



**DARLINGTON**  
Borough Council

# Council Agenda

6.00 pm, Thursday, 16 February 2023  
Central Hall, Dolphin Centre, Horsemarket, Darlington, DL1 5RP

**Members of the Public are welcome to attend this Meeting.**

1. Introductions / Attendance at Meeting.
2. Declarations of Interest.
3. Questions - To answer questions (where appropriate notice has been given from):-
  - (a) The Public;
  - (b) Members to Cabinet/Chairs;
4. Medium Term Financial Plan Investing In and Delivering Success for Darlington – Report of the Chief Officers Executive  
(Pages 3 - 70)
5. Setting the Council Tax for 2023/24 – Report of the Group Director of Operations  
(Pages 71 - 80)
6. Darlington Capital Strategy 2023/24 – Report of the Group Director of Operations  
(Pages 81 - 92)
7. Housing Revenue Account - MTFP 2023-24 to 2026-27 – Report of the Group Director of Operations  
(Pages 93 - 110)

8. Prudential Indicators and Treasury Management Strategy Report 2023/24 –  
Report of the Group Director of Operations  
(Pages 111 - 142)
9. Pay Policy Statement 2023/24 –  
Report of the Group Director of Operations  
(Pages 143 - 154)



**Luke Swinhoe**  
**Assistant Director Law and Governance**

**Wednesday, 8 February 2023**

**Town Hall**  
**Darlington.**

**Membership**

The Mayor, Councillors Ali, Allen, Baldwin, Bartch, Bell, Boddy, Dr. Chou, Clarke, Cossins, Crudass, Crumbie, Mrs Culley, Donoghue, Dulston, Durham, Harker, Haszeldine, Heslop, Holroyd, C L B Hughes, L Hughes, Johnson, B Jones, Mrs D Jones, Keir, Laing, Layton, Lee, Lister, Lucas, Marshall, McCollom, McEwan, Mills, Newall, K Nicholson, M Nicholson, Paley, Preston, Renton, A J Scott, Mrs H Scott, Snedker, Sowerby, Tait, Tostevin, Wallis, Willis and Wright.

If you need this information in a different language or format or you have any other queries on this agenda please contact Paul Dalton, Elections Officer, Operations Group, during normal office hours 8.30 a.m. to 4.45 p.m. Mondays to Thursdays and 8.30 a.m. to 4.15 p.m. Fridays  
Email: [paul.dalton@darlington.gov.uk](mailto:paul.dalton@darlington.gov.uk) or Telephone 01325 405805

**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**MEDIUM TERM FINANCIAL PLAN  
INVESTING IN AND DELIVERING SUCCESS FOR DARLINGTON**

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**Responsible Cabinet Member - Councillor Jonathan Dulston  
Leader and all Cabinet Members**

**Responsible Directors – Chief Officers Executive**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To approve a Medium Term Financial Plan (MTFP) for 2023/24 to 2026/27 including setting a budget and Council Tax increase for 2023/24. To also approve the 2023/24 to 2026/27 Capital programme.

**Summary**

2. The financial pressures on the public sector as a whole and the Council more specifically have been significant over the last couple of years in the aftermath of Covid, furthermore this was on the background of a decade of significant financial challenge following the economic downturn and the reductions in public sector spending.
3. Through good leadership, governance, and financial management, coupled with value for money service delivery, the Council has weathered the storms well rising to the challenge by continuing to provide vital core services to the residents of Darlington, and investing the resources available in growing our economy to deliver success for the benefit of all.
4. The current economic climate however presents new and significant financial challenges to the Council's budgets. Rising inflation and interest rates, energy costs, post Covid demand in social care and national living wage rises are putting significant pressure on affordability and unless additional government funding is forthcoming the Council will need to undertake a fundamental review over the next couple of years to decide what and how services will be delivered in the coming years.
5. The Council's key ambition is to grow the Darlington economy and attract companies into the area to create more and better paid jobs to ensure all our residents will benefit. It does however take time for the full potential of this ambition to be realised, particularly in the current economic climate. The Council has made a great start with a number of central government departments making Darlington their northern base and other companies wanting to relocate to the area on the back of this. Darlington is definitely a destination place for businesses and this economic growth will help Darlington to thrive and meet its ambitions.

6. Darlington has been successful in securing funding from the Towns Fund and the Tees Valley Combined Authority (TVCA) funded Indigenous Growth Fund and is transforming the landscape of the town centre. Furthermore, significant investment is continuing with new housing across the Borough, investment at Bank Top, the Head of Steam Museum, Crown Street library and the Town Centre more generally including the Victorian Market and the Yards. All these investments will help further our ambition of making Darlington an attractive place with opportunity where people can invest, live and prosper.
7. The Local Government Finance Settlement delivered on the 19 December 2022 confirmed funding allocations for the two years remaining of the spending review with additional grant funding for social care and changes to the Council tax referendum limits which have been increased to 3% for Council Tax and 2% for Social Care Precept.
8. Future years funding beyond this period have not been confirmed and the consequence of this is that the draft 2023/24 – 2026/27 MTFP has an eye to future years but does not seek to presume what the future will look like. It aims to ensure that the Council can set a legal budget in 2023/24 and continue to provide our core offer level of services to the residents of Darlington.
9. The Council has performed well in responding to the financial challenges and has taken early action in order to ensure that it is ahead of the curve and not therefore pushed into short term decisions. The Council operates at a statutory service level with a small provision for discretionary services and this is the base level the new MTFP has been prepared on.
10. A healthy level of reserves had been maintained for medium term stability and this is now a crucial component of the budget strategy given the unprecedented pressures faced in the coming years. The reserves will be utilised to meet the 2023/24 funding gap and allow time for detailed work to be completed on future savings options.
11. In summary, if the recommendations are agreed, the Council can deliver a 2023/24 budget which will allow net revenue investment in Darlington and its residents of £120m and new capital investment over the plan of £111m.

## **Recommendation**

12. Council are requested to:
  - (a) Approve the Revenue MTFP as set out in **Appendix 6** and the Capital programme as set out in **Appendix 7**, including the following:
    - (i) A Council Tax increase of 2.99% plus a 2% Adult Social Care Precept to help fund social care for 2023/24.
    - (ii) The Schedule of Charges as set out in **Appendix 3**.
  - (b) Approve a delegation for Cabinet to vary the Revenue Budget for 2023/24 by up to £0.5m without further Council approval.

- (c) Approve a delegation for Cabinet to vary the Capital Budget for 2023/24 by up to £0.5m without further Council approval.

### **Reasons**

13. The recommendation is supported by the following reasons:

- (a) The Council must set a budget for the next financial year.
- (b) To enable the Council to continue to plan services and finances over the medium term.
- (c) To ensure decisions can be made in a timely manner.
- (d) To ensure investment in our assets is maintained.

### **Chief Officers Executive**

#### **Background Papers**

No background papers were used in the preparation of this report.

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	The report contains proposals to continue to allocate resources in support of the Council’s Crime and Disorder responsibilities
Health and Well Being	The report contains proposals to continue to allocate resources in support of the Council’s Health and Well Being responsibilities
Carbon Impact and Climate Change	The proposals in the report seek to continue to support the Council’s responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific proposals that impact on diversity issues.
Wards Affected	All wards are affected
Groups Affected	All groups are affected by the Council Tax increase.
Budget and Policy Framework	The MTFP, Budget and Council Tax must all be decided by full Council
Key Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Urgent Decision	The MTFP, Budget and Council Tax must all be decided by full Council
Council Plan	Within the constraints of available resources, it is necessary for the Council to make decisions involving prioritisation. The proposals contained in this report are designed to support delivery of the Council Plan within those constraints.
Efficiency	Efficiency savings which do not affect service levels have been included in the MTFP.
Impact on Looked After Children and Care Leavers	Children’s social care continues to be resourced to provide good outcomes for Looked after Children or Care Leavers.

## MAIN REPORT

### Background and context

14. The Council has faced significant financial challenges over the last decade as the Government responded to the worldwide economic downturn by introducing public sector spending reductions. This has been exacerbated by the aftereffects of the pandemic, the Russia/ Ukraine conflict, inflation, rising interest rates and a growing demand for services, particularly in relation to social care, both Adults and Children's services.
15. The Council has to date performed well in responding to these challenges taking early decisions in order to ensure that it was ahead of the curve and was not pushed into short term decision making.
16. The Council's core offer budget which is based on statutory service provision along with a small discretionary provision is the starting position for the 2023/24 budget. The strategy to preserve reserves has been a crucial component to allow time to see the impacts of the economic growth strategy come to fruition.
17. The economic events over the last year including rising interest rates and inflation have escalated the financial pressures faced to unprecedented levels and moving forward, unless further government funding is received the core offer will need to be fully reviewed over the next couple of years to ensure the Council can maintain an affordable Medium Term Financial Plan.
18. The draft Local Government Finance settlement was received on the 19 December 2022 and with it a welcomed increase in funding for social care via grant and precept flexibilities. However, our pressures exceed the increased funding levels and as the settlement only covers the spending review period along with the turbulent times we find ourselves in, it makes it challenging to predict expenditure and income levels moving forward. As a consequence, best estimates have been used and assumptions made on the impact of inflation and demand in 2022/23 going into 2023/24 and the income and resources we will receive in future years.

## Updated Information and changes to the draft MTFP

19. As a result of updated information since the draft MTFP was approved for consultation, a number of changes have been made to this proposed MTFP. The net effect is an additional £8.4m in resources across the life of the plan. These changes along with the references to where they appear in the report are shown below:

No.	Change	Effect	Para	App
1	Council Tax reduced to 2.99% in 2025/26 & 2026/27	Over the life of the MTFP reduces reserves by £4.137m	48, 58, 59, 61	4, 6
2	Settlement – increase in business rates retained locally due to reset being delayed	The delay increases reserves by £3.832m in 2024/25 with a further increase in reserves of £2.238m over the life of the MTFP	53, 58, 59, 61	6
3	Settlement – increase in top up grant due to reset being delayed	Over the life of the MTFP increase reserves by £1.165m	58, 59, 61	4, 6
4	Settlement – NHB scheme assumed to end after 2023/24	Over the life of the MTFP reduces reserves by £0.849m	40, 58, 59, 61	4, 6
5	Settlement – Increased RSG due to uplift of inflation	Over the life of the MTFP increases reserves by £0.802m	39, 58, 59, 61	4, 6
6	Settlement – Reduction in Services grant	Over the life of the MTFP reduces reserves by £5.108m	42, 58, 59, 61	4, 6
7	Settlement – Social Care grant announced in Autumn Statement included in Adult Social Care Market Sustainability & Improvement Grant (ring-fenced)	Over the life of the MTFP reduces reserves by £1.965m	44, 58, 59, 61	6
8	Settlement – new Social Care Grant	Over the life of the MTFP increases reserves by £15.150m	43, 45, 58, 59, 61	4, 6
9	Settlement – removal of the Lower Tier Services Grant	Over the life of the MTFP reduces reserves by £0.604m	58, 59, 61	6
10	Additional pressures/savings	Pressures identified in children’s placements, support and legal fees, school transport, additional inflationary and employee costs. Savings identified in Utility costs. Reduces reserves by £1.875m	20 - 26, 36, 37, 58, 59, 61	1, 2 & 6
11	New agreed spend	Includes Events, discretionary cost of living fund, Street Scene fly tipping and back lanes & YEI. Reduces reserves by £0.398m	20, 30, 31, 32, 35, 36, 37, 58, 59, 61	1, 2 & 6
12	Stronger Communities Fund	Reduces reserves by £0.050m	28, 61	6
13	Qtr 3 Revenue Budget Management	Improved position at Quarter 3 increases reserves by £0.192m	60, 61	6
14	Fees and charges	Omission from draft. Booking fee for ceremonies.	57	3



## Financial Analysis

### Projected Expenditure

20. As noted previously the core offer budget and futures fund is the level on which the MTFP is based upon. Estimates attached at **Appendix 1** have been prepared based on current service levels and include known pressures and efficiencies which are summarised below and detailed in **Appendix 2**. The most significant are discussed in the following paragraphs. The assumptions used when preparing the estimates are set out at **Appendix 4**.

<u>Summary of Pressures</u>	<b>2023/24</b> £m	<b>2024/25</b> £m	<b>2025/26</b> £m	<b>2026/27</b> £m
Additional Savings offsetting pressures	(3.567)	(5.320)	(5.173)	(3.989)
Service Demand	3.764	3.956	3.143	3.362
Price Inflation	3.689	4.281	4.357	5.438
Reduced Income	0.493	1.009	1.170	1.231
Other	1.445	1.151	1.172	0.822
Energy	2.251	1.451	1.451	1.451
Pay award	3.870	3.946	4.026	4.106
	11.945	10.474	10.146	12.421

21. **Efficiencies/Savings** – there are significant anticipated savings over the life of the MTFP of £18.049m. Whilst there are immediate and continued demand pressures on Children’s Services, one particularly high-cost package is coming to an end during 2023/24 saving £1.4m per annum. Furthermore, as the strengthening families programme comes into fruition there is an anticipated reduction in residential and independent fostering placements of £2.880m. The contribution for Concessionary fares has reduced saving £2.561m and the investment returns on our joint venture housing partnership have increased by £0.924m. The independent triennial review of the pension fund shows it is now fully funded and the contingency allocated for future increases can be released for the next three years saving £2.961m. Other efficiencies cut across all areas and include staff savings and a realignment of running costs achieved following the different ways of working throughout the pandemic.
22. **Increased Service demand** – the main area of increased demand is on children’s services which has seen the number of Looked After Children increase to 289 at the end of September 2022 from 273 in March 2022 and cases are becoming more complex with some of our children requiring significant support. Pressures in this area are being felt nationwide with some commentators noting the Covid pandemic has contributed to this increase. On the back of this demand there has also been more legal fees incurred. The ultimate aim of the strengthening families team is to improve outcomes for children, focus on prevention and reducing the number of children who need to come into care and ultimately reduce the budget pressure. This initiative and the work ongoing as a spend to save scheme, require funding for the next two years. Overall, the pressure on Children’s

activities across the MTFP is £10.7m. Demand for school transport has increased due to increased operators' costs, more routes and more children now accessing free transport due to a large increase in children qualifying for free school meals.

23. **Price Inflation** – is a significant strain on the budget at £17.765m over the MTFP and 67% of that strain is related to our adult social care contracts with a £11.9m pressure. The contracts are linked to various inflation factors including the Consumer Price Index which in September stood at 10.1%, the national living wage set at £10.42 per hour from 1 April 2023 – an increase of 9.7%, which automatically feeds through to the care providers. Also, the residential care contract contains an additional factor for utilities which has significantly increased for 2023/24, and impacts on the contract rate. Whilst this is a significant pressure on the Council's finances the pressure on the care sector is recognised and these uplifts are required to ensure stability in a very fragile market.
24. **Energy Inflation** – given the size of the increases, the energy inflation has been stripped out of the normal inflation pressures. There is an anticipated £6.604m pressure across the MTFP which has arisen following the increases seen in electricity (136%) and gas (237%). This is in addition to the £966k added to the budgets this year. No one knows what the future holds for our energy prices, and numbers change on a monthly basis, for planning purposes the budget assumes no further increases in future years. This inflation needs no introduction and is being seen across the country. It has a direct impact on our running costs, from the buildings we operate, the swimming pools we heat to the street lighting electricity usage. Our energy is purchased through the North East Procurement Organisation and the impact is not as high as it could have been as some of our fuel allocation has been pre-purchased. Energy efficiency measures are continually being looked at, for instance the LED street lighting programme, however the significant increase cannot be contained within existing budgets.
25. **Reduced Income** - The main areas of reduced income are the ending of specific grant funding received for Adult Social Care where the services need to continue. There is also an anticipated reduction in council tax income due to a slowdown in housing completions exacerbated by the Nutrient Neutrality ruling and interest rate rises.
26. **Other and Contingencies** – the main pressure against this heading is the increased finance costs on Council borrowing due to the interest rate rises. It is anticipated to be £2.221m across the MTFP. There is also ICT cost pressures for security and mobile data, staffing changes due to pension contributions and grade changes following job evaluation.
27. **Pay Award** – the 2022/23 pay award was settled at a flat rate of £1,925 per employee. The percentage increase was therefore different depending upon base salary; however, the average increase was 6.5%. The 2022/23 MTFP only budgeted for a 3% increase hence the pressure which is recurring each year. Given the high inflation rates a 5% award has been budgeted for in 2023/24 reverting back to 2% thereafter. Together this is a significant pressure of £15.948m over the life of the MTFP.

## **Additional budget provision**

28. **Stronger Communities Fund** - £0.050m – the stronger communities fund was established to assist in grass roots projects and initiatives in each of the elected members wards. It was agreed in the 2021/22 and 2022/23 budget that £0.001m was made available to each member to utilise as they see fit in their communities and reviewed on an annual basis. A report was taken to the Communities and Local Services Scrutiny Committee on 12 January and subsequently forwarded to the Economy and Resources Committee on 19 January, updating on the spend to date and initiatives Councillors had funded.
29. Scrutiny recommended to Cabinet that the scheme should be extended for a further year with six monthly reports back to committee to monitor progress. At the beginning of the financial year each members fund will be topped back up to £1,000. Members final spend will not be known until the end of March 2023 so a full provision of £0.050m has been included in the MTFP for 2023/24. If this is not utilised it will be returned to reserves.
30. **Events – Promoting Darlington’s Economic Growth £0.060m** - Strengthening the Town Centre Events to include the Kings Coronation celebrations and staffing support. Town Centre events are a key in bringing communities together, the Queen’s Jubilee celebrations across the town were enjoyed by many and it is fitting the Kings Coronation is also celebrated this year. We are awaiting government guidance in regard to the Coronation and will be bidding for any funding available to help offset any costs incurred.
31. **Street Scene (fly tipping and back lanes) - £0.070m** - A dedicated team have been funded from one off futures fund pots which have now come to an end. The work of the team ensures fly tips can be removed quickly and that the education campaigns can continue, encouraging more responsible behaviour with the ultimate aim of reducing unsightly litter in back lanes and targeting litter hot spots. The proposal is to continue to fund this team for a further year.
32. **Youth Employment Initiative £0.168m** - This service is funded from the European Social Fund until July 2023. This important service provides practical help, advice and support to 16-29 year olds to help them into employment, both those claiming benefits and those classified as ‘economically inactive’ in the labour market. The economically inactive group includes students, those looking after family or the home, temporarily sick, long term sick and retired (under retirement age).
33. To date 93% of the young people who engaged with our YEI programme have progressed into employment or education and 57% of those were still in employment or education six months later. In the last 12 months we had 335 starts on programme.
34. There is a possibility further funding will be secured through UKSPF however the specifications haven’t been released yet, when it is we will bid into it but at this stage we cannot guarantee we will be successful or how large the funding stream is. To ensure the continuation for the remainder of 2023/24 this funding will be set aside in a contingency budget provision.
35. **Discretionary cost of living support fund £0.100m** - The cost of living is a concern to many residents, the council is supporting our communities in many ways including the household support fund, the crisis support fund administered through Citizens advice

bureau, the discretionary council tax relief fund and working with our voluntary sector partners. Despite this we recognize there are residents who are in difficulty and want to establish a one off fund of £100k to be used on initiatives to help with the cost of living. We have recently purchased Low Income Activity Tracker (LIFT) software which will help to identify residents in vulnerable positions and schemes will be drawn up in the new year using this data to target those most vulnerable.

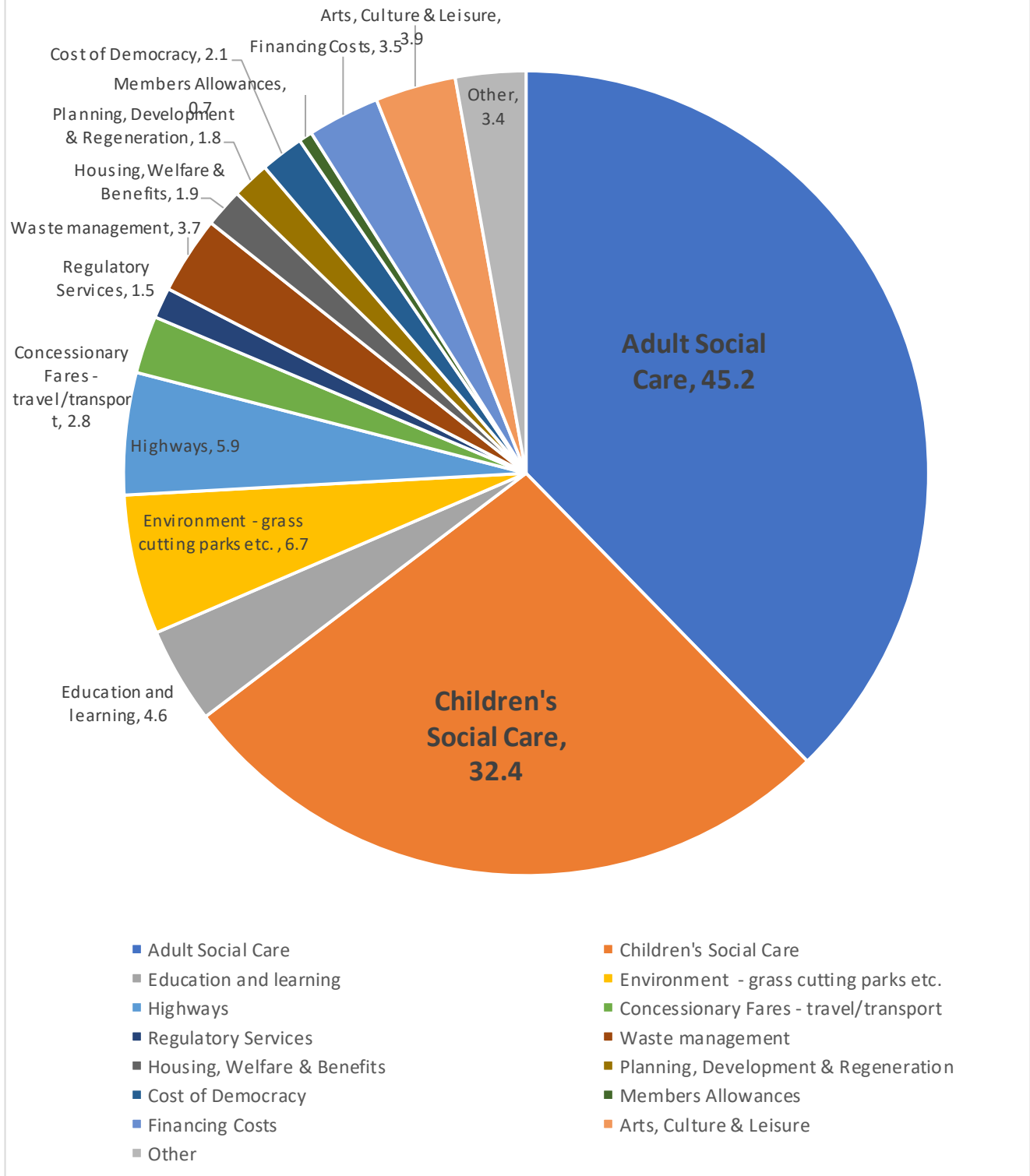
### **Total Expenditure**

36. Taking the above savings and pressures into account the summarised projected expenditure is shown in the table below:

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People Services	75.355	77.591	79.264	81.759
Chief Executives Office & Economic Growth Services	1.535	1.571	1.664	1.716
Operations	20.749	21.054	21.386	21.855
Financing costs	19.377	19.155	19.473	19.865
Investment Returns - Joint Venture	3.477	3.613	3.664	3.364
Council Wide Pressures/(savings)	(1.816)	(1.718)	(1.130)	(1.130)
Council Wide Contingencies	1.359	1.283	1.309	1.335
	(0.069)	(0.246)	(0.255)	1.189
<b>Total Expenditure</b>	<b>119.967</b>	<b>122.303</b>	<b>125.374</b>	<b>129.953</b>

37. This proposed net investment in services of £120m in 2023/24 covers a wide range of areas from refuse collection to adult residential care, from street lighting to school crossing patrols and grass cutting to our Leisure and Culture provision. The chart below shows the split of investment and as can be seen Social Care, both Children's and Adults, are the most significant proportion of funding, accounting for nearly two thirds of the overall budget.

## WHERE THE MONEY WILL BE SPENT ON SERVICES FOR 2023/24 £m



## Projected Income

### Local Government Finance Settlement

38. The draft Local government Finance Settlement was announced for consultation on 19 December 2022 and confirmed a number of assumptions made in the Autumn statement and spending review was announced on 17 November. Consultation on the settlement closed on the 16 January 2023 and at the time of writing we have yet to hear if there are any changes to the draft, however in previous years there has been little, if any movement so this plan is based on the draft position. The settlement is for one year although announcements on additional social care spending have been made for two years along with precept levels and indications on what inflation may be added. The Medium Term Financial plan is therefore based on assumptions for years two to four of the plan using the best estimates on the latest information available. All assumptions are summarised in **Appendix 4** and detailed in the sections below.

### Core Grant funding to Local Government

39. **Revenue Support Grant (RSG)** has become a reducing element of the Council core funding over recent years; however, it has been confirmed this will be uplifted by CPI in 23/24 and it has been assumed this will continue into future years with an annual inflationary increase of 2%.
40. **New Homes Bonus (NHB)** has been extended for a further year without legacy payments. There was no announcement on the future of the New Homes bonus however there was reference to repurposing some of the fund for inflationary pressures for the funding guarantee which ensures no council will receive less than a 3% increase in funding. Given this statement it has been assumed no further NHB payments will be received in future years.
41. **Better Care fund, Adult Social Care Support Grant** - these funds were in recognition of the significant challenges faced in the Adult Social care sector and were initially time based. They have however been included as core funding so it has been assumed this funding will continue into future years on a cash equivalent basis.
42. **Services Grant** – was announced in 2021 as an un-ringfenced package of support for Local Government, the Council received £1.579m in 2022/23. The settlement has confirmed this will be reduced in future years in part because there will no longer be increased National Insurance contributions and the compensation is therefore reduced, in addition some is being utilised for the Supporting Families Programme. The Councils allocation for 2023/24 is £0.890m and it is assumed this level will continue into future years on a cash flat basis.
43. **Social Care grant** - this funding is a continuation from the 2021 spending review and can be utilised to fund both Children and Adults social care and is distributed on the relative needs formula.
44. **New and repurposed Social Care funding** – two funding packages were announced in the Autumn statement and further clarity has been provided in the Local Government Finance Settlement. The New grant funding of £1bn in 2023/24 and £1.7bn in 2024/25 will be distributed via the Better care fund and directly to councils. This is to be used to enable

Local authorities to make improvements to adult social care in particular to address delays in discharges, social care waiting times and workforce pressures. To that end this funding will undoubtedly generate additional cost and has not been included in the MTFP income stream.

45. Repurposed monies from delaying charging reform in 2023/24 and 2024/25 of £1.265bn and £1.877bn respectively is being distributed to councils and added to the existing social care grant so can be utilised for both Adults and Children's services. It is anticipated this funding will continue in future years given the significant pressures on the system.

### **Council Tax Income**

46. Due to reduction and reliance on Government funding over the last ten years, Council Tax is now by far the largest single funding stream and will increase further as a percentage over the coming years representing 59% of projected resources anticipated by 2026/27. The ongoing increases reflect the Cabinet's view that income from Council Tax needs to increase to protect key service provision and enable investment in vital services. Members will recall that a 1% increase in Council Tax equates to an annual revenue of £0.589m.
47. In recognition of the significant pressures facing local authority budgets particularly in regard to social care with contract inflation, demographic demand and increased complexity of needs, the Chancellor announced in the Autumn Statement that further flexibilities would be given to Councils in both Council Tax and the Social Care Precept with the referendum limit set at 5%, 3% for council tax and 2% for the Social Care Precept, previously they had been 2% Council Tax and 1% precept.
48. The Finance settlement confirmed the referendum limits however this was only for two years. Therefore, the MTFP assumes a Council Tax increase of 2.99% for 2023/24 and 2024/25 reverting back to 1.99% thereafter. In addition, it is proposed an Adult Social Care precept of 2% is levied for the next two years and reverts to 1% thereafter. As can be seen in the chart in paragraph 37, Adult Social Care is by far our largest overall budget with a spend of £45.2m and faced pressure of £2.7m in 2023/24. The precept will raise £1.2m which is crucial to help partially meet the pressure faced in this service area.
49. The Council Tax base was affected by Covid-19 due to the increase in Local Council Tax support claimants (LCTS) however those levels have started to reduce. There is however an impact anticipated due to Nutrient Neutrality with planning permissions halted until the legislation is changed or mitigations schemes are found by developers. There is also an impact on housing demand due to rising interest rates and mortgage costs which are anticipated to affect housebuilding levels. Moving forward planning estimates anticipate growth levels to be an average of 428 Band D equivalent properties over the period of this plan which is a growth on the tax base of 1.21% per annum. These figures have been used to prepare the estimates; clearly should this be any different income levels will differ. The collection rate (of collectable debt) is anticipated to remain at 99% in 2023/24, but as mentioned previously other factors are impacting on the overall income levels.

## **National Non-Domestic Rates (NNDR)**

50. The Council retains 49% of NNDR collected and can gain or lose depending on whether the net tax collected increases or decreases. The Government via the valuation office sets rateable values and the rate paid in the pound is increased each year in line with the Consumer Price Index (CPI). The business tax-base is far more volatile than the Council Tax base and requires very close monitoring. In addition to the potential to “lose” income due to business closures, the Council also carries the risk of losing appeals by businesses against valuations.
51. Growing the economy is the key priority in the Council Plan and the Economic Strategy gives priority to increasing business within the borough and significant effort has been put into achieving growth. This has been rewarded with a positive net increase in NNDR collection. Sites such as Symmetry Park and Central Park are all contributing to the growth and the Darlington Economic campus will be located at Brunswick Street in 2026 housing His Majesty’s Treasury Department along with several other government departments including the Department for Levelling up, Housing and Communities. This is providing a boost to the town with other employers looking to relocate to Darlington.
52. Notwithstanding these major developments, attracting businesses into the town by their very nature takes time and upfront investment and therefore is an area which needs continued prioritisation and pump prime funding so growth can continue. It needs to be remembered that net growth in NNDR collected relies on growth outstripping revaluations and reductions which can be very challenging in the current economy.
53. One area of uncertainty is the business rate reset. The business rates system changed in 2013 and Councils received 49% of the NNDR collected above the base level, this was to incentivise Councils to drive economic growth. The system was due to be reviewed in 2020, with the intention of resetting the baseline and a review of need across the board and a subsequent redistribution of funding. This was part of the Fair Funding Review which has been postponed for a number of years now and there is no indication if this will happen in 2023/24. As Darlington has seen a healthy increase in business rates any reset would likely reduce funding in this area. The government have confirmed the reset will not happen in the current spending review so the impact has been assumed for 2025/26.
54. The in-year collection rate target for NNDR is 98.0% and as at the end of December 2022 is 85.4% and on track to achieve the target.

## **Collection Fund**

55. The Collection Fund account reflects the statutory requirements for the Council to maintain a separate fund in relation to the operation of Council Tax and the Business Rates Retention Scheme (BRRS). The Fund records all of the transactions for billing in respect of Non-Domestic Rates (NNDR) and Council Tax, exemptions and discounts granted, provision for bad debts and appeals and payments made to the Council’s General Fund, the Police and Fire and Rescue precept authorities and Central Government. The collection fund has benefited from business growth over the past few years on the back of the economic growth strategy with a robust healthy position. It is therefore felt prudent to release £2m of the fund into general reserves to assist the MTFP position. Furthermore, a government Covid grant of £1.415m received to support the collection fund in the light of increased



LCTS claimants during the pandemic and the aftermath can also be released given the numbers of claimants are now reducing back to pre-covid levels.

### Other Grants

56. Set out below are the estimated specific grants which as the title suggests are for specific areas of expenditure as dictated by the government and cannot be used for other areas; the main one being the Public Health ring-fenced grant. These grants are included in service estimates at Appendix 1.

	<b>2023/24</b>
	<b>£m</b>
Public Health Grant	8.831
PFI Grant	3.200
Youth Justice Board	0.223
Local Reform & Community Voices	0.057
Adult & Community Learning	1.062
Staying Put	0.055
Heritage Action Zone	0.047
Garden Village	0.100
Parks for People	0.014
Towns Fund	0.080
	13.669

### Fees and charges

57. The proposed fees and charges of the Council are set out in **Appendix 3** the increases proposed are based on the cost of providing the services and take account of inflation and market conditions. Overall, the proposed increases are anticipated to generate approximately £200,000 of income to help offset the cost-of-service provision.

### Total Income

58. The table below summaries the Council's estimated income for the period of this plan which thanks to the increase in spending announced in the Autumn Statement, continued economic growth and house building activity, and the subsequent increases in Council Tax and NNDR, confirms a much-needed increase in income given our expenditure pressures.

