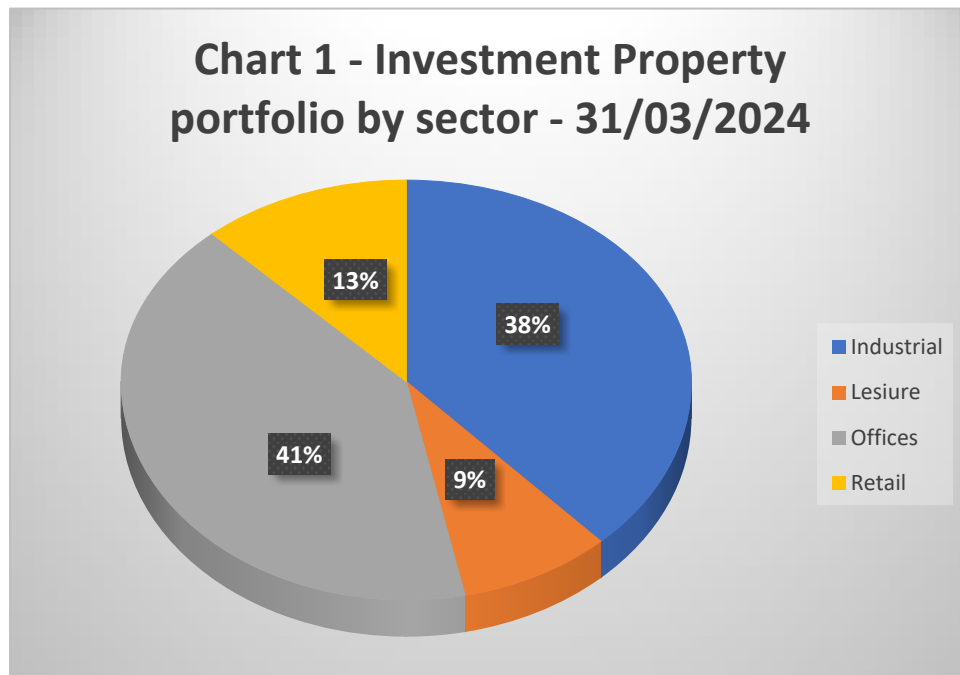
7.2.4 It will also be used to fund any debt outstanding following the sale of a Commercial Property Investment where the capital receipt does not extinguish the debt outstanding for the property.

7.2.5 An annual review of the Commercial Property Investment Earmarked Reserve will be carried out as part of the Medium Term Financial Strategy to assess whether there are sufficient resources held in the Reserve. Where it is deemed there are insufficient resources, provision will be made to top up the reserve over a period of time as part of the budget setting process (through the Medium Term Financial Strategy).

Commercial Property Investment Portfolio and Indicators

Commercial Property Investments Portfolio

The total investment property portfolio of £46.262m (this is based on Balance Sheet value) and comprises of 15 properties. Chart 1 shows the investment portfolio by asset sectors.



The current capital programme (to be considered by Cabinet February 2025 and approved by Council March 2025 does not include any plans for further Commercial Property Investments.

The DLUHC recommend the following indicators for non-treasury investments e.g. Commercial Property Investments.

- a) Debt to Net Service Expenditure

Table 1 shows the gross external debt on Commercial Property Investments at the end of each financial year divided by the Net Service Expenditure for each financial year. It assumes all future planned Commercial Property Investments are funded from external borrowing and therefore increases the debt in the indicator.

Table 1 demonstrates how many times greater the Commercial Property Investments debt is to the estimated Net Service Expenditure.

Table 1 Debt to Net Service Expenditure

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Debt to Net Service Expenditure	3.79	3.70	3.53	3.47	3.40

The Debt to Net Service Expenditure is decreasing as there are no plans to purchase further investment properties, therefore the level of debt outstanding reduces as MRP is charged to the General Fund.

b) Commercial Income to Net Service Expenditure

Table 2 shows the expected income from Investment Properties divided by the Net Service Expenditure. As there are no plans to purchase further investment properties this ratio is forecast to maintain reasonably constant, with changes due to annual rent increases and changes to the Net Service Expenditure.

Table 2 Commercial Income to Net Service Expenditure

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Commercial Income to Net Service Expenditure	31.63%	29.64%	28.94%	28.94%	28.94%

This highlights the reliance on Commercial Property Investment income in delivering Council services. The strategy for risk mitigation to manage and maintain the income stream is set out in Section 7 of the Commercial Property Investment Strategy.

c) Investment Cover Ratio

Table 3 shows the expected net income from Commercial Property Investments divided by the Interest Expense. It has been calculated on the basis that all the Commercial Property Investments have been funded by external borrowing, and interest is being incurred

The increases in the ratio year on year in the table is due to forecast increases in the net income based on the lease agreements in place for the existing portfolio. The significant increase in 2022/23 is due to the forecast increase in income from the hotel in line with the terms of the new lease.

The Council uses the annuity method to calculate its MRP for Investment Properties. The annuity method charges less MRP in the early years following purchase and more MRP in the later years. The total amount of MRP charged over the life of the asset will equal the amount of prudential borrowing. Therefore the increasing MRP will reduce the investment income cover, if the ratio is maintained or increases it demonstrates the income increases are matching or exceeding the increasing MRP charges.

Table 3 Investment Cover Ratio

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Investment Cover	1.56	1.36	1.36	1.34	1.32

d) Loan to Value Ratio

Table 4 shows the Capital Financing Requirement (debt to be funded) for the Investment Properties divided by their estimated valuations.

Table 4 Loan to Value Ratio

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Loan to Value Ratio	124.83%	122.65%	120.43%	118.15%	115.81%

In the early years, the loan value is expected to exceed the asset value. The main reason for this is due to acquisition costs e.g. stamp duty, agent fees etc. being included in the cost of the Commercial Property Investments that have been funded by borrowing, these costs are not included in the property valuation.

The loan to value is expected to continue to reduce as the capital financing requirement (unfunded debt) reduces as MRP payments are made. The investment properties will be valued regularly. Any increase in Investment Property values will reduce the loan to value ratio and consequently any decrease in value is likely to increase the loan to value ratio.

e) Target Net Income Returns

Table 5 compares the Target Net Income Return with the Actual Net Income Return. The Actual Net Income Return is calculated by dividing the Estimated Investment Property Income less MRP and Interest Costs by the Investment Property Purchases. Similar to c) above the estimated net income return is increasing due forecast increases in income based on the existing lease agreements, being in excess of the increasing MRP charges.

Table 5 Target Net Income Returns

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Target Net Income Return	2.50%	2.50%	2.50%	2.50%	2.50%
Estimated Net Income Return	3.79%	3.30%	3.29%	3.25%	3.21%

f) Gross and Net Income

Table 6 compares the estimated gross income with the estimated net income. The net income is the estimated gross income net of interest and MRP charges. As per e) above the net income assumes that interest on external borrowing will be paid for all investments.

Table 6 Gross and Net Income

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
Gross Income	4,822	4,541	4,562	4,562	4,562
Net Income	2,343	2,038	2,034	2,009	1,983

Note: In all of the above indicators where net income returns are included, the estimate assumes that interest on external borrowing will be incurred. The Council, depending on its cash reserve position, may choose to use internal borrowing to finance part or all of its investment property purchases. If internal borrowing is used the net income will increase as interest payable costs are saved.

To date actual external debt of £22.3m has been taken as a consequence of the property investments made, with the remainder being funded with internal borrowing. Table 7 below shows the net income after the actual external interest costs on the additional debt and the MRP charges. This is the actual impact on the MTFs.

Table 7 Gross and Net Income – impact on MTFs

	2023/24 (Actual)	2024/25 (Forecast)	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s
Gross Income	4,822	4,541	4,562	4,562	4,562
Net Income	3,297	2,993	2,989	2,964	2,938

g) Break Clauses or Lease Expiries

All of the investment property leases have either i) a break clause which gives the lessee the option to either continue leasing the property or to end the property lease or ii) an expiry date where the tenant vacates the property unless a new lease contract is signed.

There is a risk for the Council with both break clauses and lease expiries, if the existing tenant chooses to leave the property. The risks this exposes the Council to and risk mitigation are, detailed in the Commercial Investment Property Strategy. Risk mitigation includes spreading the dates when break clauses and lease expiries occur across the Council's Commercial Property Investment portfolio.

Table 8 below shows the years when the Council has a break clause or expiry on its current Commercial Property Investment portfolio.

Table 8 Break Clauses or Expiries

Financial Year	Number of Breaks or Expiries
2024/25	1
2025/26	0
2026/27	0
2027/28	0
2028/29	4
2029/30	1
2030/31	0
2031/32	1
2032/33	3
2033/34	0
2034/35	1
2035/36	1
2036/37	1
2037/38	0
2038/39	1
2039/40	1

This information is used when negotiating with tenants to re-gear leases at the appropriate time, the negotiations can include changing the options for break clauses and lease expiry.

Investment Property Acquisition Process

This Annex is retained for information purposes only to demonstrate the process the Council used for acquiring its current Investment Property portfolio.

Process and Responsibilities for Commercial Property Investment

As a process, the investment portfolio will require work from various services within Ashfield District Council due to the complex nature of property selection, evaluation and acquisition. Adhering to this process will minimise risk and ensure adherence to Statute and the Prudential Code.

This document should be read alongside the Investment Property Acquisition process map found at the end of this document.

Stage 1 – Identification Stage

Stage 1 may be repeated several times in identifying suitable properties for purchase. The steps required help to ensure that only suitable properties are brought forward as potential investments. The due diligence undertaken here includes, and is not limited to, the tenant covenant, location, the overall market, assessment of risks and the details within the lease.

