

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 26 FEBRUARY 2013

Title of Report	BUDGET AND COUNCIL TAX 2013/14
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Purpose of Report	To allow the Council approve the 2013/14 budgets and the appropriate Council Tax setting resolution.
Reason for Decision	To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes and set the Council Tax for 2013/14 as required by law.
Council Priorities	The budget enables the Council to achieve all its priorities.
Implications	
Financial / Staff	Detailed in the reports to Cabinet which are provided as appendices to this report.
Links to relevant CAT	The budget is relevant to all Corporate Action Teams
Risk Management	Arrangements are in place for regular monitoring of the Council's revenue and capital budgets. The appropriate management action will be taken where variations are projected.
Equalities Impact Assessment	No impact identified.
Human Rights	None identified
Transformational Government	Not applicable

Comments of Head of Paid Service	The report is satisfactory.
Comments of Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Cabinet, Members of Labour Group, Representatives of the Business Community, Parish Councils, Staff, Trade Unions
Background Papers	None
Recommendations	<p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE S 151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES. 2. TO FREEZE THE DISTRICT COUNCIL TAX FOR 2013/14. 3. TO APPROVE THE TRANSFER OF THE SURPLUS INCOME OVER EXPENDITURE IN 2013/14 TO THE "VALUE FOR MONEY" RESERVE AT 31 MARCH 2014. 4. TO APPROVE THE HRA RENT INCREASE FOR 2013/14. 5. TO APPROVE THE INCREASE IN THE RENT OF GARAGES FOR 2013/14. 6. TO APPROVE THE INCREASE IN THE HRA SERVICE CHARGES FOR 2013/14. 7. TO APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE. 8. TO APPROVE THE INCREASES IN LIFELINE CHARGES. 9. TO APPROVE THE GENERAL FUND AND HOUSING REVENUE ACCOUNT BUDGETS FOR 2013/14. 10. TO APPROVE THE COALVILLE SPECIAL EXPENSES BUDGET FOR 2013/14. 11. TO APPROVE THE OTHER SPECIAL EXPENSES PRECEPTS FOR 2013/14. 12. TO APPROVE THE PROPOSED COALVILLE SPECIAL

EXPENSES AND HRA CAPITAL PROGRAMMES FOR 2013/14 AND PLANNED FINANCING.

- 13. TO APPROVE CAPITAL EXPENDITURE IN 2013/14 AND CAPITAL EXPENDITURE IN 2014/15 FOR THE VEHICLE REPLACEMENT PROGRAMME ONLY.**
- 14. TO APPROVE THE REMAINDER OF THE CAPITAL PROGRAMMES 2014/15 TO 2015/16 AS INDICATIVE ONLY AT THIS STAGE.**
- 15. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2013/14 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:**
 - (1) 28,431 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) REGULATIONS 1992 AS AMENDED, AS ITS COUNCIL TAX BASE FOR THE YEAR.**
 - (2) THE AMOUNTS SPECIFIED IN TABLE 1 OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 6 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) REGULATIONS 1992 AS AMENDED, AS THE AMOUNTS OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.**
- 16. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2013/14 IN ACCORDANCE WITH SECTIONS 31 AND 33 TO 36 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:**
 - (1) DISTRICT / PARISH GROSS EXPENDITURE
£58,437,158 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A(2) OF THE ACT.**
 - (2) INCOME
£52,174,733 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A(3) OF THE ACT.**
 - (3) DISTRICT / PARISH NET EXPENDITURE
£6,262,425 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 16(1) ABOVE EXCEEDS THE AGGREGATE AT 16(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF**

THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.

(4) **BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)**

£220.27 BEING THE AMOUNT AT 16(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.

(5) **PARISH PRECEPTS/SPECIAL EXPENSES**

£1,753,900 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 34(1) OF THE ACT.

(6) **BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)**

£158.58 BEING THE AMOUNT AT 16(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 16(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEM RELATES.