<b>Resources - Projected and assumed</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Council Tax	61.877	65.556	68.461	71.568
Business rates retained locally	23.021	23.481	16.407	16.735
Top Up Grant	8.156	8.596	13.703	14.440
RSG	4.133	4.219	4.306	4.395
New Homes Bonus	0.567	0.000	0.000	0.000
Better Care Fund	4.488	4.488	4.488	4.488
Adult Social Care Support Grant	3.753	3.753	3.753	3.753
Social Care funding SR21	1.162	1.162	1.162	1.162
Services Grant	0.890	0.890	0.890	0.890
New Social Care Grant	2.781	4.123	4.123	4.123
Supporting Families Grant	0.500	0.500	0.000	0.000
<b>Total Resources</b>	<b>111.327</b>	<b>116.768</b>	<b>117.293</b>	<b>121.554</b>

### Projected MTFP

59. Set out in the table below are the projections based on the income and expenditure analysis discussed in the previous sections, as can be seen there is a significant funding gap in each financial year. We are anticipating having £23.4m reserves which can be utilised to support the plan which would cover the position fully until 2025/26 however it is clear significant expenditure reductions will be required in future years if additional government funding is not forthcoming.

	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Estimated Expenditure	108.022	111.829	115.228	117.532
Add Pressures / Additional savings	11.945	10.474	10.146	12.421
	119.967	122.303	125.374	129.953
Projected Total Resources	(111.327)	(116.768)	(117.293)	(121.554)
Projected budget deficit	8.640	5.535	8.081	8.399
Utilisation of balances	(8.640)	(5.535)	(8.081)	(8.399)
<b>Total</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## Revenue Balances

60. The projected revenue outturn for 2022/23 detailed at **Appendix 5**, has improved by £0.735m since quarter two from £22.662m to £23.397m after taking account of the Risk Reserve of £5.350m, as noted above our reserves will be fully utilised during the 2026/27 financial year. This is not a sustainable position, and a full review of service provision will need to be undertaken to reduce expenditure and increase income unless further government funding is received.
61. In the light of the significant financial pressures the Council is facing work is ongoing on efficiency measures to reduce expenditure in areas which do not directly hit service provision.

Revenue Balances	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Opening balance	23.397	17.122	12.587	4.506
Release of Earmarked Reserve - LCTS	1.415	0.000	0.000	0.000
Net contribution to GF from Collection Fund	1.000	1.000	0.000	0.000
Transfer to Stronger Communities Fund	(0.050)	0.000	0.000	0.000
Contribution to/(from) balances	(8.640)	(5.535)	(8.081)	(8.399)
Closing balance	<b>17.122</b>	<b>12.587</b>	<b>4.506</b>	<b>(3.893)</b>

## Capital Expenditure

62. The Council has an extensive capital programme with significant resources invested to purchase, improve, protect, and maintain our assets, to enable the Council to deliver its priorities, for example purchasing land to enable road improvements or investing in modernising school buildings and housing. The Council continues to deliver a significant capital investment programme in the main funded from the Housing Revenue Account (HRA) and grant or other external funding which is targeted at specific schemes and programmes such as Transport and Schools. Furthermore, investment from the Tees Valley Combined Authority (TVCA) along with European and other external funding sources are being used for economic growth initiatives.
63. The Council can also supplement these funding sources with its own resources such as capital receipts or prudential borrowing where there is a need, however as capital receipts are limited, and prudential borrowing comes with future revenue implications there must be a strong case for doing so.
64. In recent years there has been significant investment in Economic Growth either funded or pump primed by the Council; schemes such as Central Park including the National Biologics Centre and Business Central along with the Development of Feethams House which is now the temporary home for the Darlington Economic Campus, and recent Town Centre purchases funded from the Towns Fund and Indigenous Growth Fund are helping to make Darlington a more vibrant place to be. The Council's Investment Fund and Economic

Growth Investment Fund are both being utilised to invest in these areas which ultimately increases business rates and the finances of the Council helping vital services to be funded.

65. The current capital programme stands at £308m as summarised in Table 1 below. The programme is monitored on a monthly basis and reported to Cabinet on a quarterly basis; the latest available monitoring report for the 2022/23 was presented to Cabinet on 8 November 2022 and noted there was a projected £0.132m underspend on the approved capital programme.

**Table 1**

	Construction				Non construction	Capital investment fund	Housing New Build not yet allocated	Total
	Live Schemes 75k & Over	Annualised Schemes	Completed Schemes awaiting review	Live Schemes under 75k				
Area	£m	£m	£m	£m	£m	£m	£m	£m
Housing	65.824	0.667	0.562	0.160	1.205	0.000	29.023	97.441
Economic Growth	54.849	0.000	0.485	0.578	9.804	27.716	3.216	96.648
Highways/Transport	64.762	7.113	5.755	2.322	1.334	0.000	2.228	83.514
Leisure & Culture	22.351	0.000	0.072	0.175	0.000	0.000	0.000	22.598
Education	4.155	0.000	0.000	0.323	0.053	0.000	0.290	4.821
Adult Social Care	0.000	0.000	0.000	0.000	0.071	0.000	0.000	0.071
Other	0.000	0.000	0.000	0.000	2.655	0.000	0.000	2.655
<b>Total</b>	<b>211.941</b>	<b>7.780</b>	<b>6.874</b>	<b>3.558</b>	<b>15.122</b>	<b>27.716</b>	<b>34.757</b>	<b>307.748</b>

66. In addition to the current agreed programme the Council looks ahead to future capital requirements based on the principles of the capital strategy. A four-year timeframe has been adopted to fall in line with the revenue Medium Term Financial Plan. Attached at **Appendix 7** are the priority proposals for addition to the plan along with the funding methods. The majority of schemes are focused on 'Housing and Transport, funded via the HRA and government grants respectively; there are also a number of Council funded corporate schemes that have already been approved.
67. The following paragraphs describe the major elements of the capital programme priorities for approval. Specific scheme funding release will be subject to detailed reports to Cabinet.

#### **Corporate Schemes – funding required**

68. As noted previously the Council can supplement government capital funding, albeit options are limited in the current financial climate. Funding can come from prudential borrowing, repaid via revenue, which puts additional pressure on the revenue account or from capital receipts. Given the financial position of the Council only schemes that are a health and safety risk or that are self-funding have been considered while there is uncertainty over the overall funding envelope.
69. The risk assessed usable capital receipts over the next four years are in the region of £12m. Of this £1.110m has been allocated to the Eastbourne Sports Complex for the

replacement running track and the new APG pitches and parking leaving just under £11m unallocated.

70. There will be many competing priorities against the available resources for both regeneration and refurbishment and these schemes will emerge over the coming year/s. At this stage Members are requested to make capital provision for three priority schemes with a total value of £1.374m, which will be subject to full reports to Cabinet in due course, these are:
- (a) **Whinfield School replacement roof - £1.124m** - £620k was approved in the 2022/23 capital programme for repairs on the roof however the costs have significantly increased and funding of £1.124m is required. The roof is in a very poor state of repair and needs to be completely renewed. The funding received for school condition works is insufficient to fund an undertaking of this magnitude. Over the last five years ongoing maintenance work has been carried out to keep the school watertight, however it is now at the point where unless this work is undertaken there will be further deterioration of the roof and a likely impact on delivery of education at the school.
  - (b) **Essential Works to Skerne Bridge - £0.050m** – is required for essential works to the Skerne bridge at the rear of the rugby club.
  - (c) **Essential play area equipment replacement - £0.200m** – is required to meet Health & Safety requirements and to ensure that the play equipment is fit for purpose.

### Self-Financing Schemes

71. There are 3 schemes that are classified as self-financing whereby the costs will be covered by either grants or by the rental income generated.
72. Following the successful establishment of Darlington Economic Campus (DEC) in the Council owned Feethams House under a 5-year lease agreement and given the ongoing investment in the building by Government it is unlikely the building will be available for the general market once the DEC move to its proposed permanent location at Brunswick Street. This will mean the only Council owned grade A office building, will not be available to accommodate the ongoing business enquiries, many of which are related to the relocation of His Majesty's Treasury (HMT) and other Government departments.
73. Therefore, more than ever before, Darlington town centre must be competitive if it is to be vibrant, diverse and successful and to achieve this, it is considered vital that the Council assists in leading, facilitating and enabling the conditions for economic growth through direct intervention in economic development and regeneration in partnership with business and communities. The three items below are actions to achieve this aim and full business cases for these schemes will be presented to Cabinet at a future date with details on the funding arrangements:
- (a) Development of an office block at Priestgate - £10.0m
  - (b) Northern Echo Building refurbishment - £5.5m
  - (c) Skinnergate office/commercial space - £1.6m

## Government Funding

74. Set out below are details of the levels of Government funding available for investment by the Council in 2023/24 and an outline of the proposed use of these funds.

	<b>2023/24 £m</b>
<b>Children's Services</b>	
School Condition Allocation	0.159
<b>Transport</b>	
Local Transport Plan	3.068
<b>Other</b>	
Disabled Facilities Grant	1.063
<b>Total Capital Grant Available</b>	<b>4.290</b>

### School Condition Allocations

75. The Local Authority now only receives school condition funding for Community Maintained Schools. Maintenance funding for Academies is available through other routes. This funding received by the Local Authority will be spent in line with key priorities identified with each maintained school through the locally agreed asset management planning (LAMP) process, carried out each January. There are no strict spend deadlines for these small-scale condition related projects which are prioritised and completed as funding becomes available.

### Transport and Highways

76. A new Local Transport Plan for the Tees Valley was endorsed by the Tees Valley Cabinet in 2021. This will help set the spending plans for the funding allocations from the Department for Transport and from the Devolution deal. The Integrated Transport Programme (ITP) of TVCAs Investment plan identifies £256.7m of investment over the next 10 years. There will be projects and initiatives delivered in Darlington from this fund.
77. The new Tees Valley Local Transport Plan has a number of accompanying documents that set the strategy and vision for different modes of transport. Each Local Authority is required to produce a Local Improvement Plan, which will effectively replace the local authority Local Transport Plan. These plans will cover local priorities and maintenance requirements. Prior to this year the Council received funding via TVCA that was based on needs formula. However, all of the funding has now been merged into the new City Region Sustainable Transport Settlement (CRSTS), which is a 5-year allocation of funding. The Tees Valley have been allocated £310m. The details of this allocation have been finalised and the Council has been awarded £15.340m over the 5 years to 2026/27. The annual amount of £3.068m is based on the following breakdown which includes £0.893m for the Integrated Block, £1.206m for the Highways Maintenance Block plus £0.969m for the Pothole action programme. The new CRSTS will provide the opportunity to deliver

larger improvement schemes in Darlington identified in the Tees Valley and Darlington transport plans and these will be dealt with on an individual project basis.

### **Disabled Facility Grants**

78. These grants are available if you are disabled and need to make changes to your home with examples being:

- (a) Widen doors and install ramps,
- (b) Improve access to rooms and facilities – e.g., stair lifts or a downstairs bathroom,
- (c) Provide a heating system suitable for your needs, and
- (d) Adapt heating or lighting controls to make them easier to use.

### **Housing**

79. All Housing Capital schemes are funded fully from the Housing Revenue Account. The priorities identified through the Housing Business Plan will be funded from the estimated capital resources for 2023/24. Further detail is given in the Housing Revenue Account financial plan but in summary includes:

- (a) Adaptations and lifts - £0.200m
- (b) Heating Replacement - £1.225m
- (c) Structural Works - £0.400m
- (d) Lifeline Services - £0.150m
- (e) Repairs before Painting - £0.060m
- (f) Roofing and Repointing work - £1.000m
- (g) Garages - £0.025m
- (h) External Works - £0.200m.
- (i) Pavements - £0.032m
- (j) Window & Door Replacement - £1.400m
- (k) Internal planned maintenance (IPM) - £2.760m
- (l) Communal Works - £0.150m
- (m) Energy Efficiency Improvements - £1.000m
- (n) New Build housing - £15.673m
- (o) Fees - £0.310m

### **Scrutiny and Consultation**

80. Consultation on the draft plan ran from 5 December 2022 to 20 January 2023. The plan was promoted on the Council's consultation website, social media, an article in the One Darlington Magazine and there was coverage in the Northern Echo. There was also information available at Cockerton Library and Customer services.

81. Council Scrutiny Committees reviewed the MTFP and its proposals through December and January and the Economy and Resources Committee met on 19 January 2023 to consider the responses from all the Council's Scrutiny Committees. The minutes of that meeting are shown in **Appendix 8** and include the resolution from all the scrutiny meetings; in summary the committee submitted the following response for Cabinet consideration:

82. That Cabinet be advised that the following is the response of the Economy and Resources Scrutiny Committee on behalf of all of the Council's Scrutiny Committees in relation to the Medium Term Financial Plan 2023/24 to 2026/27 consultation :-

(a) That, taking into consideration the views of all the Scrutiny Committees, the majority view of this Scrutiny Committee is that the Medium Term Financial Plan 23/24-26/27 provides the best solution going forward.

(b) That the minority view of this Scrutiny Committee is that:

i. It notes the many and various concerns raised at the Children and Young People, Adults, Communities and Local Services and Health and Housing Scrutiny Committee meetings, specifically highlighting:

- the long-term affordability of services, in particular Children and Adults Social Care;
- the unsustainability of the revenue budget;
- that residents are facing unprecedented financial difficulties.

ii. It notes Cabinet's draft 4-year financial plan is based on spending nearly £10m more than our income every year, at the same time as raising Council Tax by 5% every year.

iii. It is gravely concerned that Cabinet's draft financial plan puts forward no new ideas as to how to bring under control four years of overspending.

83. Further feedback has been received from five members of the public via the website consultation pages and is summarised into three categories as follows;

(a) Council tax levels

- (i) Acceptance that the reasons for increasing the council tax were valid albeit they will increase the payments to households significantly and questioning if the collection rate estimates are ambitious.
- (ii) Noting whilst the 4.99% was half of inflation it should really have been compared with the average wage increase which would have been more informative.
- (iii) Where is all the money going provided by taxes that is raised from all the new housing – it looks like excessive wastage.

(b) Services

- (i) A request for the council tax money to be used for more street scene services including drain clearing (particularly in tree lined streets) and maintenance of grass verges damaged from parking.
- (ii) Suggestion of making more drive ways for houses without drives if there is room to park and asking households to contribute 50%.
- (iii) Pavements need maintenance where tree roots are lifting them.



- (iv) Concern that personal savings may need to be used for social care and the unfairness when others haven't saved for their futures and will be council funded.
- (c) Consultation
  - (i) A comment that in the future consultation it needs to be more timely, understandable and relevant.
  - (ii) More notification of consultation required.

## Conclusion

84. The Council has faced significant financial challenges over the last decade, with reductions in government funding followed by the financial instability during the pandemic, but to date has risen to these challenges well which has enabled a balanced MTFP.
85. 2022 has presented further challenge with the Russia/Ukraine crisis and subsequent soaring energy prices, high inflation levels and demand on services in particular social care at an unprecedented level.
86. The Local Government finance settlement was better than expected with additional funding for Social care, and the Council can deliver a balanced position until 2025/26 utilising reserves as per our financial strategy. However, there is a substantial annual budget deficit which is not sustainable and will need to be addressed. Unless further funding is forthcoming the Council will need to fundamentally review services and both reduce expenditure and increase income to ensure we have a stable position moving forward.
87. Planning beyond the current year is extremely difficult given the uncertainty around future funding and the review of the new Local Government Financial system, inflation and economic uncertainty, the conflict in Ukraine which is putting significant pressure on our energy costs and the general cost of living crisis. Current planning suggests reserves will be depleted in 2026/27 and there will be a budget deficit of approximately £8m, however for the reasons above, this will almost certainly change. At this stage it is not possible to know whether this will be a positive or negative position.
88. In summary, the Council continues to face significant financial challenges, however, due to the healthy reserves position which now play a crucial role in the budget strategy, the Council can afford a 2023/24 budget and have reserves available enabling time to achieve the savings required in future years.
89. As the Council's Statutory Chief Financial Officer, the Group Director of Operations must advise the Council on the robustness of the budget and adequacy of reserves. The budget presented to Members in this report has been based on the most accurate information available at this point in time, therefore the Director is confident that they are an accurate reflection of the Council's financial position. Notwithstanding this there is a significant degree of uncertainty with regard to the future economic position and local government funding so this the position presented whilst as accurate as possible will change, however at this juncture I cannot be sure if that will be for the better or worse.

90. General Fund Reserves are adequate for the coming financial year; however, the Council is carrying a significant financial risk over the lifetime of the plan with an unsustainable annual deficit which will need to be met from efficiencies, service reductions and/or increased income if no further government funding is realised. It is essential we maximise income where possible, ensure we are providing our services in the most efficient manner, and address the growing pressures in social care through transformation.

## APPENDICES

Appendix 1	Detailed Estimates
Appendix 2	Budget Pressures / Savings
Appendix 3	Fees and Income Proposals
Appendix 4	Assumptions used to prepare estimates
Appendix 5	Projected Revenue Outturn 2022/23
Appendix 6	Proposed MTFP 2023 to 2027
Appendix 7	Capital programme
Appendix 8	Economy and Resources Scrutiny Committee Minutes 19 January 2023

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## REVENUE ESTIMATES 2023/24 - Summary

	2022/23	2023/24			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
People Group	69,291	136,822	(17,992)	(43,475)	75,355
Services Group	21,098	63,952	(43,122)	(81)	20,749
Operations Group	18,605	44,806	(3,924)	(21,505)	19,377
Chief Executive Office & Economic Growth Group	1,647	3,953	(2,235)	(184)	1,535
<b>Group Totals</b>	<b>110,641</b>	<b>249,534</b>	<b>(67,274)</b>	<b>(65,243)</b>	<b>117,016</b>
Financing Costs	637	3,477	0	0	3,477
Investment Returns - Joint Ventures	(1,864)	(1,816)	0	0	(1,816)
Council Wide Pressures / Savings	8	1,359	0	0	1,359
Contingencies	525	(69)	0	0	(69)
<b>Grand Total</b>	<b>109,947</b>	<b>252,485</b>	<b>(67,274)</b>	<b>(65,243)</b>	<b>119,967</b>

## PEOPLE GROUP - Revenue Estimates 2023/24

	2022/23	2023/24			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Group Director of People</b>	738	765	(53)	0	712
<b>Children &amp; Adult Services</b>					
Transformation & Performance	840	794	(46)	0	748
Business Support	1,484	1,580	(8)	0	1,572
<b>Children's Services</b>					
Children's Services Management & Other Services	619	692	0	(30)	662
Assessment Care Planning & LAC	4,165	4,327	0	0	4,327
First Response & Early Help	3,747	3,961	(1)	(127)	3,833
Adoption & Placements	14,061	16,856	0	(105)	16,751
Disabled Children	1,435	1,435	(205)	0	1,230
Youth Offending	322	684	(122)	(223)	339
Quality Assurance & Practice Improvement	145	263	(125)	0	138
<b>Development &amp; Commissioning</b>					
Commissioning	2,587	3,060	(736)	0	2,324
Voluntary Sector	272	351	0	(57)	294
Workforce Development	154	296	(102)	0	194
<b>Education</b>					
Education	639	27,208	(2,092)	(24,665)	451
Schools	0	8,785	0	(8,785)	0
Transport Unit	2,497	3,461	(369)	0	3,092
<b>Public Health</b>					
Public Health	0	8,831	0	(8,831)	0
<b>Adult Social Care &amp; Health</b>					
External Purchase of Care	28,984	44,323	(11,598)	(652)	32,073
Intake & Enablement	687	2,519	(1,842)	0	677
Older People Long Term Condition	1,600	1,779	(175)	0	1,604
Physical Disability Long Term Condition	5	42	(27)	0	15
Learning Disability Long Term Condition	1,967	2,065	(31)	0	2,034
Mental Health Long Term Condition	1,235	1,678	(461)	0	1,218
Service Development & Integration	1,109	1,068	0	0	1,068
<b>Total People Group</b>	<b>69,291</b>	<b>136,822</b>	<b>(17,992)</b>	<b>(43,475)</b>	<b>75,355</b>

## SERVICES GROUP - Revenue Estimates 2023/24

	2022/23	2023/24			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Group Director of Services</b>	162	174	0	0	174
<b><u>Transport &amp; Capital Projects</u></b>					
AD Transport & Capital Projects	132	136	0	0	136
Building Design Services	39	569	(515)	0	54
Capital Projects	345	634	(283)	0	352
Car Parking R&M	549	583	0	0	583
Concessionary Fares	3,486	2,774	0	0	2,774
Flood & Water Act	186	89	0	0	89
Highways	4,002	5,737	(960)	0	4,777
Highways - DLO	(338)	9,733	(10,211)	0	(478)
Investment & Funding	553	197	(180)	0	17
Sustainable Transport	53	70	(28)	0	43
<b><u>Community Services</u></b>					
AD Community Services	144	150	0	0	150
Allotments	13	26	(10)	0	16
Building Cleaning - DLO	196	835	(628)	0	207
Cemeteries & Crematorium	(939)	933	(1,907)	0	(974)
Dolphin Centre	1,204	4,275	(3,299)	0	976
Eastbourne Complex	(1)	245	(221)	0	24
Emergency Planning	101	103	0	0	103
Head of Steam	278	355	(63)	0	291
Hippodrome	461	5,540	(5,319)	0	221
Indoor Bowling Centre	23	19	0	0	19
Libraries	864	922	(24)	0	898
Move More	44	99	(51)	0	48
Outdoor Events	498	588	(22)	0	567
Community Catering - DLO	108	318	(240)	0	78
Strategic Arts	123	119	0	0	119
Street Scene	6,048	8,009	(1,948)	(14)	6,047
Transport Unit - Fleet Management	9	224	(69)	0	155
Waste Management	3,452	3,606	0	0	3,606
Winter Maintenance	589	586	(2)	0	584
<b><u>Community Safety</u></b>					
CCTV	230	683	(419)	0	264
Community Safety	749	832	(32)	(67)	732
General Licensing	30	170	(163)	0	7
Parking	(2,150)	281	(1,953)	0	(1,672)
Parking Enforcement	9	185	(172)	0	13
Private Sector Housing	121	117	(10)	0	107
Stray Dogs	49	51	(1)	0	50
Taxi Licensing	53	225	(183)	0	42
Trading Standards	247	264	(6)	0	258
<b><u>Building Services</u></b>					
Construction - DLO	(471)	7,925	(8,383)	0	(458)
Maintenance - DLO	(465)	5,333	(5,818)	0	(486)
Other - DLO	82	0	0	0	0
<b><u>General Support Services</u></b>					
Works Property & Other	112	114	0	0	114
<b><u>Joint Levies &amp; Boards</u></b>					
Environment Agency Levy	115	125	0	0	125
<b>Total Services Group</b>	<b>21,098</b>	<b>63,952</b>	<b>(43,122)</b>	<b>(81)</b>	<b>20,749</b>

## OPERATIONS Group - Revenue Estimates 2023/24

	2022/23	2023/24			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Group Director of Operations</b>	132	224	(94)	0	130
<b>AD Resources</b>					
AD Resources	148	120	0	0	120
Financial Services	1,615	1,959	(433)	0	1,526
Financial Assessments & Protection	299	358	(43)	(36)	279
Xentrall (D&S Partnership)	1,766	2,479	(649)	0	1,830
Human Resources	879	1,034	(352)	0	682
Health & Safety	175	232	(38)	0	193
<b>Head of Strategy Performance &amp; Communications</b>					
Communications & Engagement	1,252	1,125	(138)	0	987
Systems	1,397	1,037	0	(30)	1,007
<b>AD Law &amp; Governance</b>					
AD Law & Governance	129	131	0	0	131
Complaints & FOI	288	298	(1)	0	297
Democratic Services	1,278	1,335	(19)	0	1,316
Registrars	(25)	254	(277)	0	(23)
Administration	638	688	(93)	0	595
Legal	1,214	1,849	(180)	0	1,669
Procurement	176	296	(113)	0	183
Coroners	225	278	0	0	278
<b>AD Xentrall Shared Services</b>					
ICT	723	1,010	(200)	0	810
<b>Corporate Landlord</b>					
Corporate Landlord	4,801	6,042	(277)	0	5,765
<b>AD Housing &amp; Revenues</b>					
Local Taxation	923	889	0	0	889
Rent Rebates / Rent Allowances / Council Tax	(517)	20,659	(416)	(20,776)	(533)
Housing Benefits Administration	270	1,076	0	(663)	413
Customer Services	321	549	(220)	0	329
Homelessness	334	528	(184)	0	344
Service, Strategy & Regulation and General Services	164	358	(197)	0	161
<b>Total Operations Group</b>	<b>18,605</b>	<b>44,806</b>	<b>(3,924)</b>	<b>(21,505)</b>	<b>19,377</b>

## CHIEF EXECUTIVES OFFICE &amp; ECONOMIC GROWTH - Revenue Estimates 2023/24

	2022/23	2023/24			
	Net Budget	Gross Budget	Income	Grants	Net Budget
	£000	£000	£000	£000	£000
<b>Chief Executive</b>					
Chief Executive	203	209	0	0	209
Darlington Partnership	69	136	(62)	0	74
<b>AD Economic Growth</b>					
AD - Economic Growth	147	149	0	0	149
Building Control	196	373	(205)	0	168
Consolidated Budgets	148	146	0	0	146
Development Management	(0)	723	(700)	0	23
Economy	321	349	0	(80)	269
Environmental Health	324	359	(25)	0	334
Place Strategy	640	834	(85)	(104)	645
Property Management & Estates	(402)	676	(1,158)	0	(482)
<b>Total Chief Executives Office &amp; Economic Growth</b>	<b>1,647</b>	<b>3,953</b>	<b>(2,235)</b>	<b>(184)</b>	<b>1,535</b>

<b>Analysis of Pressures/Savings</b>	Estimate 23/24 £m	Estimate 24/25 £m	Estimate 25/26 £m	Estimate 26/27 £m
<b>Savings</b>				
Housing Related Support - reduced demand	(0.072)	(0.065)	(0.059)	(0.059)
Children Placements - reduction in residential and independent fostering placements	(0.288)	(0.576)	(0.864)	(1.152)
Children Placements - ending of a complex residential package	(0.110)	(1.425)	(1.425)	(1.425)
Advocacy - reduction in usage	(0.058)	(0.058)	(0.058)	(0.058)
Adult Services - reduced running costs	(0.202)	(0.268)	(0.347)	(0.348)
Education Services - reduced running costs	(0.076)	(0.068)	(0.059)	(0.049)
Children's Services - reduced running costs	(0.056)	(0.059)	(0.042)	(0.036)
Concessionary Fares - reduction in contributions	(0.713)	(0.548)	(0.650)	(0.650)
Operations - reduced postage and telephone usage	(0.067)	(0.067)	(0.067)	(0.067)
Investment Returns - increased joint venture returns	(0.336)	(0.588)	0.000	0.0000
Contingency - release of pension fund contingency following actuary review	(0.987)	(0.987)	(0.987)	0.0000
Superannuation - reduced employer contributions following triennial valuation	(0.439)	(0.448)	(0.457)	0.0000
Waste Disposal - reduction in household waste	(0.118)	(0.118)	(0.118)	(0.118)
Services - reduced running costs	(0.015)	(0.015)	(0.015)	(0.015)
Housing - reduced running costs	(0.030)	(0.030)	(0.025)	(0.012)
	<b>(3.567)</b>	<b>(5.320)</b>	<b>(5.173)</b>	<b>(3.989)</b>
<b>Increased Demand</b>				
Adults Packages of Care - increased overall package costs	0.199	0.288	0.275	0.362
School Transport - increase/changes in routes	0.378	0.387	0.397	0.407
Children Placements - increased number and complexity of placements	1.891	1.925	1.935	1.997
Children's Services - increased numbers of families/children requiring support	0.206	0.100	0.100	0.100
Strengthening Families Team - increase in children needing support	0.684	0.836	0.000	0.000
Waste Disposal - increased growth with new builds	0.000	0.000	0.000	0.024
Waste Disposal - LASPV contract support	0.000	0.000	0.000	0.033
Coroners Service - additional contribution	0.048	0.056	0.065	0.066
Legal Services - increased caseload demand	0.108	0.113	0.119	0.121
Children's legal fees - increased demand and complexity of cases	0.200	0.200	0.200	0.200
People Services - increase in ANEC support ADASS	0.010	0.010	0.010	0.010
Children's Services - continuation of the 4 Kids project	0.040	0.041	0.042	0.042
	<b>3.764</b>	<b>3.956</b>	<b>3.143</b>	<b>3.362</b>
<b>Price Inflation</b>				
Adults Packages of care - contractual inflation.	2.425	2.842	2.802	3.878
Fleet - increased costs of vehicle replacement	0.102	0.121	0.125	0.125
Children's Packages of care - contractual inflation.	0.392	0.524	0.612	0.591
School Transport - contractor inflation	0.168	0.173	0.178	0.183
Waste Disposal - contractor inflation	0.248	0.248	0.248	0.248
Highways - responsive Repairs inflation	0.202	0.206	0.210	0.214
Fleet - fuel inflation	0.030	0.030	0.030	0.030
Environment Agency - levy inflation	0.007	0.007	0.007	0.009
Corporate Landlord - R&M inflation	0.115	0.130	0.145	0.160
	<b>3.689</b>	<b>4.281</b>	<b>4.357</b>	<b>5.438</b>
<b>Reduced Income</b>				
Workforce Development Team - reduced income	0.025	0.025	0.025	0.025
Council Tax - reduction in house building due to Nutrient Neutrality	0.321	0.507	0.525	0.540
Adult Social Care - ending of grant funding	0.000	0.379	0.522	0.568
Library - reduced income during refurbishment	0.018	0.000	0.000	0.000
Car Parking - reduction in permits and contract parking	0.047	0.047	0.047	0.047
Taxi Licensing - reduction in private hire income	0.031	0.000	0.000	0.000
Legal Services - reduction in external legal income	0.051	0.051	0.051	0.051
	<b>0.493</b>	<b>1.009</b>	<b>1.170</b>	<b>1.231</b>
<b>Other and Contingencies</b>				
People - staffing changes, pensions	0.023	0.020	0.025	0.025
Enjoy Darlington campaign	0.050	0.050	0.050	0.050
Hippodrome - website ticket platform costs	0.040	0.000	0.000	0.000
Outdoor Events - increased security and operational costs and promoting economic growth	0.093	0.033	0.033	0.033
Services - staffing changes	0.093	0.100	0.103	0.104
Operations - staffing changes	0.027	0.037	0.053	0.055
Information Systems - additional systems software	0.032	0.033	0.034	0.036
ICT - additional mobile data and spam filtering requirements	0.113	0.115	0.116	0.116
Financing Costs - impact of interest rates increases	0.556	0.680	0.672	0.313
Revenues & Benefits - staffing changes	0.070	0.072	0.076	0.080
Economic Growth - staffing changes	0.010	0.010	0.010	0.010
Education - continue the Youth Employment Initiative scheme	0.168	0.000	0.000	0.000
Street Scene - fly tipping and back lane clearance	0.070	0.000	0.000	0.000
Discretionary cost of living support fund	0.100	0.000	0.000	0.000
	<b>1.445</b>	<b>1.151</b>	<b>1.172</b>	<b>0.822</b>
<b>Utilities</b>				
Utilities - Services	0.565	0.385	0.385	0.385
Utilities - Corporate Landlord	1.686	1.066	1.066	1.066
	<b>2.251</b>	<b>1.451</b>	<b>1.451</b>	<b>1.451</b>
<b>Pay Award</b>				
Pay Award 22/23	2.615	2.667	2.721	2.775
Additional Estimated Pay award 23/24	1.255	1.279	1.305	1.331
	<b>3.870</b>	<b>3.946</b>	<b>4.026</b>	<b>4.106</b>
<b>Total Net Pressures</b>	<b>11.945</b>	<b>10.474</b>	<b>10.146</b>	<b>12.421</b>



SCHEDULE OF CHARGES 2023/24				
Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LEARNING SKILLS - LEARNING FOR LIFE</b>				
Fees Policy: August 2022 to July 2023 (Next Review July 2023)				
Full Fees (including enrolment and tuition fees) per hour	L	3.00	3.00	NIL
<p><b>Accredited Learning</b>  <b>Full accreditation fee (if applicable) - if the course has a qualification there will be additional fees to pay for registration and certification.</b></p> <p><b>No fees will be charged for publicly subsidised courses where:</b></p> <ol style="list-style-type: none"> <li>Learners are aged 16-18 (on 31 August 2022)</li> <li>Learners are aged 19-24 (on 31 August 2022) with a learning difficulty and/or disability as evidenced through an Education, Health and Care (EHC) Plan</li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2, and the learner is studying English or Maths</li> <li>Learners are aged 19-23 (on their first day of study) and are studying their first 'full' level 2 or first 'full' level 3, excludes English for speakers of Other Languages (ESOL)</li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2 (including ESOL), the skills training will help them into work, and the learner is classed as unemployed and one or more of the following apply: <ol style="list-style-type: none"> <li>They receive Job Seeker's Allowance (JSA) - this includes those receiving National Insurance credits only, or</li> <li>They receive Employment and Support Allowance (ESA), or</li> <li>They receive Universal Credit and their earned income from employment (disregarding benefits) is less than £345 a month (learner is sole adult in their benefit claim) or £552 a month (learner has a joint benefit claim with their partner)</li> <li>They are released on temporary licence, studying outside a prison environment, and not funded by the Ministry of Justice</li> </ol> </li> <li>Learners are aged 19 or older where the learning aim is up to and including level 2 (including ESOL), they are employed and eligible for co-funding but earn less than £18,525 gross salary, based on the assumption of a 37.5 hour contract with paid statutory holiday entitlement.  <i>Evidence required: A wage slip within 3 months of the learning start date, or a current employment contract which states gross monthly / annual wages</i></li> <li>Learners aged 19-24 who are unemployed and on a Traineeship</li> </ol> <p><b>Courses with no public subsidy</b>  For learners aged 19 or above and where the learning aim is level 3 or above (except for exclusion above), learners will need to take out an Advanced Learning Loan, subject to funding availability. Further details can be found at: <a href="http://www.gov.uk/advanced-learning-loans">www.gov.uk/advanced-learning-loans</a></p> <p>Asylum Seekers – individuals will be assessed for eligibility in conjunction with ESFA guidance  Special Fees – some courses have special fees, cost on application  FE course – NVQ etc price on application</p> <p><b>The following courses are free:</b>  Family Learning, Functional Skills, Study Programmes and courses which are funded through external projects</p> <p><b>Additional Learning Support (ALS)</b> is intended to enable disadvantaged learners to achieve their learning goal by providing funding, on top of programme funds, to help them overcome their barriers to learning. The funding is intended to be flexible and to help support learners who have a range of learning difficulties and/or disabilities</p>				