Step	Element	Document(s) Involved	Responsibility
1	Opportunity identified - This can be either by way of direct research by ADC employees or by outside approach from agents. Once a property is identified, an initial financial investment model is produced to determine if the minimum income target can be met.	<ul style="list-style-type: none"> Property Brochure 	Service Manager – Commercial Development
2	Min NIY possible? - The initial financial appraisal outlines the yield that would be obtained with the target of achieving at least 2.5% net initial yield (NIY). All evaluation is done on the basis of external borrowing from the PWLB at the rates current on the given day.	<ul style="list-style-type: none"> Financial appraisal 	Service Manager – Commercial Development
3	Collate available documents and send to finance and legal – Title(s) and Lease(s) may not be available in the first instance for every opportunity.	<ul style="list-style-type: none"> Brochure Financial appraisal Dunn and Bradstreet reports Titles and Leases 	Service Manager – Commercial Development
4a	Preliminary Finance due diligence – Finance will examine the appraisal and credit reports to determine if there is any reason not to proceed; these reasons will be documented and circulated.	<ul style="list-style-type: none"> Record of issues (email or otherwise) 	Corporate Resources Director
4b	Preliminary Legal due diligence – Legal will examine the available documents (and undertake their own research) to determine if there is any reason not to proceed; these reasons will be documented and circulated.	<ul style="list-style-type: none"> Record of issues (email or otherwise) 	Executive Director - Governance
5	Inspect Property – Officers will undertake a visual inspection of the property and surrounding area. This inspection informs the	N/A	Service Manager –

	creation of the Briefing note and the Evaluation Matrix.		Commercial Development
6	Appraise property against matrix and write briefing note – Taking feedback received from Legal and Finance in conjunction with other sources, the Briefing note and risk assessment are completed and the Evaluation matrix is completed. These documents encapsulate the meaningful aspects of the work thus far and are prepared in order to submit the property for consideration by the Leader / Deputy Leader.	<ul style="list-style-type: none"> • Briefing note • Evaluation Matrix 	Service Manager – Commercial Development
7	Meet with leadership to present and obtain authority to make and offer – a meeting will held to table the property as an option and discuss the findings of work to date. Normal attendees (at a minimum) are The Chief Executive Officer, the Service Manager – Commercial Development, the Corporate Finance Manager, and Director of Legal and Governance. After the meeting, and if agreed, the Leader will formally cascade approval to offer on the property. A maximum offer is approved after discussion; although opening offers are always placed below.	<ul style="list-style-type: none"> • Authority to bid 	Service Manager – Commercial Development
8	Place offer – After receiving approval, offer letters are drafted, approved and submitted to the vendor’s agent. The offer letter contains ADC’s offer and terms , such as: <ul style="list-style-type: none"> • The proposed time for signed Executive Decision Records, surveys, completion • Conditions to be included in the Heads of Terms (HoT), such as receipt of a full legal pack before the process starts. • Exclusivity from agreed HoT. An accepted offer is notified normally by telephone and is followed by receipt of an email with Draft HoT attached.	<ul style="list-style-type: none"> • Offer letter 	Service Manager – Commercial Development

Stage 2- Conveyancing Stage

This stage begins once a bid has been accepted for an investment property. The ongoing due diligence in the first stage would also be brought forward to mitigate risks. Further analysis of the tenant, the building, the lease etc, are evaluated to ensure risk is mitigated.

Step	Action	Document(s) Involved	Responsibility
9	<p>Agree the Heads of Terms – After reviewing the received Draft Heads of Terms and making any required amendments, the revised Heads of Terms are returned to the vendor’s agent. This process will repeat until both parties are satisfied that the Heads of Terms reflect the agreed position, at which point they are formally approved by both sides. These will then be sent to the Service Manager – Commercial Development and the Director of Legal and Governance.</p>		Service Manager – Commercial Development
10	<p>Make contact with Vendor's solicitors; receive and verify Legal pack – Once received by Legal, the appointed solicitor will make contact with the Vendor’s solicitor via email or phone to indicate that they are representing ADC in the transaction. ADC Legal will provide the necessary details for receipt of the legal pack; upon receiving the Legal pack, the ADC’s solicitor will verify its contents and raise any queries with the other side’s solicitor whilst awaiting instructions from the Commercial Property team following a signed Executive Decision Record from the Leader.</p>		Executive Director - Governance
11a	<p>Instruct surveys (external) – After agreeing Heads of Terms, quotes will be sought for conducting building surveys of the property in question. Generally, the property brochure provided at the beginning of the process is provided to at least three Survey firms, with the deadline by which inspections and reports must be completed and received by ADC (this element of the process has a 10 working day time limit from the date of Agreed Heads of Terms being received). Quotes are generally received within 24 hrs and the quote that represents best value for money (taking price, quality and time into account) is selected.</p>		Service Manager – Commercial Development
11b	<p>Write Urgency Notice/ Report for the Executive Decision Record– An urgency notice is required for these transactions which must be signed by the Chair of the Scrutiny Committee. The Leader, or delegated person, is obligated to contact the Chair to explain the details of the transaction prior to gaining a</p>		Service Manager – Commercial Development

	<p>signature. An urgency notice is required due to the Decision being Key and the constrained timeframe for the process to be completed. The Report for the Executive Decision Record is the briefing note written earlier with the addition of Recommendations, Implications, Reasons for Urgency, and Exemptions, as per the standard ADC report format. Once a draft is produced by the Service Manager, it is circulated to Legal and Finance for review/amends until it is finally complete and approved by all parties.</p> <p>Then the Leader, Chief Exec and the Service Manager will meet to review the report and answer any remaining questions. Once the Leader is satisfied, the EDR is signed by the Leader and forwarded to Democratic Services, along with the report. A copy of both should also be supplied to Legal for the case file.</p>		
12a	<p>Notify other side of the EDR – Once the EDR is signed, an email should be sent to the other side’s solicitor noting that the EDR has been signed, meaning that the purchase is officially approved.</p>		Executive Director - Governance
12b	<p>Instruct legal – The Estates Manager will complete the official instructions for Legal to undertake the conveyancing process.</p>		Service Manager – Commercial Development
13	<p>Conveyancing process – The conveyancing process is distinctly different for every property purchase, given the unique circumstances that each purchase presents, though each has common activities, i.e. examining titles, searches and queries, contract/Lease examination and amendment, etc.</p>		Executive Director - Governance
14	<p>Determine level of borrowing and source / Option to tax (if applicable) – Finance will determine the level of borrowing need for the purchase as well as whether this should be internal or external borrowing. Finance work closely with their Treasury Management Advisers. They will seek advice to determine whether it is preferable to externally borrow now and risk the cost of carry i.e. interest payable being greater than the interest payable or whether it is best to borrow internally of temporarily if affordable.</p> <p>If the property is being sold as a Transfer of a Going Concern (TOGC), finance will complete a</p>		Corporate Resources Director

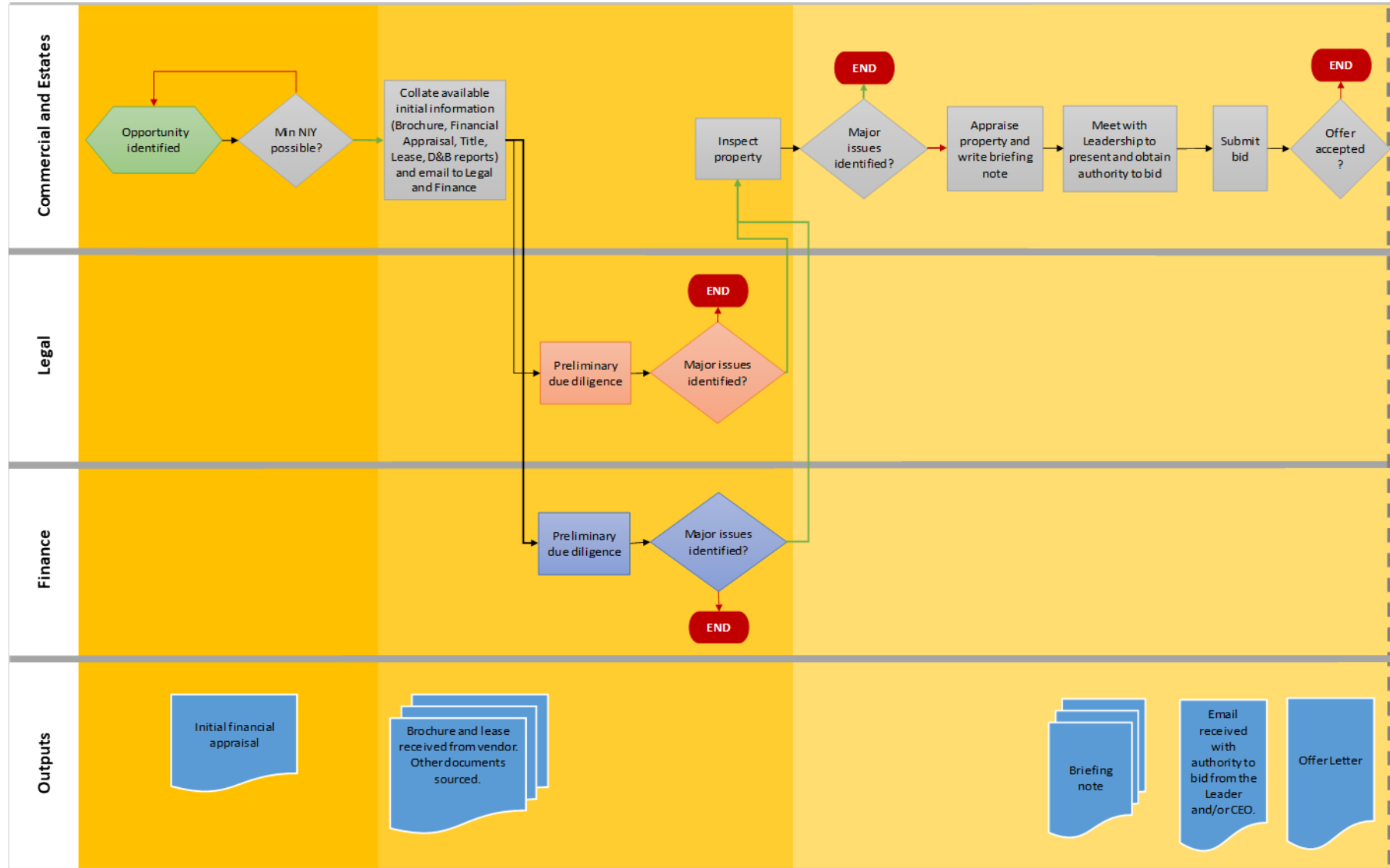
	form to Opt to Tax the property (VAT 1614A). When granted by HMRC, VAT must be paid and passed to HMRC on rents, but VAT will not apply on the purchase of the property. If for whatever reason the purchase does not complete then this can be rescinded by simply informing the HMRC.		
15	Arrange Insurance – Once the Surveys have been returned, the values provided therein by the Surveyor will be passed to Finance to arrange appropriate insurance cover for the property, with the date of commencement to be the completion date.		Corporate Resources Director
16	Secure funds – Having previously determined the source of funding, Finance will take steps to secure the funds in anticipation of making payment.		Corporate Resources Director
17	Transfer payment – Once Legal is satisfied that completion can occur, the solicitor will notify Finance that the money can be transferred. Funds will be transferred <u>no later than 1700hrs on the day prior to completion.</u> Failure to meet this deadline risks incurring additional costs in penalties as noted in the sale contract.		Corporate Resources Director
18	Complete – At the agreed date/time, ADC's solicitor and the Vendor's Solicitor will carry out the completion process.		Executive Director - Governance