(7) **BASIC AMOUNT OF TAX (PARISHED AREAS)**

THE AMOUNTS LISTED IN COLUMN 5 OF TABLE 2 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 16(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) **DISTRICT /PARISH COUNCIL TAX RATES**

THE AMOUNTS SET OUT IN TABLE 3 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 16(6) AND 16(7) ABOVE BY THE NUMBER WHICH, IN THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR VALUATION BAND DIVIDED BY THE NUMBER WHICH IN THAT

PROPORTION IS APPLICABLE TO DWELLINGS LISTED IN VALUATION BAND D, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 36(1) OF THE ACT AS THE AMOUNTS TO BE TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.

17. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE 4 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2013/14 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

18. COUNCIL TAX RATES – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 16(8) (TABLE 3) AND 17 (TABLE 4) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2013/14 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE 5.

19. REFERENDUMS RELATING TO COUNCIL TAX INCREASES
TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2013/14 IS NOT EXCESSIVE.

20 TREASURY MANAGEMENT STRATEGY

TO APPROVE THE TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14, PRUDENTIAL INDICATORS 2012/13 (REVISED) AND 2013/14 – 2015/16, AND ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2013/14.

1. INTRODUCTION

- 1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2013/14 together with their respective Capital Programmes. It also has a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for its area for a financial year by 11 March of the preceding financial year.
- 1.2 This action of setting the Council Tax (recommendations 15 to 19) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.

- 1.3 The Council Tax setting part of this report is based on the assumption that Leicestershire County Council, Leicestershire Police and Crime Commissioner and the Combined Fire Authority all approve the precepts the Council has been informally advised of and it may be necessary to amend parts of this report when the Council receives formal notifications.
- 1.4 As the relevant meetings of these bodies may not take place until after the issue of this report, any changes made by any of them will be reflected in a revised paper which may need to be tabled at the meeting.

2 BUDGETS AND CAPITAL PROGRAMMES

- 2.1 The 2013/14 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by the Cabinet on 5 February 2013. Copies of the respective detailed reports to the Cabinet are attached as follows:
- General Fund and Special Expenses Revenue Budgets – Appendix 1
 - Housing Revenue Account Budget and Rent Increase – Appendix 2
 - Capital Programmes – Appendix 3
- 2.2 The Cabinet is making the recommendations 1 to 14 inclusive set out at the front of this report.
- 2.3 Members are asked to note that on 4 February 2013 the Government laid before Parliament the details of the Final Local Authority Grant Settlement for 2013/14. The final figures for Revenue Support Grant and redistributed NNDR allocation remain unchanged from those provisionally notified and included in the budget.

3. ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 3.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 3.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the General Fund budget are robust; the proposals are deliverable and will produce a balanced budget for 2013/14 as required by Section 25 of the Local Government Act 2003.
- 3.3 The Housing Revenue Account and Special Expenses estimates are similarly considered to be robust.
- 3.4 The budget report to Cabinet shows the estimated position for the Council's revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Section 151 Officer considers that the overall level of reserves is adequate.

4. SETTING THE COUNCIL TAX

- 4.1 The wordings of the recommendations for setting the Council tax are prescribed and are explained below.

4.2 Recommendations 15(1) and 15(2)

The amount shown in these recommendations are the Council Tax Base for the 2013/14 year (Recommendation 15(1)) and the Council Tax Base for 2013/14 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 15(2)) both as shown in Table 1.

4.3 Recommendation 16(1)

The amount at Recommendation 16(1) is the Council's estimated gross expenditure for 2013/14 including the Special Expenses plus the parish precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

	£
District Gross Expenditure	57,200,046
Parish Precepts	1,179,518
Surplus of Income over Expenditure	57,594
Total	58,437,158

4.4 Recommendation 16(2)

This is the District Council's estimated gross income for 2013/14 from fees, charges, rents, specific and general Government grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

	£
Fees and charges, rents, specific Government Grants	46,093,535
Council Tax Transition Grant	20,428
Council Tax Support Grant	755,753
Formula Grant	4,308,713
Council Tax Freeze Grant	56,570
New Homes Bonus	923,055
Transfer from Collection Fund	16,679
Total	52,174,733