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>REGISTRATION OF BIRTHS, DEATHS, MARRIAGES AND CIVIL PARTNERSHIPS</b>				
The following fees do not incur VAT				
<b>Marriages</b>				
Entering a Notice of Marriage or Civil Partnership	N			
For a Registrar to attend a Marriage at the Register Office	N			
Civil Partnership Registration	N			
Incumbents for every Entry Contained in Quarterly Certified	N			
Copies of Entries of Marriage	N			
Registrars fee for attending a marriage at a registered building or for the housebound or detained	N			
Superintendents Registrar fee for attesting a notice of marriage away from his office for housebound or detained	N			
Superintendents Registrar fee for attending the marriage of the housebound or detained	N	These charges set nationally by Statute and will be charged at the advised rate for 2022/23	These charges set nationally by Statute and will be charged at the advised rate for 2023/24	
<b>Certification for Worship and Registration for Marriages</b>				
Place of Meeting for Religious Worship	N			
Registration of Building for Solemnisation of Marriage	N			
<b>Certificates issued from Local Offices</b>				
Standard Certificate (SR)	N			
Standard Certificate (RBD) (at time of Registration)	N			
Standard Certificate (RBD) (after Registration)	N			
Short Certificate of Birth (SR)	N			
Short Certificate of Birth (RBD)	N			
Certificates of Civil Partnership (at time of Ceremony)	N			
Certificates of Civil Partnership (at later date)	N			
General Search fee	N			
Each Verification	N			
<b>Civil Partnership Ceremony</b>				
<b>All Ceremonies – Approved Premises</b>				
Application Fee for licence as an approved venue (valid for 3 years)	N	1,750.00	1,750.00	
Fee for Attendance - All days including Bank Holidays	L	555.00	580.00	
Non-refundable booking fee (inclusive of VAT)	L	N/a	50.00	
<b>All Ceremonies – Town Hall</b>				
The Council Chamber (Monday to Saturday)	L	295.00	310.00	
The Council Chamber Foyer (Monday to Saturday)	L	135.00	140.00	
<b>REGISTER OF ELECTORS, OPEN REGISTER AND MONTHLY UPDATES - SALE</b>				
The following fees do not incur VAT.				
Register – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	5.00	5.00	
Register – Data Form	N	20.00	20.00	
Per 1,000 Names – Data	N	1.50	1.50	
<b>LIST OF OVERSEAS ELECTORS – SALE</b>				
The following fees do not incur VAT.				
List – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	5.00	5.00	
List – Data Form	N	20.00	20.00	
Per 1,000 Names – Data	N	1.50	1.50	
<b>MARKED COPY OF THE REGISTER OF ELECTORS AND MARKED ABSENT VOTERS LIST - SALE</b>				
The following fees do not incur VAT				
Register – Printed Form	N	10.00	10.00	
Per 1,000 Names – Printed	N	2.00	2.00	
Register – Data Form	N	10.00	10.00	
Per 1,000 Names – Data	N	1.00	1.00	
				<b>22,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>TOWN HALL</b>				
Hire of Committee Rooms – all charges shown exclusive of VAT. Charges will be made plus the appropriate VAT rate. All rooms are to be charged by the hour, rather than by session				
Committee Rooms per hour	L	33.00	33.00	
				<b>NIL</b>
<b>LAND CHARGES</b>				
<b>The following fees are inclusive of VAT</b>				
<b>Search Fees</b>				
Standard Search - Residential Property (post or DX)	L	91.80	95.50	
Standard Search – Residential Property (electronic)	L	89.80	93.50	
Standard Search – Commercial Property (post or DX)	L	139.80	145.50	
Standard Search – Commercial Property (electronic)	L	137.80	143.50	
<b>Con 29 Required</b>				
<b>Residential Property</b>				
One Parcel of Land	L	76.80	80.00	
Several Parcels of Land – Each Additional Parcel	L	24.00	25.00	
<b>Commercial Property</b>				
One Parcel of Land	L	124.80	130.00	
Several Parcels of Land – Each Additional Parcel	L	24.00	25.00	
<b>Con 29 Optional</b>				
Each Printed Enquiry	L	6.00	6.00	
Own Questions	L	6.00	6.00	
Official Search – LLCI	L	15.00	15.00	
Official Search – NLIS (National Land Information Service) or email	L	13.00	13.00	
Expedited Search (Residential)	L	165.00	172.00	
Expedited search (Commercial)	L	225.00	234.00	
Personal Search	L	No charge	No charge	
				<b>2,400</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>FINANCIAL PROTECTION SERVICES</b>				
<b>Category</b>				
I. Work up to and including the date upon which the court makes an order appointing a deputy for property and affairs	N	745.00	745.00	
II. Annual management fee where the court appoints a local authority deputy for property and affairs, payable on the anniversary of the court order:	N	775.00	775.00	
- for the first year	N	650.00	650.00	
- for the second and subsequent years				
where the net assets are below £16,000, the local authority deputy for property and affairs will take an annual management fee not exceeding 3% of the net assets on the anniversary of the court order appointing the local authority as deputy				
Where the court appoints a local authority deputy for health and welfare, the local authority will take an annual management fee not exceeding 2.5% of the net assets on the anniversary of the court order appointing the local authority as deputy for health and welfare up to a maximum of £500.				
III. Annual property management fee to include work involved in preparing property for sale, instructing agents, conveyancers, etc or the ongoing maintenance of property including management and letting of a rental property	N	300.00	300.00	
IV. Preparation and lodgement of an annual report or account to the Public Guardian	N	216.00	216.00	
V. Conveyancing Costs				
Where a deputy or other person authorised by the court is selling or purchasing a property on behalf of P, the following fixed rates will apply except where the sale or purchase is by trustees in which case, the costs should be agreed with the trustees:	N	See Description	See Description	
A value element of 0.15% of the consideration with a minimum sum of £350 and a maximum sum of £1,500, plus disbursements				
Travel Rates are allowed at a fixed rate per hour for travel costs	N	40.00	40.00	
Please note that these rates are set by The Office of Public Guardian and are the rates as of 1st April 2017, these may be amended during 2023/24				
<b>Adminstration Fee</b>				
Adminstration fee for arranging the care and support needs for those with capital in excess of the upper capital limit or those who have chosen not to disclose their financial information.	L	108.00	119.00	
				<b>Minimal</b>
<b>DEFERRED PAYMENT FEES</b>				
Administration cost for setting up a Deferred Payment Agreement	L	331.00	365.00	
plus cost of valuation (this will be dependant on property type)	L	Actual cost of valuation	Actual cost of valuation	
				<b>Minimal</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LIBRARIES</b>				
<b>Fines On Overdue Items</b>				
Adults – per day	L	No charge	No charge	
Maximum charge per book	L	No charge	No charge	
Senior Citizens – per day	L	No charge	No charge	
Children – per day	L	No charge	No charge	
<b>Non-collected reservations</b>				
Per item	L	0.50	0.50	
<b>Reservation Fees for Books Obtained from Outside the Authority</b>				
Single charge for all books obtained from other libraries	L	6.00	6.00	
<b>Repeat Fee for Renewal of Books from Outside the Authority</b>				
Single Charge for all books obtained from other local authorities	L	6.00	6.00	
<b>Replacement Tickets</b>				
Adults	L	1.50	1.50	
Senior Citizens	L	1.50	1.50	
Children/Unemployed	L	1.50	1.50	
<b>Language Courses (per element)</b>				
Subscription for whole course to be paid in advance	L	1.35	1.35	
<b>Local History Research</b>				
Look Up Service	L	5.00	5.00	
<b>Photocopies</b>				
A4 B&W	L	0.20	0.20	
A3 B&W	L	0.40	0.40	
<b>Printing</b>				
Text Printouts				
A4 B&W	L	0.20	0.20	
A3 B&W	L	0.40	0.40	
Test Printouts				
A4 colour	L	0.60	0.60	
<b>Reproduction of Images from Stock</b>				
Digital copies for Private/Study purposes – per photo	L	5.50	5.50	
Digital copies for small local commercial use – per photo	L	5.50 + 2 copies of publications	5.50 + 2 copies of publications	
Digital copies for local commercial use - per photo	L	10.50 + 2 copies of book	10.50 + 2 copies of book	
Digital copies for national/international commercial	L	110.00	110.00	
<b>Scan and e-mail Service</b>				
First sheet	L	1.00	1.00	
Each subsequent sheet	L	0.50	0.50	
<b>Hire of Locker</b>				
	L	0.50	0.50	
<b>Internet Use</b>				
Library members First 60 minutes FREE , Members & Non Members £1.00 per 30 minutes hereafter	L	1.00	1.00	
<b>Lost &amp; Damaged Items</b>				
	L	Full current Replacement Cost (non- refundable)	Full current Replacement Cost (non- refundable)	
<b>Room Hire</b>				
Not for profit organisations per hour	L	15.00	15.00	
Commercial organisations per hour	L	20.00	20.00	
				<b>NIL</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PLANNING FEES</b> Planning fees are set nationally				
<b>PLANNING – PRE APPLICATION ADVICE</b> All charges include VAT at 20%				
Large Major Development (200+) for a written response, including up to 2 meetings	L	1,200.00	1,200.00	
Small Major Development (10-199) for a written response, including up to 2 meetings	L	600.00	600.00	
Minor Development for a written response to include a meeting if necessary	L	400.00	400.00	
<b>Other Developments</b>				
Minerals Processing	L	Based on areas above	Based on areas above	
Change of use for a written response to include a meeting if necessary	L	50.00	50.00	
Householder developments	L	36.00	36.00	
Advertisements	L	25.00	25.00	
Listed Building consents (to alter/extend/demolish)	L	Free	Free	
Certificates of lawful development	L	Application advice not appropriate	Application advice not appropriate	
Telecommunications Notifications	L	126.00	126.00	
<b>Other Charges</b>				
Pre-Application meeting involving Planning Committee Members	L	1,000.00	1,000.00	
				<b>NIL</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LICENSING The following fees do not incur VAT</b>				
<b>Prosecution Costs</b>				
Hourly rate for Preparation of Case Reports	L	48.00	50.00	
<b>General Licensing</b>				
Pavement Café Licence, per person				
1-20	L	No charge	200.00	
21-40	L	No charge	230.00	
41-60	L	No charge	260.00	
61-80	L	No charge	290.00	
81-99	L	No charge	320.00	
100 or over	L	No charge	350.00	
Duplicate licence fee	L	No charge	50.00	
Transfer of licence	L	No charge	50.00	
Change of detail	L	No charge	30.00	
Variation of Covers	L	No charge	100.00	
Goods on Highway Licence	L	155.00	155.00	
Sex Shop Grant of application	L	3,700.00	3,885.00	
Sex Shop Renewal	L	1,200.00	1,260.00	
Sex Shop transfer	L	1,200.00	1,260.00	
<b>Cosmetics</b>				
Premise Grant	L	280.00	294.00	
Personal Grant	L	65.00	68.00	
Variation	L	65.00	68.00	
<b>Scrap Metal Dealers</b>				
Collectors Licence (3 years) - grant	L	150.00	158.00	
Collectors Licence (3 years) – renewal	L	150.00	158.00	
Major Variation	L	50.00	53.00	
Minor Variation	L	15.00	16.00	
Site Licence (3 years) Grant	L	350.00	368.00	
Additional Sites (per site per year of licence)	L	195.00	205.00	
Site licence (3 years) – renewal	L	270.00	284.00	
Additional sites (per site per year of licence)	L	195.00	205.00	
Minor Variation Site	L	15.00	16.00	
Major Variation Site	L	50.00 + 65.00 per additional site per year	53.00 + 68.00 per additional site per year	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Caravan Sites</b>				
New Application for a permanent residential site licence;	L			
1-5 pitches	L	200.00	210.00	
6-20 pitches	L	225.00	236.00	
21-50 pitches	L	240.00	252.00	
Greater than 50 pitches	L	260.00	273.00	
Annual Fees associated with administration and monitoring of site licences;				
1-5 pitches	L	No charge	No charge	
6-50 pitches	L	220.00	231.00	
Greater than 50 pitches	L	260.00	273.00	
Cost of Laying Site Rules	L	25.00	26.00	
Cost of Variation/Transfer	L	100.00	105.00	
<b>Zoo Licensing Act</b>				
New Application (4 years) or renewal (6 years) for a Zoo Licence (excluding the inspection costs of appointed inspector)	L	450.00	473.00	
<b>Animal Welfare</b>				
Breeding of Dogs - Grant of Licence				
1 Year Licence	L	245.00	258.00	
2 Year Licence	L	290.00	305.00	
3 Year Licence	L	335.00	352.00	
Breeding of Dogs - Renewal of Licence				
1 Year Licence	L	215.00	226.00	
2 Year Licence	L	260.00	273.00	
3 Year Licence	L	305.00	320.00	
Pet Vending Commercial - Grant of Licence				
1 Year Licence	L	252.00	265.00	
2 Year Licence	L	297.00	312.00	
3 Year Licence	L	342.00	359.00	
Pet Vending Commercial - Renewal of Licence				
1 Year Licence	L	222.00	233.00	
2 Year Licence	L	267.00	280.00	
3 Year Licence	L	312.00	327.00	
Pet Vending Home - Grant of Licence				
1 Year Licence	L	245.00	258.00	
2 Year Licence	L	290.00	305.00	
3 Year Licence	L	335.00	352.00	
Pet Vending Home - Renewal of Licence				
1 Year Licence	L	215.00	226.00	
2 Year Licence	L	260.00	273.00	
3 Year Licence	L	305.00	320.00	
Keeping or Training Animals for Exhibition - Grant of Licence				
3 Year Licence	L	235.00	247.00	
Keeping or Training Animals for Exhibition - Renewal of Licence				
3 Year Licence	L	215.00	226.00	
Hiring Out of Horses - Grant of Licence				
1 Year Licence	L	265.00	278.00	
2 Year Licence	L	310.00	325.00	
3 Year Licence	L	355.00	372.00	
Hiring Out of Horses - Renewal of Licence				
1 Year Licence	L	235.00	247.00	
2 Year Licence	L	280.00	294.00	
3 Year Licence	L	325.00	341.00	
Boarding of Dogs and Cats Commercial - Grant of Licence				
1 Year Licence	L	305.00	321.00	
2 Year Licence	L	350.00	368.00	
3 Year Licence	L	395.00	415.00	
Boarding of Dogs and Cats Commercial - Renewal of Licence				
1 Year Licence	L	275.00	289.00	
2 Year Licence	L	320.00	336.00	
3 Year Licence	L	365.00	383.00	



Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Boarding of Dogs and Cats Home - Grant of Licence				
1 Year Licence	L	245.00	258.00	
2 Year Licence	L	290.00	305.00	
3 Year Licence	L	335.00	352.00	
Boarding of Dogs and Cats Home - Renewal of Licence				
1 Year Licence	L	215.00	226.00	
2 Year Licence	L	260.00	273.00	
3 Year Licence	L	305.00	320.00	
Boarding of Dogs Day Care Up to 7 Dogs - Grant of Licence				
1 Year Licence	L	245.00	258.00	
2 Year Licence	L	290.00	305.00	
3 Year Licence	L	335.00	352.00	
Boarding of Dogs Day Care Up to 7 Dogs - Renewal of Licence				
1 Year Licence	L	215.00	226.00	
2 Year Licence	L	260.00	273.00	
3 Year Licence	L	305.00	320.00	
Boarding of Dogs Day Care 8+ Dogs - Grant of Licence				
1 Year Licence	L	305.00	320.00	
2 Year Licence	L	350.00	367.00	
3 Year Licence	L	395.00	414.00	
Boarding of Dogs Day Care 8+ Dogs - Renewal of Licence				
1 Year Licence	L	275.00	289.00	
2 Year Licence	L	320.00	336.00	
3 Year Licence	L	365.00	383.00	
Dog Boarding Franchise in Darlington - Grant of Licence	L	130.00 + 10.00 per host + 65.00 per host inspection fee + 45.00 annual enforcement fee per year	137.00 + 11.00 per host + 68.00 per host inspection fee + 47.00 annual enforcement fee per year	
Dog Boarding Franchise in Darlington - Renewal of Licence	L	100.00 + 10.00 per host + 60.00 per host inspection fee + 45.00 annual enforcement fee per year	105.00 + 11.00 per host + 68.00 per host inspection fee + 47.00 annual enforcement fee per year	
Dog Boarding Franchise out of Darlington - Grant of Licence	L	60.00 + 65.00 per host	63.00 + 63.00 per host	
Dog Boarding Franchise out of Darlington - Renewal of Licence	L	55.00 + 60.00 per host	58.00 + 63.00 per host	
Additional Fees				
Cost per additional licensable activity - Grant and Renewal (each)	L	65.00	68.00	
Mandatory mid licence inspection fee - Grant and Renewal (each)	L	30.00	32.00	
Variation of licence where no inspection is required (each)	L	35.00	37.00	
Variation of licence where inspection is required (each)	L	90.00	95.00	
Application for Re-Rating (each)	L	70.00	74.00	
Copy Licence	L	15.00	16.00	
Administration Fee	L	35.00	37.00	
Dangerous Wild Animals (not including vets fee)	L	120.00	126.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Street Trading</b>				
November / December - Full Calendar Month	L	975.00	1,024.00	
- Week	L	385.00	404.00	
- Day (minimum of 4 days)	L	85.00	89.00	
January / October - Full Calendar Month	L	660.00	693.00	
- Week	L	270.00	284.00	
- Day (minimum of 4 days)	L	60.00	63.00	
Note- The above to apply to Itinerant traders. For regular all year round traders - fees as follows				
Annual Consent - Town Centre	L	7,000.00	7,350.00	
If Paying Monthly	L	620.00	651.00	
If Paying Weekly	L	170.00	179.00	
Buskers selling CD's – Half Day	L	25.00	25.00	
Full Day	L	45.00	45.00	
Mobile vehicles (moving or lay-by)	L	260.00	273.00	
New Vendor Permits	L	35.00	35.00	
<b>Skips, Scaffolding and Hoardings</b>				
Place a skip on the highway (less than 3 days notice)	L	30.00	40.00	
Place a skip on the highway (more than 3 days notice)	L	15.00	25.00	
Erection of scaffolding	L	50.00	60.00	
Hoardings	L	57.00	60.00	
Administration Charge (per hour or part thereof)	L	35.00	37.00	
<b>Statutory Fees</b>				
<b>Petroleum Licences</b>				
Less than 2,500 litres	L	44.00	45.00	
2,500 – 50,000 litres	L	60.00	61.00	
More than 50,000 litres	L	125.00	128.00	
<b>Gambling Act</b>				
<b>Statutory Fees- The following gambling fees are set within statutory bands and will be revised as changed nationally.</b>				
Adult Gaming Centres – Annual Fee	N	600.00	600.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,200.00	1,200.00	
Betting Shops - Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,300.00	1,300.00	
Bingo Halls - Annual Fee	N	600.00	600.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	1,200.00	1,200.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	1,200.00	1,200.00	
Family Entertainment Centres – Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	950.00	950.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	950.00	950.00	
Betting (tracks) – Annual Fee	N	550.00	550.00	
New Application	N	1,300.00	1,300.00	
Variation	N	1,300.00	1,300.00	
Transfer	N	950.00	950.00	
Provisional Statement	N	1,300.00	1,300.00	
Licence Reinstatement	N	950.00	950.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<i>Permit Type – The following fees are set by statute and will be revised as changed nationally</i>				
Small Society Lottery Registration	N	40.00	40.00	
Small Society Annual Fee	N	20.00	20.00	
FEC gaming machine – Renewal fee	N	300.00	300.00	
FEC gaming machine – Change of name	N	25.00	25.00	
Prize gaming – Application fee	N	300.00	300.00	
Prize gaming – Renewal fee	N	300.00	300.00	
Prize gaming – Change of name	N	25.00	25.00	
Prize gaming – Copy permit	N	15.00	15.00	
Gaming machines (3 or more) - application Fee	N	100.00	100.00	
Gaming machines (3 or more) - variation Fee	N	100.00	100.00	
Gaming machines (3 or more) - transfer Fee	N	25.00	25.00	
Gaming machines (3 or more) - annual Fee	N	50.00	50.00	
Change of name	N	25.00	25.00	
Copy Permit	N	15.00	15.00	
Notice of intent 2 or less gaming machines available	N	50.00	50.00	
Club Premises cert (S 72f Licencing Act 2003) application fee	N	100.00	100.00	
Club Premises cert (S 72f Licencing Act 2003) renewal fee	N	100.00	100.00	
Other applicants - application fee	N	200.00	200.00	
Other applicants - renewal fee	N	200.00	200.00	
Variation fee	N	100.00	100.00	
Annual fee	N	50.00	50.00	
Copy permit	N	15.00	15.00	
Initial fee	N	40.00	40.00	
Annual fee	N	20.00	20.00	
Temporary use notice	N	500.00	500.00	
Copy/replacement/endorsed copy of notice	N	25.00	25.00	
<b>Licensing Act Fees</b>				
<b>Statutory Fees- The following gambling fees are set within statutory bands and will be revised as changed nationally.</b>				
<b>Premises Licences</b>				
Band A (RV £0 - £4,300) - Initial fee	N	100.00	100.00	
- Annual fee	N	70.00	70.00	
Band B (RV £4,301 - £33,000) - Initial fee	N	190.00	190.00	
- Annual fee	N	180.00	180.00	
Band C (RV £33,001 - £87,000) - Initial fee	N	315.00	315.00	
- Annual fee	N	295.00	295.00	
Band D (RV £87,001 - £125,000) - Initial fee	N	450.00	450.00	
- Annual fee	N	320.00	320.00	
Band E (RV > £125,001) - Initial fee	N	635.00	635.00	
- Annual fee	N	350.00	350.00	
Band D with Multiplier - Initial fee	N	900.00	900.00	
- Annual fee	N	640.00	640.00	
Band E with Multiplier - Initial fee	N	1,905.00	1,905.00	
- Annual fee	N	1,050.00	1,050.00	
<b>Club Premises Certificates</b>				
Band A (RV £0 - £4,300) - Initial fee	N	100.00	100.00	
- Annual fee	N	70.00	70.00	
Band B (RV £4,301 - £33,000) - Initial fee	N	190.00	190.00	
- Annual fee	N	180.00	180.00	
Band C (RV £33,001 - £87,000) - Initial fee	N	315.00	315.00	
- Annual fee	N	295.00	295.00	
Band D (RV £87,001 - £125,000) - Initial fee	N	450.00	450.00	
- Annual fee	N	320.00	320.00	
Band E (RV > £125,001) - Initial fee	N	635.00	635.00	
- Annual fee	N	350.00	350.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Large Scale Events</b>				
5,000 to 9,999 - Initial fee	N	1,000.00	1,000.00	
- Annual fee	N	500.00	500.00	
10,000 to 14,999 - Initial fee	N	2,000.00	2,000.00	
- Annual fee	N	1,000.00	1,000.00	
15,000 to 19,999 - Initial fee	N	4,000.00	4,000.00	
- Annual fee	N	2,000.00	2,000.00	
20,000 to 29,999 - Initial fee	N	8,000.00	8,000.00	
- Annual fee	N	4,000.00	4,000.00	
30,000 to 39,999 - Initial fee	N	16,000.00	16,000.00	
- Annual fee	N	8,000.00	8,000.00	
40,000 to 49,999 - Initial fee	N	24,000.00	24,000.00	
- Annual fee	N	12,000.00	12,000.00	
50,000 to 59,999 - Initial fee	N	32,000.00	32,000.00	
- Annual fee	N	16,000.00	16,000.00	
60,000 to 69,999 - Initial fee	N	40,000.00	40,000.00	
- Annual fee	N	20,000.00	20,000.00	
70,000 to 79,999 - Initial fee	N	48,000.00	48,000.00	
- Annual fee	N	24,000.00	24,000.00	
80,000 to 89,999 - Initial fee	N	56,000.00	56,000.00	
- Annual fee	N	28,000.00	28,000.00	
> 90,000 - Initial fee	N	64,000.00	64,000.00	
- Annual fee	N	32,000.00	32,000.00	
<b>Other Licensing Act 2003 Fees &amp; Charges</b>				
Minor Variations	N	89.00	89.00	
Personal Licence	N	37.00	37.00	
Provisional Statement	N	315.00	315.00	
Temporary Event Notice (TEN)	N	21.00	21.00	
Theft / Loss of Licence / Notice	N	10.50	10.50	
Variation of DPS	N	23.00	23.00	
Transfer of Premises Licence	N	23.00	23.00	
Change of Name / Address	N	10.50	10.50	
Notification of Interest	N	21.00	21.00	
Notification of Alteration of Club Rules	N	10.50	10.50	
Interim Authority Notice	N	23.00	23.00	
Explosives Act/Fireworks Annual Registration	N	52.00	52.00	
				<b>Minimal</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HACKNEY CARRIAGES</b>				
<b>Taxi Licencing</b>				
Taxi licensing fees are agreed annually by licensing committee normally between January to March and will be published separately as part of this process. Existing licence holders will be notified accordingly.				
<b>ENVIRONMENTAL HEALTH</b>				
Pest Treatment Charges – All charges shown exclusive of VAT. Charges will be made plus the appropriate VAT rate				
Insects – per Treatment	L	58.50	58.50	
Rodents in Private Premises	L	8.33	8.33	
Re-rating Food Hygiene Inspections	L	150.00	150.00	
<b>Prosecution Costs</b>				
Hourly Rate for preparation of case reports and carrying out works in default of legal notices	L	48.00	50.00	
<b>Environmental Searches</b>				
Environmental search 1 or 2 report includes environmental information held by the Council on a site (additional charges apply for sites larger than 10,000m2 and distance buffer greater than 250m radius)	L	65.00	65.00	
Additional photocopying for example copies of site investigation reports;				
A4 B&W	L	0.10	0.10	
A3 B&W	L	0.20	0.20	
A4 Colour	L	1.00	1.00	
A3 Colour	L	2.00	2.00	
Scanned Copy	L	Free	Free	
<b>LAPPC and LAIPPC Permits</b>				
Charges are annually set by Defra in March and are subject to change. Current charges as known are;				
<b>LAPPC Charges</b>				
Application Fee;				
Standard process (includes solvent emission activities)	N	1,650.00	1,650.00	
Additional fee for operating without a permit	N	1,188.00	1,188.00	
PVRI, SWOBs and Dry Cleaners	N	155.00	155.00	
PVR I & II combined	N	257.00	257.00	
VRs and other Reduced Fee Activities	N	362.00	362.00	
Reduced fee activities: additional fee for operating without a permit	N	71.00	71.00	
Mobile plant**	N	1,650.00	1,650.00	
for the third to seventh applications	N	985.00	985.00	
for the eighth and subsequent applications	N	498.00	498.00	
Where an application for any of the above is for a combined Part B and waste application add an extra to the above amounts	N	310.00	310.00	
Annual Subsistence Charge;				
Standard process Low*	N	772.00	772.00	
		(+104.00)	(+104.00)	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Standard process Medium*	N	1,161.00 (+156.00)	1,161.00 (+156.00)	
Standard process High*	N	1,747.00 (+207.00)	1,747.00 (+207.00)	
*the additional amounts must be charged where a permit is for a combined Part B and waste installation				
PVRI, SWOBs and Dry Cleaners Low	N	79.00	79.00	
PVRI, SWOBs and Dry Cleaners Medium	N	158.00	158.00	
PVRI, SWOBs and Dry Cleaners High	N	237.00	237.00	
PVR I & II combined Low	N	113.00	113.00	
PVR I & II combined Medium	N	226.00	226.00	
PVR I & II combined High	N	341.00	341.00	
VRs and other Reduced Fees Low	N	228.00	228.00	
VRs and other Reduced Fees Medium	N	365.00	365.00	
VRs and other Reduced Fees High	N	548.00	548.00	
Mobile plant, for the first and second permits Low**	N	626.00	626.00	
for the third to seventh permits Low	N	385.00	385.00	
eighth and subsequent permits Low	N	198.00	198.00	
Mobile plant, for the first and second permits Medium**	N	1,034.00	1,034.00	
for the third to seventh permits Medium	N	617.00	617.00	
eighth and subsequent permits Medium	N	316.00	316.00	
Mobile plant, for the first and second permits High**	N	1,551.00	1,551.00	
for the third to seventh permits High	N	924.00	924.00	
eighth and subsequent permits High	N	473.00	473.00	
Late payment fee	N	52.00	52.00	
Where a Part B installation is subject to reporting under the E-PRTR Regulation add an extra to the above amounts	N	104.00	104.00	
Transfer and Surrender;				
Standard process transfer	N	169.00	169.00	
Standard process partial transfer	N	497.00	497.00	
New operator at low risk reduced fee activity	N	78.00	78.00	
Surrender: all Part b activities	N	0.00	0.00	
Reduced fee activities: transfer	N	0.00	0.00	
Reduced fee activities: partial transfer	N	47.00	47.00	
Temporary transfer for mobiles;				
First transfer	N	53.00	53.00	
Repeat following enforcement or warning	N	53.00	53.00	
Substantial change;				
Standard process	N	1,050.00	1,050.00	
Standard process where the substantial change results in a new PPC activity	N	1,650.00	1,650.00	
Reduced fee activities	N	102.00	102.00	
**Not using simplified permits				
<b>LAPPC mobile plant charges (not using simplified permits)</b>				
Number of permits 1 to 2;				
Application fee	N	1,650.00	1,650.00	
Subsistence fee Low	N	646.00	646.00	
Subsistence fee Medium	N	1,034.00	1,034.00	
Subsistence fee High	N	1,506.00	1,506.00	
Number of permits 3 to 7;				
Application fee	N	985.00	985.00	
Subsistence fee Low	N	385.00	385.00	
Subsistence fee Medium	N	617.00	617.00	
Subsistence fee High	N	924.00	924.00	
Number of permits 8 and over;				
Application fee	N	498.00	498.00	
Subsistence fee Low	N	198.00	198.00	
Subsistence fee Medium	N	316.00	316.00	
Subsistence fee High	N	473.00	473.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>LA-IPPC charges</b>				
Every subsistence charge below includes the additional £104 charge to cover LA extra costs in dealing with reporting under the E-PRTR Regulation				
Application	N	3,363.00	3,363.00	
Additional fee for operating without a permit	N	1,188.00	1,188.00	
Annual Subsistence Low	N	1,447.00	1,447.00	
Annual Subsistence Medium	N	1,611.00	1,611.00	
Annual Subsistence High	N	2,334.00	2,334.00	
Late Payment Fee	N	52.00	52.00	
Variation	N	1,368.00	1,368.00	
Transfer	N	235.00	235.00	
Partial Transfer	N	698.00	698.00	
Surrender	N	698.00	698.00	
Subsistence charges can be paid in four equal quarterly instalments paid on 1st April, 1st July, 1st October and 1st January. Where paid quarterly the total amount payable to the local authority will be increased by £38.00				
Newspaper adverts may be required under EPR at the discretion of the LA as part of the consultation process when considering an application. This will be undertaken and paid for by the LA and the charging scheme contains a provision for the LA to recoup its costs				
				<b>Minimal</b>
<b>TRADING STANDARDS</b>				
Please note that VAT may be added to some charges. Check with the service before the work is agreed.				
<b>Prosecution Costs</b>				
Hourly rate for Preparation of Case Reports	L	48.00	50.00	
<b>Measures</b>				
Linear measures not exceeding 3m each scale	L	15.00	15.00	
Not exceeding 15kg	L	40.50	40.50	
Exceeding 15kg but not exceeding 100kg	L	70.50	70.50	
Exceeding 100kg but not exceeding 250kg	L	84.50	84.50	
Exceeding 250kg but not exceeding 1 tonne	L	147.00	147.00	
Exceeding 1 tonne but not exceeding 10 tonnes	L	235.50	235.50	
Exceeding 10 tonnes but not exceeding 30 tonnes	L	494.00	494.00	
Exceeding 30 tonnes but not exceeding 60 tonnes	L	734.00	734.00	
Charge to cover any additional costs involved in testing incorporating remote display or printing facilities based on the above fee plus a charge per hour (minimum charge of 2 hours)	L	65.00 per hour	70.00 per hour	
<b>Measuring Instruments for Intoxicating Liquor</b>				
Not exceeding 150ml	L	23.50	23.50	
Other	L	27.00	27.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Measuring Instruments for Liquid Fuels and Lubricants</b>				
Container Type (un-subdivided)				
Multi-grade (with price computing device):	L	102.00	102.00	
Single Outlets	L	139.50	139.50	
Solely Price Adjustment	L	255.00	255.00	
Otherwise				
Other Types – Single Outlets				
Solely Price Adjustment	L	112.00	112.00	
Otherwise	L	152.00	152.00	
Other Types – Multi Outlets:				
1 Meter Tested	L	162.50	162.50	
2 Meters Tested	L	267.00	267.00	
3 Meters Tested	L	365.00	365.00	
4 Meters Tested	L	465.00	465.00	
5 Meters Tested	L	562.00	562.00	
6 Meters Tested	L	660.00	660.00	
7 Meters Tested	L	746.00	746.00	
8 Meters Tested	L	861.00	861.00	
Charge to cover any additional costs involved in testing ancillary equipment such as payment acceptors based on the above fee plus a charge per hour (minimum of 2 hours)	L	65.00 per hour	70.00 per hour	
<b>Special Weighing and Measuring Equipment</b>				
For all specialist work undertaken by the service which is not included above a charge per hour on site (minimum charge of 2 hours) plus cost of provision of testing equipment applies	L	65.00 per hour	70.00 per hour	
Discounts				
Fees from Measures to Certification Calibration will be discounted as follows :-				
a) Where more than a single item is submitted on one occasion the second and subsequent fees will be reduced by 20%				
b) Where tests are undertaken using appropriately certified weights and equipment not supplied by the Borough Council the fees will be reduced by 20%				
c) Special rates can be negotiated for multiple submissions or where assistance with equipment or labour is provided				
NB – Where different fees are involved the highest fee will be charged in full and any discounts calculated from the remaining lesser fees				
<b>Licensing – VAT not applicable</b>				
<b>Explosives and Fireworks Licences (Statutory Fee)</b>				
Licence for the storage of explosives	N	**See Note	**See Note	
Licence for the sale of fireworks all year round	N	**See Note	**See Note	
**These are statutory rates that are set centrally in April				
				<b>Minimal</b>



Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PARKING – all off-street charges are inclusive of VAT at 20%</b>				
<b>Car Parks (Short Stay) – per hour (Mon to Sun)</b>				
Abbotts Yard	L	1.00	1.00	
Commercial Street East & West	L	1.00	1.00	
Feethams Multi Storey Car Park	L	1.00	1.00	
Winston Street North & South & West	L	1.00	1.00	
Town Hall	L	1.00	1.00	
<b>Car Parks – Mixed Charges (Mon to Sat)</b>				
Archer Street, Garden Street, Kendrew Street East & West, Hird Street, St Hilda's & Park Place East & West				
Per hour	L	1.00	1.00	
Per day	L	4.00	4.00	
Per week	L	16.00	16.00	
East Street				
Per hour	L	1.00	1.00	
Per day	L	2.00	2.00	
<b>Sunday</b>				
Archer Street, Garden Street, Kendrew Street East & West, Hird Street, St Hilda's & Park Place East & West & East Street				
L		1.00	1.00	
<b>Car Parks – Long Stay (Mon to Sun)</b>				
Chestnut Street				
Cars per hour	L	1.00	1.00	
Cars per day	L	2.00	2.00	
Cars per week	L	8.00	8.00	
HGV/coach per day	L	Free	Free	
HGV/coach per night (6pm-8am)	L	4.00	4.00	
Park Lane				
Per day	L	5.00	5.00	
Central House				
Saturday all day	L	4.00	4.00	
Bank Holiday all day	L	4.00	4.00	
<b>On Street Parking Mon to Sun (up to 2 hours no return within 1 hour EXCEPT for Grange Road &amp; Northumberland Street up to 3 hours no return within 1 hour and East Row 30 minutes maximum no return within 1 hour)</b>				
Per 30 mins	L	0.50	0.50	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Car Parks – Contract Parking – all charges are inclusive of VAT at 20%</b>				
Parking locations as determined by the Director of Services.				
Per year one space	L	950.00	950.00	
Per year two spaces	L	900.00	900.00	
Per year three spaces	L	860.00	860.00	
Per year four spaces	L	830.00	830.00	
Per year five to nine spaces	L	800.00	800.00	
Per year ten or more spaces	L	700.00	700.00	
Four Riggs				
Per calendar month	L	64.00	64.00	
Morton Palms				
Per year one space	L	300.00	300.00	
Silver Street				
Per year one space	L	600.00	600.00	
<b>Car Parks – Staff &amp; Members per year</b>	L	173.04	173.04	
<b>Residents Parking Permits (excluding Town Centre)</b>				
3 month temporary permit	L	12.00	12.00	
6 month permit	L	24.00	24.00	
12 month permit	L	40.00	40.00	
<b>Residents Parking Permits (Town Centre only)</b>				
12 month permit	L	N/a	350.00	
<b>Tradesmen Parking Permits</b>				
Daily Waiver	L	5.00	5.00	
3 month permit	L	50.00	50.00	
6 month permit	L	90.00	90.00	
12 month permit	L	150.00	150.00	
				<b>NIL</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>BUILDING CONTROL</b> Items inclusive of VAT at 20%				
Letter confirming exemption	L	Free	Free	
Letter confirming enforcement action will not be taken	L	Free	Free	
<b>Decision/Approval Notice (Building Control)</b>				
Responding to request for historical information from electronic databases (email response)	L	Free	Free	
Responding to request for historical information from electronic databases (letter response)	L	1.00	1.00	
Responding to request for historical information from manually recorded data (email response)	L	Free	Free	
Personal searches (email response)	L	Free	Free	
<b>The Building (Local Authority Charges) Regulations 2010 Plus VAT at 20%</b>				
Work charged on individual job basis	L	As agreed with client	As agreed with client	
				<b>NIL</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>DOLPHIN CENTRE</b>				
Pricing based on the introduction of a leisure card.				
<b>Swimming</b>				
Adult swim				
Card holder	L	4.10	4.40	
Non card holder	L	4.75	5.05	
Concession	L	3.15	3.30	
Junior Swim	L	2.75	2.80	
Family swim junior rate discount (up to 4 children accompanying 1 adult)				
Per card holder	L	1.95	2.00	
Per non card holder	L	2.35	2.45	
Under 12 months	L	Free	Free	
Lessons	L	47.50	50.00	
<b>Fitness Areas</b>				
The Gym				
Card holder	L	5.00	5.50	
Non card holder	L	5.45	5.95	
Concession	L	3.70	4.10	
Junior Gym	L	4.00	4.10	
Concession	L	3.10	3.20	
<b>Health &amp; Fitness Classes</b>				
Health & Fitness Classes				
Card holder	L	4.35	4.55	
Non card holder	L	5.00	5.25	
Concession	L	3.30	3.45	
<b>Half Main Hall</b>				
Adult				
Card holder	L	43.50	44.50	
Non card holder	L	50.00	51.00	
Junior (1 hour courts only)	L	30.00	31.00	
Weekday lunchtime				
Card holder	L	38.00	39.00	
Non card holder	L	42.00	43.00	
<b>Badminton</b>				
Adult				
Card holder	L	8.65	8.85	
Non card holder	L	9.90	10.10	
Concession	L	6.50	6.70	
Junior (1 hour courts only)	L	4.80	5.00	
Concession (1 hour courts only)	L	3.65	3.85	
<b>Equipment Hire</b>				
Footballs	L	Free	Free	
Footballs – Deposit (FOC for card holders)	L	5.00	5.00	
Badminton	L	2.00	2.00	
Badminton – Deposit (FOC for card holders)	L	5.00	5.00	
Table Tennis Bats	L	1.40	1.40	
Table Tennis Bats – Deposit (FOC for card holders)	L	5.00	5.00	
Pram Lock	L	Free	Free	
Pram Lock – Deposit (FOC for card holders)	L	5.00	5.00	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Children's Activities</b>				
Soft play admissions	L	4.75	5.25	
Sensory Room	L	4.75	5.25	
Parent/toddler (Soft play)	L	4.75	5.25	
<b>Other Activities</b>				
Showers				
Card holders	L	2.00	2.50	
Non card holders	L	2.35	2.85	
<b>Fit 4 Life Packages</b>				
12 month Full Membership	L	299.40	323.40	
12 month Seniors	L	228.00	252.00	
12 month Student	L	180.00	204.00	
6 Month Full	L	195.00	207.00	
12 Month Upfront	L	275.00	299.00	
<b>Swimming Pools</b>				
Main Pool - per hour	L	100.00	105.00	
Diving Pool - per hour	L	57.00	60.00	
Teaching Pool - per hour	L	57.00	60.00	
<b>Gala - per hour</b>				
Swimming Galas - whole complex				
Normal opening hours - per hour	L	320.00	335.00	
Outside normal opening hours - per hour	L	168.00	176.00	
<b>Swimming Galas - Schools, Junior Clubs and Organisations</b>				
Main Pool - Peak	L	224.00	235.00	
Main Pool - Off Peak	L	158.00	166.00	
Main Pool and Teaching Pool - Peak	L	187.00	196.00	
Main Pool and Teaching Pool - Off Peak	L	193.00	202.00	
Electronic Timing	L	94.00	99.00	
<b>Ten Pin Bowling</b>				
Adult Standard - 1 game				
Juniors (under 16) - 1 game	L	7.00	7.45	
Students & Seniors - Off Peak - 1 game	L	5.95	5.95	
Family Package - Peak - 1 game	L	5.95	5.95	
Family Package - Off Peak - 1 game	L	23.00	23.50	
Family Package - Off Peak - 1 game	L	21.00	21.50	
Adult, Students, Seniors - Peak - 2 game				
Adult, Student, Seniors - Off Peak - 2 game	L	14.00	14.90	
Juniors (under 16) - Peak - 2 game	L	10.50	10.50	
Juniors (under 16) - Peak - 2 game	L	11.90	11.90	
Juniors (under 16) - Off Peak - 2 game	L	10.50	10.50	
Disabled and carer - Off Peak - 1 game (per person)				
Disabled and carer - Off Peak - 2 game (per person)	L	4.95	4.95	
Disabled and carer - Off Peak - 2 game (per person)	L	9.90	9.90	
<b>Dry Sports Hall</b>				
Main Sports Hall - per hour	L	105.00	110.00	
Special Events - per hour Weekends	L	345.00	362.00	
Preparation - per hour Weekends	L	180.00	189.00	
Special Events - Schools - per hour off peak	L	49.00	49.00	
Meeting Room	L	36.00	36.00	
Seminar Room/Stephenson Suite	L	36.00	36.00	
<b>Central Hall</b>				
All Events (except commercial, exhibitions and local societies)	L	110.00	115.00	
Exhibitions - commercial - per hour	L	143.00	150.00	
Local Societies event - per hour	L	76.00	80.00	
				<b>72,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>PARKS</b>				
Football - Hire of Hundens Park Pitch Seniors' Match	L	25.00	25.00	
Juniors Match	L	15.00	15.00	
				<b>NIL</b>
<b>EASTBOURNE SPORTS COMPLEX</b>				
<b>3G Pitch</b>				
All charges shown exclusive of VAT. Charges will be made plus the appropriate VAT rate				
Non Charter Standard Pay and Play				
1/2 3G Pitch - Adult (1 hour)	L	46.00	50.00	
1/2 3G Pitch - Junior (1 hour)	L	35.00	40.00	
Full 3G pitch per hour – Adult	L	77.00	80.00	
Full 3G pitch per hour – Junior	L	50.00	55.00	
Charter Standard and Partner Clubs				
1/2 3G Pitch (1 hour)	L	25.00	25.00	
Full 3G pitch per hour	L	50.00	50.00	
Off Peak Summer Prices (May to August) Charter Standard and Partner Clubs				
1/2 3G Pitch (1 hour)	L	25.00	25.00	
Full 3G pitch per hour	L	50.00	50.00	
Off Peak Summer Prices (May to August) Non Charter Standard				
1/2 3G Pitch (1 hour)	L	35.00	40.00	
Full 3G pitch per hour	L	65.00	70.00	
All charges shown inclusive of VAT unless otherwise stated. Charges will be made plus the appropriate VAT rate				
<b>Grass Pitch</b>				
Adult per match	L	25.00	25.00	
Junior per match	L	15.00	15.00	
<b>Athletics Track (following completion of refurbishment in 2023)</b>				
Non club rate				
Adult	L	4.00	5.00	
Junior	L	3.60	4.00	
Full track per hour	L	35.00	120.00	
Club rate				
Adult	L	3.00	4.00	
Junior	L	3.00	4.00	
Full track per hour	L	35.00	90.00	
<b>Other</b>				
Shower	L	2.00	2.20	
Function room and pavilion hire per hour (exclusive of VAT)	L	21.00	22.00	
Multi Purpose Studio per hour (exclusive of VAT)	L	15.00	16.00	
				<b>1,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HIPPODROME &amp; HULLABALOO</b>				
Hire & Conferencing (all pricing exclusive of VAT)				
John Wade Group Lounge - max capacity 40 (theatre style) - per hour	L	36.75	38.75	
John Wade Group Lounge - max capacity 40 (theatre style) - day hire**	L	220.50	231.75	
Living Water Tower Room - max capacity 18 - per hour	L	31.50	33.25	
Living Water Tower Room - max capacity 18 - day hire**	L	189.00	198.50	
Hippo Lounge - max capacity 70 - per hour	L	44.00	46.25	
Hippo Lounge - max capacity 70 - day hire**	L	264.50	277.75	
Hippo Education Space - max capacity 40 (workshop of approx. 25) - per hour	L	36.75	38.75	
Hippo Education Space - max capacity 40 (workshop of approx. 25) - day hire**	L	220.50	231.75	
Hullabaloo Rehearsal Space - max capacity 35 - per hour	L	36.75	38.75	
Hullabaloo Rehearsal Space - max capacity 35 - day hire**	L	220.50	231.75	
Hullabaloo Café - max capacity 70 - per hour	L	44.00	46.25	
Hullabaloo Café - max capacity 70 - day hire**	L	264.50	277.75	
Hippodrome Theatre Hire - max capacity 1,000 - w/end full day	L	1,995.00	2,095.00	
Hippodrome Theatre Hire - max capacity 1,000 - w/end half day	L	997.50	1,047.50	
Hippodrome Theatre Hire - max capacity 1,000 - w/day full day	L	1,837.50	1,929.50	
Hippodrome Theatre Hire - max capacity 1,000 - w/day half day	L	918.75	965.00	
Hullabaloo Theatre Hire - max capacity 150 - per hour	L	65.00	68.50	
Hullabaloo Theatre Hire - max capacity 150 - day hire**	L	472.50	496.50	
**day hire - 9am to 6pm				
Community Rate may be applicable for charities, NHS, children's groups and local artists if qualifying criteria met. This equates to 30% reduction on the above charges.				
				<b>1,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>HEAD OF STEAM (closed during 2023/24 for refurbishment)</b>				
<b>REFUSE COLLECTION AND DISPOSAL</b>				
Refuse sacks (per 25) (Exclusive of VAT)	L	107.50	118.50	
Garden Waste Sacks (Non VATable) (for collection of 10 bags)	L	11.60	12.80	
Bulky Household Collection up to 6 items	L	19.40	21.40	
Garden Waste Service	L	37.00	39.00	
Cost of replacement (inclusive of 20% VAT)				
360L Wheeled Bin	L	54.95	60.60	
240L Wheeled Bin	L	21.65	23.90	
Caddie	L	5.55	8.50	
Glass Box	L	3.55	6.00	
55L Box	L	3.55	6.00	
Lid for recycling box	L	1.50	2.50	
Lid for 240L bin	L	5.40	6.00	
				<b>21,000</b>



Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>CEMETERIES</b>				
Burial fees without exclusive right of burial (these fees will be tripled where the deceased is a non-resident of Darlington at time of death)				
Individual foetal remains	N	No Charge	No Charge	
Stillborn or child not exceeding 12 months	N	No Charge	No Charge	
Person over 12 months up to 18 years	N	No Charge	No Charge	
Person over 18 years	L	960.00	990.00	
Burial fees with exclusive right of burial (these fees will be doubled where the deceased is a non-resident of Darlington at time of death)				
Individual foetal remains	N	No Charge	No Charge	
Child not exceeding 12 months	N	No Charge	No Charge	
Person over 12 months up to 18 years	N	No Charge	No Charge	
Person over 18 years	L	960.00	990.00	
Cremated remains	L	210.00	220.00	
Exclusive rights of burial (these fees will be doubled if the purchaser is a non-resident of Darlington if not purchased at time of first interment).				
Exclusive burial rights (50 years)	L	980.00	1,010.00	
Exclusive burial rights for a bricked grave	L	1,960.00	2,020.00	
<b>Other charges</b>				
Scattering of cremated remains	L	50.00	50.00	
Indemnity form (to produce duplicate grant)	L	50.00	50.00	
Use of Cemetery Chapel	L	100.00	120.00	
After post mortem remains	L	210.00	220.00	
Exhumation of a body (excl. re-interment)	L	2,100.00	2,150.00	
Exhumation of cremated remains (excl. re-interment)	L	525.00	550.00	
<b>Grave Maintenance (inclusive of 20% VAT)</b>				
Initial payment	L	50.00	50.00	
Annual Maintenance	L	37.00	38.00	
<b>Memorials (fees will be doubled where the deceased to whom the memorial/inscription refers was non-resident of Darlington at time of death)</b>				
Memorial rights including first inscription (30 years)	L	220.00	220.00	
Provision of kerbs – traditional sites only)	L	100.00	100.00	
Vases not exceeding 300mm	L	80.00	80.00	
Additional inscription	L	80.00	80.00	
<b>Total financial effect for Cemeteries</b>				<b>6,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>CREMATORIUM</b>				
Crematorium fees (inclusive of certificate of cremation, use of organ and scattering of remains in Gardens of Remembrance at an unreserved time)				
Individual foetal remains	N	No charge	No charge	
Hospital arrangement – foetal remains	L	210.00	220.00	
Stillborn or child not exceeding 12 months	N	No charge	No charge	
Person over 12 months up to 18 years	N	No charge	No charge	
Person over 18 years	L	875.00	900.00	
Direct Cremation	L	675.00	700.00	
After post mortem remains	L	210.00	220.00	
<b>Other charges</b>				
Medical Referee Fee	N	22.00	22.00	
Environmental Surcharge	L	58.00	60.00	
Postal Carton	L	20.00	20.00	
Metal Urn	L	40.00	40.00	
Wooden Casket	L	50.00	50.00	
Baby Urn	L	10.00	10.00	
Crematorium Chapel	L	100.00	120.00	
Scattering of remains at reserved time	L	50.00	50.00	
<b>Webcasts (inclusive of 20% VAT)</b>				
Live Webcast	L	48.00	48.00	
Live Webcast and watch again	L	54.00	54.00	
Keepsake (DVD, Blu-ray, USB or audio CD)	L	60.00	60.00	
Extra copies of Keepsake	L	30.00	30.00	
<b>Book of Remembrance (inclusive of 20% VAT)</b>				
Single Entry (2 lines)	L	70.00	70.00	
Double Entry (3 or 4 lines)	L	110.00	110.00	
Additional lines	L	25.00	25.00	
Crest or floral emblem	L	115.00	115.00	
<b>Memorial Cards (inclusive of 20% VAT)</b>				
Single entry card (2 lines)	L	25.00	25.00	
Double entry card (3 or 4 lines)	L	30.00	30.00	
Additional lines	L	5.00	5.00	
Crest of floral emblem	L	70.00	70.00	
Personal photographs – set up	L	50.00	50.00	
Additional photographs – after set up	L	10.00	10.00	
<b>Memorial Books (inclusive of 20% VAT)</b>				
Single entry book (2 lines)	L	80.00	80.00	
Double entry card (3 or 4 lines)	L	85.00	85.00	
Additional lines	L	5.00	5.00	
Crest of floral emblem	L	70.00	70.00	
Personal photographs – set up	L	50.00	50.00	
Additional photographs – after set up	L	10.00	10.00	
<b>Other Memorial Schemes</b>				
Replacement kerb vase plaque	L	300.00	300.00	
Replacement flower holder	L	5.00	5.00	
Wall plaques	L	245.00	250.00	
Planter plaques	L	365.00	370.00	
Lease of space for memorial plaques (per annum)	L	25.00	26.00	
<b>Total financial effect for Crematorium</b>				<b>32,000</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>ALLOTMENTS &amp; STABLES</b>				
Rent per year	L	185.60	195.00	
				<b>Minimal</b>
<b>HIGHWAYS</b>				
Private apparatus in the Highway (Section 50 Licence, new installations)	L	550.00	550.00	
Private Road Openings (repair existing)	L	225.00	225.00	
Vehicle Crossings – estimate fee (taken as part of payment if go ahead with the works)	L	25.00	25.00	
Vehicle Crossings (plus actual construction costs)	L	100.00	100.00	
Vehicle Crossings if planning permission required on a classified road (plus actual construction costs)	L	150.00	150.00	
Temporary Traffic Regulation Notices (road closures etc)	L	175.00	175.00	
Temporary Traffic Regulation Orders (road closures etc) (plus advertising)	L	288.00	288.00	
Emergency Traffic Regulation Orders	L	136.00	136.00	
Application to Secretary of State for TTRO extension (plus advertising)	L	100.00	100.00	
Personal Search - Highways (by email) per question	L	6.00	6.00	
Street Naming Royal Mail Income (per address, Nationally agreed price LGIH)	L	1.00	1.00	
Street Naming & Numbering of Properties:				
- Per road name (developer suggests)	L	165.00	173.00	
- Per road name (council names)	L	200.00	210.00	
- Per plot	L	15.00	16.00	
Street Naming & Numbering of Properties:				
- Per plot or renaming of a property	L	35.00	37.00	
Rechargeable Works	L	Actual cost + 10%	Actual cost + 10%	
Temporary Traffic Light Applications	L	No Charge Individually priced based on requirements	No Charge Individually priced based on requirements	
Section 50 Licence associated bond costs	L	No charge	No charge	
Access protection markings	L	£75.00 + VAT	£75.00 + VAT	
Tourist Sign (plus actual cost of sign)	L	£75.00 + VAT	£75.00 + VAT	
Accident Data Requests	L	75.00	75.00	
Traffic Count Data	L	Individually priced based on charge out rate	Individually priced based on charge out rate	
Street Lighting Design Service	L	No charge	No charge	
Oversailing Licence	L	No charge	No charge	
Banner Licence	L	No charge	No charge	
Placing Goods on the Highway	L	155.00	155.00	
Deposits upon the Highway	L	No charge	No charge	
Temporary Development Signs – Admin Fee	L	200.00	200.00	
Temporary Development Signs – DBC undertake work on behalf of developer	L	Actual costs	Actual costs	
Switch off / on traffic signal / pelican crossings – per visit	L	150.00	150.00	
Unauthorised marks or affixing of signs to street furniture	L	No charge	No charge	

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
Section 278 Highway works agreement	N	6% of works + legal if delivered by developer	6% of works + legal if delivered by developer	
Section 116 Stopping Up of the Highway	N	Actual Costs	Actual Costs	
Section 38 Road Adoption agreement	N	6% of works + legal if delivered by developer	6% of works + legal if delivered by developer	
NRSWA Defect Charges	N	Nationally set scale of charges	Nationally set scale of charges	
NRSWA Road Opening Inspection Charges (sample)	N	Nationally set scale of charges	Nationally set scale of charges	
Section 74 – charges for overstays	N	Nationally set scale of charges	Nationally set scale of charges	
				<b>Minimal</b>
<b>PUBLIC RIGHTS OF WAY</b>				
Public Path Orders (HA 80 S 118 and 119, TCPA 90 s247, 257)				
Actual cost based on charge out rate plus advertising and legal costs		2,200.00 (minimum)	3,000.00 (minimum)	
PROW Temporary Closures – as Highways fees and charges				
Landowner Rights of Way Statement and Declaration s31.6				
One parcel of land, includes 2 notices		L 250.00	250.00	
Additional parcel		L 50.00	50.00	
Additional notice		L 50.00	50.00	
Authorisation for installing a new gate or stile (HA 80 s147)		L 100.00	100.00	
Path Orders under Deregulation Act				
Actual cost based on charge out rate plus advertising and legal costs, to include but not restricted to pre-application advice, processing the application, resolving objections, making the order, confirmation of the order, and any subsequent Public Inquiry or Hearing				
				<b>Minimal</b>
<b>SUSTAINABLE TRANSPORT</b>				
Charges for Concessionary Travel (ENCTS);				
Replacement pass for lost/stolen without a CRN		L 10.00	10.00	
Learn to Ride per session (child)		L 3.00	3.00	
Production, placement and retrieval of notices when bus stops are temporarily per bus stop		L 60.00	60.00	
Production and placement of bus timetable information when bus services have to be re-registered due to road closures – up to 6 timetables		L 84.00	84.00	
				<b>NIL</b>

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>TRANSPORT SERVICES</b>				
Charges for Taxi Licensing;				
Taxi Vehicle Test	L	50.00	53.00	
Taxi Vehicle Test and MOT	L	60.00	63.00	
Failure to attend (less than 48 hours' notice)	L	50.00	53.00	
Re-test	L	25.00	26.00	
Re-test including emissions	L	35.00	37.00	
Re-test emissions only	L	10.00	11.00	
Charges for General Public;				
MOT for Motorbike Class I & II	L	25.00	25.00	
MOT for Standard Car Class IV	L	35.00	35.00	
MOT for Class V Vehicles	L	40.00	40.00	
MOT for Class VII Vehicles	L	40.00	40.00	
				<b>Minimal</b>
<b>PRIVATE SECTOR HOUSING</b>				
Works in default & statutory activities per hour	L	48.00	50.00	
Housing inspections & consultancy per hour (inclusive of VAT)	L	57.60	60.00	
Charge for the service relevant Housing Act 2004 legal notice	L	432.00	450.00	
Securing empty homes (addition of VAT by agreement)	L	288.00	300.00	
Houses in Multiple Occupation Activities;				
HMO licence fee per letting/let/tenancy	L	187.00	187.00	
Other relevant HMO activities per hour	L	47.00	50.00	
Variation of HMO licence	L	Free	50.00	
Housing Immigration Inspections;				
Within 10 working days (including VAT)	L	144.00	150.00	
Fast Track within 5 working days (including VAT)	L	192.00	200.00	
General Enforcement Activities:				
Hourly rate for preparation of case reports/prosecutions	L	48.00	50.00	
Additional copies of legal notices via post	L	10.00	10.00	
Additional copies of legal notices - Scanned copy by Email	L	Free	Free	
<b>The Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022</b>				
Fines for failing to provide a working smoke or carbon monoxide alarm. Offence by the same individual or organisation;				
First	N	500.00	500.00	
Second	N	1,000.00	1,000.00	
Third	N	2,000.00	2,000.00	
Fourth	N	3,000.00	3,000.00	
Fifth or more	N	5,000.00	5,000.00	
The Redress Schemes for Letting Agency Work and Property Management Work (England) Order 2014;				
Fines for failing to join an approved letting and management redress scheme;				
Businesses that have been served with a notice of intent and failed to join an approved scheme	N	5,000.00	5,000.00	
Businesses that have joined an approved scheme following the service of the notice of intent	N	4,000.00	4,000.00	
Businesses that have joined an approved scheme prior to enforcement action being taken, after the 1st October 2014	N	3,000.00	3,000.00	
**The Redress Scheme is currently undergoing a national review and may be replaced prior to April 2023 by a new civil penalty policy				

Description	Type*	Existing Charge £	New Charge £	Financial Effect £
<b>*KEY for basis of fee and charges setting, L - Locally Agreed, N - Nationally Agreed</b>				
<b>Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015</b>				
Penalty (less than 3 months in breach) renting a non-compliant property	N	Up to 2,000.00 and/or publication penalty	Up to 2,000.00 and/or publication penalty	
Penalty (3 months or more in breach) renting out a non-compliant property	N	Up to 4,000.00 and/or publication penalty	Up to 4,000.00 and/or publication penalty	
Providing false or misleading information on the PRS Exemptions Register	N	Up to 1,000.00 and/or publication penalty	Up to 1,000.00 and/or publication penalty	
Failing to comply with a compliance notice	N	Up to 2,000.00 and/or publication penalty	Up to 2,000.00 and/or publication penalty	
<b>Housing and Planning Act 2016</b>				
Failure to comply with an Improvement Notice (under section 30 of the Housing Act 2004)				
Failure to comply with a Prohibition Order (under section 32 of the Housing Act 2004)				
Breach of a banning order made under section 21 of the Housing and Planning Act 2016	N	Civil penalties of up to 30,000 per offence as an alternative to prosecution	Civil penalties of up to 30,000 per offence as an alternative to prosecution	
Using violence to secure entry to a property (under section 6 of the Criminal Law Act 1977)				
Illegal eviction or harassment of the occupiers of a property (under section 1 of the Protection from Eviction Act 1977)				
<b>COST OF REVENUE COLLECTION</b>				
<b>Council Tax – All Charges do not incur VAT</b>				
Issue of Summons for Liability Order	L	33.50	38.00	
Issue of Liability Order	L	44.00	47.00	
Issue of Summons for Committal Hearing	L	90.00	99.00	
Issue of Statutory Demand	L	157.50	173.00	
<b>Business Rates (NNDR) – All Charges do not incur VAT</b>				
Issue of Summons for Liability Order	L	33.50	38.00	
Issue of Liability Order	L	44.00	47.00	
Issue of Summons for Committal Hearing	L	90.00	99.00	
Issue of Statutory Demand	L	157.50	173.00	
				<b>Minimal</b>
				<b>50,000</b>

## APPENDIX 4

**KEY ASSUMPTIONS USED IN PROJECTED  
RESOURCES, EXPENDITURE AND INCOME 2023/24-2026/27**

<b>Factor</b>	<b>Assumption</b>
<b>Resources</b>	
Council Tax base	Variable depending on projected additional properties.
Council Tax	2.99% increase in 2023/24 & 2024/25 and then 1.99% to 2026/27
Adult Social Care Precept	2% increase in 2023/24 & 2024/25 and then 1% to 2026/27
Council Tax collection	99% collected
Government Grants	Government grants for 2023/24 as indicated in the provisional local government finance settlement 2023 and indicative figures for 2024/25 – 2026/27.
	Increase in Business Rates Scheme Top Up Grant of 11.8% in 2023/24, 5.4% in 2024/25, reset in 2025/26 & 5.4% in 2026/27.
	Revenue Support Grant as per the settlement 2023/24 and then uplifted by 2% for inflation to 2026/27.
	Continuation of Improved Better Care Fund (iBCF) at 2023/24 rates.
	Continuation of 2023/24 Adult Social Care Support Grant of £3.753m in total, flatlined and assumed to continue to 2026/27.
	Spending Review 21 Government Funding of £1.162m to continue at 23/24 rates until 2026/27.
	Services Grant reduced to £0.890m per 2023 settlement and assumed to continue until 2026/27 at same rate as 2023/24
	Social Care Grant as per Settlement, £2.781m in 2023/24, £4.123m in 2024/25 to 2026/27.
	New Homes Bonus (NHB) – assumed scheme will finish after 2023/24.
<b>Expenditure</b>	
Pay inflation	2023-24 5% and thereafter 2% in line with national scheme.
Price inflation	Only contractual inflation on running costs
Local Government Pension Scheme	Contribution rate of 18.3% for 2023/24 until next triennial revaluation in 25/26.
<b>Financing Costs</b>	
Interest rates payable	Average rate on existing debt 2023/24 of 3.50%; 2024/25 of 3.46%, 2025/26 of 3.28% & 2026/27 of 3.15%.
Interest rates payable on new debt – 10 year rate	2023/24 of 4.20%; 2024/25 of 3.45%, 2025/26 of 3.13% & 2026/27 of 2.68%.
Interest rates receivable	4.60% in 2023/24, 3.20% in 2024/25, 2.80% in 2025/26 & 2.80% in 2026/27.
<b>Income</b>	
Inflationary increases	Various based on individual service considerations

**REVENUE BUDGET MANAGEMENT 2022/23**

<u>Projected General Fund Reserve at 31st March 2023</u>		2022-26 MTFP (Feb 2022) £000
<b>Medium Term Financial Plan (MTFP) :-</b>		
MTFP Planned Opening Balance 01/04/2022		24,595
Approved net contribution from balances		(582)
<b>Planned Closing Balance 31/03/2023</b>		<b>24,013</b>
Increase in opening balance from 2021-22 results		384
Projected corporate underspends / (overspends) :-		
Council Wide		653
Contingencies		323
Additional income received		230
Pay Award		(2,079)
<b>Projected General Fund Reserve (excluding Departmental) 31st March 2023</b>	<b>at</b>	<b>23,524</b>
<b>Planned Balance at 31st March 2023</b>		<u><b>24,013</b></u>
<b>Improvement/(Decline)</b>		<u><u><b>(489)</b></u></u>

<u>Departmental projected year-end balances</u>		Improvement / (decline) compared with 2022-26 MTFP £000
People Group		(1,028)
Services Group		610
Operations Group		(17)
Chief Executive		308
<b>TOTAL</b>		<u><u><b>(127)</b></u></u>