Stage 3- Post-completion Stage

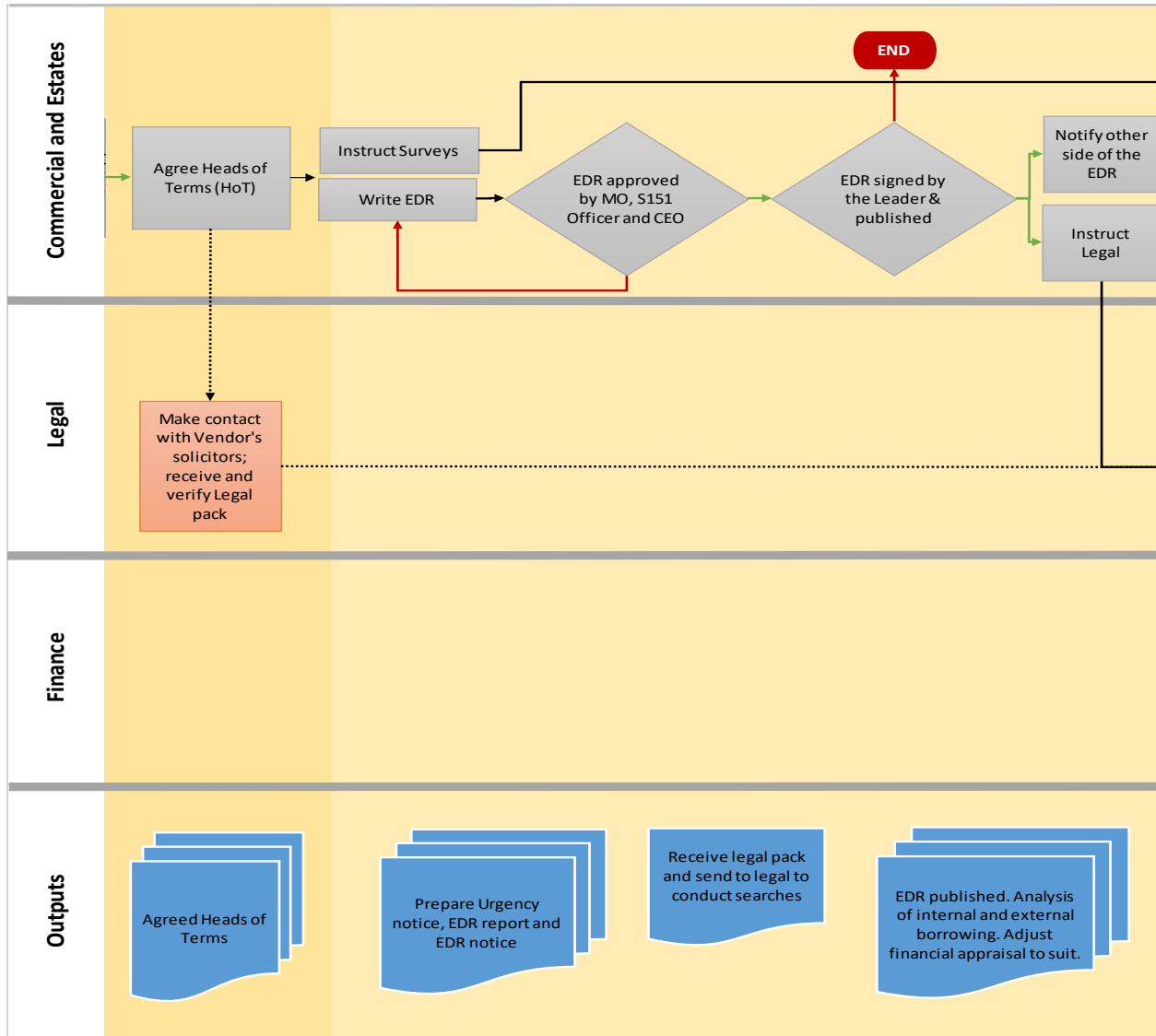
After completion, work remains to complete the entire process before day-to-day management begins.

Stage	Action	Document(s) Involved	Responsibility
19	Post completion		Executive Director - Governance
20	Authorise Stamp Duty payment to HMRC		Service Manager – Commercial Development
21	Update Budget – The budget will be updated at the next available opportunity to include the expected Rental Income, Minimum Revenue Provision and Interest Payable, if applicable.		Corporate Resources Director

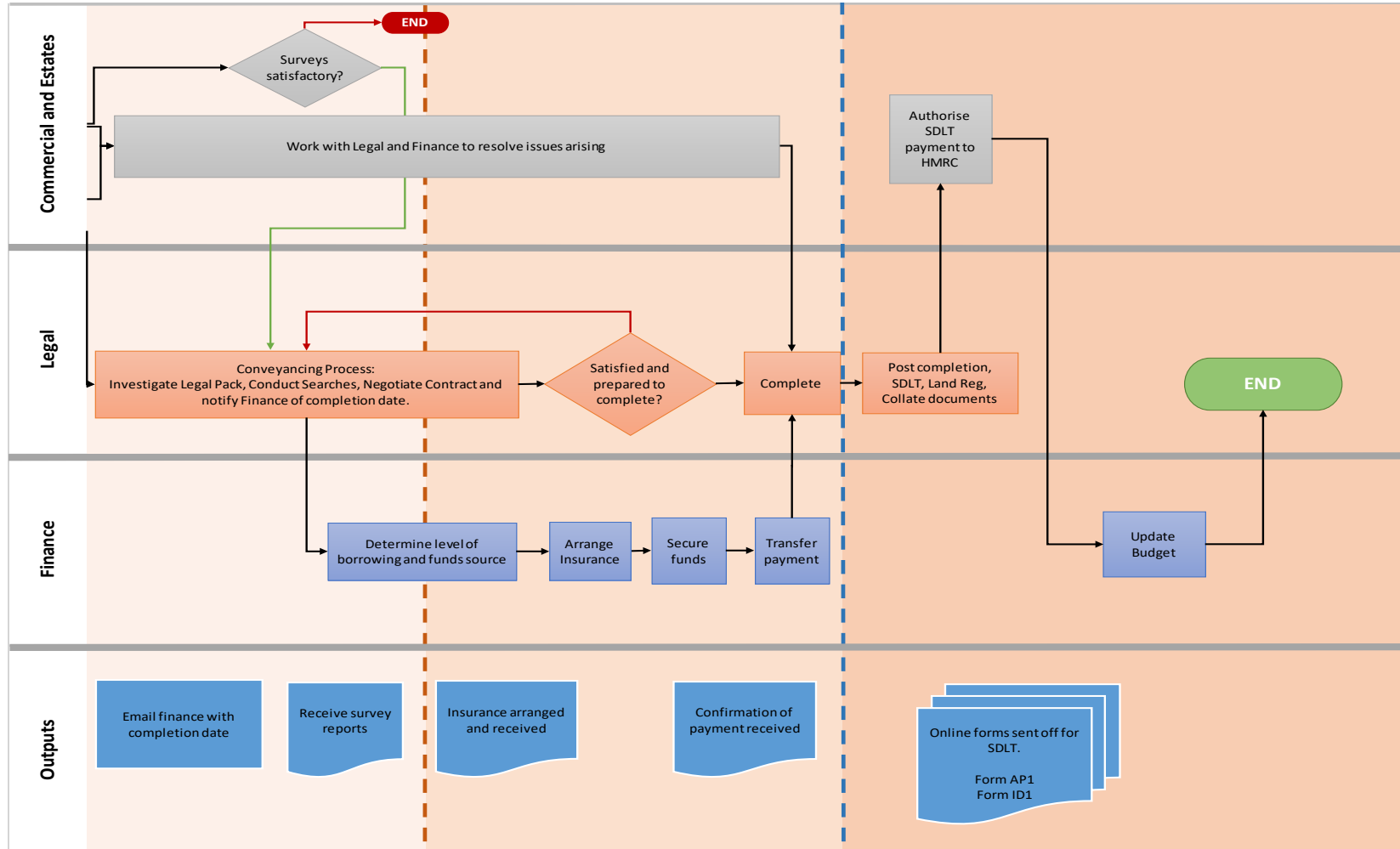
Investment Property Acquisition Process Map - Stage 1: Identification & Bid



Investment Property Acquisition Process Map - Stage 2: EDR and Instructions (Time Limited – 5 working days)



Investment Property Acquisition Process Map - Stage 3: Due Diligence, Completion and Post-completion (Time limited – 15 working days)



Appendix 4

Ashfield District Council

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

2025/26

1 INTRODUCTION

- 1.1 In 2021 CIPFA revised the Treasury Management Code and Prudential Code – changes which impact on Treasury Management Strategy Statement/ Annual Investment Strategy TMSS/AIS reports and the risk management framework.
- 1.1.2 CIPFA published the revised Codes on 20th December 2021 and stated that revisions need to be included in the reporting framework from the 2023/24 financial year. This Council, therefore, has to have regard to these Codes of Practice when it prepares the Treasury Management Strategy Statement and Annual Investment Strategy, and also related reports during the financial year, which are taken to Full Council for approval.
- 1.1.3 The revised Treasury Management Code required all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

- 1.1.4 The revised Treasury Management Code requires an authority to implement the following: -
- Adopt a liability benchmark treasury indicator to support the financing risk management of the capital financing requirement; this is to be shown in chart form for a minimum of ten years, with material differences between the liability benchmark and actual loans to be explained;
 - Long-term treasury investments, (including pooled funds), are to be classed as commercial investments unless justified by a cash flow business case;
 - Pooled funds are to be included in the indicator for principal sums maturing in years beyond the initial budget year;
 - Amendment to the knowledge and skills register for officers and members involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each authority;

- Reporting to members is to be done quarterly. Specifically, the Chief Finance Officer (CFO) is required to establish procedures to monitor and report performance against all forward-looking prudential indicators at least quarterly. The CFO is expected to establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. However, monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to Full Council and should be reported as part of the authority's integrated revenue, capital and balance sheet monitoring;
- Environmental, social and governance (ESG) issues to be addressed within an authority's treasury management policies and practices (TMP1).