4.5 Recommendation 16(3)

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 16(1) above and gross income at 16(2) above. It is calculated as:

	£
Gross Expenditure	58,437,158
<u>Less</u> Gross Income	52,174,733
Total	6,262,425

4.6 Recommendation 16(4)

This figure represents the basic amount of Council Tax and is calculated by applying the formula given in Section 31B of the Local Government Finance Act 1992:

Where:

- R is the Council's Council Tax Requirement, i.e. as Recommendation 16(3) above
- T is the Council Tax Base

Therefore:
$$\frac{\mathbf{\underline{\underline{£6,262,425 (R)}}}}{\mathbf{28,431 (T)}}$$

= £220.27

4.7 Recommendation 16(5)

This is the total of all the Special Expenses and the precepts of local precepting authorities i.e. Parish Councils as follows:

	£
Special Expenses	574,382
Parish Precepts	1,179,518
Total	1,753,900

4.8 Recommendation 16(6)

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 16(4) the sum of the Special Expenses plus parish precepts (recommendation 16 (5) divided by the District Council Tax base):

$$\mathbf{\underline{\underline{£220.27 - \frac{\underline{\underline{£1,753,901}}}{28,431}}}}$$

= £158.58

This represents the basic amount of Council Tax (at Band D level) for those parts of the District's area where there are no parish precepts or Special Expenses. The parish precepts and/or Special Expenses, where applicable, are in addition to this.

4.9 Recommendation 16(7)

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 16(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 16(6) above.

4.10 Recommendation 16(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 16(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 16(7) (where there are parish precepts and/or Special Expenses), the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D as follows:

Valuation Band	Proportion of Basic Council Tax
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

4.11 Recommendation 17

In issuing their precepts for the financial year 2013/14 Leicestershire County Council, Leicestershire Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band.

4.12 Recommendation 18

This amount is calculated by adding together the amounts in recommendation 16(8) and the amounts in Recommendation 17. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support discounts which replace Council Tax Benefits from 1 April 2013.

4.13 Recommendation 19

The Localism Act 2011 has amended the Local Government Finance Act 1992 in such a way as to require the Council to determine whether the Council's relevant basic amount of Council Tax each year is "excessive". A referendum is now triggered in those authorities where an increase is so determined. The question of whether an authority's relevant basic amount of Council Tax is excessive or not must be decided in accordance with a set of principles determined for the year by the Secretary of State.

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2013/14 would be considered excessive if it is more than 2% greater than its relevant basic amount of Council Tax for 2012/13. For 2013/14 Parish Councils are not included in the principles.

As no increase in Council Tax is being recommended in those parts of the District in which no parish precepts apply (i.e. in the District element of the Council Tax plus appropriate Special Expenses element) there is no question of the basic amount of Council Tax for 2013/14 being determined as excessive.

4.14 Recommendation 20

Local Government Treasury Management is governed by the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice. The Council has formally adopted the Code and it is a requirement of the Code that the annual Treasury Management Statement, Prudential Indicators and Annual Minimum Revenue Provision Statement are approved by full Council.

These documents were considered by the Cabinet on 5 February 2013 and are attached at **APPENDIX 4.**

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 5 FEBRUARY 2013

Title of report	GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS 2013/14
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	To agree final 2013/14 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 26 February 2013.
Reason for Decision	To enable the Council to set a balanced budget for 2013/14 as required by law.
Council Priorities	The budget assists the Council to achieve all its priorities.
Implications:	
Financial/Staff	As contained in the report.
Link to relevant CAT	The budget is relevant to all Corporate Action teams (CATs).
Risk Management	The budget will be monitored throughout the year to ensure savings are achieved and services delivered as planned.
Equalities Impact Assessment	No impact identified stage.
Human Rights	None identified.
Transformational Government	Not applicable

Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	As report author the report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory
Consultees	Business ratepayers, Town and Parish Councils, staff, Trade Unions, General Public through the Council's website.
Background papers	None
Recommendations	<p>A. THAT THE LEVEL OF EARMARKED RESERVES AND ASSURANCE STATEMENT BY THE SECTION 151 OFFICER BE NOTED</p> <p>B. THAT COUNCIL BE RECOMMENDED:</p> <p>A. TO FREEZE THE DISTRICT COUNCIL TAX FOR 2013/14.</p> <p>B. TO APPROVE THE TRANSFER OF THE SURPLUS INCOME OVER EXPENDITURE IN 2013/14 TO THE VALUE FOR MONEY FUND AT 31 MARCH 2014.</p> <p>C. TO APPROVE THE GENERAL FUND BUDGET FOR 2013/14.</p> <p>D. TO APPROVE THE COALVILLE SPECIAL EXPENSES BUDGET FOR 2013/14.</p> <p>E. TO APPROVE THE OTHER SPECIAL EXPENSES PRECEPTS FOR 2013/14.</p>

1.0 INTRODUCTION

- 1.1 Draft General Fund budget proposals for 2013/14 were considered by Cabinet on 12 December 2012 and approved for consultation with staff, Trade Unions, business ratepayers, general public and Parish/Town Councils. The results of that consultation are detailed in Appendix A.
- 1.2 This report summarises progress made since the last Cabinet report was prepared so that appropriate recommendations can be made to the Council for the Budget and Council Tax for 2013/14.

- 1.3 The revenue budgets have been drawn up on the service expenditure analysis as recommended in the Accounting Code of Practice. This is a statutory accounting framework which sets out “proper practice” with regard to financial reporting and aims to provide consistency in the comparison of service costs between authorities.
- 1.4 The shortfall of £311,000 reported to Cabinet in December has been reduced to £183,000 following continued “zero-based budget” (ZBB) exercises and confirmation of Central Government funding. Final savings proposals totalling £240,500 are now presented in Appendix B which will ensure the Council will have a balanced budget. A small surplus of £57,500 will be transferred to the Value for Money Reserve. These changes are summarised in the table below.

	£000
Shortfall Reported 12 December 2012	(311)
Additional New Homes Bonus	53
Lower Finance Settlement	(56)
	314
ZBB savings	131
Savings Proposals (Appendix B)	<u>240.5</u>
Transfer to Value For Money Reserve	57.5

- 1.5 The approved budget will be rigorously monitored during the financial year through quarterly performance monitoring so that any potential overspendings can be identified at an early stage and remedial action taken to deal with them. The monitoring will also check that the required savings are being achieved.

2.0 GENERAL FUND 2012/13 – PROJECTED OUTTURN

- 2.1 The summary budget shown at Appendix C shows the forecast outturn for the current year (column 2) together with the original budget (column 1).
- 2.2 The Council has a determined policy of reducing costs wherever possible and the following table shows a headline comparison of the forecast outturn for the 2012/13 year compared to the original budget.

	ORIGINAL BUDGET £000	FORECAST £000	CHANGE £000
Net Revenue Expenditure	10,069	9,921	(148)
Total Funding Available	10,533	10,533	0
Contribution to General Fund	464	612	(148)

2.3 The decrease in the net revenue expenditure of £148k is due to a number of factors including:

	£	£
• Increased Recycling income	83,000	
• Salary savings	189,000	
• Reduced call on contingency	130,000	
• Other variations	3,000	405,000
Offset by:		
• Increase in Financing Costs	85,000	
• Costs of Planning Appeals etc.	<u>172,000</u>	<u>257,000</u>
		148,000

3.0 ASSUMPTIONS IN RELATION TO THE 2013/14 GENERAL FUND REVENUE BUDGET

3.1 Generally

The preparation of the 2013/14 budget is based on a number of assumptions as set out below. The price base is November 2012 plus known increases.

3.2 Pay and Prices Inflation

Provision has been included within the budget (£110k or 1%) for a centrally held contingency for any cost of living pay increase to staff. Although the Government has assumed such an increase as part of the Finance Settlement announcement this has still to be negotiated. There is already provision for an increase of 1% in employer's superannuation contributions included in the budget. Inflation has been included where there is a contractual obligation for increases in costs.