<u>Summary Comparison with :-</u>		2022-26 MTFP £000
Corporate Resources - increase in opening balance from 21/22 results		384
Corporate Resources - additional in-year Improvement/(Decline)		(873)
Departmental - Improvement / (Decline)		(127)
Improvement / (Decline) compared with MTFP		<u><u><b>(616)</b></u></u>
<b>Projected General Fund Reserve at 31st March 2023</b>		<u><u><b>23,397</b></u></u>



**MEDIUM TERM FINANCIAL TERM 2023 TO 2027**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
People Group	75.355	77.591	79.264	81.759
Chief Executives Office & Economic Growth	1.535	1.571	1.664	1.716
Services Group	20.749	21.054	21.386	21.855
Operations Group	19.377	19.155	19.473	19.865
Financing costs	3.477	3.613	3.664	3.364
Investment Returns - Joint Venture	(1.816)	(1.718)	(1.130)	(1.130)
Council Wide Pressures/(savings)	1.359	1.283	1.309	1.335
Council Wide Contingencies	(0.069)	(0.246)	(0.255)	1.189
Contribution to/(from) revenue balances	(8.640)	(5.535)	(8.081)	(8.399)
<b>Total Net Expenditure</b>	<b>111.327</b>	<b>116.768</b>	<b>117.293</b>	<b>121.554</b>
<b><u>Resources - Projected and assumed</u></b>				
Council Tax	61.877	65.556	68.461	71.568
Business rates retained locally	23.021	23.481	16.407	16.735
Top Up	8.156	8.596	13.703	14.440
RSG	4.133	4.219	4.306	4.395
NHB	0.567	0.000	0.000	0.000
BCF	4.488	4.488	4.488	4.488
Adult Social Care Support Grant	3.753	3.753	3.753	3.753
Spending Review 21 Government Funding	1.162	1.162	1.162	1.162
Services Grant	0.890	0.890	0.890	0.890
Social Care Grant	2.781	4.123	4.123	4.123
Supporting Families Grant	0.500	0.500	0.000	0.000
<b>Total Resources</b>	<b>111.327</b>	<b>116.768</b>	<b>117.293</b>	<b>121.554</b>
<b><u>Balances</u></b>				
Opening balance	23.397	17.122	12.587	4.506
Release of Earmarked Reserve - LCTS	1.415	0.000	0.000	0.000
Net contribution to GF from Collection Fund	1.000	1.000	0.000	0.000
Transfer to Stronger Communities Fund	(0.050)	0.000	0.000	0.000
Contribution to/(from) balances	(8.640)	(5.535)	(8.081)	(8.399)
<b>Closing balance</b>	<b>17.122</b>	<b>12.587</b>	<b>4.506</b>	<b>(3.893)</b>

## Capital Medium Term Financial Plan 2023/24 - 2026/27

## Appendix 7

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
<b>Children, Families &amp; Learning</b>					
School Condition Allocations	<i>159</i>	<i>159</i>	<i>159</i>	<i>159</i>	<b>636</b>
	<i>159</i>	<i>159</i>	<i>159</i>	<i>159</i>	<b>636</b>
<b>Housing</b>					
Adaptations / Lifts	200	212	218	225	<b>855</b>
Heating replacement programme	1,225	1,295	1,334	1,374	<b>5,227</b>
Structural works	400	424	437	450	<b>1,711</b>
Lifeline Services	150	159	164	169	<b>641</b>
Repairs before painting	60	66	68	70	<b>264</b>
Roofing	1,000	1,100	683	703	<b>3,485</b>
Garages	25	27	52	53	<b>156</b>
External Works (footpaths, fencing, etc.)	200	210	221	232	<b>862</b>
Pavement Crossing	32	34	36	37	<b>138</b>
Window and Door Replacement Programme	1,400	1,484	1,558	1,605	<b>6,047</b>
IPM works	2,760	2,898	3,043	3,134	<b>11,835</b>
Energy Efficiency	1,000	1,060	1,092	1,125	<b>4,276</b>
Communal Works	150	159	164	169	<b>641</b>
New build (net of HE grant)/regeneration	15,673	11,546	11,138	-	<b>38,357</b>
Fees	310	326	333	340	<b>1,309</b>
	<b>24,585</b>	<b>20,999</b>	<b>20,538</b>	<b>9,684</b>	<b>75,806</b>
<b>Transport</b>					
Highway Maintenance	<i>1,206</i>	<i>1,206</i>	<i>1,206</i>	<i>1,206</i>	<b>4,824</b>
Integrated Transport	<i>893</i>	<i>893</i>	<i>893</i>	<i>893</i>	<b>3,572</b>
Pothole Funding	<i>969</i>	<i>969</i>	<i>969</i>	<i>969</i>	<b>3,876</b>
	<b>3,068</b>	<b>3,068</b>	<b>3,068</b>	<b>3,068</b>	<b>12,272</b>
<b>Other Capital Programmes</b>					
Disabled Facility Grants	<i>1,063</i>	<i>1,063</i>	<i>1,063</i>	<i>1,063</i>	<b>4,252</b>
	<b>1,063</b>	<b>1,063</b>	<b>1,063</b>	<b>1,063</b>	<b>4,252</b>
<b>Council funded Schemes</b>					
Whinfield School Roof Replacement	1,124	-	-	-	<b>1,124</b>
Essential Works to Skerne river bridge	50	-	-	-	<b>50</b>
Essential Play area equipment replacement	60	50	40	50	<b>200</b>
Total Council Funded Schemes	<b>1,234</b>	<b>50</b>	<b>40</b>	<b>50</b>	<b>1,374</b>
<b>Self Financing schemes</b>					
Development of Office Block at Priestgate	-	2,000	8,000	-	<b>10,000</b>
Northern Echo Building refurbishment	3,000	2,500	-	-	<b>5,500</b>
Skinnergate office/commercial space	1,000	600	-	-	<b>1,600</b>
Total Council Self Financing Schemes	<b>4,000</b>	<b>5,100</b>	<b>8,000</b>	<b>-</b>	<b>17,100</b>
<b>Total Spending Plans</b>	<b>34,109</b>	<b>30,439</b>	<b>32,868</b>	<b>14,024</b>	<b>111,440</b>
<b>Funded by:</b>					
Capital Grants	7,890	7,290	6,290	4,290	<b>25,760</b>
HRA Revenue Contributions	12,609	12,150	12,097	9,381	<b>46,237</b>
HRA Capital Receipts	303	303	303	303	<b>1,212</b>
Borrowing	11,673	8,546	8,138	-	<b>28,357</b>
Corporate Resources	1,234	50	40	50	<b>1,374</b>
Self Financing	400	2,100	6,000	-	<b>8,500</b>
<b>Total Resources</b>	<b>34,109</b>	<b>30,439</b>	<b>32,868</b>	<b>14,024</b>	<b>111,440</b>
<b>Commitments - see above</b>	<b>34,109</b>	<b>30,439</b>	<b>32,868</b>	<b>14,024</b>	<b>111,440</b>
<b>Resources Available for Investment</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

Figures shown in italics are estimates, awaiting confirmation of funding streams.

## ECONOMY AND RESOURCES SCRUTINY COMMITTEE

Thursday, 19 January 2023

**PRESENT** – Councillors Mrs H Scott (Chair), Boddy, Crudass, Harker, L Hughes, Mrs D Jones, Lee and McEwan.

**APOLOGIES** – Councillors Mills.

**ABSENT** – Councillors Paley and Wright.

**ALSO IN ATTENDANCE** – Councillors Holroyd, Keir (Local Services Portfolio), Snedker, Donoghue, Newall and Tait.

**OFFICERS IN ATTENDANCE** – Brett Nielsen (Assistant Director Resources), Anthony Sandys (Assistant Director - Housing and Revenues), Michael Conway (Mayoral and Democratic Officer) and Paul Dalton (Elections Officer).

### ER35 DECLARATIONS OF INTEREST

There were no declarations of interest reported at the meeting.

### ER36 MEDIUM TERM FINANCIAL PLAN - TO CONSIDER A RESPONSE TO CABINET ON THE PLAN TAKING INTO ACCOUNT THE VIEWS OF ALL OF THIS COUNCIL'S SCRUTINY COMMITTEES :-

**Submitted** – The Minutes (previously circulated) of meetings of this Council's Scrutiny Committees which had been held to discuss the proposals contained within the draft Medium-Term Financial Plan (MTFP) for 2023/24-26/27.

It was reported that each of the Council's Scrutiny Committees had been requested to consider the MTFP 2023/24 to 2026/27, and to forward any views, particularly in relation to those services and finances which were specifically within their remit, to this Scrutiny Committee for consideration.

Each of the Chairs in attendance gave an overview of the discussions which had taken place at their meetings, together with the agreed response to this Scrutiny Committee.

#### (a) Economy and Resources Scrutiny Committee

It was reported that the following views had been proposed at the meeting held on 5 January 2023:-

(a) That the proposals contained within MTFP 2023/24 to 2026/27, in relation to those services and finances which are specifically within the remit of this Scrutiny Committee, be agreed, and that this Scrutiny Committee will formulate a final recommendation to Cabinet on behalf of all the Scrutiny Committees at a Special Meeting of the Economy and Resources Scrutiny Committee scheduled to be held on 19 January 2023, once the views of the Adults Scrutiny Committee, the Children and Young People Scrutiny Committee, the Communities and Local Services Scrutiny Committee and the Health and Housing Scrutiny Committee have been taken into consideration.

Members accepted the recommendation, and no further discussion ensued on this item.

#### **(b) Children and Young People Scrutiny Committee**

It was reported that the following views had been proposed at the meeting held on 9 January 2023:-

(a) That the proposals contained within MTFP 2023/24 to 2026/27, in relation to those services and finances which are specifically within the remit of this Scrutiny Committee, be agreed.

(b) That this Scrutiny Committee agree that all future discretionary spending should improve the lives of children and families and recommend that Cabinet considers the impact on Children's Social Care when making any discretionary spending decisions.

The Chair of the Children and Young People Scrutiny Committee advised that discussion had taken place on the lack of resources and funding for nursery schools and Early Years provision, and reiterated the views of the Committee, in that all discretionary spending should have children and young people as a focus. Further discussion ensued on discretionary spending and investing in the future. Members of the Economy and Resources Scrutiny Committee accepted the recommendations of the Children and Young People Scrutiny Committee.

#### **(c) Adults Scrutiny Committee**

It was reported that the following views had been proposed at its meeting held on 10 January 2023:-

(a) That this Scrutiny Committee accept the proposals contained within the draft MTFP 2023/24 to 2026/27 for the initial year 2023/24, however retain reservations over future years.

The Chair of the Adults Scrutiny Committee advised that Members of the Adults Scrutiny Committee accepted the proposals for the initial year 2023/24, contained within the MTFP, however retained some reservations going forward beyond that in terms of funding and assumptions.

Discussion ensued on the potential to make savings in the current year, spend to save schemes, and the use of charitable foundations for service provision. Members of the Economy and Resources Scrutiny Committee accepted the recommendations of the Adults Scrutiny Committee.

#### **(iv) Health and Housing Scrutiny Committee**

It was reported that the following views had been proposed at the meeting held on 11 January 2023:-

(a) That the Economy and Resources Scrutiny Committee be advised that the majority view

of this Scrutiny Committee is :-

- i. That the report be noted; and
- ii. That it be noted that whilst additional funding from the Local Government finance settlement has improved the position of the MTFP for 2023/24, Members remain concerned regarding the medium to long term and the potential requirement for a review of service provision.

(b) That the Economy and Resources Scrutiny Committee be advised that the minority view of this Scrutiny Committee is that the Council Tax increase of 2.99 per cent plus a 2 per cent Adult Social Care Precept, and the Schedule of Charges be accepted.

Members accepted the recommendations, and no further discussion ensued on this item.

#### **(v) Communities and Local Services Scrutiny Committee**

It was reported that the following views had been proposed at the meeting held on 12 January 2023:-

(a) That the Economy and Resources Scrutiny Committee be advised that the majority view of the Communities and Local Services Scrutiny Committee is :-

- i. That this Scrutiny Committee is dismayed at the lack of consultation with residents on the MTFP and in particular the services and finances which are specifically within the remit of this Scrutiny Committee;
- ii. That this Scrutiny Committee does not support the proposed Council Tax increase of 2.99 per cent plus a 2 per cent Adult Social Care Precept in light of the cost living crisis and the impact of the proposed increases on residents; and
- iii. That this Scrutiny Committee is concerned regarding the reliance on positive assumptions in the MTFP which may not come to fruition, and the potential increased risk in the future.

(b) That the Economy and Resources Scrutiny Committee be advised that the minority view of the Communities and Local Services Scrutiny Committee is that this Scrutiny Committee supports the MTFP 2023/24 to 2026/27.

Members entered into discussion on (i) and it was confirmed that the same level of consultation had taken place on this occasion as it had done last year, with information appearing on social media, within the 'One Darlington' magazine, and on the Council's website. Members also heard that, although there was challenge on the level of consultation, no further alternative budget was proposed. Consideration was also given to the need to increase the Adult Social Care precept, the impact of Council Tax increases on those with the lowest incomes, the fees and charges for car parking compared to other services, and the budget allocated for Street Scene services, particularly in terms of waste collection, waste disposal, recycling, 'leaf litter', and the associated increased costs especially in relation to increased house building.

Members also considered the need for a national solution to the increasing costs of social care, and the levels of funding from local authorities and the National Health Service in terms of Adult Social Care. Members of the Economy and Resources Scrutiny Committee accepted the recommendations of the Communities and Local Services Scrutiny Committee.

Taking into account the above and the discussions which had taken place, the Economy and Resources Scrutiny Committee gave consideration to the views it wished to put forward to Cabinet on behalf of all of the Scrutiny Committees.

**RESOLVED** - That Cabinet be advised that the following is the response of the Economy and Resources Scrutiny Committee on behalf of all of the Council's Scrutiny Committees in relation to the Medium Term Financial Plan 2023/24 to 2026/27 consultation :-

- (a) That, taking into consideration the views of all the Scrutiny Committees, the majority view of this Scrutiny Committee is that the Medium Term Financial Plan 23/24-26/27 provides the best solution going forward.
- (b) That the minority view of this Scrutiny Committee is that:
  - i. It notes the many and various concerns raised at the Children and Young People, Adults, Communities and Local Services and Health and Housing Scrutiny Committee meetings, specifically highlighting:
    - the long-term affordability of services, in particular Children and Adults Social Care;
    - the unsustainability of the revenue budget;
    - that residents are facing unprecedented financial difficulties.
  - ii. It notes Cabinet's draft 4-year financial plan is based on spending nearly £10m more than our income every year, at the same time as raising Council Tax by 5% every year.
  - iii. It is gravely concerned that Cabinet's draft financial plan puts forward no new ideas as to how to bring under control four years of overspending.

**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**SETTING THE COUNCIL TAX FOR 2023/24**

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**Responsible Cabinet Member – Councillor Scott Durham,  
Resources Portfolio**

**Responsible Director – Elizabeth Davison, Group Director of Operations**

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**SUMMARY REPORT**

**Purpose of the Report**

1. The Local Government Finance Act 1992, as amended (referred to as “the Act” in this report) requires the Council to calculate and set its council tax for 2023/24 before 11 March 2023.

**Summary**

2. The Localism Act 2011 made significant changes to the Act and requires the billing authority to calculate a Council Tax requirement for the year.
3. The budget recommended to Council by Cabinet on 07 February 2023 will result in Band D council tax of £1,777.33, if approved by Council. The Office of the Durham Police, Crime and Victims’ Commissioner has set its Band D council tax for 2023/24 at £255.24. County Durham and Darlington Fire and Rescue Service is expected to set its Band D council tax for 2023/24 at £114.69. Therefore the recommended council tax for a Band D property will be £2,147.26 which is an overall increase of 5.11%. There will also be an additional council tax in any parish where a precept has been issued.
4. The Council has calculated that the Council Tax requirement is £62,075,330 which includes Parish Precepts of £198,330. The Council Tax requirement for the Council’s own purposes for 2023/24 (excluding Parish Precepts) is therefore £61,877,000.

**Recommendations**

5. It is recommended that
  - (a) the following amounts be calculated by the Council for 2023/24 in accordance with sections 31 to 36 of the Act and relevant regulations:-
    - (i) the aggregate of the amount which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils, which is its expenditure £251,315,330

- (ii) the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act, which is its income £189,240,000
- (iii) the amount by which (i) exceeds (ii) calculated by the Council for the year in accordance with Section 31A(4) of the Act as its Council Tax Requirement £62,075,330
- (iv) The amount at item 5(iii) above, divided by the council tax base in paragraph 13 below, calculated by the Council in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including Parish Precepts) £1,783.03
- (v) the aggregate of all special items (Parish Precepts) referred to in Section 34(1) of the Act as in the attached **Appendix 1** £198,330
- (vi) the amount at 5(iv) above less the result given by dividing the amount at 5(v) above by the amount at paragraph 13 below, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish Precept relates £1,777.33
- (vii) That the basic council tax for 2023/24 calculated for dwellings in those areas that have parish precepts be as set out in **Appendix 1**, column 5
- (viii) That the Council, in accordance with Sections 30 and 36 of the Act, hereby sets the aggregate amounts shown in **Appendix 2** as the amount of Council Tax for 2023/24 for each part of its area and for each of the categories of dwellings

(b) It be noted that for the year 2023/24 The Office of the Durham Police, Crime and Victims' Commissioner has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown : -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	170.16	198.52	226.88	255.24	311.96	368.68	425.40	510.48



- (c) It be noted that for the year 2023/24 County Durham and Darlington Fire and Rescue Service has stated the following amounts in the precept issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown: -

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	76.46	89.20	101.95	114.69	140.18	165.66	191.15	229.38

- (d) The Council, in accordance with Section 30(2) of the Act hereby sets the amounts set out in **Appendix 3** as the amounts of council tax for 2023/24 for each of the categories of dwellings.

### Reasons

6. The recommendations are supported to set the Council Tax for the Council's area in accordance with statutory requirements.

**Elizabeth Davison**  
**Group Director of Operations**

### Background Papers

- (i) Local Government Finance Settlement 2023/24
- (ii) Police Authority Precept notification.
- (iii) Fire Authority Precept notification.
- (iv) Parish Council Precept notifications.

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Well Being	The report does not contain any proposals relating to the health and well being of residents
Carbon Impact and Climate Change	There are no carbon impact or climate change implications in this report
Diversity	There are no diversity implications in this report
Wards Affected	All Wards are affected equally
Groups Affected	All Groups are affected equally
Budget and Policy Framework	This report must be considered by Council
Key Decision	This report must be considered by Council
Urgent Decision	The Council's Medium Term Financial Plan, Budget and Council Tax require approval by full Council
Council Plan	This report follows from the Corporate Plan and Financial Plan and budget reports, which specifically addresses key issues involved in the Council's contribution to delivering the Council Plan vision.
Efficiency	There are no efficiency implications in this report
Impact on Looked After Children and Care Leavers	This report does not affect Looked After Children and Care Leavers

## MAIN REPORT

### Information and Analysis

7. The Act, as amended by the Localism Act 2011, requires authorities to calculate their Council Tax requirement for the year. The Council tax requirement is equal to the Council's net budget requirement less Settlement Funding Assessment (Revenue Support Grant, Top Up Grant and General Government Grants) less any contribution to the Collection Fund in respect of any prior year's deficit or plus any contribution from the Collection Fund in respect of any prior year's surplus. The details of these calculations are set out in paragraph 5(i) to (iii) above.
8. The recommended basic council tax including Fire and Police Precepts for a Band D property is £2,147.26. There will also be an additional council tax in any parish where a precept has been issued.
9. Cabinet considered the draft Medium Term Financial Plan (MTFP) on 13 December 2022 and approved it for consultation. After public consultation and review by the relevant Scrutiny Committees, Cabinet considered the MTFP again on 07 February 2023.
10. The Council also has to determine the estimated surplus or deficit on its Collection Fund at 31st March 2023. The estimated surplus/deficit for the council tax is shared between this Council, the Police Authority and the Fire Authority in proportion to the 2022/23 demands/precepts. It is estimated that there will be a £0.888m deficit on the Collection Fund at 31st March 2023. Darlington's proportion of this is £0.736m and will be covered from the Collection Fund reserve.

11. The Council has determined that its basic amount of Council Tax for 2023/24, excluding Parish Precepts, is not excessive in accordance with principles approved under Section 52ZB of the Act.
12. The Council's Council Tax Requirement (including Parish Precepts) for council tax purposes for 2023/24, as calculated in accordance with Section 31A(4) of the Act, is £62,075,330.

### The Council Tax Calculations

#### Basic Council Tax

13. The Council set its tax base at 34,814.5 at the meeting on 26 January 2023 along with the tax bases for various parish councils. These are shown in **Appendix 1** (column 2).
14. The basic council tax must first be calculated by dividing the Council Tax requirement by the approved tax base as follows:-

$$\frac{£62,075,330}{34,814.5} = £1,783.03$$

15. From this figure parish precepts, which the Act refers to as special items, are deducted as follows:-

$$\frac{£198,330}{34,814.5} = £5.70$$

16. The basic council tax for those areas of the Borough Council where there are no special items is, therefore, £1,777.33 (£1,783.03 - £5.70). This also excludes the Police Authority and Fire Service precepts. It represents a 4.99% increase compared with the council tax in 2022/23. It was announced in The Referendums Relating to Council Tax Increases (Principles) (England) Report 2023/24, released as part of the provisional local government finance settlement on 19 December 2022, that councils could increase their core council tax charge by up to 3% for general expenditure and an additional 2% for expenditure on adult social care in 2023-24 without the need for a referendum. These increases are expected to be confirmed as part of the Final Local Government Settlement due to be released in late February 2023 but after preparation of this report. The percentage increase for Darlington Borough Council is 4.99%: 2.99% on general expenditure and 2% on adult social care expenditure.

#### Parish Council Taxes

17. The calculation of the additional tax for areas where special items apply, i.e. parish precepts, is based on the precepts submitted by each parish council and parish meeting divided by the tax base approved at the Council meeting on 26 January 2023. The Parish Council Precepts for 2023/24 are detailed in Appendix 1 and total £198,330.
18. The council tax in relation to the parish precepts is shown in **Appendix 1** (column 3). When added to the basic council tax, as calculated in paragraph 14, this provides the Billing Authority's basic council tax for each parish area (**Appendix 1**, column 5).

### Billing Authority Council Tax

19. Section 30(1) of the Act requires a council tax to be set for each category of dwelling for its area. This is the Billing Authority's council tax for each parish area and the basic council tax for the rest of the authority's area, multiplied by the ratio of each band using the following: -

Band	A	B	C	D	E	F	G	H
Proportion	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9

20. The council tax set will relate to band D which is 9/9 or 1. For other bands the above proportions will apply. For example, Band A properties will be charged 6/9 or two thirds of the Band D tax whilst band H will be charged double the Band D tax.
21. The Billing Authority's council taxes for each band of property are shown in **Appendix 2**.

### Police and Fire Authority Council Taxes

22. The Office of the Durham Police, Crime and Victims' Commissioner is a separate body responsible for its own financial affairs. The Authority met on 1 February 2023 and set their precept at £8,886,053. This results in a Band D Council Tax of £255.24, a 6.24% increase from 2022/23 as shown below:-

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Police Authority	170.16	198.52	226.88	255.24	311.96	368.68	425.40	510.48

23. County Durham and Darlington Fire and Rescue Service met on 15 February 2023 and are expected to set their precept at £3,992,875. This will result in a Band D Council Tax of £114.69, a 4.56% increase from 2022/23.

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Fire Authority	76.46	89.20	101.95	114.69	140.18	165.66	191.15	229.38

### Overall Council Tax

24. The total council tax for each of the parish areas and the remaining area of the Borough is calculated by adding the charges for the Billing Authority to those of the Police Authority and the Fire and Rescue Service. The overall council tax for each category of dwelling in each parish area and the remaining areas of the Borough where there are no parish precepts is set out in **Appendix 3**. There is a 4.99% increase in the Billing Authority Council Tax next year, with changes in the amounts of some parish precepts. The Office of the Durham Police, Crime and Victims' Commissioner has increased its Council tax by 6.24% and the Fire and Rescue Service is expected to increase its Council Tax by 4.56%.

## **Consultation**

25. The content of this report was not subject to consultation. Extensive consultation has, however, taken place with a wide range of stakeholders, during which all households in the Borough have had the opportunity to comment, in preparing the Medium Term Financial Plan. The outcome of consultation is included within that plan.

## COUNCIL TAX FOR PARISH AUTHORITIES 2023/24

	Precept payable to Parish Council	Parish Tax Base	Parish Council Tax	Basic Council Tax	Billing Authority's Council Tax
	(1)	(2)	(3)	(4)	(5)
	£		£ p	£ p	£ p
Bishopton	10,633	179.00	59.40	1,777.33	1,836.73
Heighington	23,230	1,113.20	20.87	1,777.33	1,798.20
High Coniscliffe	6,000	110.80	54.15	1,777.33	1,831.48
Hurworth	59,000	1,488.30	39.64	1,777.33	1,816.97
Low Coniscliffe / Merrybent	8,980	355.60	25.25	1,777.33	1,802.58
Middleton St. George	55,890	2,059.00	27.14	1,777.33	1,804.47
Neasham	9,990	244.30	40.89	1,777.33	1,818.22
Piercebridge	1,512	62.80	24.08	1,777.33	1,801.41
Sadberge	15,895	301.20	52.77	1,777.33	1,830.10
Whessoe	7,200	529.40	13.60	1,777.33	1,790.93
	<b>198,330</b>	<b>6,443.60</b>			

## APPENDIX 2

## BILLING AUTHORITY'S COUNCIL TAXES FOR EACH PROPERTY BAND 2023/24

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bishopton	1,224.49	1,428.57	1,632.65	1,836.73	2,244.89	2,653.05	3,061.22	3,673.46
Heighington	1,198.80	1,398.60	1,598.40	1,798.20	2,197.80	2,597.40	2,997.00	3,596.40
High Coniscliffe	1,220.99	1,424.49	1,627.98	1,831.48	2,238.47	2,645.47	3,052.47	3,662.96
Hurworth	1,211.32	1,413.20	1,615.09	1,816.97	2,220.74	2,624.51	3,028.29	3,633.94
Low Coniscliffe / Merrybent	1,201.72	1,402.01	1,602.29	1,802.58	2,203.15	2,603.72	3,004.30	3,605.16
Middleton St. George	1,202.98	1,403.48	1,603.97	1,804.47	2,205.46	2,606.45	3,007.45	3,608.94
Neasham	1,212.15	1,414.17	1,616.20	1,818.22	2,222.27	2,626.31	3,030.37	3,636.44
Piercebridge	1,200.94	1,401.10	1,601.25	1,801.41	2,201.72	2,602.03	3,002.35	3,602.82
Sadberge	1,220.07	1,423.41	1,626.76	1,830.10	2,236.79	2,643.47	3,050.17	3,660.20
Whesoe	1,193.96	1,392.95	1,591.94	1,790.93	2,188.91	2,586.89	2,984.89	3,581.86
All other parts of the Council's area	1,184.89	1,382.37	1,579.85	1,777.33	2,172.29	2,567.25	2,962.22	3,554.66

## APPENDIX 3

## OVERALL COUNCIL TAX FOR EACH PROPERTY BAND 2023/24

	A	B	C	D	E	F	G	H
	£ p	£ p	£ p	£ p	£ p	£ p	£ p	£ p
Bishopton	1,471.11	1,716.29	1,961.48	2,206.66	2,697.03	3,187.39	3,677.77	4,413.32
Heighington	1,445.42	1,686.32	1,927.23	2,168.13	2,649.94	3,131.74	3,613.55	4,336.26
High Coniscliffe	1,467.61	1,712.21	1,956.81	2,201.41	2,690.61	3,179.81	3,669.02	4,402.82
Hurworth	1,457.94	1,700.92	1,943.92	2,186.90	2,672.88	3,158.85	3,644.84	4,373.80
Low Coniscliffe / Merrybent	1,448.34	1,689.73	1,931.12	2,172.51	2,655.29	3,138.06	3,620.85	4,345.02
Middleton St. George	1,449.60	1,691.20	1,932.80	2,174.40	2,657.60	3,140.79	3,624.00	4,348.80
Neasham	1,458.77	1,701.89	1,945.03	2,188.15	2,674.41	3,160.65	3,646.92	4,376.30
Piercebridge	1,447.56	1,688.82	1,930.08	2,171.34	2,653.86	3,136.37	3,618.90	4,342.68
Sadberge	1,466.69	1,711.13	1,955.59	2,200.03	2,688.93	3,177.81	3,666.72	4,400.06
Whesoe	1,440.58	1,680.67	1,920.77	2,160.86	2,641.05	3,121.23	3,601.44	4,321.72
All other parts of the Council's area	1,431.51	1,670.09	1,908.68	2,147.26	2,624.43	3,101.59	3,578.77	4,294.52



**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**DARLINGTON CAPITAL STRATEGY 2023/24**

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**Responsible Cabinet Member – Councillor Scott Durham  
Resources Portfolio**

**Responsible Director – Elizabeth Davison  
Group Director of Operations**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To provide information to allow members to approve the Councils Capital Strategy for 2023/24.

**Summary**

2. The revised Prudential Code for Capital Finance in Local Authorities 2017 requires every Council to publish a Capital Strategy and review on an annual basis. In accordance with the regulations the Council published its first strategy in 2019/20 and attached in **Appendix 1** is the 2023/24 update.
3. The Strategy provides an overview of how capital expenditure and financing plans are decided upon and provides the framework for the development, management and monitoring of the council capital investment plans. It focuses on core principles that underpin the Council's four-year capital programme and the governance framework which is in place.
4. The Strategy also highlights the resource streams available in terms of funding to the Council and the risk management approach taken.
5. The Strategy maintains a strong and current link to the Council's priorities and to its key strategy documents such as the Treasury Management Strategy, Medium Term Financial Plan and the Council Plan.

**Recommendation**

6. Council are requested to approve the Capital Strategy for 2023/24 – 2026/27 at Appendix 1 of this Report.

## Reasons

7. The recommendation is supported by the following reasons:
- (a) To provide a framework for capital investments.
  - (b) To ensure the Council adopts the Prudential Code for Capital Finance 2017.
  - (c) To enable the Council to invest in its assets.

**Elizabeth Davison**  
**Group Director of Operations**

## Background Papers

No background papers were used in the preparation of this report.

Elizabeth Davison: Extension 5830

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	This report has no implications for the Council's Health and wellbeing Programme
Carbon Impact and Climate Change	The proposals in the report seek to continue to support the Council's responsibilities and ambitions to reduce carbon impact in the Council and the Borough.
Diversity	There are no specific implications on the Council's diversity agenda.
Wards Affected	All wards
Groups Affected	All groups
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	The Capital strategy must be approved by full Council
Urgent Decision	The Capital strategy must be approved by full Council
Council Plan	The Capital strategy links to the key priorities in the Council Plan.
Efficiency	Having a clear view on Capital investments and financing plans ensures value for money and subsequent efficiencies.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

# DARLINGTON BOROUGH COUNCIL CAPITAL STRATEGY 2023/24



**DARLINGTON**  
Borough Council

## Darlington Borough Council

### Capital Strategy

#### Introduction

1. The Capital Strategy has been developed in line with the CIPFA Prudential Code for Capital Finance in Local Authorities 2017. The Capital Strategy is intended to give a high level overview of how capital expenditure and financing plans are decided upon and provides the framework for the development, management and monitoring of the Council's capital investment plans.
2. The Strategy aligns with the priorities in the Council Plan and focuses on core principles that underpin the Council's approach to capital investments; the governance framework required to ensure the capital programme is delivered and provides value for money for the residents of Darlington.
3. The Strategy is integrated with the Medium Term Financial Plan (MTFP) (which incorporates the Capital Programme), the Asset Management Plan and Treasury Management Strategy and will be reviewed as such on an annual basis

#### The Key objective of Darlington's Capital Strategy

4. The **capital strategy** defines and outlines the approach to capital investments and is fundamental to the Council's financial planning process. The key objective of the capital strategy is to deliver a capital programme that.
  - (a) Ensures capital expenditure and investment decisions are used to support the delivery of the services according to the priorities within the corporate plan and supporting strategies.
  - (b) Is affordable, financially prudent and sustainable.
  - (c) The most cost effective use is made of existing assets and new capital investment.
  - (d) Provides Value for Money.
  - (e) Encourages Invest to Save initiatives to make efficiencies within the Council's revenue budget.
  - (f) Ensures the appraisal and prioritisation process for new schemes is robust and captures risks and mitigating factors.