1.1.5 The main requirements of the Prudential Code relating to service and commercial investments are: -

- The risks associated with service and commercial investments should be proportionate to their financial capacity – i.e. that plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services;
- An authority must not borrow to invest for the primary purpose of commercial return;
- It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority, and where any commercial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose;
- An annual review should be conducted to evaluate whether commercial investments should be sold to release funds to finance new capital expenditure or refinance maturing debt;
- A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;
- Create new Investment Management Practices to manage risks associated with non-treasury investments, (similar to the current Treasury Management Practices).

1.1.6 An authority's Capital Strategy or Annual Investment Strategy should include: -

- The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence;
- An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (i.e., whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services);

- Details of financial and other risks of undertaking investments for service or commercial purposes and how these are managed;
- Limits on total investments for service purposes and for commercial purposes respectively (consistent with any limits required by other statutory guidance on investments);
- Requirements for independent and expert advice and scrutiny arrangements (while business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy);
- State compliance with paragraph 51 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest primarily for financial return.

As this TMSS and AIS deals solely with treasury management investments, the categories of service delivery and commercial investments should be addressed as part of the Capital Strategy report.

However, as investments in commercial property have implications for cash balances managed by the treasury team, it will be for each authority to determine whether to add a high level summary of the impact that commercial investments have, or may have, if it is planned to liquidate such investments within the three year time horizon of this report, (or a longer time horizon if that is felt appropriate).

1.2.1 Background

- 1.2.2 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.
- 1.2.3 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 occasions, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.2.4 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

1.2.5 CIPFA defines treasury management as:

“The management of the organisation’s borrowing, 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.”

1.3 External Context

1.3.1 The information relating to the overall global position of the UK financial markets is currently provided by the Council’s Treasury Management Advisers, Link Asset Services. They continue to update the Council with information including on-going market activity surrounding inflation, interest rates and the banking sector.

1.3.2 The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July.
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August.
- Core CPI inflation increasing from 3.3% in July to 3.6% in August.
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting. 10-year gilt yields falling to 4.0% in September.

1.3.4 Over the aforementioned period, the economy’s stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy’s performance has been the negative market sentiment in respect of the fallout from the Chancellor’s Budget on 30 October. The Office for Budgetary Responsibility and the Bank of England concur with the view that these policy announcements will prove to be inflationary at least in the near term. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government’s policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

1.4 Key Principles

1.4.1 The Council will follow three key principles with regards to its treasury activity:

Public service organisations should put in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities.

Their policies and practices should make clear that the effective management and control of risk are prime objectives of their treasury management activities and that

responsibility for these lies clearly within their organisations. Their appetite for risk should form part of their annual strategy, including any use of financial instruments for the prudent management of those risks, and should ensure that priority is given to security and portfolio liquidity when investing treasury management funds.

They should acknowledge that the pursuit of value for money in treasury management, and the use of suitable performance measures, are valid and important tools for responsible organisations to employ in support of their business and service objectives; and that within the context of effective risk management, their treasury management policies and practices should reflect this.

1.5 Reporting requirements

1.5.1 The Cabinet are required to receive and approve, as a minimum, three main treasury management reports each year, which incorporate a variety of policies, estimates and actuals. Council are required to approve the Treasury Management Strategy including the Annual Investment Strategy.

1.5.2 **Treasury Management Strategy including Annual Investment Strategy, prudential and treasury indicators (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).

1.5.3 **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. This report is presented to the Audit Committee.

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

1.6 Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council or/and Cabinet. This role is undertaken by the Audit Committee.

Table 1 below shows the reporting timetable for Treasury Management reports

Table 1 – Reporting timetable

Report to Council and Cabinet	Frequency
Treasury Management Strategy / Annual Investment Strategy and MRP Policy	Annually before the start of the year (1st April)
Reports to Cabinet	Frequency
Mid-Year Treasury Management Report	Annually mid-year (October/November/December)
Treasury Outturn Report	Annually after the year end and by the 30 September
Quarterly Outturn Reports	Quarter 1 and Quarter 3 (Quarter 2 included in mid-year report and Quarter 4 included on Outturn Report)
Reports to Audit Committee	Frequency
Receives each of the above reports in advance of Council/Cabinet (where applicable) and makes recommendations as appropriate	In advance of year/mid-year/after year end reports to Cabinet/Council

1.7 Capital Strategy

1.7.1 The Prudential Code 2021 confirms the requirement for all local authorities to produce a Capital Strategy report, which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed; and
- the implications for future financial sustainability

1.7.2 The aim of this report is to ensure that all elected Members of the Council fully understand the overall strategy, governance procedures and risk appetite entailed in this Strategy.

1.7.3 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all Members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

1.7.4 The Capital Strategy is required to be approved by Council before the start of the new financial year in accordance with the Prudential Code 2021. The capital strategy will be received by Audit Committee in advance of Council for scrutiny and recommendations.

1.8 Non-Treasury Management Investments

1.7.1 The Department for Levelling Up, Housing and Communities (DLUHC) issued revised Statutory Guidance on Local Government Investments (2018). The statutory guidance extended the definition of investment and states that:

“The definition of an **investment** covers all of the financial assets of a local authority as well as other non-financial assets that the organisation holds primarily or partially to generate a profit; for example, investment property portfolios. This may therefore include investments that are not managed as part of normal treasury management processes or under treasury management delegations.

The Guidance requires that for each financial year, a local authority should prepare an Investment Strategy, which should be approved by full Council.

- 1.7.2 This Council will ensure that all the organisation's non-treasury management investments are included in a non-treasury management investment strategy, which will be incorporated into the Capital Strategy. This will set out, where relevant, the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.
- 1.7.3 The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investment in subsidiaries, and investment property portfolios.
- 1.7.4 The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.

1.8 Treasury Management Strategy

- 1.8.1 The Treasury Management Strategy 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;
- Apportioning interest to the Housing Revenue Account and
- the policy on use of external service providers.

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

1.9 Cash and Cash Flow Management

- 1.9.1 It is important that the Council maintains regular cash flow projections to ensure that the Council has enough cash to meet its liabilities in a timely manner, minimises borrowing costs and, where practical to do so, invest surplus cash balances.

1.10 Training

- 1.10.1 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny.

1.10.2 Those charged with governance have a personal responsibility to ensure they have the appropriate skills and training for their role.

1.10.3 A training session delivered by Link Asset Services, the Council's treasury management advisors was held for the Audit Committee and extended to all Members on the 23 November 2023.

1.11 Treasury management consultants

1.11.1 The Council 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 currently uses Link Asset Services, Treasury solutions as its external treasury management advisors. The contract for this service commenced on 1st April 2021. The Council monitors the services it receives against the terms of their appointment in the contract.

1.11.2 The Council also 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. All decisions will be undertaken with regards to all available information, including, but not solely, information from our treasury advisors.

1.11.3 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties. The commercial type investments require specialist advisers, that is beyond the advice received by the treasury advisors.

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS

2.1.1 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.

2.1.2 The Council will ensure that all of its capital and investment plans and borrowing are prudent and sustainable. In doing so it will take into account its arrangements for the repayment of debt (including through MRP) and consideration of risk and the impact, and potential impact, on the authority's overall fiscal sustainability. While indicators for sustainability are required to be set over a minimum 3 year rolling period, indicators should be set in line with a capital strategy and asset management plan that is sustainable over the longer term. There should also be separate indicators for the Housing Revenue Account (HRA).

2.2 Capital expenditure

Table 2 below summarises the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The Capital Programme for 2023/24 to 2028/29 was presented to Cabinet as a separate agenda item at the September 2024 Cabinet meeting, with final approval being sought by Council on 3rd March 2025. Members will be asked to approve the capital expenditure forecasts at least annually.

Table 2 - Capital Expenditure

Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
General Fund	16.352	36.858	71.464	5.860	6.110	1.110
HRA	13.216	11.641	43.012	19.742	18.280	17.329
Total	29.568	48.499	114.476	25.602	24.390	18.439

Table 3 below summarises how the capital expenditure plans will be financed by capital or revenue resources. Any shortfall of resources results in a borrowing need. The Direct Revenue Financing is mainly use of Housing Revenue Account reserves to support the Decent Homes work and Affordable Housing Development Schemes.

Table 3 - Financing of the Capital Expenditure

Financing of Capital expenditure £m	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital Receipts	1.153	3.749	1.690	1.274	1.274	1.274
Capital Grants	12.587	23.335	40.767	1.110	1.110	1.110
Capital Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Direct Revenue Financing	11.696	5.770	40.451	18.468	17.006	16.055
Borrowing Requirement	4.132	15.645	31.567	4.750	5.000	0.000
Total	29.568	48.499	114.475	25.602	24.390	18.439

2.3 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 the historic unfunded capital expenditure). It is essentially a measure of the Council's indebtedness and therefore its underlying borrowing need. Any capital expenditure above, which is financed by borrowing 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 indebtedness in line with each asset's life, and so charges the economic consumption of capital assets to revenue as they are used. The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the PFI or lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has no PFI schemes or other long-term liabilities.