3.3 Collection Fund

The Council is required to estimate the 31 March 2013 position on the Collection Fund (which is the account to which all the Council Tax receipts are credited, and from which all precepts are paid).

The review has identified an estimated surplus of £114,453 on the Fund at 31 March 2013. Of this, £16,679 will be available to this Council to support the 2013/14 budget. The MTFS assumed £25,000.

3.4 Revenue Support Grant, NNDR and Council Tax Freeze Grant

Settlements from the Government in respect of Revenue Support Grant and National Non Domestic Rates (NNDR) have a significant influence on the Council's spending plans. These "formula funding" allocations for 2013/14 are compared with the draft budget in the table below:

	Draft Budget	Provisional Settlement	Change
	£000	£000	£000
Formula Grant	4,315	4,309	-6
Council Tax Support Grant	755	755	-
Preventing Homelessness	50	Included in Formula Grant	-50
Total	5,120	5,064	-56

The Formula Grant includes £2.1m locally retained Business Rates. This currently assumes that for 2013/14 at least, gains and losses on the valuation list will cancel each other out but there is scope for additional business rates especially in future years as the district grows its business tax base.

At the time of writing this report, these allocations are still provisional, but are not expected to change significantly in the Final Settlement.

Government Grant is again available to help Councils which freeze or reduce their Council Tax for 2013/14. The sum of £57k has been included in the revenue budget on the basis that the Council will not increase its Council Tax for 2013/14. This is the equivalent of a 1% increase in the District's Council Tax.

3.5 New Homes Bonus

The Government has indicated that the Council will receive £923,000 in New Homes Bonus in 2013/14. This is £53,000 more than was assumed in the report to Cabinet on 12 December 2012. This reflects the targeted work by the Council to return long term voids back into use. New Homes Bonus payments are made for six years and there is also no guarantee that the scheme will continue.

3.6 Council Tax

It is assumed that the policy adopted with the current year's budget will apply for 2013/14 and that the rate of Council Tax will be frozen.

The income expected to be generated from the Council Tax will however reduce from £4,998k in the current year to £4,509k in 2013/14 as a result of a combination of reductions in the tax base resulting from the new Council Tax Support discounts, increases resulting from changes to exemptions on empty properties and increases in the tax base from new properties.

3.7 Budget Growth

The budget presented is generally a "no growth" one; however at its meeting on 12 December the Cabinet proposed the following items of budget growth as they were necessary to the continued efficient functioning of the Council:

- (1) Under our partnership agreement the Council needs to agree the draft budget for the Leicestershire Revenues and Benefits Partnership for the next financial year. There will be an increase of £31,000 representing an increase of 2.8% in the Council's contribution to the Partnership and this is attributable to unavoidable contractual inflation and service costs.
- (2) There were proposals that from 1 April 2013 district councils in Leicestershire would take on the administration of the replacement for the DWP's Social Fund. Since the report was prepared in December it has become clear that the County Council has concluded that it would be more expensive for the districts to perform this function and it is looking at alternative ways of providing the service. This increase has therefore now been taken out of the draft estimates.
- (3) The Council is requested to contribute to Leicestershire County Council for maintaining the local record centres on behalf of all authorities. The records are in three main parts made up as follows; Biological, Geological and Historical. Specialist planning advice requires data that is reliable and up to date; otherwise the integrity of the advice may be compromised. Failure to maintain the records centre will place at risk the Council's ability to fulfil its statutory obligations to have access to reliable and robust evidence for plan making and decision taking. Therefore contributing to the countrywide records centre is considered the most cost effective way of discharging statutory obligations.
- (4) As a result of the ongoing economic situation over the past 2-3 years, the Strategic Housing service has seen a growing number of customers seeking housing advice and social housing, along with increased homelessness. With the need to take on two additional agency staff to assist with housing options work over the summer months, it became clear that the existing staffing structure is not fit for purpose given the current economic climate and the welfare reforms that are being implemented now and in the future are only likely to further increase the demand for this statutory service. In view of this the service is currently being reviewed and an increase of £44,000 in the resources needed is anticipated. The management of the demand for this service will be part of the Council's service review programme.