## The Council's Vision and Key priorities

5. Capital expenditure should support the Council's continuing commitment to the goals and ambitions set out within the Council Plan, which articulates the Council's vision of **Darlington being a place where people want to live and businesses want to locate, where the economy continues to grow, where people are happy and proud of the borough and where everyone has the opportunity to maximise their potential.** All capital expenditure proposals should be considered alongside the following priorities which the Council is committed to in order to achieve the vision;
  - (a) Growing Darlington's economy to create conditions and opportunity for growth to attract new businesses; help our indigenous businesses to develop and expand; maximise employment opportunities for Darlington residents and deliver quality homes.
  - (b) Supporting the most vulnerable in the borough by providing care and support when needed and build on their strengths to maximising their potential and independence.
  - (c) Maximising the potential of our young people to ensure they can grow and flourish and when needed have the targeted support they require.
  - (d) Working with communities to maximise their potential by building strong communities that are resilient, sustainable and safe and working with partners to help our communities maximise their potential by investing in the social infrastructure of Darlington.
6. Overarching all of the above is the focus on the Council being financially stable and being run as effectively and efficiently as possible, ensuring value for money and good governance which this strategy is part of.
7. Meeting these conditions will allow the Council to achieve the following desired outcomes.
  - (a) More people healthy and independent
  - (b) A safe and caring community
  - (c) More businesses and more jobs
  - (d) Enough support for people when needed
  - (e) Children with the best start in life
  - (f) More people active and involved
  - (g) More people caring for our environment; and
  - (h) A place designed to thrive.

## **Governance Arrangements**

8. The Capital Programme is the Council's plan of capital works for future years, including details on the funding of the schemes.
9. The programme is determined by the need to incur capital expenditure, capital resources available; and the revenue implications flowing from the capital expenditure.
10. The Council's Constitution and financial regulations govern the capital programme process and require Full Council to agree the programme annually. The reports of the Group Director of Operations will consider the compliance of the proposed schemes in the programme with the medium term financial plan, the capital resources available, the revenue implications of the proposed capital expenditure and any other relevant information.
11. All schemes are formally approved into the capital programme by following a process as set out in the financial regulations and approved by Council. The inclusion of a scheme in the programme does not constitute authority to incur expenditure. Each capital scheme shall be the subject of a written report by the responsible Director to Cabinet and this report shall include the need for the proposed expenditure, its place in the Council's strategic plans, the estimated capital cost analysed as appropriate, the estimated revenue implications (if applicable) and the methods of financing.
12. Reports for all proposed schemes with a value of more than £1 million shall also contain whole-life-cost evaluations, setting out the cost of the proposed scheme over its expected life, including any cost implications at the expiry of the life of the proposed scheme.
13. Cabinet receive regular capital monitoring reports and approve variations to the programme within Cabinets delegated authority limits.
14. Cabinet also considers new bids that fall outside the annual budget process.
15. Schemes with a final outturn level over £1m are reported to Cabinet comparing actual cost, timeliness and quality with the original and amended approvals.
16. Scrutiny Committees can call in Cabinet reports, receive and scrutinise reports.
17. All projects progressing to the capital programme follow the constitution and financial regulations and the capital programme is subject to internal and external audit.

### **Investment evaluation and prioritisation**

18. As part of the budget planning process services are required to submit capital proposals for consideration to the Asset Management & Capital Projects Review Board (AM & CPRB) for investment decisions. The capital investment appraisal process focuses on:
- (a) Policy and strategic fit
  - (b) Affordability and resources
  - (c) VFM, cost/benefit
  - (d) Options appraisal
  - (e) Risk assessment and
  - (f) Capability and capacity within the Council to manage and deliver the project
19. Where capital expenditure requirements exceed external funding availability, bids for internal resources are prepared and assessed by the AM & CPRB using a scoring model which has regard to the capital strategy, asset management plan and the Council Plan. AM & CPRB submit to Chief Officers Executive (COE) a list of assessed bids. COE then develop proposals for inclusion in the Capital Programme, Cabinet consider these proposals and make recommendations to Council for final approval.
20. The AM & CPRB, chaired by the Group Director of Services and including representation from all departments, maintain a continuous review of capital planning, management and reporting, with regard to best practice, experience and opportunities for improving the Council's capital and asset management.
21. The AM & CPRB oversee implementation of standards and procedures and make recommendations by other parties (Chief Officers Executive, Cabinet, Council) as appropriate. In developing their proposals, AM & CPRB shall, in addition to departmental capital expenditure plans, have due regard to:
- (a) the various funding streams available from government and other grants
  - (b) developer contributions towards capital expenditure under section 106 agreements and any other similar arrangements
  - (c) internal resources available from capital receipts, non-supported borrowing and revenue contributions to capital expenditure.

### **Invest to save projects**

22. Departments are encouraged to consider innovation in service provision that can drive efficiency and deliver cashable savings. Invest to save bids will be considered on the same basis as other capital proposals and need to demonstrate what savings and benefits will be achieved as a result of the proposed initiative. However, as the benefits of these schemes should outweigh the costs it is likely these bids will be prioritised.

### **Approvals outside the normal budget setting process**

23. Any additional capital proposals required within year and outside the annual budget process must be submitted to the AM & CPRB for consideration. The group will then appraise the scheme and it will be reported to Cabinet for approval.

### **Capital or Treasury Management Investments**

24. Treasury Management investment activity covers those investments which arise from the Council's cash flows and debt management activity, and ultimately represent balances which need to be invested until the cash is required for use in the general course of business.
25. For Treasury Management investments the security and liquidity of funds are placed ahead of the investment return. The management of associated risk is set out in the Treasury Management Strategy and the Annual Investment Strategy.

### **Service and Commercial Investments**

26. These are investments for policy reasons outside of normal treasury management activity. This may include:
27. **Service Investments** - These are investments held clearly and explicitly in the course of the provision, and for the purposes, of operational services, including economic regeneration. Any potential Service Investment would be presented to Cabinet for approval prior to commencement.
28. **Commercial Investment** - These are investments taken mainly for financial reasons and may include investments taken with the aim of making a financial surplus for the Council.
29. Commercial investments also include fixed assets which are held primarily for financial benefit, such as investment properties. Any commercial Investment would be presented to Cabinet for approval prior to commencement.

### **Due Diligence**

30. For all capital investments, the appropriate level of due diligence will be undertaken with the extent and depth reflecting the level of additional risk being considered.
31. Due diligence process and procedures will include:
- (a) Effective scrutiny of proposed investments.
  - (b) Identification of the risk to both the capital sums invested and the returns.
  - (c) Understanding the extent and nature of any external underwriting of those risks.



- (d) The potential impact on the financial sustainability of the Council if those risks come to fruition.
- (e) Identification of the assets being held for security against debt and any prior charges on those assets.
- (f) Where necessary independent and expert advice will be sought.

### **Loans to External Bodies or Organisations**

32. The Council's capital programme also includes provision to provide loan facilities to external bodies or organisations for activities that are aligned to, and support, Council service objectives and/or corporate priorities. Examples may include, supporting economic growth such as housebuilding and improving the health and wellbeing of local communities.
33. Under statutory regulations these loans are treated as capital expenditure.
34. In making such loans the Council is exposing itself to the risk of the borrower defaulting on loan repayments. The Council, in making these loans must therefore ensure they are prudent and have fully considered the risk implications. The loans for these purposes will be subject to a financial appraisal and a series of due diligence checks, and only be provided if the Council is fully satisfied of the borrower's ability to meet their obligations. Wherever possible, the Council will aim to mitigate its risks and exposure to default by seeking appropriate additional security from the borrower. This may often be in the form of a legal charge over the borrower's property or assets.
35. All loans are agreed by Cabinet. All loans will be subject to close, regular monitoring.
36. The rate of interest charged on these facilities will be dependent on the nature and structure of the individual loan and the assessed risks to the Council. However, loans would usually only be provided on the basis that there is no net cost to the Council. In addition, all loans will need to be State Aid compliant.

### **Funding Sources**

37. The Council's capital programme is funded from a mix of sources including:
- (a) Prudential Borrowing – The introduction of the Prudential code in 2004 allowed the Council to undertake unsupported borrowing itself. This borrowing is subject to the requirements of the Prudential Code for Capital Expenditure for Local Authorities. The Council must ensure that unsupported borrowing is affordable, prudent and cost effective. This funding can also be used as an option to front fund development to stimulate growth. This has provided the Council with the flexibility to raise capital funding as demand and business need have dictated.

This type of borrowing has revenue implications for the Council in the form of financing costs.

- (b) External Grants – A proportion of our capital funding comes through as external grant allocations from central government departments such as the Department for Transport via the Tees Valley Combined Authority, the Department for Levelling up, Housing and Communities and the Department of Education. In addition, direct funding is received from the Tees Valley Combined Authority (TVCA) under the devolved arrangements. The TVCA has an approved investment plan of £588.2m over a ten year period and Darlington has been successful securing funding for a number of growth projects including £10m for the Town Centre, £25m for Darlington Railway Station and £20m for the Railway Heritage Quarter.
- (c) A significant element of the capital investment programme is funded from the Housing Revenue Account. Funding towards the Council's New Build programme is also received from Homes England (HE). All Housing Capital schemes are funded this way and are prioritised through the Housing Business Plan.
- (d) Section 106 and external contributions – elements of the capital programme are funded by contributions from private sector developers and partners.
- (e) Revenue Funding – The Council can use revenue resources to fund capital projects on a direct basis, however, given the financial climate we are working in and the pressure on services the Council's revenue budget has reduced options in this area and the preference is for Invest to Save projects where feasible.
- (f) Capital Receipts – A capital receipt is an amount of money exceeding £10,000, which is generated from the sale of an asset. The Council is able to generate capital receipts through the sale of surplus assets such as land and buildings. The Council seeks to maximise the level of these resources which will be available to support the Council's plans.

### **Capital Investment Fund**

- 38. At its meeting of 24 November 2016, the Council established a Capital Investment Fund of £10m which due to its success has subsequently been increased to £50m.
- 39. Council approved the principle and establishment of the Capital Investment Fund to be used for innovative investment opportunities beyond the traditional Treasury Management Strategy in order to achieve greater returns given the low returns on investment due to the current economic climate.

40. The Council is utilising the fund to achieve greater returns by exploring more innovative approaches whilst at the same time being willing to take on a greater level of risk. Such approaches include loans to other organisations, joint venture house building, property investment or developing sites for sale.
41. The Investment fund also provides for wider benefits which extend further than direct reward and assist with economic regeneration and job opportunities.
42. Since the establishment of the fund and at the time of writing Cabinet have agreed to fifteen uses of the fund for schemes such as housing joint ventures, office development, and pump priming. A number of schemes have been fully repaid and the Joint Ventures have provided higher dividends than initially anticipated. All projects are detailed and reported to Cabinet for approval.

#### **Economic Growth Investment Fund (EGIF)**

43. The EGIF was set up in recognition that Economic growth is the top priority for the Council and the Economic Growth Investment plan sets out what needs to be done in order for the Borough to accelerate sustainable, managed and planned economic growth. It also provides the structured framework required to ensure that a programme of investments is created that can deliver the strategic ambitions and goals of the Council.
44. The majority of the Plan is and will be completed in conjunction with the Tees Valley Combined Authority, however the Council needs to pump prime and match fund some of the schemes hence the establishment of the EGIF which is utilised for such needs.
45. Any proceeds from sites which subsequently become operational and sold will be reinvested in the fund for future developments.
46. Specific scheme approvals will be subject to detailed reports to Cabinet to release each scheme as and when they are required.

#### **Risk Management**

47. Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives and to execute its strategies successfully.
48. Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of managing them and responding to them. It is both a means of minimising the costs and disruption to the Council caused by undesired events and of ensuring that staff understand and appreciate the element of risk in all of their activities.

49. The aim is to reduce the frequency of adverse risk events occurring, minimise the severity of their consequences if they do occur, or to consider whether risk can be transferred to other parties.
50. To manage risk effectively, an assessment of risk should be taken on every capital project, mitigated where possible and monitored.
51. It is important to identify the appetite for risk by each scheme and for the capital programme as a whole, especially when investing in capital assets held primarily for financial returns. Under the CIPFA Prudential Code these are defined as investments and so the key principle of control of risk and optimising returns consistent with the level of risk applies.

#### **Knowledge and skills**

52. The Council has professionally qualified staff across a range of disciplines including finance, legal and property that follow continuous professional development (CPD) and attend courses on an ongoing basis to keep abreast of new developments and skills.
53. The Council establishes project teams from all the professional disciplines from across the council as and when required. External professional advice is taken where required and will always be sought in consideration of any major commercial property investment decision.
54. Internal and external training is offered to Members to ensure they have up to date knowledge and expertise to understand and challenge capital and treasury decisions taken by the Assistant Director Resources.

**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**HOUSING REVENUE ACCOUNT – MTFP 2023-24 TO 2025-27**

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**Responsible Cabinet Member - Councillor Kevin Nicholson,  
Health and Housing Portfolio**

**Responsible Director – Elizabeth Davison, Group Director of Operations**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To consider and approve proposals for the revenue budget, capital programme, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2023-24 in the context of the HRA Medium Term Financial Plan to 2026-27 and the 30-year Business Plan, following consultation with Council Tenants.

**Summary**

2. Darlington Borough Council is the largest provider of social housing in the borough, providing 5,291 homes to local residents. Our homes offer a high standard of accommodation that meets the Decent Homes Standard and we provide a range of quality services to tenants, including a responsive repairs and maintenance service, lifeline services and emergency call out provision.
3. We are proud of our housing and want to continually improve so in addition to the day to day maintenance, significant investment is made in our housing stock each year to maintain and improve those standards, enhance the energy efficiency of our homes to reduce our carbon impact and help our tenants reduce their energy consumption and bills, whilst ensuring we have the financial capacity to continue with our ambitious programme of building new Council homes.
4. The great quality of our homes and the services provided mean they are in high demand, which is why we have an ambitious programme to build new Council homes in Darlington. Our new build Council housing programme is funded through capital receipts from right to buy sales, grant funding from Homes England and through estimated borrowing of £11.7m.
5. This report sets out the key decisions for the HRA for 2023-24, which includes:
  - (a) Proposed revenue expenditure of £26.557m, including
    - (i) £5.539m to fund our responsive repairs and maintenance service, and
    - (ii) £12.609m contribution to the capital programme.

- (b) A proposed capital programme of £24.585m, including
- (i) £1.225m for heating system replacements,
  - (ii) £1.800m for property adaptations, structural works, external works and roofing,
  - (iii) £1.400m for windows and door replacements,
  - (iv) £2.760m for kitchen and bathroom replacements,
  - (v) £1.000m to deliver energy efficiency measures to tackle climate change,
  - (vi) £15.673m to deliver our new build Council housing programme.
6. The key decision regarding the HRA each year is the balance between setting rent and service charge levels that are affordable to our tenants, whilst ensuring we have sufficient resources to invest in our housing stock, tackle climate change and maintain services.
  7. Councils usually have the discretion to increase rents each year by the Consumer Price Index (CPI) plus 1%. CPI for September 2022 was 10.1%, which means for 2023-24 Members would usually be able to increase rents by up to 11.1%.
  8. However, the Government consulted on proposals to place a cap on social housing rent increases for 2023-24, and a decision to cap rent increases at 7% has been made.
  9. Members will recall that a 2% rent increase was decided in February 2022 for the current financial year, although rents could have been increased by 4.1%. This was in recognition of the economic pressures facing our residents in the aftermath of Covid.
  10. The Council has also faced substantial financial pressures over the last 12 month particularly around inflation and the cost of materials and services to maintain our homes, the most significant increases being in roofing, door and window replacements, and general day to day repairs, with an average overall increase in cost of 8.4%. These costs are anticipated to increase by a further 6.1% in 2023/24, as detailed in the main report.
  11. Members discounted the option of CPI plus 1+ at an early stage, acknowledging this would be unaffordable for our tenants. Given the government consultation options, a 5% increase a 3% increase and a 2% increase have been considered and taking into account the current economic pressures facing our tenants and balancing this with the increased costs of maintaining and improving our housing and the need to deliver our ambitious capital and energy efficiency programmes, an increase of 5% is recommended, or an average of £3.69 each week. This is lower than CPI and lower than the Government's rent increase cap. It is also recommended to increase service charges by an appropriate inflationary amount.
  12. Council tenants have been consulted about these proposals and the outcome of this consultation is given at paragraphs 51 to 52. The proposed rent increase and spending plans received support from the Tenants Panel, although some concerns were raised by tenants about the current cost of living and whether the proposed rents would be affordable.
  13. On 7 February 2023, Cabinet considered a similar report and approved the recommendations to move forward to Council for consideration and decision.

## Recommendations

14. It is recommended that Council approve the following:-
- (a) An average weekly rent increase of 5% for 2023-24 be implemented giving an average social rent of £78.70 and affordable rent of £88.35.
  - (b) Garage rents and service charges are increased as shown in **Table 3**.
  - (c) The revenue budget at **Appendix 1** is approved.
  - (d) The Housing Business Plan at **Appendix 2** is agreed.
  - (e) The Capital programme at **Appendix 3** is approved.

## Reasons

15. The recommendations are supported by the following reasons:
- (a) To enable the Council to deliver an appropriate level of services to tenants to meet housing need and to support the economic growth of the Borough through housing development.

**Elizabeth Davison**  
**Group Director of Operations**

## Background Papers

Regulator of Social Housing - Rent Standard

Anthony Sandys: Ext 6926

S17 Crime and Disorder	There are no issues
Health and Well Being	By ensuring our housing stock is in good condition we are making a positive contribution to the health and well-being of our tenants
Carbon Impact	There are a range of energy efficiency measures included in the business plan which will have a positive carbon impact
Diversity	There are no diversity issues
Wards Affected	This will have an effect on all Wards in the Borough with Council Housing
Groups Affected	All Council tenants and Lifeline service users
Budget and Policy Framework	The issues contained within this report require Council approval and the report will be presented to Council on 17 February 2023
Key Decision	This is not a key decision for Cabinet, as the approval of Council on 17 February 2023 will be required
Urgent Decision	This is not an urgent decision for Cabinet, as the approval of Council on 17 February 2023 will be required
Council Plan	This report contributes to the Council Plan by involving Members in the plans to build new Council houses and ensuring the existing Council housing stock is maintained to a high standard and is environmentally friendly by maximising rental and service charge income
Efficiency	As the HRA is a ring fenced budget every effort is made to maximise income and identify savings in order to maintain a high quality service
Impact on Looked After Children and Care Leavers	No impact



## MAIN REPORT

### Background

16. Darlington Borough Council is the largest provider of social housing in the borough, providing 5,291 homes to local residents. Our homes offer a high standard of accommodation that meets the Decent Homes Standard and provides a range of quality services to tenants including a responsive repairs and maintenance service, lifeline services and emergency call out provision.
17. In addition, significant investment is made in our housing stock each year to maintain and improve those standards. A comprehensive capital programme delivers a range of home improvements to tenants, improves the energy efficiency of our homes to reduce our carbon impact and reduce the bills of our residents, whilst ensuring we have the financial capacity to continue with our ambitious programme of building new Council homes. Over 50% of households in Council housing have one or more person with a disability and we are therefore committed to providing good quality homes with generous space standards and lifetime homes principles to support people to live independently and maintain a good quality of life.
18. The great quality of our homes and the services provided mean they are in high demand, which is why we have an ambitious programme to build new Council homes in Darlington.
19. The key decision regarding the HRA each year is the balance between setting rent and service charge levels that are affordable to our tenants, whilst ensuring we have sufficient resources to invest in our housing stock, tackle climate change and maintain services.

### Setting the MTFP for the HRA

#### Projected HRA Expenditure for 2023-24

20. Detailed estimates have been prepared based on current service levels and the following expenditure amounts for the revenue account are proposed for 2023-24:

Area	£m	Description
Operational costs	4.441	This includes all the costs associated with the provision of our housing management, housing income, tenancy sustainment and tenancy enforcement services, central support services and other associated support costs such as ICT, buildings and insurance.
Service charges	3.654	This covers services charged to tenants such as grounds maintenance and Lifeline charges to a range of clients. All service charges are fully recoverable. It also includes recharges that will be recovered through additional income including court costs and recharges to the General Fund for grounds maintenance.

Responsive repairs and maintenance	5.539	This covers the on-going general repairs to our 5,291 Council properties, which is an average of £1,047 for each property in 2023-24. The continued investment in a good quality repairs and maintenance service is essential to maintaining the high standards of our housing stock, whilst also ensuring we meet all the statutory requirements to provide for the health and safety of our tenants.
Capital financing	3.447	Historic and ongoing cost of paying for borrowing undertaken to fund capital expenditure.
Bad debt provision	0.250	Provision to cover rents that are deemed to be unrecoverable.
Revenue contribution to the capital programme	12.609	This represents the amount by which the HRA can fund major capital works. A breakdown of the proposed Capital Programme for 2023-24 is given below in 'Housing Business Plan'.

### Housing Business Plan

21. All Housing Capital schemes are funded fully from the HRA and this section explains what future capital investment is planned. The priorities are identified through the Housing Business Plan, which is constantly reviewed to ensure investment is targeted in the area of most need. The funding proposals for 2023-24 are:

Area	£m	Description
Adaptations and lifts	0.200	This budget delivers adaptations to Council homes to enable tenants with a disability to remain in their own home and live independently. In addition, the budget also covers any unplanned works to passenger lifts within sheltered and extra care schemes.
Heating replacement	1.225	To fund new condensing boilers and central heating upgrades that are due for replacement and in addition, to any unplanned replacements required due to boiler failure before their due replacement date.
Structural works	0.400	This budget will be used to address structural issues identified within the year.
Lifeline services	0.150	This budget will to continue fund any upgrades required to Lifeline equipment.
Repairs before painting	0.060	This budget will be invested in joinery repair works in anticipation of the cyclical external painting programme.

Roofing and repointing work	1.000	This budget will fund the replacement of flat and pitched roofs and the replacement of fascia's, soffits and rainwater goods. In addition, it will also fund loft insulation work, where appropriate.
Garages	0.025	This budget will be invested in improvements to the Council's garage blocks including demolition where they are beyond economical repair.
External works	0.200	Used to provide new rear dividing fences and new footpaths to Council properties based on their condition, in various locations across the borough.
Pavements	0.032	To fund any identified work to upgrade or adapt any pavements (including requirements for dropped kerbs for Council properties) across the Borough.
Window and door replacement	1.400	To fund the window and external door replacement programme, including replacement fire doors in communal areas. This budget will also fund any window and door replacements required as a result of a responsive repair.
Internal planned maintenance (IPM)	2.760	This budget will fund kitchen and bathroom replacements that are due. This budget will also fund any kitchen and bathroom renewal works for properties as required, including any void properties that require this work before letting.
Communal works	0.150	This budget will fund any work required to communal areas and will also be used to carry out upgrades to card entry systems.
Energy efficiency improvements	1.000	This budget will continue to fund energy efficiency improvements such insulation and heating systems. This will also include any match funding required for Government energy grant bids (see the 'Climate Change' section below).
New build	15.673	This budget will continue to fund the new build Council housing programme (see the 'New Build' section below).

22. The purpose of the Housing Business Plan is to ensure that Housing Services has a sustainable medium-term financial plan, which focuses investment towards our strategic priorities. The following proposals will outline our strategic priorities and how resources will be aligned against these priorities (subject to final decisions on rent levels).

### **New Build**

23. Darlington Borough Council has set an ambitious programme to build additional new Council homes to meet increasing demand for social housing in the area. Since the programme began, 293 new Council properties have already been delivered at various

locations around Darlington, providing exceptionally high quality homes to local residents. Demand for our properties continues to be high, with over 1,100 Darlington residents on the Housing Allocations register.

24. Since the abolition of the HRA borrowing cap, we have been able to prudentially borrow and have included additional borrowing of £11.7m in 2023-24 to build new affordable homes. Our new build council housing programme is funded through capital receipts from right to buy sales, grant funding from Homes England and prudential borrowing.
25. The Housing Business Plan is funded by the rents and service charges received from Council properties and the loss of income from ongoing right to buy sales would put the Business Plan at risk if these properties were not replaced.
26. The following new build work is planned to be delivered in 2023-24:
  - (a) Phase 2 of the Sherbourne Close site is due to commence, providing an additional 14 new homes. Phase one of this site has already delivered 18 new homes.
  - (b) Work on the Skinnergate site is due to commence, delivering 15 new homes and will initially require some demolition work of existing commercial buildings.
  - (c) Work on the Neasham Road site commenced in September 2022 and will deliver 150 new homes by 2026. The first new Council homes on the site are due to be completed in 2023-24.
27. As noted previously, the new build programme for 2023-24 will partly be funded through additional borrowing. In addition, grant funding bids to Homes England's Affordable Housing Programme will also provide around 25% of the overall costs. It is difficult to predict exact grant funding levels as decisions are made by Homes England on a site by site basis, therefore grant projections are based on previous successful bids. In order to reduce financing costs, unallocated balances will be used before borrowing, however this is purely for treasury management purposes, as all new build schemes are self-financing.
28. Several new build 'pipeline' sites have been identified and are currently being worked up in more detail to enable planning permission to be sought.

### **Housing for Vulnerable People**

29. Each year, Housing Services complete a range of minor and major adaptations to individual Council properties where a need has been identified by an Occupational Therapist. Works range from the provision of lever taps and grab rails to semi-permanent ramps, stair lifts, hoists and ground floor extensions.
30. The HRA adaptations budget reflects the fundamental role adaptations play in supporting vulnerable people to continue to live independently, reducing the need for expensive care packages and prevent a premature move into residential or care accommodation. These high levels of need have also been considered in developing our new build housing programme and properties are built in accordance with Lifetime Homes standards.
31. Inexpensive features include flush door entrances at the front and rear for wheelchair access, and raised sockets, as well as low level windowsills and openings. Increased space

standards allow for hallways wide enough for 360° wheelchair turning circles, wider doors, and ground floor toilets. Occupational Therapists and Housing Officers also work closely with individuals to meet their needs where appropriate, such as bespoke lowered kitchens and specific bathing requirements before they move in, wherever possible.

### **Existing Stock Investment and Responsive Repairs**

32. In accordance with good practice, our housing stock is surveyed by an independent specialist organisation every five years and detailed analysis of the data takes place to help inform our priorities. Overall, our properties have been assessed as being in good condition, reflecting our significant annual investment as part of a structured programme for both on-going capital improvements and responsive repairs and maintenance. A new stock condition survey is currently taking place and data from this will continue to shape our Business Plan and energy efficiency priorities.
33. All of our properties reached the basic Decent Homes Standard in 2006 and continue to do so. This can be largely attributed to a central heating programme providing A-rated combi-boilers and a planned maintenance programme which ensures properties benefit from cavity wall insulation and 300mm of loft insulation. Properties have also been targeted in recent years for a more comprehensive package of energy efficiency measures including double glazed UPVC windows, composite doors and loft insulation.
34. The Housing Business Plan identifies a capital works budget of around £76m over the next four years and £477m budget for capital works over the next 30 years, including the New Build Programme (see **Appendix 2**).
35. The Business Plan also anticipates the number of responsive repairs will remain at current levels, with an annual inflationary increase for costs and so allocates a budget of £24m for responsive repairs and maintenance over the next four years.

### **Climate Change**

36. We are committed to improve the energy efficiency of our homes, reduce our carbon impact and help tackle climate change and reduce tenant's fuel bills. However, significant investment is required to achieve Government targets to ensure all of our homes:
  - (a) Achieve a minimum Energy Performance Certificate (EPC) rating of C by 2030.
  - (b) Achieve a net zero carbon rating by 2050.
37. An independent consultant was commissioned in 2022 to produce a zero carbon study and our zero carbon plan, to retrofit our housing stock to meet Government targets over the next 30 years. The full cost of retrofitting all properties is difficult to determine at this stage, but estimates are in excess of £100m. The study recognised that the majority of this amount will need to come from Government funding.
38. The Council has already committed £1m of capital expenditure to tackle climate change in 2022-23 and this has been supplemented with Government funding from successful bids through the Local Authority Delivery (LAD) scheme and the Social Housing Decarbonisation Fund (SHDF) to deliver improvements to Council homes as follows:

- (a) The LAD(1b) scheme delivered loft insulation and double glazed windows to 709 Council homes using £1.26m of Government funding and £0.71m of capital expenditure.
  - (b) The LAD(2) scheme delivered Air Source Heat Pumps, Smart heating controls, loft insulation and solar panels to 28 Council homes using £0.26m of Government funding and £0.07m of capital expenditure.
  - (c) The SHDF (wave 1) scheme is currently delivering external and cavity wall insulation, Air Source Heat Pumps, loft insulation and solar panels to 23 Council homes using £0.25m of Government funding and £0.25m of capital expenditure.
  - (d) The SHDF (wave 2) scheme (currently awaiting approval) is proposing to deliver external and cavity wall insulation, solar panels, loft insulation, double glazing and low energy lighting to 130 Council homes using £1.2m of Government funding and £1.2m of capital expenditure.
39. In addition, all single glazed windows in Council properties are currently being replaced with double glazing and this work will be completed in 2023. A further £1m investment is recommended for each year in the HRA MTFP, which will help to deliver the following improvements:
- (a) Replacing timber front and back doors with composite doors.
  - (b) Improvements to external wall insulation.
  - (c) Installation of solar panels and air source heat pumps.
  - (d) Loft insulation upgrades as part of our roofing and IPM programmes.
40. All Government funding bids require match funding from the Council. Our initial objective is to ensure the EPC rating for all our Council homes is at a minimum of C. Over 3,400 Council properties currently have an EPC rating of D or lower, although it is recognised that many of these properties just fall short of an EPC rating of C where minimal investment is required to achieve this. Our zero carbon plan, currently being developed, will identify what actions are required from 2023-24 onwards to deliver this.

## **Income**

### **Rents**

41. All registered providers of social housing (including Councils) must set rents in accordance with the Government's Rent Standard guidance. The guidance allows social housing providers to increase rents, usually by CPI plus 1%, which means for 2022-23, Councils would have the discretion to increase rents by up to 11.1%.
42. However, the Government consulted on proposals to place a cap on social housing rent increases for 2023-24, and a decision to cap rent increases at 7% has been made.

43. Members will recall that a 2% rent increase was decided in February 2022 for the current financial year, although rents could have been increased by 4.1%. This was in recognition of the economic pressures facing our residents in the aftermath of Covid.
44. The Council has faced substantial financial pressures over the last 12 month around inflation, energy and the rising cost of materials and services to maintain our homes, the most significant increases being in roofing, door and window replacements, and responsive day to day repairs, with an average overall increase in costs of 8.4% (see **Table 1**). These costs are anticipated to increase by a further 6.1% in 2023/24, as shown in **Table 2** below.

**Table 1: Cost increases 2022-23**

Item	Average cost 21-22	Average cost 22-23	Estimated properties	Total cost 21-22	Total cost 22-23	Percentage increase
Roofing	£6,569	£8,000	100	£656,900	£800,000	21.8%
Kitchen / bathroom	£8,782	£9,329	220	£1,932,040	£2,052,380	6.2%
Heating	£3,387	£3,600	200	£677,400	£720,000	6.3%
External doors	£595	£737	230	£136,850	£169,510	23.9%
Windows	£2,700	£3,000	250	£675,000	£750,000	11.1%
Painting	£250	£255	1,000	£250,000	£255,000	2.0%
Responsive repairs and maintenance	£159	£170	25,000	£3,975,000	£4,250,000	6.9%
<b>Total</b>				<b>£8,303,190</b>	<b>£8,996,890</b>	<b>8.4%</b>

**Table 2: Estimated cost increases 2023-24**

Item	Total cost 22-23	Estimated total cost 23-24	Percentage increase
Roofing	£800,000	£880,000	10.0%
Kitchen / bathroom	£2,052,380	£2,169,389	5.7%
Heating	£720,000	£759,056	5.4%
External doors	£169,510	£181,351	7.1%
Windows	£750,000	£833,250	11.1%
Painting	£255,000	£280,245	9.9%
Responsive repairs and maintenance	£4,250,000	£4,440,512	4.5%
<b>Total</b>	<b>£8,996,890</b>	<b>£9,543,803</b>	<b>6.1%</b>

45. The option of CPI plus 1+ was discounted at an early stage acknowledging this would be a significant pressure on tenants. Given the government consultation, a number of options were considered including a 5% increase, a 3% increase and a 2% increase for 2023-24. The Council recognises that the last 18 month have been a difficult time for all our tenants and in the current economic climate the pressures on fuel and price inflation in general puts a strain on family finances. Conversely, rising prices also means the cost of repairs, maintenance, contractor and material costs to maintain and invest in our stock are also increasing. Without any rise, there would be an impact on our ability to maintain and

invest in our tenant's homes and the ability to implement the required energy efficiency measures to tackle climate change. It is worth noting that over 70% of our tenants will have their rent and most service charges covered by Universal Credit or Housing Benefit payments. This means that the full amount of any increase will be covered by those benefits.

46. Taking into account the current economic pressures facing our tenants, the recent increase in CPI and balancing this with the need to deliver our ambitious capital and energy efficiency programmes, an increase of 5% is recommended for 2023-24, an average of £3.69 each week. This is lower than CPI and lower than the Government's rent increase cap. It is also recommended to increase service charges by an appropriate inflationary amount. The proposed increases reflect the rising cost of wages, building materials and contracted services. Examples of the proposed weekly rent charges for 2023-24 are given at **Appendix 4**.
47. In addition to the income from rent and service charges, in 2023-24 we plan to borrow an additional £11.7m to help fund our new build programme. This will be supplemented with grants from Homes England, which usually cover around 25% of the new build costs. We also plan to continue to bid for Government funding through the SHDF to improve the energy efficiency of our homes and reduce our carbon impact.