- 2.4 IFRS 16 Lease accounting became active on the 1st April 2024. This accounting standard requires that both finance leases and operating leases are included on the Balance Sheet. Previously the requirement was only for finance leases to be shown on the Balance Sheet. This in effect means that any existing operating leases and any new leases the Council enters into will need to be treated as capital expenditure

and increase the CFR. The Council is currently assessing the impact of the introduction of this new standard, although it is not expected to be material. The capital prudential indicators reflect lease asset costs from year 2024/25 which is the year the standard becomes effective from.

2.5 Core funds and expected investment balances

As outlined above the underlying borrowing for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain actual borrowing and investments below their underlying levels, sometimes known as internal borrowing.

2.6 Table 4 below outlines the Balance Sheet Summary and Forecast excluding the Planned Commercial Investment Property. It shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (CFR), highlighting the Council's level of under/over borrowing. It also includes a forecast for the year-end balances for usable reserves and working capital (the resources available to internally borrow against) and shows the forecast level of investment or new external debt.

2.7 The Council has an increasing CFR until the end of 2026/27 due to future planned unfunded capital expenditure. After which the CFR reduces as *MRP charges exceed unfunded capital expenditure*. This position is continually reviewed due to the level of reserves and working capital having many variables and due to slippage in delivery of the capital programme making forecasting with certainty difficult. It shows a high-level direction of travel and indicates we may need to take on external debt in future years. The associated costs for external borrowing have been provided for in the Medium-Term Financial Strategy.

Table 4 - Balance Sheet Summary and Forecast

31st March:	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Capital Financing Requirement	166.3	174.3	188.9	200.6	196.7	192.4
Less: External Borrowing	-90.5	-86.3	-85.1	-82.3	-82.3	-82.0
Under(Over) Borrowing	75.8	88.0	103.9	118.3	114.3	110.4
Less: Usable Reserves plus working Capital	-81.6	-78.1	-74.6	-72	-72.5	-72.5
Investments / (New Borrowing)	5.8	-9.9	-29.3	-46.3	-41.8	-37.9

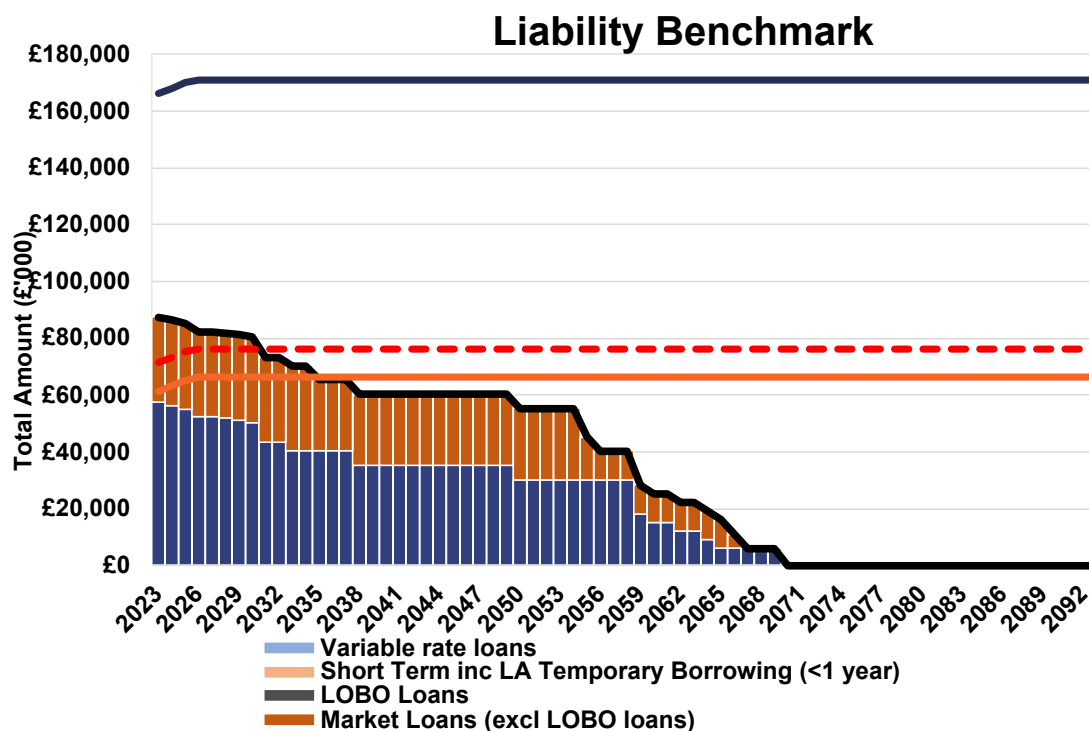
2.8 The 2021 Treasury Management Code introduced the Liability Benchmark (LB).

There are four components to the LB (see Table 4 below): -

- **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

- **Net loans requirement:** this will show the Authority’s gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
- **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

Table 5 – Liability Benchmark



2.8 Affordability prudential indicators

The strategy details 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.

2.9 Ratio of financing costs to net revenue stream (See Appendix A Table 1)

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

2.10 Treasury indicators for debt (See Appendix A Table 8 and 9)

There are three debt related treasury activity limits. The purpose of these is 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.

2.11 Treasury Indicators: limits to borrowing activity

2.12 The operational boundary (See Appendix A Table 6). 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 and the ability to fund under-borrowing by other cash resources.

2.13 The authorised limit for external debt (See Appendix A Table 5). 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. 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.

The latest Affordability Prudential Indicators and Treasury Indicators are attached at Appendix 'A'.

TREASURY MANAGEMENT STRATEGY STATEMENT

2.14 The capital expenditure plans set out 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 and the Council's capital strategy. 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.

2.15 This Council defines its treasury management activities as:

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

This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

2.16 The investment policy objective of this Council is the prudent investment of its treasury balances. The Council's investment priorities are the security of capital and liquidity of its investments so that funds are available for expenditure when needed. Both the CIPFA code and DLUHC guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The generation of investment income to support the provision of local authority services is important, but secondary, objective.

2.17 The Council's borrowing objectives are to minimise the revenue costs of debt whilst maintaining a balanced loan portfolio. The Council will set an affordable borrowing limit each year in compliance with the Local Government Act 2003 and will have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities when setting that limit.

2.18 **Current portfolio position**

The Council's current treasury portfolio position is set out in **Appendix 'B'**.

2.19 **Prospects for interest rates**

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The details of their latest view is shown in **Appendix 'C'** to this report.

2.20 **Borrowing strategy**

2.20.1 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. 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 still an issue that needs to be considered.

2.20.2 Against this background and the risks within the economic forecast, caution will be adopted within the treasury operations. The S151 Officer 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.

2.20.3 The approved sources of long term and short term borrowing are:

- Public Works Loans Board (PWLB) and any successor body.
- Any institution approved for investments (see Annual Investment Strategy below)
- Any bank or building society authorised to operate in the UK.
- UK public bodies including pension funds (excluding Nottinghamshire County Council Pension Fund)
- Capital Market bond investors.

2.20.4 In addition, capital finance may be raised by the following methods that are not classed as borrowing, but may be classed as other debt liabilities:

- Operating and Finance leases
- Hire Purchase
- Sale and leaseback

2.20.5 **LOBOs:** The Council holds £15m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option either to accept the new rate or to repay the loan at no additional cost. There will be two options in 2025/26. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. It is unlikely that the Council will take out any new LOBO loans in the future.

2.21 **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.

2.21.1 Within the range of 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 2024/25 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 or speculative purposes.

2.21.2 The Corporate Resources Director 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 the 2025/26 annual budget report.

2.22 Debt rescheduling

2.22.1 Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

2.22.2 The reasons for any debt rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

2.23 Apportioning interest to the Housing Revenue Account

2.23.1 The Council currently operates a one pool approach on external debt. The interest charges are initially charged to the General Fund and recharged to the Housing Revenue Account (HRA) through the Item 8 (item 8 of Part I and item 8 of Part II of Schedule 4 to, the Local Government and Housing Act 1989) adjustment. The Council has fixed the interest rate charged on the Capital Financing Requirement (CFR) of the HRA to 4.43%. The HRA CFR is currently £80.061m. If this does not change the annual interest amount charged to the HRA will be £3.547m.

2.23.2 The Council will credit the HRA each year with its share of interest receivable. This will be calculated by multiplying the average HRA reserve balances by the average interest receivable percentage.

3 ANNUAL INVESTMENT STRATEGY

3.1.1 Investment policy

- 3.1.2 The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments ("the Guidance") and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the CIPFA TM Code"). The Council's investment priorities will be security first, portfolio liquidity second, and then return.
- 3.1.3 In accordance with the above guidance from the DLUHC 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. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 3.1.4 Ratings will not be the sole determinant of the quality of an institution; 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. To achieve this consideration, the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
- 3.1.5 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.

3.2 Creditworthiness policy

- 3.2.1 The primary principle governing the Council's investment criteria is the security of its investments, followed by liquidity, 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.
- 3.2.2 The S151 Officer 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 determine 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.
- 3.2.3 Credit rating information is supplied by Link Asset Services, our treasury advisors, 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.

- 3.2.4 The intention of the strategy is to provide security of investment and the minimisation of risk. The aim is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

The Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

highest priority - security of the invested capital;
followed by - liquidity of the invested capital (this enables the Council to react to changing circumstances);
finally - an optimum yield which is proportionate with security and liquidity.

Investments made by the Council's Officers are restricted to the following organisations:-

- (a) Banks or Building Societies who currently meet the Link Asset Services suggested investment duration
- (b) Nationalised Industries and Statutory Corporations
- (c) Other Government Institutions
- (d) Other Local Authorities
- (e) Money Market Funds
- (f) Bills of Exchange which have been accepted by authorised institutions
- (g) United Kingdom Gilt-edged Securities
- (h) Negotiable instruments such as Certificates of Deposit, Treasury Bills and Corporate Bonds
- (i) Approved Country limit. The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA+. The list of countries that qualify using this credit criteria as at the date of this report are shown in Annex D Treasury Management Practice, TMP1 Risk Management, b) Approved Countries for Investments. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- (j) Pooled Funds – Multi Asset Income funds, bond funds and property funds.

This (Pooled Funds) will represent a new class of investment available for the Council.