3.8 Savings

At its meeting on 12 December 2012 the Cabinet approved savings proposals of £600.5k of which £149.5k had already been achieved. The forecast budget shortfall was £311k but there were concerns that the Finance Settlement could be more severe. As part of the Finance Settlement the Government indicated that it had assumed a 1% pay award, so it would be prudent to keep the £110,000 provision for this rather than taking it as a saving as proposed. It would also be prudent to retain a Revenue Budget Contingency rather than deleting the £250,000 provision which had been proposed as a saving. The remaining proposals have now been built into the Cabinet's recommended budget.

The Cabinet's final budget proposals are detailed in Appendix B.

3.9 General Fund Balance

Provided that the savings included in the budget are achieved, it is anticipated that there will be a small surplus of income over expenditure in 2013/14 amounting to £57.5k. It is recommended that this be transferred to the Value for Money Fund to support investment

in projects aimed at delivering future savings. The balance on the General Fund estimated to be £1m at 31 March 2014 is considered to be adequate to protect the Council from any significant unplanned movements from the budgeted net expenditure levels. These resources could only be called upon in the most exceptional circumstances and would need to be replenished as soon as possible from revenue budget savings.

3.10 Earmarked Reserves and Provisions (Excluding Value for Money (VFM) Reserve)

The Council's earmarked General Fund revenue reserves and provisions (excluding the VFM Reserve) stood at £1.816m at 1 April 2012. A review of the committed expenditure against these reserves has been undertaken and it is estimated that around £0.951m will remain at 31 March 2013. All of this is either held on behalf of partnerships the Council is involved with, or is earmarked for a particular use in the future. It is therefore not available for the Council's general use.

3.11 Value for Money (VFM) Reserve

The table below shows a summary of the projected level of resources in the VFM reserve. The available reserves will be used indicatively as follows:

- Business and Jobs, to be lead by the new Head of Regeneration and Planning
- Facilitating changes to staffing structures which may require one-off funding
- Expenditure on investment needs/priorities (invest to save)
- Improving Customer Experience Project – improving the accessibility to services for customers e.g. increasing transactional opportunities on the Council's website.

The Cabinet will receive regular update reports on the projects funded by the VFM reserve.

	£000
Balance at 1 st April 2012	1,621
Estimated Use of Fund in 2012/13	-154
Contribution in 2012/13	612
Estimated Balance at 31 st March 2013	2,079
Commitments from Fund in 2013/14	-116
Contribution to Fund in 2013/14	58
Current Estimated Availability in 2013/14	2,021

3.12 Revenue Budget Contingency

This has been set at similar levels to recent years i.e. £250,000. These resources would normally be called upon if there were unexpected increases in costs or loss of income. It is best practice to include a contingency in the budget. Service Managers are always encouraged to fund financial pressures from their own budgets in the first instance. The level of the contingency will be reviewed as part of the updating of the Medium Term Financial Strategy to ensure it remains appropriate.

4.0 REVENUE BUDGET 2013/14 – PROPOSALS IN SUMMARY

4.1 Summary

The following table summarises the headline figures for 2013/14 as contained in Appendix A (Column 4):

	2013/14 £000
Expenditure:	
Net Cost of Services after Recharges	8,822
Net Financing Costs	1,176
Investment Income	(43)
Grants to Town and Parish Councils	118
Contingencies	360
Net Revenue Expenditure	10,433
Contribution to VFM Reserve	58
2013/14 Budget Requirement	10,491
Funding Sources:	
Formula Grant	4,309
Council Tax Support Grant	676
Council tax Freeze/reduction Grant	57
Collection Fund Contribution	17
New Homes Bonus	923
Council Tax (based on no increase)	4,509
Total Funding Available	10,491