#### **Garage Rents and Service Charges**

48. The proposed service charges shown at **Table 3** below and achieves full recovery of costs from those tenants who directly benefit from the services provided. In most cases, this means an inflationary increase is necessary that either matches or is below CPI but in some instances, a higher increase is needed to maintain current levels of service and these are detailed below:
  - (a) Heating – The heating charge for sheltered and extra care schemes covers the cost of heating the individual apartments, as well as the communal areas of the schemes. The heating charge for blocks of apartments only covers the cost of heating the communal areas. The price of gas over the past 12 months for these buildings, has increased by 43% and is estimated by NEPO (North East Procurement Organisation) to increase by a further 263% in 2023-24. The service charges for 2023-24 have been adjusted to reflect these increases. However, if the actual heating costs are lower than these forecasts in 2023-24, the service charge will be amended to reflect this change.
  - (b) Lifeline – The Lifeline service charges have been increased to take into account a re-grading of Lifeline staff following a job evaluation exercise, which has increased the cost of salaries to run the service. In addition, all Lifeline equipment (assistive technology and personal alarms) will need to be replaced over the next 3 years to ensure that it continues to operate under the national switch from analogue to digital telephony services by 2025. The Lifeline charge for sheltered and extra care schemes also includes the electricity costs relating to communal areas (lighting and other equipment). The price of electricity over the past 12 months for these buildings, has increased by 118% and is estimated by NEPO to increase by a further 142% in 2023-24. These costs and charges will be reviewed in 2023-24 (in line with the heating charges above).



49. Any additional costs will be covered by Housing Benefit or Universal Credit for the approximate 70% of tenants who are eligible. The HRA funds a Tenancy Sustainment Service and Income Management Team to address the financial challenges facing a significant number of Council tenants. Referrals are also made to CAB for independent financial advice as well as to food banks and furniture recycling schemes. Those tenants, particularly first-time tenants who require more sustained intensive support, will be referred to the Housing Plus Team.

**Table 3: Garage Rents and Service Charges**

Description	Current Weekly Charge (22-23)	Proposed Weekly Charge (23-24)	Percentage increase
	£	£	%
Garage Rents	8.33	8.74	5
Building Cleaning – Blocks of Flats	2.11	2.30	9
Building Cleaning – Sheltered and Extra Care Schemes	3.86	4.09	6
Building Cleaning – Extra Care Schemes	13.74	14.56	6
Grounds Maintenance – General Housing	1.80	2.06	14
Grounds Maintenance – Blocks of Apartments	1.80	2.06	14
Heating – Sheltered and Extra Care Schemes	12.86	42.88	233
Heating – Blocks of Apartments	1.70	6.21	266
Administration – Leaseholders	1.81	1.99	10
Furnishings and Fittings – Sheltered and Extra Care Schemes	2.30	2.42	5
Furnishings and Fittings – Good Neighbour Schemes	1.06	1.11	5
Lifeline Response	6.27	7.58	21
Lifeline – Sheltered and Extra Care Schemes	18.96	27.59	46
Pavement Crossings and Hard standings	4.50	4.72	5
Mid-day Meals – Extra Care Schemes (Residents only)	40.56	45.43	12
Mid-day Meals – Extra Care Schemes (Non-Residents only)	48.67	54.51	12
Guest Rooms in Sheltered Schemes	89.06	98.85	11
Door Entry Systems	0.82	0.86	5
TV Aerials	0.20	0.24	19
Housing Plus Service	19.78	20.62	4

### Consultation

50. The Annual Review of the HRA Business Plan, together with the recommendation to increase rents and service charges is developed in consultation with Council tenants through our Tenants Panel and tenant surveys. Consultation on the proposals for 2023-24 has taken place during December 2022 and January 2023.

### Outcome of Consultation

51. The Tenants Panel were consulted about the proposals in December 2022, with the Panel fully supporting the proposed rent increase of 5%. They appreciate that the proposed increase is less than the maximum rent cap allowance and that it is an acceptable level to

increase rents by. The Panel also supports the spending priorities for 2023-24 and the energy efficiency work planned to help reduce tenant's energy bills. The Panel's comments included the following:

- (a) "The rent increase is understandable; things have to go up and always will. DBC always explains why the prices are increasing and what the money will be spent on, but I particularly like that the money will be spent on warming people's homes this year."
- (b) "In general, I am happy with the percentage...it seems in line with everything and, although it is more than previously, I have no issues with this."
- (c) "I did think that the increase would be somewhere between 5% and 7%, so this increase is acceptable. Darlington has a few services, so an increase needs to be factored in at some point."
- (d) "Although the rent increase is larger than in previous years, it is still a lot smaller and more affordable than private renting. We all knew that it was going to go up but that is in line with the cost of living; you are seeing it everywhere. It looks like next year is going to be a lot better....and it looks like the money is being spent wisely."

52. An on-line consultation on the proposals was also conducted with Council tenants, which closed in January 2023. 50 responses were received and a summary of those responses is set out below:

- (a) 44% of respondents agreed with the 5% rent increase. Those that didn't agree cited the cost of living and that everything else was going up, which could make the proposed increase unaffordable.
- (b) 64% of respondents agreed that the increase is necessary for us to maintain services and invest in our homes.
- (c) 62% of respondents agreed with the spending proposals.
- (d) 74% of respondents agreed that the rent is affordable.

### **Financial Implications**

- 53. The estimates included in this report represent a fair view of ongoing plans and commitments although Members will appreciate some budgets are subject to volatility and will continue to be monitored closely.
- 54. With the proposed increase in rents, the expenditure plans presented are affordable and the level of revenue balances projected in this report represent an adequate level of risk.

## HOUSING REVENUE ACCOUNT – REVENUE BUDGET

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
<b><u>Income</u></b>				
Rents of Dwellings (Gross)	(21,964)	(23,328)	(24,342)	(24,967)
Sundry Rents (Including Garages and Shops)	(422)	(498)	(514)	(530)
Charges For Services and Facilities	(3,654)	(4,091)	(4,272)	(4,479)
Contribution towards expenditure	(928)	(966)	(980)	(994)
Interest Receivable	(6)	(6)	(6)	(6)
<b>Total Income</b>	<b>(26,974)</b>	<b>(28,889)</b>	<b>(30,114)</b>	<b>(30,976)</b>
<b><u>Expenditure</u></b>				
Operational Costs	4,441	4,719	4,871	5,009
Service Charges	3,654	4,091	4,272	4,479
Capital Financing Costs	3,447	3,926	4,371	4,337
Bad Debt Provision	250	263	270	278
Responsive Repairs and Maintenance	5,539	5,818	5,992	6,335
Revenue Contribution to Capital (RCCO)	12,609	12,150	12,097	9,381
Contribution to/(from) balance	(2,966)	(2,077)	(1,760)	1,157
<b>Total Expenditure</b>	<b>26,974</b>	<b>28,889</b>	<b>30,114</b>	<b>30,976</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Opening balance</b>	<b>11,811</b>	<b>8,845</b>	<b>6,768</b>	<b>5,008</b>
<b>Contribution to/(from) balance</b>	<b>(2,966)</b>	<b>(2,077)</b>	<b>(1,760)</b>	<b>1,157</b>
<b>Closing balance</b>	<b>8,845</b>	<b>6,768</b>	<b>5,008</b>	<b>6,165</b>
<b>Estimated closing dwelling numbers</b>	<b>5,291</b>	<b>5,324</b>	<b>5,400</b>	<b>5,471</b>
<b>Closing balance for each dwelling</b>	<b>£1,671.76</b>	<b>£1,271.21</b>	<b>£927.41</b>	<b>£1,126.94</b>

**30 YEAR HOUSING BUSINESS PLAN 2023/24 - 2052/53**

	<b>Years 1-10 (£000)</b>	<b>Years 11-20 (£000)</b>	<b>Years 21-30 (£000)</b>	<b>Total Spend (£000)</b>
Adaptations and Lifts	2,354	3,171	4,262	9,787
Communal Works	1,765	2,378	3,269	7,412
Decoration following IPM	408	862	1,170	2,440
External Works (footpaths, fencing, etc.)	2,405	3,264	4,453	10,122
Garages	509	748	983	2,240
Heating Replacements	14,379	19,368	26,618	60,365
Internal Planned Maintenance (IPM)	32,716	50,062	66,435	149,213
Repairs before painting	730	986	1,296	3,012
Roofing and Repointing Work	8,169	9,911	13,520	31,600
Structural Works	4,707	6,342	8,716	19,765
Lifeline Services	1,765	2,378	3,269	7,412
Energy Efficiency	28,509	38,484	51,937	118,929
Professional Fees	3,574	4,794	6,844	15,212
Pavements	383	517	711	1,611
New Build	38,357	0	0	38,357
<b>Total expenditure</b>	<b>140,730</b>	<b>143,264</b>	<b>193,483</b>	<b>477,477</b>

**HOUSING REVENUE ACCOUNT – CAPITAL PROGRAMME**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	£000's	£000's	£000's	£000's
<b>Scheme / Project</b>				
Adaptations and Lifts	200	212	218	225
Heating Replacement	1,225	1,295	1,334	1,374
Structural Works	400	424	437	450
Lifeline Services	150	159	164	169
Repairs before painting	60	66	68	70
Roofing	1,000	1,100	683	703
Garages	25	27	52	53
External Works	200	210	221	232
Pavements	32	34	36	37
Window and Door Replacement	1,400	1,484	1,558	1,605
Internal Planned maintenance	2,760	2,898	3,043	3,134
Energy Efficiency	1,000	1,060	1,092	1,125
Communal Works	150	159	164	169
New build (net of HE grant)	15,673	11,546	11,138	0
Fees	310	326	333	340
<b>Total spend</b>	<b>24,585</b>	<b>20,999</b>	<b>20,538</b>	<b>9,684</b>
<b>Resourced by:</b>				
Capital Receipts	303	303	303	303
RCCO	12,609	12,150	12,097	9,381
Additional Borrowing	11,673	8,546	8,138	0

## Appendix 4

Examples of Weekly Rent Changes for 2023/24						
Area		Property Type	Approved Rent 2022/23	Proposed Rent 2023/24	Increase between 22/23 & 23/24 £	Increase between 22/23 & 23/24 %
<b>Middleton St George</b>						
	Mount Pleasant Close	1 Bedroom Bungalow	85.00	89.25	4.25	5.0%*
	Pounteys Close	2 Bedroom House	79.54	83.52	3.98	5.0%
	Thorntree Gardens	3 Bedroom House	90.74	95.27	4.54	5.0%
<b>Cockerton</b>						
	Newton Court	1 Bedroom Flat	65.69	68.98	3.28	5.0%
	Elvet Place	2 Bedroom House	76.93	80.78	3.85	5.0%
	Minors Crescent	3 Bedroom House	82.88	87.03	4.14	5.0%
<b>Haughton</b>						
	Ted Fletcher Court	1 Bedroom Flat	66.24	69.56	3.31	5.0%
	Lyonette Road	2 Bedroom Flat	75.03	78.78	3.75	5.0%
	Nightingale Avenue	1 Bedroom Bungalow	79.72	83.71	3.99	5.0%*
	Rockwell Avenue	2 Bedroom House	78.94	82.89	3.95	5.0%
	Dunelm Walk	3 Bedroom House	88.25	92.67	4.41	5.0%
<b>Branksome</b>						
	Branksome Hall	1 Bedroom Flat	65.79	69.08	3.29	5.0%
	Whitby Way	1 Bedroom Bungalow	72.77	76.41	3.64	5.0%
	Malvern Crescent	2 Bedroom House	75.46	79.24	3.77	5.0%
	Rosedale Crescent	3 Bedroom House	85.79	90.08	4.29	5.0%
	Sherborne Close	2 Bedroom Flat	90.92	95.46	4.55	5.0%*
<b>Lascelles</b>						
	Coxwold House	1 Bedroom Flat	65.03	68.28	3.25	5.0%
	Gilling Crescent	2 Bedroom Flat	72.52	76.14	3.63	5.0%
	Aldbrough Walk	2 Bedroom House	85.38	89.65	4.27	5.0%*
	Caldwell Green	3 Bedroom House	82.39	86.51	4.12	5.0%
	Fenby Avenue	3 Bedroom House	102.78	107.92	5.14	5.0%*
<b>Bank Top</b>						
	Graham Court	1 Bedroom Flat	66.21	69.52	3.31	5.0%
	Graham Court	3 Bedroom House	94.27	98.99	4.71	5.0%*
<b>Redhall</b>						
	Bramall House	1 Bedroom Flat	79.08	83.03	3.95	5.0%*
	Aviemore Court	2 Bedroom Flat	69.85	73.35	3.49	5.0%
	Murrayfield Way	1 Bedroom Bungalow	67.35	70.72	3.37	5.0%
	Aintree Court	2 Bedroom House	71.40	74.97	3.57	5.0%
	Aintree Court	3 Bedroom House	93.80	98.49	4.69	5.0%*
<b>Eastbourne</b>						
	West Moor Road	1 Bedroom Flat	62.40	65.52	3.12	5.0%
	Tansley Gardens	2 Bedroom Flat	69.49	72.97	3.47	5.0%
	Firthmoor Crescent	2 Bedroom House	72.37	75.99	3.62	5.0%
	Brignall Moor Crescent	3 Bedroom House	78.34	82.25	3.92	5.0%
<b>Skerne Park</b>						
	Trent Place	2 Bed House	73.18	76.84	3.66	5.0%
	Humber Place	3 Bed House	79.08	83.03	3.95	5.0%
<b>Parkside</b>						
	Wordsworth Road	1 Bedroom Flat	66.30	69.61	3.31	5.0%
	Shakespeare Road	2 Bedroom House	82.94	87.08	4.15	5.0%*
	Ruskin Road	3 Bedroom House	86.61	90.94	4.33	5.0%
* Affordable rent properties - these rents include applicable service charges.						

**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2023/24**

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**Responsible Cabinet Member -  
Councillor Scott Durham, Resources Portfolio**

**Responsible Director -  
Elizabeth Davison, Group Director of Operations**

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## **SUMMARY REPORT**

### **Purpose of the Report**

1. This report requests Council to review the following prior to approval and adoption:
  - (a) The Prudential Indicators and Limits for 2023/24 to 2025/26 relating to capital expenditure and Treasury Management activity.
  - (b) A policy statement relating to the Minimum Revenue Provision.
  - (c) The Treasury Management Strategy 2023/24, which includes the Annual Investment Strategy for 2023/24
2. The report outlines the Council's prudential indicators for 2023/24 – 2025/26 and sets out the expected treasury operations for this period. It fulfils key legislative and guidance requirements:
  - (a) The reporting of the **prudential indicators** setting out the expected capital activities and treasury management prudential indicators included as treasury indicators in the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice
  - (b) The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year.
  - (c) The **treasury management strategy** statement which sets out how the Council's treasury service will support capital decisions taken above, the day to day treasury management and the limitations on activity through treasury prudential indicators.
  - (d) The key indicator is the **authorised limit**, the maximum amount of debt the Council could afford in the short term, but which is not sustainable in the longer term.

- (e) The **investment strategy** which sets out the Council's criteria for choosing the investment counterparties and limiting exposures to the risk of loss.
3. The information contained in the report regarding the Councils expenditure plans, Treasury Management and Prudential Borrowing activities indicate that they are:
- (a) Within the statutory framework and consistent with the relevant codes of practice.
  - (b) Prudent, affordable and sustainable.
  - (c) An integral part of the Council's Revenue and Capital Medium Term Financial Plans.

### **Recommendation**

4. It is recommended that Council examine the following and approve:
- (a) The Prudential Indicators and limits for 2023/24 to 2025/26 summarised in Tables 1 and 2.
  - (b) The Minimum Revenue Provision (MRP) statement (paragraphs 36 – 43).
  - (c) The Treasury Management Strategy 2023/24 to 2025/26 as summarised in paragraphs 47 to 73.
  - (d) The Annual Investment Strategy 2023/24 contained in paragraphs 74 to 106.

### **Reasons**

5. The recommendations are supported by the following reasons:
- (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities and the Department for Levelling Up, Housing & Communities (DLUHC) guidance on investments.
  - (b) To comply with the requirements of the Local Government Act 2003.
  - (c) To approve a framework for officers to work within when making investment decisions.

**Elizabeth Davison**  
**Group Director of Operations**

### **Background Papers**

- (i) Annual Draft Statement of Account 2021/22
- (ii) Draft MTFP (incl Capital MTFP 2023/24 to 2026/27)
- (iii) Draft Capital Strategy
- (iv) Link Asset Services Economic Report Dec 2022



S17 Crime and Disorder	This report has no implications for S 17 Crime and Disorder.
Health and Well Being	This report has no implications for the Council’s Health and Well being agenda.
Carbon Impact and Climate Change	This report has no implications for the Council’s Carbon Emissions.
Diversity	This report has no implications for the Council’s Diversity agenda.
Wards Affected	All Wards
Groups Affected	All Groups
Budget and Policy Framework	This report must be considered by Council.
Key Decision	This is not an executive decision
Urgent Decision	For the purposes of call in this report is not an urgent decision.
Council Plan	This report has no particular implications for the Council Plan.
Efficiency	The report refers to actions taken to reduce costs and manage risks.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers.

## MAIN REPORT

### Information and Analysis

#### Background

6. CIPFA defines treasury management as:

*“The management of the local authority’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.”*

7. 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 risk appetite, providing adequate liquidity initially before considering investment return
8. The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

9. The contribution the treasury management function makes to the Council 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.
10. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

## **Reporting requirements**

### **Capital Strategy**

11. The 2017 CIPFA Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:
  - (a) A high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
  - (b) An overview of how the associated risk is managed
  - (c) The implications for future financial sustainability.
12. The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The Capital Strategy is reported separately to Council on an annual basis.

### **Treasury Management Reporting**

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

### **Prudential and Treasury Indicators and Treasury Strategy (this report)**

14. The first, and most important report is forward looking and covers:
  - (a) The capital plans (including prudential indicators);
  - (b) A minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - (c) The treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and

- (d) An investment strategy, (the parameters on how investments are to be managed).

### **A Mid-Year Treasury Management Report**

- 15. This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether the treasury function is meeting the strategy or whether any policies require revision.

### **An Annual Treasury Report**

- 16. This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- 17. These reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

### **Treasury Management Strategy for 2023/24**

- 18. The strategy for 2023/24 covers two main areas:
  - (a) Capital Issues:
    - (i) The capital expenditure plans and the prudential indicators;
    - (ii) The minimum revenue provision (MRP) policy.
  - (b) Treasury Management Issues:
    - (i) The current treasury position;
    - (ii) Treasury indicators which will limit the treasury risk and activities of the Council;
    - (iii) Prospects for interest rates;
    - (iv) The borrowing strategy;
    - (v) Policy on borrowing in advance of need;
    - (vi) Debt rescheduling;
    - (vii) The investment strategy;
    - (viii) Creditworthiness policy; and
    - (ix) Policy on use of external service providers.
- 19. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, DLUHC MRP Guidance, the CIPFA Treasury Management Code and the MHCLG Investment Guidance.

20. A summary of the key prudential indicators and limits are contained in Tables 1 and 2 and further details are contained further on in this report.

**Table 1 – Capital Expenditure and Borrowing**

	<b>2022/23 Revised</b>	<b>2023/24 Estimated</b>	<b>2024/25 Estimated</b>	<b>2025/26 Estimated</b>
Capital Expenditure Tables 3 and 4	67.609	45.493	32.499	32.868
Capital financing requirement - Table 5	230.542	235.933	241.167	241.643
Ratio of financing costs to net revenue stream – General Fund See paragraph 45 - Table 6	2.14%	3.82%	3.85%	3.76%
Ratio of financing costs to net revenue stream –HRA See paragraph 45 - Table 6	14.79%	12.78%	13.59%	14.51%
Operational boundary for external debt - Table 9	171.424	183.077	193.722	204.361
Authorised limit for external debt - Table 10	242.069	247.730	253.225	253.725

**Table 2 – Treasury Management**

	<b>2023/24 Upper Limit</b>	<b>2024/25 Upper Limit</b>	<b>2025/26 Upper Limit</b>
<b>Limits on fixed interest rates</b>	100%	100%	100%
<b>Limits on variable interest rates</b>	40%	40%	40%
<b>Maximum principal sums invested &gt; 364 days</b>	£50m	£50m	£50m
<b>Maturity Structure of fixed interest rate borrowing 2023/24</b>			
	<b>Lower Limit</b>	<b>Upper Limit</b>	
Under 12 months	0%	40%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

**Training**

21. 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. Training was undertaken by a number of Members during 2 sessions held in September 2021 and

further training will be arranged as required. The training needs of treasury management officers are periodically reviewed.

### Treasury Management Consultants

22. The Council uses Link Group, Treasury solutions as its external treasury management advisors. The Council recognises that responsibility for treasury decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service provider. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisors.
23. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The officers of the Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subject to regular review.

### The Capital Prudential Indicators 2023/24– 2025/26

24. 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.

### Capital Expenditure

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

**Table 3 Capital Expenditure**

	<b>2022/23 Revised £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>
General Fund	47.230	20.874	11.50	12.330
HRA	14.266	24.585	20.999	20.538
<b>Estimated Capital Expenditure</b>	<b>61.496</b>	<b>45.459</b>	<b>32.499</b>	<b>32.868</b>
Loans to Joint Ventures	6.113	0.034	0.000	0.000
<b>Total</b>	<b>67.609</b>	<b>45.493</b>	<b>32.499</b>	<b>32.868</b>

26. The financing need above excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.
27. The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

**Table 4 Financing of the Capital Programme**

	<b>2022/23 Revised £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>
General Fund	47.230	20.874	11.50	12.330
HRA	14.266	24.585	20.999	20.538
Loans to Joint Ventures	6.113	0.034	0.000	0.000
<b>Total Capital</b>	<b>67.609</b>	<b>45.493</b>	<b>32.499</b>	<b>32.868</b>
<b>Financed by:</b>				
Capital receipts -General Fund	1.295	2.950	2.060	0.000
Capital receipts - Housing	0.000	0.303	0.303	0.303
Capital grants	40.819	7.890	7.290	6.290
JV Repayments	4.573	2.260	1.300	5.950
Self-financing - GF	0.000	6.400	2.100	6.000
Revenue Contributions (Housing)	14.266	12.609	12.150	12.097
<b>Total excluding borrowing</b>	<b>60.953</b>	<b>32.412</b>	<b>25.203</b>	<b>30.640</b>
<b>Net financing need for the year</b>	<b>6.656</b>	<b>13.081</b>	<b>7.296</b>	<b>2.228</b>

**The Council's Borrowing Need (the Capital Financing Requirement)**

28. The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.
29. 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 assets' life, and so charges the economic consumption of capital assets as they are used.
30. The CFR includes any other long-term liabilities (e.g. PFI schemes & finance leases) brought onto the balance sheet. 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 £21.398m of such schemes within the CFR.
31. The Committee is asked to approve the CFR projections below:

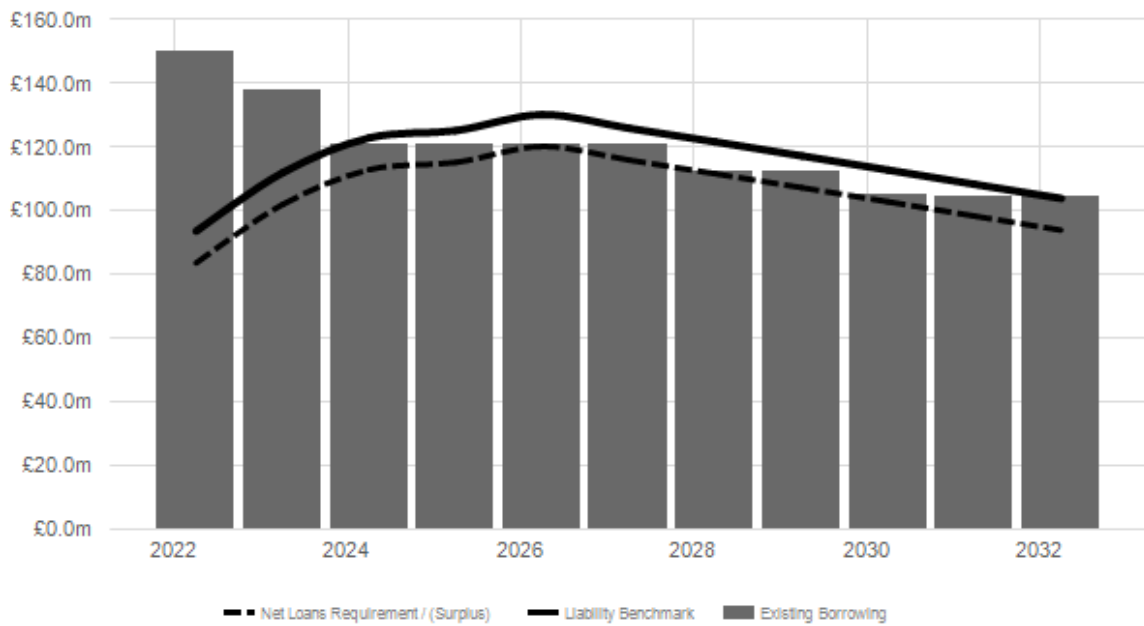
**Table 5 – CFR Projections**

	2022/23 Revised £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
CFR – General Fund	130.331	128.723	126.205	123.752
CFR – PFI and Finance leases	21.398	21.051	20.696	20.335
CFR - housing	67.225	76.798	86.205	95.445
CFR - Loans to JV's	11.588	9.361	8.061	2.111
<b>Total CFR</b>	<b>230.542</b>	<b>235.933</b>	<b>241.167</b>	<b>241.643</b>
<b>Movement in CFR</b>		<b>5.391</b>	<b>5.234</b>	<b>0.476</b>

**Liability Benchmark**

32. A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

Consolidated Liability Benchmark



33. There are three components to the Liability Benchmark:-

- (a) **Existing borrowing (loan debt outstanding):** the Council’s existing loans that are still outstanding in future years.
- (b) **Net loans requirement (Forecast Net Loans Debt):** this will show the Council’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.
- (c) **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short -term liquidity allowance.

34. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.
35. CIPFA recommends that the optimum position for external borrowing should be at the level of the Liability Benchmark (i.e., all balance sheet resources should be used to maximise internal borrowing). If the outputs show future periods where external loans are less than the Liability Benchmark, then this indicates a borrowing requirement thus identifying where the authority is exposed to interest rate, liquidity and refinancing risks. Conversely where external loans exceed the Liability Benchmark then this will highlight an overborrowed position which will result in excess cash in the organisation requiring investment thus exposing the authority to credit and reinvestment risks and a potential cost of carry

### **MRP Policy Statement**

36. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP). It is also allowed to undertake additional voluntary payments if desired (voluntary revenue provision - VRP).
37. DLUHC regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.
38. It is proposed that Darlington Borough Council's MRP policy statement for 2023/24 will be:
  - (a) For Capital expenditure incurred before 1 April 2008 and expenditure which was granted through credit approvals since that date MRP will be calculated on an annuity basis (2%) over 50 years or the useful life of the asset.
  - (b) Capital Expenditure from 1 April 2008 for all unsupported borrowing MRP will be based on the estimated life of the assets, repayments will be on an annuity basis (2%)
  - (c) Repayments relating to the PFI scheme will be based on the life of the asset of 60 years from 1 April 2008 on an annuity basis (2%).
39. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.
40. Repayments included in annual PFI or finance leases are applied as MRP.
41. For capital expenditure on loans to third parties where the principal element of the loan is being repaid in instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.



42. **MRP Overpayments** - A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.
43. Cumulative VRP overpayments made to date are £0.500m.

**Affordability Prudential Indicators**

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

**Estimates of the ratio of financing costs to net revenue stream**

45. 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.

**Table 6 - Ratio of financing costs to net revenue stream**

	<b>2022/23 Revised</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>
General Fund	2.14%	3.82%	3.85%	3.76%
HRA	14.79%	12.78%	13.59%	14.51%

46. The estimates of financing costs include current commitments and the proposals in this year’s MTFP report.

**Treasury Management Strategy**

**Borrowing**

47. The capital expenditure plans set out in the previous paragraphs provide details of the service activity of the Council. The treasury management function ensures that the Council’s cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity 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.

**Under Borrowing position**

48. Over the last ten years the Council had maintained an underborrowed position i.e. the amount of our gross external borrowing has been less than our balance sheet Capital Financing Requirement. This strategy has served the Council well in a period where

returns on investment have been low and borrowing costs have been relatively high. This has also meant that we have had less in the form of investments and so reduced counterparty risk. To support the MTFP it was agreed that longer term investments would be pursued as these would give a return over and above the cost of any additional borrowing that would be taken. Following due diligence the Council has 3 Property Funds with £10 million in each fund and these are expected to bring a gross return of around 3.50% (1.09% net) over the life of the MTFP. Additional borrowing of £25m was undertaken which resulted in the underborrowed position being reduced.

### Current Portfolio Position

49. The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 December 2022 are shown below for both borrowings and investments.

**Table 7 – Treasury Portfolio**

TREASURY PORTFOLIO				
	Actual 31/03/2022 £m's	Actual 31/03/2022 %	Current 31/12/2022 £m's	Current 31/12/2022 %
<b>Treasury Investments</b>				
Banks	12.000	18.9	16.000	27.9
local authorities	5.000	7.9	0.000	0.0
money market funds	16.400	25.9	11.300	19.7
<b>Total managed in house</b>	<b>33.400</b>	<b>52.7</b>	<b>27.300</b>	<b>47.6</b>
Property funds	29.999	47.3	29.999	52.4
<b>Total managed externally</b>	<b>29.999</b>	<b>47.3</b>	<b>29.999</b>	<b>52.4</b>
<b>Total treasury investments</b>	<b>63.399</b>	<b>100.0</b>	<b>57.299</b>	<b>100.0</b>
<b>Treasury external borrowing</b>				
local authorities	13.000	8.7	17.000	11.9
PWLB	123.982	82.9	113.482	79.3
LOBO's	12.600	8.4	12.600	8.8
<b>Total external borrowing</b>	<b>149.582</b>	<b>100.0</b>	<b>143.082</b>	<b>100.0</b>
<b>Net treasury borrowing</b>	<b>86.183</b>		<b>85.783</b>	

50. The Council's expected treasury portfolio position at 31 March 2022, with forward projections is summarised below at Table 8. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

**Table 8 - Gross Borrowing to CFR**

	<b>2022/23 Revised £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>
Debt at 31 March	136.438	150.665	162.965	179.915
Loans to Joint Ventures	11.588	9.361	8.061	2.111
Other long-term liabilities (OLTL)	21.398	21.051	20.696	20.335
<b>Gross Actual debt at 31 March</b>	<b>169.424</b>	<b>181.077</b>	<b>191.722</b>	<b>202.361</b>
<b>The Capital Financing Requirement from Table 5</b>	<b>230.542</b>	<b>235.933</b>	<b>241.167</b>	<b>241.643</b>
<b>Under / (over) borrowing</b>	<b>61.118</b>	<b>54.856</b>	<b>49.445</b>	<b>39.282</b>

51. 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 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that the borrowing is not undertaken for revenue or speculative purposes.
52. The Group Director of Operations reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This takes into account current commitments, existing plans, and proposals within this budget report.

### **Treasury Indicators: Limits to Borrowing Activity**

#### **The Operational Boundary**

53. 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.

**Table 9 - Operational Boundary**

	<b>2022/23 Revised £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>
Debt from Table 8 (incl JV's)	148.026	160.026	171.026	182.026
Other long-term liabilities	21.398	21.051	20.696	20.335
Prudential Borrowing for leasable assets	1.000	1.000	1.000	1.000
Prudential Borrowing under Directors Delegated Powers	1.000	1.000	1.000	1.000
<b>Operational Boundary</b>	<b>171.424</b>	<b>183.077</b>	<b>193.722</b>	<b>204.361</b>

### The Authorised Limit for external debt

54. This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by 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:
55. 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.
56. The Council is asked to approve the following Authorised Limit:

**Table 10 – Authorised Limit**

	<b>2022/23 Revised £m</b>	<b>2023/24 Estimate £m</b>	<b>2024/25 Estimate £m</b>	<b>2025/26 Estimate £m</b>
CFR	230.542	235.933	241.167	241.643
Additional Headroom @ 5%	11.527	11.797	12.058	12.082
<b>Authorised Limit</b>	<b>242.069</b>	<b>247.730</b>	<b>253.225</b>	<b>253.725</b>

57. It is proposed that the additional headroom for years 2023/24 to 2025/26 is 5% above the CFR, this would allow for any additional cashflow needs throughout the years.

### Prospects for Interest Rates

58. 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. The following table gives Link Asset Services's central view for future interest rates and the economic background to that view is shown at **Appendix 1**.