Total investments with any one institution shall not exceed £5m, except for the Debt Management Office (DMO). An unlimited amount can be deposited with the DMO. The DMO is probably the most secure institution that the Council can invest its funds with. By increasing the limit to unlimited this will avoid investment of short term surplus cash in less secure counterparties.

Total investments of over 365 days shall not exceed £5m in total.

The Council's operational bank account is currently provided by Barclays Bank.

3.2.5 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 rely 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.

3.3 Specified investments/unspecified investments

3.3.1 Investments are categorised as specified and non-specified investments.

Specified investments defined by DLUHC guidance as those:

- Denominated in pound sterling,
- Due to be repaid within 12 months of arrangements,
- Not defined as capital expenditure by legislation,
- Invested with one of:
 - The UK Government
 - A UK local authority, parish council, or community council, or
- A body or investment scheme of “high credit quality”

The Council now defines “high credit quality” organisations as those having a minimum sovereign credit rating of AA+.

Non-specified investments - those with less high credit quality, those for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity.

3.3.2 The Council does not currently hold any non-specified investments. The Council is setting a limit of £5m for non-specified investments to allow for use of non-specified investments, should it be considered appropriate to use these in the future and so the Council is not restricted by the strategy. Non-specified investments will be limited to long-term investments, i.e. those that are due to mature 365 days or longer from the date of arrangements, and instruments that are more complex such as diversified or property funds.

3.4 Country and sector limits

Due care will be taken to consider the country, group, and sector exposure of the Council’s investments. This report is requesting that the Council will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from rating agencies.

Total investments with any one group shall not exceed £5m.

Sector limits will be monitored regularly for appropriateness.

3.5 Investment strategy

3.5.1 **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). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

- **Investment returns expectations.**

LINK GROUP FORECASTS

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

- 3.5.2 Table 7 below shows the forecast investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:

Table 7 – Forecast Investment Rates

Average earnings in each year	Now	Previously
2024/25 (residual)	4.60%	4.25%
2025/26	4.10%	3.35%
2026/27	3.70%	3.10%
2027/28	3.50%	3.25%
2028/29	3.50%	3.25%
Years 6 to 10	3.50%	3.25%
Years 10+	3.50%	3.50%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Year	Average Return
2022/23	2.00%
2023/24	2.00%
2024/25	1.50%
2025/26	1.25%

- 3.5.3 **Investment treasury indicator and limit - Total principal funds invested for greater than 365 days.** This limit is set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment. It is based on the availability of funds beyond each year-end. The Council's investment treasury indicator and limit for 2025/26 is to be £5m.

3.6 Investment Liquidity

In consultation with the external treasury advisors, the Council will review its balance sheet position, level of reserves and cash requirements in order to determine the length of time for which investments can be prudently committed. Investments will be placed at a range of maturities, including having money on-call in order to maintain adequate liquidity.

3.7 External Fund Manager

External fund managers can be appointed to manage a portfolio of investments. The Council currently has no funds externally managed and is unlikely to do so in the short to medium term.

3.8 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.

4 MINIMUM REVENUE PROVISION (MRP) STATEMENT

- 4.1 An underpinning principle of the local authority financial system is that all capital expenditure has to be financed either from capital receipts, capital grants (or other contributions) or eventually from revenue. The amount charged to the revenue budget for the capital expenditure is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.
- 4.2 The Local Government Act 2003 requires the Council to have regard to the Department for Levelling Up, Housing and Communities (DLUHC) 'Guidance on Minimum Revenue Provision'. The latest guidance was issued in February 2018.
- 4.3 The broad aim of the DLUHC Guidance is to ensure a prudent provision is made from revenue over time to cover the total amount of capital expenditure needed to be met from revenue. A prudent provision is considered to be, where the period over which MRP is charged is aligned to the period over which the capital expenditure provides benefits (asset life). MRP cannot be negative and can only be zero if the CFR is nil or negative, or if the charge is fully reduced by reversing previous overpayments. A maximum asset life of 50 years can be used, unless in the opinion of an appropriately qualified professional advisor the life of the asset is expected to exceed 50 year.
- 4.4 The DLUHC Guidance requires the Council to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. However, the guidance gives flexibility in how MRP is calculated, providing the calculation is 'prudent'. The following policy included in the statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
- 4.5 In accordance with the latest DLUHC Guidance, for capital expenditure financed by borrowing, the Council has four broad options:
- The 4% reducing balance method.
 - The straight line asset life method
 - The annuity asset life method
 - The Depreciation method.
- ### **4.6 Minimum Revenue Provision Policy**
- 4.7 Regulation 28 of the 2003 Regulations requires the Council to calculate in each financial year a prudent provision to ensure that debt is repaid over a period that is

reasonably commensurate with that over the capital expenditure provides benefits (asset life).

- 4.8 For pre 2008 supported borrowing, the Council has moved to a 50 year Annuity method, charging MRP based on a corresponding 50 year PWLB borrowing rate. This is more prudent than the previous 4% reducing balance as this calculation extends to over 300 years.
- 4.9 For post 2008 it is proposed that unsupported borrowing, and any new borrowing, MRP will be calculated as follows:
 - For assets with a life of 10 years or less, the straight line asset life method (as is currently the case).
 - For assets with a life in excess of 10 years, the annuity asset life method will be used.
- 4.10 The asset life method calculation requires estimated useful lives of assets to be input into the calculations. These life periods will be determined by the Chief Financial Officer (S151), with regard to the statutory guidance and advice from professional valuers if required.
- 4.11 The annuity rate used for the MRP charge will be the Public Works Loans Board (PWLB) certainty rate on the date the capital expenditure is incurred, where a one-off capital payment is made i.e. for investment properties. For all other capital expenditure funded from borrowing, where the expenditure is incurred over a period of time, the average annual PWLB certainty rate for the financial year will be used.
- 4.12 The Chief Financial Officer (S151) may also determine that if, in their opinion, the straight line method is more prudent for an asset with a life in excess of 10 years then this option may be used.
 - 4.12.1 MRP will not be charged until the later of; the year after capital expenditure is incurred or the year after the asset becomes operational.
- 4.13 Capital Receipts from the sale of investment properties funded as prudential borrowing will be used to reduce the Capital Financing Requirement by the outstanding prudential borrowing for the asset sold.
- 4.14 No MRP will be charged for assets in the Housing Revenue Account.
- 4.15 Voluntary Revenue Provision (VRP) may be made at the discretion of the S151 Officer.
- 4.16 For leases that are included on the balance sheet the MRP charge will be the same as the principal repayment on the lease.
- 4.17 Where loans are made to third parties for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.

Annex A Prudential Indicators

Prudential Indicators of Affordability

The Council is required to consider all of its available resources in the medium term (usually defined as three years) together with total plans for expenditure. Any known significant variations beyond this timeframe also need to be taken into account.

The Prudential indicators for affordability are as follows:

- a) Estimate of the ratio of financing costs to the net revenue stream for the next three years split between the Housing Revenue Account and the General Fund

For the next three years the Council is required to calculate an estimated ratio of its financing costs to net revenue stream for both the General Fund and the Housing Revenue Account (HRA). For the HRA this is calculated by dividing the HRA capital financing costs by the total estimated Council Dwelling Income. For the General Fund this is calculated by dividing the General Fund capital financing costs by the estimated Council Tax Receipt plus Central Government Grants.

The suggested indicators for the next three years are displayed in Table 1 below.

Table 1 – Ratio of financing costs to net revenue stream for the Housing Revenue Account and General Fund.

	2025/2026 %	2026/2027 %	2027/2028 %
Housing Revenue Account	9.69	10.03	10.2
General Fund	37.09	37.09	43.86

The General Fund indicators are based on best estimates for NNDR. These will be updated to reflect final MTFS for Cabinet in February. The Ratio for the General Fund increases from 2025/26 as a result of reduced Government funding and increased MRP charges due to Capital Programme Developments.

Table 2 – Ratio of financing costs to net revenue stream for the General Fund including Investment Property income.

	2025/2026 %	2026/2027 %	2027/2028 %
General Fund	0.87	5.75	9.09

The investment properties have significant financing costs. However, these financing costs are significantly more than offset by the income they generate.

- b) Estimate of the incremental impact of capital investment decisions on the Council Tax and Rent Levels

Authorities are required to estimate for the next three years the impact on the Council Tax (General Fund) and Rent levels (HRA) of the capital programme including running costs and financing costs. These indicators have been prepared using the revised Capital Programme, on the same agenda as this report.

The suggested indicators for the incremental impact for the next three years are shown in Table 3 below.

Table 3 - Incremental Impact of capital investment decisions on Council Tax and Rent Levels

	2024/2025 £	2025/2026 £	2026/2027 £
General Fund (Band D)	32.67	29.69	28.06
HRA (52 weeks)	0	0	0

Table 3 includes Minimum Revenue Provision (MRP) and interest payable as the incremental charges for capital investment funded by borrowing. MRP is not charged until the later of i) the year following purchase or ii) the year the asset becomes operational. Therefore, the MRP charges are included in the calculations in the year it is estimated the MRP charges will be made. The ratio for the General Fund is calculated by estimating the interest payable on the average capital borrowing requirement plus the MRP charges and dividing this by the estimated number of band D equivalents

There is not anticipated to be any new borrowing for the HRA between 2024/25 – 2026/27.

c) Net borrowing and the Capital Financing Requirement split between the General Fund and the Housing Revenue Account

In order to ensure that in the medium term borrowing is only undertaken for capital purposes, local authorities are required to ensure that external borrowing does not exceed, except in the short term, the total of their capital financing requirement over the planning period. In broad terms the capital financing requirement reflects an authority's need to borrow for capital purposes and is a measure of the assets contained on the balance sheet which have as yet not been fully financed, i.e. there is still some indebtedness outstanding.

It is necessary to estimate the capital financing requirement at the end of the forthcoming year and the subsequent two years for both the Housing Revenue Account and General Fund activities. These are presented in Table 4 below.

Table 4 – Estimates of Capital Financing Requirement.

	31st March 2025	31st March 2026	31st March 2027
	£m	£m	£m
Housing Revenue Account	80.061	80.061	80.061
General Fund	108.878	120.569	116.634
Total	188.939	200.630	196.695

d) Capital Expenditure

Estimates of capital expenditure for the next three years split between the General Fund and the Housing Revenue Account

The estimated total capital expenditure per year for 2024/25 to 2026/27 detailed in the Capital Programme Report as per our internal budget monitoring 30th November 2024, is shown below in Table 5:

Table 5 – Housing Revenue Account and General Fund Capital Expenditure estimates.

	2024/2025	2025/2026	2026/2027
	£m	£m	£m
Housing Revenue Account	23.781	30.872	19.742
General Fund	70.529	37.618	5.860
Total	78.057	38.161	24.334

External Debt

e) Authorised Limit

For the next three years the authority is required to set an authorised limit for its total external debt, gross of investments. This is calculated by taking into account current external debt, new borrowing for loans which mature or for capital purposes and the need to borrow on a short term basis to cover for temporary shortfalls in revenue income and expenditure.

The future authorised limits for the next three years are contained in Table 6 below.

Table 6 – Authorised Limits for External Debt

	2024/2025	2025/2026	2026/2027
	£m	£m	£m
Borrowing	250	224	216

f) Operational Boundary

As well as an authorised limit the local authority must also set an operational boundary for its external debt for the next three years. The operational boundary is based on the most likely or prudent but not worst case scenario in relation to cash flow.

The future Operational Boundary for the next three years is shown in Table 7.

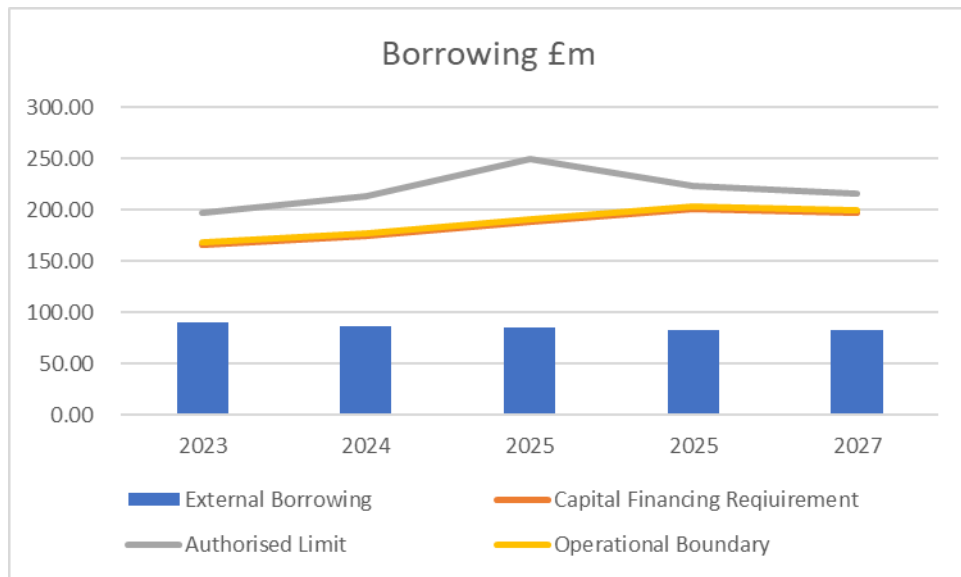
Table 7 – Operational Boundary for External Debt

	2024/2025	2025/2026	2026/2027
	£m	£m	£m
Borrowing	191	203	199

g) Comparison of External Debt to Capital Financing Requirement, Operational Boundary and Authorised Limit

Table 8 below shows the gap between the existing external debt to the Capital Financing Requirement, Operational Boundary and Authorised Limit

Table 8 – Borrowing



Prudential Indicators for Treasury Management

The prudential indicators for prudence have to be set taking into account those relating to affordability as outlined above and are as follows:

Treasury Management

a) Interest rate exposure

Local authorities are required to set limits for the next three years for the upper limits on exposure to the effects of changes in interest rates. The indicators relate to both fixed and variable rate interest and are net of any investments.

Depending on the level of interest rates and their expected movement in the year, the Council may take up all of its new borrowings in the form of either fixed or variable rate debt. The figures in Table 8 give the following maximum levels, when compared to the authorised limit, of exposure to fixed and variable interest rates, which are prudent limits for the forthcoming years:

Table 8 - Interest Rate Exposure

Principal Outstanding	2024/2025	2025/2026	2026/2027
	£m	£m	£m
Fixed Rates	250.0	224.0	216.0
Variable Rates (No more than 40% of the operational boundary).	100.0	89.6	86.4

b) Maturity Structure of borrowing

For the next three years the authority is required to set both lower and upper limits for the maturity structure of its borrowing. This indicator relates only to

fixed rate debt and is therefore a measure of the longer-term exposure to interest rate risk.

Table 9 shows the proposed lower and upper limits for all three years, given the current structure of the Council's debt portfolio:

Table 9 - Maturity Structure of Debt

Maturity Structure of Fixed Rate Borrowing	Forecast Position for 31/03/2025	Lower Limit %	Revised Upper Limit %
Under 12 Months	3.22%	0%	10%
Under 24 Months	3.22%	0%	15%
Under 5 Years	5.61%	0%	20%
Under 10 years	23.25%	0%	25%
Under 20 years	29.13%	0%	40%
Under 30 years	46.76%	0%	50%
Under 40 years	77.67%	0%	80%
Under 50 years	100.00%	0%	100%
50 Years and Above			0%

c) Principal sums invested for more than 364 days

Where a local authority invests or plans to invest for periods of more than 364 days it must set an upper limit for each year for the maturity of such investments. The purpose of setting this limit is to contain any exposure to losses, which might arise in the event of having to seek early repayment of the investment and / or adverse movements in shorter-term interest rates.

It is suggested that the use of longer-term investments be limited to a maximum of £5m in each of the next three years to tie in with the Council's already approved policy of not investing more than £5m with any one bank or building society at the same time.

Annex B Council's current treasury portfolio position

Table 1 - Current Debt and Investment Portfolio Position 30th November 2024

Maturity Structure of Fixed Rate Borrowing	Amount £m	Forecast Position for 31/03/2025	Lower Limit %	Previous Upper Limit %	Revised Upper Limit %
Under 12 Months	2.736	3.22	0%	10%	10%
Under 24 Months	2.736	3.22	0%	15%	15%
Under 5 Years	4.770	5.61	0%	20%	20%
Under 10 years	19.782	23.25	0%	25%	25%
Under 20 years	24.782	29.13	0%	40%	40%
Under 30 years	39.782	46.76	0%	50%	50%
Under 40 years	66.082	77.67	0%	80%	80%
Under 50 years	85.082	100.00	0%	100%	100%
50 Years and Above	0			0%	0%

Table 2 – Council Loans at the 30th November 2024

External Borrowing:	£m
Fixed Rate PWLB	55.082
Fixed Rate Other Loans (Banks)	15.000
LOBO Loans	15.000
Total Gross External Debt	85.082
Money Market Funds	-17.000
Call Accounts	-28.83
Fixed Term Deposits	-45.000
Total Treasury Investments	-90.834
Total Net External Debt	-5.752

Table 3 – Council Money Market Fund investments as at the 30th November 2024

N.B. for all of these investments the Authority is classed as professional investor under MIFID II regulation.

Money Market Fund	£m
Aberdeen GBP Liquidity Fund	5.000
Insight Sterling Liquidity Fund	2.000
Federated Short Term	5.000
Aviva GBP Liquidity Fund	5.000
Total	17.000

Table 4 – Council Call Account Investments as at 30th November 2024

Call Accounts	£m
Barclays Bank	27.78
Handelsbanken	1.05
Total	28.83

Table 5 – Council Term Deposit Investments as at 30th November 2024

Fixed Term Deposits	£m
Landesbank Hessen Thuringen Girozentrale	5.000
Powys County Council	5.000
Cheltenham Borough Council	5.000
West Berkshire District Council	5.000
Aberdeen City Council	5.000
Highland Council	5.000
West Northamptonshire Council	5.000
Uttlesford District Council	5.000
DMO	5.000
Total	45.000

Annex C - Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 13th December 2024. These are forecasts for PWLB certainty rates, (gilt yields plus 80 bps).

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

ECONOMIC BACKGROUND

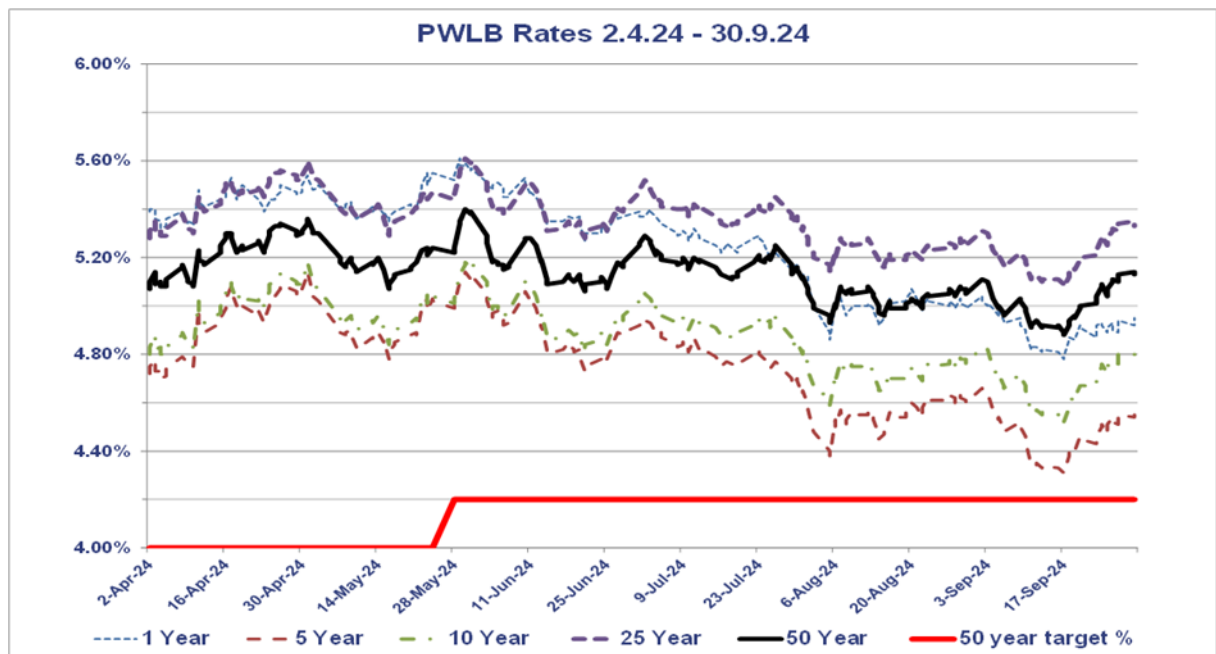
- The third quarter of 2024 (July to September) saw:
- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July.
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August.
- Core CPI inflation increasing from 3.3% in July to 3.6% in August.
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting.
- 10-year gilt yields falling to 4.0% in September.
- Over the aforementioned period, the economy's stagnation in June and July pointed more to a mild slowdown in UK GDP growth than a sudden drop back into a recession. However, in the interim period, to 12 December, arguably the biggest impact on the economy's performance has been the negative market sentiment in respect of the fallout from the Chancellor's Budget on 30 October.
- If we reflect on the 30 October Budget, our central case is that those policy announcements will prove to be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be elevated at 2.7% y/y (Q4 2025) before dropping back to sub-2% in 2027. Nonetheless, since the Budget, the October inflation print has shown the CPI measure of inflation bouncing up to 2.3% y/y with the prospect that it will be close to 3% by the end of the year before falling back slowly through 2025. The RPI measure has also increased significantly to 3.4% y/y.
- How high inflation goes will primarily be determined by several key factors. First amongst those is that the major investment in the public sector, according to the Bank of England, will lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