**Table 11 – Interest rates**

	Bank Rate %	PWLB Borrowing Rates % (including *certainty rate adjustment)			
		5 year	10 year	25 year	50 year
Dec 2022	3.50	4.30	4.50	4.70	4.30
Mar 2023	4.25	4.30	4.50	4.70	4.40
Jun 2023	4.50	4.20	4.40	4.60	4.30
Sep 2023	4.50	4.10	4.30	4.50	4.20
Dec 2023	4.50	4.00	4.20	4.40	4.10
Mar 2024	4.00	3.90	4.00	4.30	4.00
Jun 2024	3.75	3.80	3.90	4.10	3.80
Sep 2024	3.50	3.60	3.70	4.00	3.70
Dec 2024	3.25	3.50	3.60	3.90	3.60
Mar 2025	3.00	3.40	3.50	3.70	3.40
Jun 2025	2.75	3.30	3.40	3.60	3.30
Sep 2025	2.50	3.20	3.30	3.50	3.20
Dec 2025	2.50	3.10	3.20	3.50	3.20

\* The certainty rate adjustment is a reduced rate by 0.20% for those councils like Darlington Borough Council who have submitted more detail on future borrowing requirement to the Treasury

### Investment and borrowing rates

59. Investment returns are likely to improve in 2023/24. However while markets are pricing in a series of Bank Rate hikes, actual economic circumstances may see the MPC fall short of these elevated expectations.
60. Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.
61. While the Council will not be able to avoid borrowing to finance new capital expenditure, to replace maturing debt and the rundown of reserves, there will be a cost of carry (the difference between higher borrowing costs and lower investment returns), so any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

### Borrowing Strategy

62. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, bank rate increases over the remainder of 2022 and the first half of 2023.

63. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Group Director of Operations will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:
- (a) If it was felt that there was a significant risk of a sharp FALL in borrowing rates (eg due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
  - (b) If it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.
64. Any decisions would be reported to the appropriate Committee at the next available opportunity.

#### **Treasury Management Limits on Activity**

65. There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs/improve performance. The indicators are:
- (a) Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments
  - (b) Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;
  - (c) Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:

**Table 12 Interest Rate Exposure**

	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on net debt</b>	100%	100%	100%
<b>Limits on variable interest rates based on net debt</b>	40%	40%	40%
<b>Maturity Structure of fixed interest rate borrowing 2023/24</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	40%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	60%	
5 years to 10 years	0%	80%	
10 years and above	0%	100%	

**Policy on Borrowing in Advance of Need**

- 66. 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 of need 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 through its investment strategy.
- 67. 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.

**Debt Rescheduling**

- 68. Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is still a very large difference between premature redemption rates and new borrowing rates,
- 69. If there was a possibility the reasons for any rescheduling to take place will include:
  - (a) The generation of cash savings and / or discounted cash flow savings;
  - (b) Helping to fulfil the treasury strategy;
  - (c) Enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 70. Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 71. If rescheduling was done it will be reported to Committee at the earliest meeting following its action.

### **New Financial Institutions as a source of borrowing**

72. Currently the PWLB Certainty Rate is set at gilts + 80 basis points for both HRA and Non-HRA borrowing. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:
- (a) Local authorities (primarily shorter dated maturities out to 3 years or so – still cheaper than the Certainty Rate)
  - (b) Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a ‘cost of carry’ or to achieve refinancing certainty over the next few years)
  - (c) Municipal Bond Agency (possibly still a viable alternative depending on market circumstances prevailing at the time).
73. Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

### **Annual Investment Strategy**

#### **Investment and Creditworthiness Policy**

74. The DLUHC and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
75. The Council’s investment policy has regard to the following:
- (a) DLUHC’s Guidance on Local Government Investments (“the Guidance”)
  - (b) CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 (“the Code”)
  - (c) CIPFA Treasury Management Guidance Notes 2021
76. The Council’s investment priorities will be security first, liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite.
77. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.
78. The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:



- (a) Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
- (b) Other information: 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.
- (c) Other information sources used will include the financial press, share prices and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- (d) This Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are 2 lists in **Appendix 2** under the categories of 'specified' and 'non-specified' investments.
  - (i) Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
  - (ii) Non-specified investments are those with less high credit quality, may be 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.
- (e) Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in Table 13.
- (f) Transaction limits are set for each type of investment in Table 13.
- (g) This Council will set a limit for the amount of its investments which are invested for longer than 365 days.
- (h) Investments will be placed with counterparties from countries with a specified minimum sovereign rating.
- (i) This Council has engaged external consultants, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
- (j) All investments will be denominated in sterling.

- (k) As a result of the change in accounting standards for 2022/23 under International Financial Reporting Standard (IFRS) 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 the Ministry of Housing, Communities and Local Government [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for 5 years ending 31 March 2023). This has recently been extended by Government for a further 2 years until 31 March 2025.

79. However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

### **Changes in risk management policy from last year**

80. The above criteria are unchanged from last year.

### **Investment Counterparty Selection Criteria**

#### **Creditworthiness policy**

81. This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- (a) 'Watches' and 'Outlooks' from credit rating agencies;
- (b) CDS spreads that may give early warning of changes in credit ratings;
- (c) Sovereign ratings to select counterparties from only the most creditworthy countries.

82. This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands:

- (a) Yellow                      5 years
- (b) Purple                      2 years
- (c) Blue                        1 year (applies to nationalised or semi-nationalised UK Banks)
- (d) Orange                     1 year
- (e) Red                         6 months
- (f) Green                      100 days
- (g) No colour                 not to be used

83. The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.
84. Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.
85. All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.
  - (a) If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
  - (b) In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
86. Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help support its decision-making process.
87. Any investment in Property Funds/ Corporate Bond Funds/ Asset Backed Investment Products will be subject to due diligence for each and every fund considered. The maximum amount invested in any one fund will be £20million with a maximum of £50million total for all funds.

**Table 13 – Time and monetary limits applying to investments**

	Colour (and long-term rating where applicable)	Transaction Limit	Time Limit
Banks	Yellow	£5m	5 years
Banks	Purple	£4m	2 years
Banks	Orange	£3m	1 year
Banks 2 category – part nationalised	Blue	£5m	1 year
Banks	Red	£4m	6 months
Banks	Green	£4m	100 days
Banks	No Colour	Not to be used	
Banks 3 category – Council’s banker (where ‘No Colour’)		£4m	1 day
DMADF (Debt Management Office)	UK sovereign rating	unlimited	6 months
Other institutions limit			1 year
Local authorities	n/a	£5m per Local Authority	2 years
Money market Funds (CNAV, LVNAV & VNAV) and Ultra Short Dated Bond Funds	AAA	£5m per Fund	Liquid
Property Funds, Corporate Bond Funds and other Asset backed Investment products	AAA	£20m per Fund	

88. Due care will be taken to consider the exposure of the Council’s total investment portfolio to non-specified investments, countries, groups and sectors.
89. 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- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 3**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
90. The proposed criteria for Specified and Non-Specified investments are shown in Appendix 2 for approval.

## Investment Strategy

### In-house funds

91. 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. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 so an agile investment strategy would be appropriate to optimise returns.
92. Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash flows can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

### Investment returns expectations

93. The current forecast shown in paragraph 58, includes a forecast for Bank Rate to reach 4.5% in quarter 2 2023.
94. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows:-
- |     |                     |       |
|-----|---------------------|-------|
| (a) | 2022/23 (remainder) | 3.95% |
| (b) | 2023/24             | 4.40% |
| (c) | 2024/25             | 3.30% |
| (d) | 2025/26             | 2.60% |
| (e) | 2026/27             | 2.50% |
| (f) | Years 6 to 10       | 2.80% |
| (g) | Years 10+           | 2.80% |
95. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

### Investment treasury indicator and limit

96. Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.
97. The Committee is asked to approve the treasury indicator and limit: -

**Table 14 – Maximum Principal sums invested**

	2023/24	2024/25	2025/26
Principal sums invested greater than 365 days	£50m	£50m	£50m

98. For its cash flow generated balances, the Council will seek to utilise its instant access accounts, 30+ day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

**Investment Risk Benchmarking**

99. These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. They relate to Investments that are not Property Funds. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

100. Security - The Council’s maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

0.077% historic risk of default when compared to the whole portfolio.

101. Liquidity – in respect of this area the Council seeks to maintain:

- (a) Bank overdraft - £0.100m
- (b) Liquid short-term deposits of at least £3.000m available with a week’s notice
- (c) Weighted Average Life benchmark is expected to be 1 year.

102. Yield - local measures of yield benchmarks are:

- (a) Investments – internal returns above the 7-day Sterling Overnight Index Average (SONIA) compounded rate
- (b) Investments – Longer term – capital investment rates returned against comparative average rates

103. In addition that the security benchmark for each individual year is:

**Table 15 - Security Benchmark**

	1 year	2 years
<b>Maximum</b>	0.077%	0.077%

Note: This benchmark is an average risk of default measure and would not constitute an expectation of loss against a particular investment.

104. The above reported benchmarks for Security Liquidity and Yield all relate to Deposits with Banks and Money Market Funds but would not relate to Property Funds.
105. It is proposed that property funds will be benchmarked for performance against the IPD All Balanced Fund index which is the universe of all property funds, data for this can be provided by our Treasury Management advisors Link Group.

**End of year investment report**

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

**Outcome of Consultation**

107. No consultation was undertaken in the production of this report.

**Economic Background provided by Link Group**

1. Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022.
2. Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps since the turn of the year. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extraordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

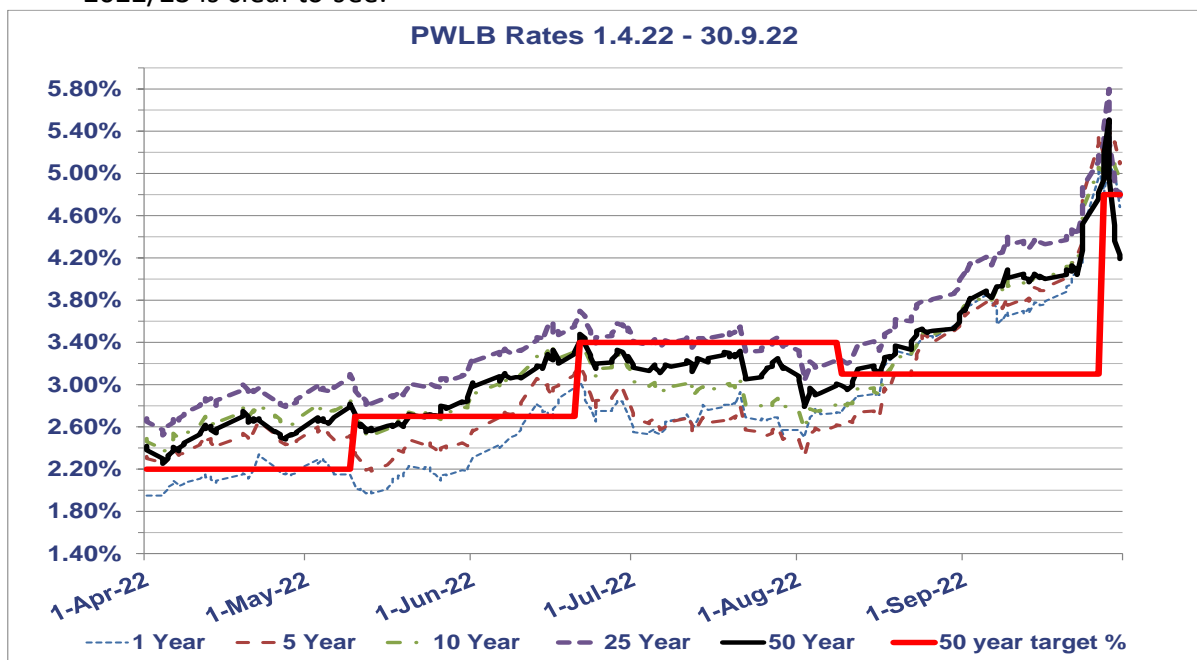
	<b>UK</b>	<b>Eurozone</b>	<b>US</b>
<b>Bank Rate</b>	3.0%	1.5%	3.75%-4.00%
<b>GDP</b>	-0.2%q/q Q3 (2.4%y/y)	+0.2%q/q Q3 (2.1%y/y)	2.6% Q3 Annualised
<b>Inflation</b>	11.1%y/y (Oct)	10.0%y/y (Nov)	7.7%y/y (Oct)
<b>Unemployment Rate</b>	3.6% (Sep)	6.6% (Sep)	3.7% (Aug)

3. Q2 of 2022 saw UK GDP revised upwards to +0.2% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Nevertheless, CPI inflation has picked up to what should be a peak reading of 11.1% in October, although with further increases in the gas and electricity price caps pencilled in for April 2023, and the cap potentially rising from an average of £2,500 to £3,000 per household, there is still a possibility that inflation will spike higher again before dropping back slowly through 2023.
4. The UK unemployment rate fell to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact is that with many economic participants registered as long-term sick, the UK labour force actually shrunk by c£500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at 5.5% - 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food and energy that have endured since Russia's invasion of Ukraine on 22nd February 2022.
5. Throughout Q3 Bank Rate increased, finishing the quarter at 2.25% (an increase of 1%). Q4 has seen rates rise to 3% in November and the market expects Bank Rate to hit 4.5% by May 2023.
6. Following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and December. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by



her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of 17 November gave rise to a net £55bn fiscal tightening, although much of the “heavy lifting” has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have completely reversed the increases seen under the previous tenants of No10/11 Downing Street.

7. Globally, though, all the major economies are expected to struggle in the near term. The fall below 50 in the composite Purchasing Manager Indices for the UK, US, EZ and China all point to at least one if not more quarters of GDP contraction. In November, the MPC projected eight quarters of negative growth for the UK lasting throughout 2023 and 2024, but with Bank Rate set to peak at lower levels than previously priced in by the markets and the fiscal tightening deferred to some extent, it is not clear that things will be as bad as first anticipated by the Bank.
8. The £ has strengthened of late, recovering from a record low of \$1.035, on the Monday following the Truss government’s “fiscal event”, to \$1.20. Notwithstanding the £’s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.
9. In the table below, the rise in gilt yields, and therein PWLB rates, through the first half of 2022/23 is clear to see.



10. However, the peak in rates on 28<sup>th</sup> September as illustrated in the table covering April to September 2022 below, has been followed by the whole curve shifting ever lower. PWLB rates at the front end of the curve are generally over 1% lower now whilst the 50 years is over 1.75% lower.

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	1.95%	2.18%	2.36%	2.52%	2.25%
<b>Date</b>	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
<b>High</b>	5.11%	5.44%	5.35%	5.80%	5.51%
<b>Date</b>	28/09/2022	28/09/2022	28/09/2022	28/09/2022	28/09/2022
<b>Average</b>	2.81%	2.92%	3.13%	3.44%	3.17%
<b>Spread</b>	3.16%	3.26%	2.99%	3.28%	3.26%

11. After a shaky start to the year, the S&P 500 and FTSE 100 have climbed in recent weeks, albeit the former is still 17% down and the FTSE 2% up. The German DAX is 9% down for the year.

#### **CENTRAL BANK CONCERNS – NOVEMBER 2022**

12. At the start of November, the Fed decided to push up US rates by 0.75% to a range of 3.75% - 4%, whilst the MPC followed a day later by raising Bank Rate from 2.25% to 3%, in line with market expectations. EZ rates have also increased to 1.5% with further tightening in the pipeline.
13. Having said that, the press conferences in the US and the UK were very different. In the US, Fed Chair, Jerome Powell, stated that rates will be elevated and stay higher for longer than markets had expected. Governor Bailey, here in the UK, said the opposite and explained that the two economies are positioned very differently so you should not, therefore, expect the same policy or messaging.
14. Regarding UK market expectations, although they now expect Bank Rate to peak within a lower range of 4.5% - 4.75%, caution is advised as the Bank of England Quarterly Monetary Policy Reports have carried a dovish message over the course of the last year, only for the Bank to have to play catch-up as the inflationary data has proven stronger than expected.
15. In addition, the Bank's central message that GDP will fall for eight quarters starting with Q3 2022 may prove to be a little pessimistic. Will the £160bn excess savings accumulated by households through the Covid lockdowns provide a spending buffer for the economy – at least to a degree? Ultimately, however, it will not only be inflation data but also employment data that will mostly impact the decision-making process, although any softening in the interest rate outlook in the US may also have an effect (just as, conversely, greater tightening may also).

**Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management**

**Specified Investments**

1. All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months).

**Non-Specified Investments**

2. These are any investments which do not meet the specified investment criteria.
3. A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made, it will fall into one of the above categories.

## 4. The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum credit criteria / colour band	Max % of total investment / £ limit per institution	Max. maturity period
Debt Management Account Deposit Facility (DMADF) – UK Government	Yellow	100%	6 months (max is set by DMO)
UK Gilts	Yellow		5 years
UK Treasury Bills	Yellow		364 days (max is set by DMO)
Bonds issued by multilateral development banks	Yellow		5 years
Money Market Funds CNAV	AAA	100%	Liquid
Money Market Funds LNAV	AAA		Liquid
Money Market Funds VNAV	AAA		Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	100%	Liquid
Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	100%	Liquid
Local Authorities	Yellow	100%	5 years
Term Deposits with Housing Associations	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
Term Deposits with Banks and Building Societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
CD's or Corporate Bonds with Banks and Building Societies	Blue Orange Red Green No Colour		12 months 12 months 6 months 100 days Not for use
Gilt Funds	UK Sovereign rating		

**APPROVED COUNTRIES FOR INVESTMENTS**

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

***Based on lowest available rating***

**AAA:**

- (a) Australia
- (b) Denmark
- (c) Germany
- (d) Netherlands
- (e) Norway
- (f) Singapore
- (g) Sweden
- (h) Switzerland

**AA+:**

- (a) Canada
- (b) Finland
- (c) U.S.A.

**AA:**

- (a) Abu Dhabi (UAE)
- (b) France

**AA-:**

- (a) Belgium
- (b) Qatar
- (c) U.K.

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**SPECIAL COUNCIL  
16 FEBRUARY 2023**

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**PAY POLICY STATEMENT 2023/2024**

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**Responsible Cabinet Member –  
Councillor Scott Durham, Resources Portfolio**

**Responsible Director –  
Elizabeth Davison, Group Director of Operations**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To present the Pay Policy Statement for the financial year 2023/2024 in line with the requirement of the Localism Act 2011 and Local Government Transparency Code 2014 and request members to approve it.

**Summary**

2. The Localism Act 2011 requires the Council to agree a written Pay Policy on an annual basis.
3. The Act requires the Council to publish specific information relating to the Council's highest and lowest paid employees.
4. The proposed Pay Policy for 2023/2024 is attached at **Appendix A** and meets the requirements of the Localism Act 2011 and associated guidance.

**Recommendation**

5. It is recommended that that Council agree and approve the proposed Pay Policy 2023/2024 (Appendix A). If approved, arrangements will be made to publish the Policy on the Council's internet for public access.

**Reasons**

6. The recommendation is supported to enable the Council to comply with the requirements of the Localism Act 2011

**Elizabeth Davison  
Group Director of Operations**

David Sharp Ext 5483

## Background Papers

- (i) Localism Act 2011
- (ii) Openness and accountability in local pay: Guidance under section 40 of the Localism Act 2011 published by the Department for Communities and Local Government: February 2012
- (iii) Improving Local Government Transparency Consultation published by the Department for Communities and Local Government: October 2012
- (iv) Supplementary guidance to The Localism Act requirements (Openness and accountability in local pay: Guidance under Section 40 of the Localism Act 2011) dated February 2013 issued by Department of Communities and Local Government
- (v) Local Government Transparency Code 2014 dated October 2014 issued by Department of Communities and Local Government
- (vi) Local Government Transparency Code 2015 dated February 2015 issued by Department of Communities and Local Government
- (vii) The Repayment of Public Sector Exit Payments 2015
- (viii) Public Sector Exit Payments Regulations 2016
- (ix) Equality Act 2010 (Gender Pay Gap Information) Regulations 2017
- (x) Governments statutory guidance on the making and the disclosure of special severance payments by local authorities in England 2022

S17 Crime and Disorder	The report does not contain any Crime and Disorder implications
Health and Wellbeing	This report has no implications for the Council's Health and Wellbeing agenda
Carbon Impact and Climate Change	There are no carbon impact implications in the report
Diversity	There are no diversity implications in this report
Wards Affected	No wards are affected
Groups Affected	No groups are affected
Budget and Policy Framework	This does not impact on the budget or policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	This report has no particular implications for the Council Plan
Efficiency	There are no efficiency implications in this report
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers



## MAIN REPORT

### Information and Analysis

7. The Council is required to adhere to The Localism Act 2011 and the duty to agree a written Pay Policy on an annual basis.
8. The Pay Policy sets out the ratio of the highest paid employees against the workforce median earnings and principles associated with the payments and remuneration packages of Chief Officers both during and on termination of employment.
9. Any decisions relating to the pay and remuneration of Chief Officers must comply with the Pay Policy Statement in place at the time for that financial year and whilst the Statement can be amended in year as required, any changes must be subject to the approval of full Council. Failure to do so would be contrary to the Council's Statutory Duty under the Localism Act and would result in legal action being taken against the Council.
10. Supplementary guidance to The Localism Act - Local Government Transparency Code 2014 dated October 2014, issued by Department of Communities and Local Government, sets out the requirements for calculating the pay multiple and further publication of senior salaries which the Council has implemented.

### Pay Multiple

11. The Council's Pay Multiple is based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals, apprentices and community schools) is:

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2022/2023 <sup>1</sup>	£12,763.33	£2,243.75	5.7

<sup>1</sup> – Based on figures 31<sup>st</sup> December 2022

12. The December 2022 multiple was 5.7, a reduction of 0.7 on the pay multiple reported in December 2021 (6.40).
13. This reduction is largely associated with the fact that there have been 2 pay awards since the last pay policy statement (the 2021/22 award was not seen in payslips until March 2022), the pay ratio for the whole year 2021/22 was 6.19, which included the April 2021 award.
14. The Council aims to ensure that the pay multiple does not exceed 10. This is a Tees Valley wide agreement which was agreed in 2013.

15. The 2014 Code stipulates that the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple is calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31 March each year. Arrangements will also be made to update the Pay Multiple with year-end figures in April which will be published on the Council's internet pages alongside other Transparency Code information requirements.

### **Senior Salaries**

16. The Code requires that the Council publishes Senior Officers Salaries exceeding £50,000. There is also a requirement to publish the services, functions, the budget held, and the number of employees' senior officers are responsible for. This information is available on the internet with other Transparency requirements.

### **Revisions to the Pay Policy Statement**

17. Revisions to the proposed Pay Policy Statement for 2023/2024, are summarised as follows:
  - (a) *Update and reference to National Living Wage rates (Appendix A – paragraph 7a and 24)*
  - (b) *Update to post grade, was stated as AD3 in 2022/23 when should have been AD2 (Appendix A – paragraph 8)*
  - (c) *Removal of Soulbury pay for AD Education and Inclusion, now AD1 (Appendix A – paragraph 8)*
  - (d) *Addition of information about Governments statutory guidance on the making and the disclosure of special severance payments by local authorities in England (Published in May 2022) (Appendix A – paragraph 17)*

### **Financial Implications**

18. There are no financial implications associated with the Pay Policy.

### **Legal Implications**

19. It is a statutory requirement to calculate and publish a Pay Policy and associated ratio on an annual basis.

### **HR Implications**

20. There are no HR implications associated with the publication of the Pay Policy.

### **Equalities Considerations**

21. There are no specific equality considerations associated with the Pay Policy that impact on protected characteristics as detailed in the Equality Act 2010.

## **Consultation**

22. There is no formal requirement to consult the community, employees, trade unions or management to implement the revised Pay Policy.

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## Pay Policy Statement 2023/2024 (in accordance with Section 38, Localism Act 2011)

### Introduction

1. This document sets out the Council's Pay Policy in relation to the remuneration of its Chief Officers and staff in accordance with Section 38 of the Localism Act 2011.
2. The policy is subject to annual review and must be approved by the Council each financial year. This statement is valid from 1st April 2023 to 31st March 2024.
3. Subject to specific circumstances it may be necessary to amend the Pay Policy statement during the financial year. Any changes or amendments made will be subject to full Council approval.
4. The policy will be published on the Council's website as soon as reasonably practicable after Council approval or amendment.
5. The arrangements set out within this document do not extend to those members of staff who are employed within schools. This is because the scope of the Localism Act does not require Council's to consider individual schools.
6. The Council is mindful of its duty as defined in the Equality Act 2010. This Pay Policy Statement forms part of a range of Pay Policies to promote equality in pay practices and assists in ensuring that the Council is promoting transparency of senior managers pay and a fair approach to pay related equalities objectives.

### Definitions

7. The following definitions will apply throughout this policy statement:
  - (a) '**Lowest-paid employees**' are those who are employed in jobs which are paid at Band 1, spinal column point 3 (£10.79 per hour pending pay award from 1 April 2023). This is the lowest salary paid other than National Minimum Wage Apprentices.

The salaries attributable to Apprentices depend on age and rates set out within the National Minimum Wage legislation or national agreements. Given the specific nature of these appointments, it is felt inappropriate to include

apprentices within the definition of lowest paid for the purposes of this policy statement.

- (b) **'Chief Officers'** are those who are defined as:
- (i) Head of Paid Service designated under section 4(1) of the Local Government and Housing Act 1989;
  - (ii) Monitoring Officer designated under section 5(1) of that Act;
  - (iii) Any statutory Chief Officer mentioned in section 2(6) of that Act;
  - (iv) Any non-statutory Chief Officer mentioned in section 2(7) of that Act;
  - (v) Any deputy chief officer mentioned in section 2(8) of that Act.
- (c) **'Remuneration'** as defined in the Localism Act associated with Chief Officers relates to
- (i) The chief officer's salary;
  - (ii) Any bonuses payable by the authority to the chief officer;
  - (iii) Any charges, fees or allowances payable by the authority to the chief officer;
  - (iv) Any benefits in kind to which the chief officer is entitled as a result of employment;
  - (v) Any increase in or enhancement of the chief officer's pension entitlement where the increase or enhancement is as a result of a resolution of the authority;
  - (vi) Any amounts payable by the authority to the chief officer on the chief officer ceasing to hold office or be employed by the authority, other than amounts that may be payable by virtue of any enactment.

## Remuneration of Chief Officers and Second Tier officers

8. Chief Officers and the attributable salaries (which are payable from appointment and with incremental progression) are as follows :

Post	Terms	Salary / Salary Band	Other variable Pay
<b>Darlington Borough Council Chief Officers</b>			
<i>Note: the salaries quoted below are based on full time equivalent hours, salary bands are from 1<sup>st</sup> April 2022.</i>			
Chief Executive	JNC <sup>1</sup>	£153,160 p.a (Spot Salary)	None
Director (Director 2)	JNC <sup>1</sup>	£115,233 - £130,016 p.a.	None
Assistant Director (AD1)	JNC <sup>1</sup>	£80,954 - £96,760 p.a.	None
Assistant Director (AD2)	JNC <sup>1</sup>	£74,181 - £85,470 p.a.	None
Darlington Partnership	JNC <sup>1</sup>	£58,375 p.a. (Spot Salary)	None
Public Health Specialist	A4C <sup>2</sup>	£55,548 to £67,805 p.a.	None

<sup>1</sup> JNC- Joint National Council      <sup>2</sup>A4C – Agenda for Change

## Level of Remuneration Paid Upon Recruitment

9. The Council's policy on pay upon recruitment is set out in the Council's Recruitment and Selection policy which applies to all employees.
10. The Council's Constitution states that any salaries / salary packages assigned to new appointments which exceed £100,000 will be subject to full Council vote prior to an appointment being made. For Council to make an informed vote on the proposed salary package, detail of the component parts of the package will be disclosed, for example, the basic salary, any additional fees, charges or allowances that would be routinely payable as part of undertaking the duties of the post.
11. The salaries attributable to Chief Officer posts are subject to job evaluation and are based on:
- Clear salary differentials which reflect the level of responsibility attached to any particular role; and
  - Rates which are reasonably sufficient to recruit and retain senior officers taking into account market conditions.
12. Increases in pay for Chief Officers will occur only as a result of the following:
- Pay awards agreed by way of national / local collective pay bargaining arrangements; or
  - Significant changes to a Chief Officer's role which result in a higher salary being appropriate as confirmed by the outcome of an appropriate job-evaluation process; or

- (c) Recruitment and / or retention payments which, in all the given circumstances at the relevant time, are deemed necessary in the best interests of the Council and which are determined under a relevant policy relating to such payments.

13. It is expected that senior officers will perform to the highest level and performance related pay and bonuses do not, therefore, form part of current remuneration arrangements. This position will be reviewed if legislation and / or guidance relating to senior posts changes.

#### **Election Duties undertaken by Chief Officers**

14. Fees for election duties undertaken by Chief Officers are not included in their salaries. For Parliamentary, Police and Crime Commissioner and national referenda, payments are set by central government and vary depending on the nature of the poll and the size of the electorate. For the Tees Valley Combined Authority Mayoral election, the fee is set by the Combined Authority. In respect of local elections, the fees are determined separately in consultation with the other Tees Valley Councils. For contested elections, the fees are based on an agreed sum for the first 1000 electors and a further sum for each additional 1000 electors or fraction thereof, and a set agreed sum for uncontested elections.

#### **Payments to Chief Officers on Termination of Employment / Severance**

15. Chief Officers who cease to hold office or be employed by the Council will receive payments calculated using the same principles as any other member of staff; based on entitlement within their contract of employment, their general terms and conditions and existing policies.
16. In the case of termination of employment by way of early retirement, redundancy (voluntary or otherwise) or on the grounds of efficiency of the service, the Council's "Local Government Pension Scheme (LGPS) 2014 and Local Provisions Policy" and "Management of Change" Policies set out provisions which apply to all employees, regardless of their level of seniority.
17. For any severance packages, the Council follow the terms set out in the in the Governments statutory guidance on the making and the disclosure of special severance payments by local authorities in England (Published in May 2022). Where a termination of employment / severance payment equates to be single payment in excess of £100,000, full Council will be given an opportunity to vote prior to the package being approved.
18. As part of making an informed vote on severance / termination payments full Council will be presented with detailed components of severance payments including, where appropriate, salary paid in lieu of notice, redundancy compensation, pension entitlement, holiday pay and any bonuses, fees or allowances paid.
19. The detail of Council voting on severance payments is set out in the Council's Constitution which is available on the Council's internet pages.



### **Publication of and access to Information Relating to Remuneration of Chief Officers**

20. The Council publishes on its website all senior salaries in line with The Code of Recommended Practice for Local Authorities on Data Transparency and Local Government Transparency Code 2014 which have been published by the Department of Communities and Local Government. These Codes stipulate that Councils should make senior employee salaries available to the public where they exceed £50,000.
21. For transparency purposes the Council also publishes details of any posts who have received a total pay in excess of £50,000, the number of redundancies and payment bands of all relevant employees. These figures are updated annually based on figures as at 31 March of the relevant year. This is in line with Accounts and Audit (England) Regulations 2011.
22. The Council also publishes responsibilities (for example, the services and functions Senior officers are responsible for, together with the budget held and the number of staff) for all employees whose salary exceeds £50,000.

### **Remuneration of Lowest Paid Employees within the Council**

23. The Council introduced 'single status arrangements' in July 2006. The lowest paid employees within the authority are appointed to posts which have been evaluated using an agreed job evaluation scheme and are remunerated accordingly or are determined within national or local agreements.
24. The Council will comply with the National Living Wage and National Minimum Wage rate of £10.42 (from April 2023) for all its employees, this is exceeded (with the exception of Apprentices as detailed in paragraph 7a) as Council's National Terms and Conditions have a minimum hourly rate of £10.79ph. (pay award depending from 1 April 2023).

### **Relationship between Chief Officer and non-Chief Officer Remuneration**

25. The Pay Multiple is calculated in line with the revised Local Government Transparency Code 2014, using the ratio between the highest paid taxable earnings for the given year (including base salary, variable pay, bonuses, allowances and the cash value of any benefits in kind) and the median earnings figure of the whole authority's workforce.

26. The Council’s Pay Multiple based on highest paid taxable earnings and median taxable earnings for the whole authority (excluding casuals, apprentices and Community Schools) is:

	Highest paid Employee based on taxable earnings	Workforce Median Taxable earnings	Median taxable earnings Pay Multiple
Taxable Earnings Pay Multiple 2022/2023 <sup>1</sup>	£12,763.33	£2,243.75	5.7

<sup>1</sup> – Based on figures December 2022 pay (\*December 22 Pay)

27. Using December 2022 taxable pay figures, the Pay Multiple based on the Median pay was 5.7. The Council aims to ensure that the pay multiple does not exceed ten. This figure was agreed across the Tees Valley.

28. In line with the Local Government Transparency Code 2014, the Pay Multiple will be calculated each year on a fixed date coinciding with reporting at the end of the financial year. Locally the Pay multiple will also be calculated each December for the approval of the Pay Policy by Council to allow publication and approval before 31 March each year. Pay Multiples will be published on the Council’s internet pages alongside other Transparency Code information requirements.

### General Principles Regarding Remuneration of Staff

29. The salaries attributable to posts are determined via job evaluation. Employees are remunerated according to the evaluated score of the post they hold and by reference to the salary band existing at any given time. Most posts include an entitlement to incremental progression.

30. New appointments are subject to the Council’s Recruitment and Selection Policy and will generally be made at the bottom spinal column point of all pay bands (unless there are special circumstances and payment at a higher level can be objectively justified).

31. The Council will appoint employees based on the best person for the role in line with the Recruitment and Selection policy. The Council does not exclude the re-employment of former employees who have previously worked for the Council and is in receipt of a redundancy / compensation payment.

32. Where an employee secures a higher-graded post via internal promotion / recruitment then the Council will generally pay the salary on the next nearest point to the previous spinal column point.

33. Where an employee is redeployed because of redundancy or ill health, they will generally be appointed to the highest spinal column point within the lower grade to minimise financial loss.