- There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises in the June 2025 Spending Review (pushed back from the end of March), and a tepid GDP performance.
- Unemployment stands at a low 4.3% (September), whilst wages are rising at 4.3% y/y (including bonuses) and 4.8% (excluding bonuses). The Bank would ideally like to see further wage moderation to underpin any further gradual relaxing of monetary policy. Indeed, over the next six months, the market is currently only pricing in Bank Rate reductions in February and May – which would see Bank Rate fall to 4.25% - but further cuts, thereafter, are highly likely to be even more data-dependent.
- If we focus on borrowing, a term we are likely to hear throughout 2025 is “bond vigilante”. Essentially, this represents a generic term for when the market is ill at ease with the level of government borrowing and demands a higher return for holding debt issuance. In the UK, we do not need to go back too far to recall the negative market reaction to the Truss/Kwarteng budget of 2022. But long-term borrowing rates have already gradually moved back to those levels since their recent low point in the middle of September 2024. Of course, the UK is not alone in this respect. Concerns prevail as to what the size of the budget deficit will be in the US, following the election of Donald Trump as President, and in France there are on-going struggles to form a government to address a large budget deficit problem too. Throw into the mix the uncertain outcome to German elections, and there is plenty of bond investor concern to be seen.
- Staying with the US, Donald Trump’s victory paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of further tax cuts. Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks continue to abound in Europe, the Middle East and Asia.
- In the past month, the US Core CPI measure of inflation has indicated that inflation is still a concern (3.3% y/y, 0.3% m/m), as has the November Producer Prices Data (up 3.0 y/y v a market estimate of 2.6% y/y, 0.4% m/m v an estimate of 0.2% m/m) albeit probably insufficient to deter the FOMC from cutting US rates a further 0.25% at its December meeting. However, with Trump’s inauguration as President being held on 20 January, further rate reductions and their timing will very much be determined by his policy announcements and their implications for both inflation and Treasury issuance.
- Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank’s August rate cut signalled the start of its loosening cycle. More recently, however, 10 year gilt yields have spiked back up to 4.35%.
- The FTSE 100 reached a peak of 8,380 in the third quarter of 2024 (currently 8.304), but its performance is firmly in the shade of the US S&P500, which has breached the 6,000 threshold on several occasions recently, delivering returns upwards of 25% y/y. The catalyst for any further rally (or not) is likely to be the breadth of AI’s impact on business growth and performance.
- **MPC meetings: 9 May, 20 June, 1 August, 19 September, 7 November 2024**
 - On 9 May, the Bank of England’s Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.

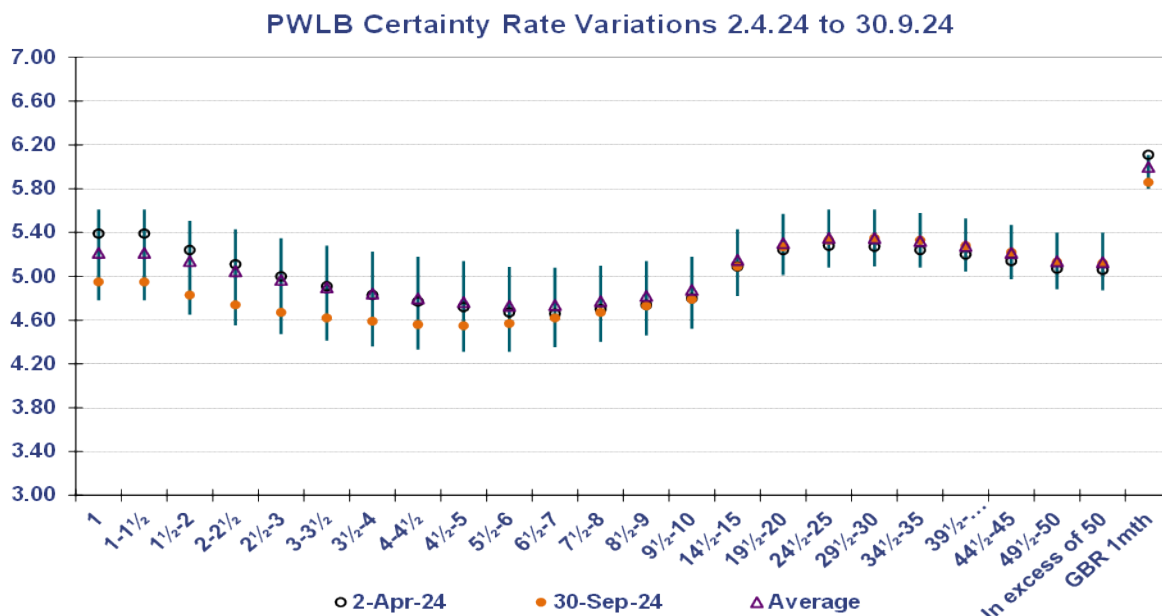
- However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey’s tone with its emphasis on “gradual” reductions over time.
- Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.
- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut but the language used by the MPC emphasised “gradual” reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.

In the chart below, despite a considerable gilt market rally in mid-September, rates started and finished the six-month period under review in broadly the same position.

(Please note these charts are updated quarterly and will next be updated early January.)



	1 Year	5 Year	10 Year	25 Year	50 Year
02/04/2024	5.39%	4.72%	4.80%	5.28%	5.07%
30/09/2024	4.95%	4.55%	4.79%	5.33%	5.13%
Low	4.78%	4.31%	4.52%	5.08%	4.88%
Low date	17/09/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
High	5.61%	5.14%	5.18%	5.61%	5.40%
High date	29/05/2024	01/05/2024	01/05/2024	01/05/2024	01/05/2024
Average	5.21%	4.76%	4.88%	5.35%	5.14%
Spread	0.83%	0.83%	0.66%	0.53%	0.52%



Annex D Treasury Management Practices

TMP1 RISK MANAGEMENT
a) GENERAL STATEMENT

The DLUHC issued Investment Guidance in 2018, 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 adopted the Code on 04/03/2019 and will apply its principles to all investment activity. In accordance with the Code, the Corporate Finance Manager has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Environmental, Social and Governance (ESG)

This Authority has always followed a Security, Liquidity and Yield (SLY) policy for its treasury management investments with security being the most important as the Council needs to be as certain as possible when an investment is made that the amount invested is returned when due. Liquidity is important because the Council needs cash to deliver its day to day activities therefore treasury officers have to determine how much should be invested in call accounts where daily access is available and how much is invested in term accounts where the money is only available on maturity. Finally yield, which is the least important of the three, will only be considered after the security and liquidity requirements have been satisfied. For example if the Council had an opportunity to invest a sum of money and there were two investment opportunities and each of these both met the security and liquidity criteria then in this scenario the investment that pays the greatest yield will be chosen.

The Council will consider an organisation’s ESG credentials when it has to choose between counterparties that both have similar SLY criteria.

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 Management Strategy for the following year, covering the identification and approval of 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 (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), 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, housing association, 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. For category 4 this covers pooled investment vehicles, such as money market funds, rated AAA by at least two of the three main rating agencies i.e. 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 for category 5 this covers bodies with a minimum Short Term rating of Standard and Poor's P-2 or the Moody's and Fitch equivalent).

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 a maximum investment of £5m in any one institution and a maximum duration of up to 1 year or duration as advised by our treasury management advisers.

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 with:

	Non Specified Investment Category	Limit (£)
a.	<p>Supranational bonds greater than 1 year to maturity</p> <p>(a) Multilateral development bank bonds - These are bonds defined as an international financial institution having as one of its objects economic development, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.).</p> <p>(b) A financial institution that is guaranteed by the United Kingdom Government (e.g. National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt edged securities. However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	<p>AAA long term ratings</p> <p>£5m</p> <p>£5m</p>
b.	<p>Gilt edged securities with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	£5m
c.	<p>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.</p>	£250k

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

Within category c, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in this body. The intention will be to keep overnight balances to a minimum. Any balance on this account will be when the Authority has not had the opportunity to transfer balances to an approved counterparty.

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 Link 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 Section 151 Officer, and if required new counterparties which meet the criteria will be added to the list.

b) APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA+. The Authority will continue to invest with counterparties in the UK despite the UK only currently having an AA- rating.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Qatar

AA-

- Belgium
- France
- **U.K.**

THIS LIST IS AS AT 13.12.2024

c) TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- 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) Audit Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

d) THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer *(see TM Code page 38 (iv))*

- 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.

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