5.0 FINANCIAL STANDING AND GOVERNANCE

- 5.1 Members will be fully aware of the steps the Council has had to take in recent years and months to make economies and set balanced budgets in line with reductions in resources, and it is to the credit of both Members and officers that early action was taken in anticipation of the reductions in Government funding from 2011/12 in particular.
- 5.2 The Council has a track record of strong financial management, with regular monitoring reports being presented to Members and budget holders. Efficiencies which have been implemented during the course of this year will continue, and in many cases will deliver increased savings in a full year.
- 5.3 The Council however cannot afford to be complacent as it is facing further challenges, not least from more reductions in Government funding, from 2014/15 onwards. As shown by the Medium Term Financial Strategy the drive for further economies and efficiency savings must continue for the time being.
- 5.4 Briefings/consultation on the Council's revenue spending plans and savings schedules have been held as follows:
- Representatives of the Opposition Group
 - Trade Unions

- Staff, via the Chief Executive's road shows and the intranet
- Parish/Town Councils
- Business organisations

5.5 The comments received and the Council's response are detailed in Appendix B

6.0 SPECIAL EXPENSES

6.1 Coalville Special Expenses

As with the Council's own revenue budget, the special expenses budget for Coalville has been prepared on the basis of a nil increase in Council Tax and is shown in the table below. It incorporates the information prepared for the Coalville Special Expenses Working Party: on 29 January 2013. The Cabinet will be informed of any changes to the information or comments from the meeting.

COALVILLE SPECIAL EXPENSES	2012/13		2013/14
	ORIGINAL ESTIMATE	PROJECTED OUTTURN	ESTIMATE
	£	£	£
Parks, Recreation Grounds & Open Spaces	242,700	243,510	247,430
Broomley's Cemetery	26,760	30,330	26,350
C/V War Memorials/Hanging Baskets/Grass Verge Cutting	19,730	22,770	20,260
One Off Grants	3,000	3,000	3,000
Christmas Lights & Decorations	10,690	16,930	18,500
Coalville Events	23,780	21,780	18,000
TOTAL SPECIAL EXPENSES (Net Cost Of Service)	326,660	338,320	333,540
Service Management recharges	83,270	83,270	83,220
ANNUAL RECURRING EXPENDITURE	409,930	421,590	416,760
FUNDED BY:			
Use of Reserves	2,449	14,109	0
Precept	407,481	407,481	350,368
Localisation of Council Tax Support Grant	0	0	66,392
	409,930	421,590	416,760

6.2 Other Special Expenses

The Council also levies special expense precepts in some of the parished areas of the District. In the main these relate to grounds maintenance works that the Parish Councils have chosen for the District to perform. A schedule showing the estimated level of expenditure and proposed precepts is attached as Appendix D.

7.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

- 7.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.
- 7.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the General Fund budget are robust; the proposals are deliverable and will produce a balanced budget for 2013/14 as required by Section 25 of the Local Government Act 2003.
- 7.3 The Special Expenses estimates are similarly considered to be robust.
- 7.4 This budget report shows the estimated position for all the Council's General Fund revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Section 151 Officer considers that the overall level of reserves is adequate.

8.0 SUMMARY

- 8.1 The budget process for the 2013/14 year concludes with the approval of all the revenue budgets and the capital programmes by the full Council on 26 February 2013, following which the Council will also determine the level of Council Tax for the 2013/14 year.
- 8.2 The Authority recognised early in 2010 that setting balanced budgets for 2011/12 and beyond would not be possible without unacceptably large increase in the level of Council Tax and responded to this challenge very positively by identifying and introducing realisable savings which have ensured that its resources are managed to maximum effect for its residents with a freeze in the level of Council Tax again in 2013/14. The General Fund revenue budget is therefore recommended for approval.
- 8.3 The Special Expenses budgets are also considered to be robust and prudent and are also recommended for approval.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

BUDGET CONSULTATION 2013/14

CONSULTATION RESPONSE	MANAGEMENT COMMENT
<p>Hugglescote & Donington Le Heath Parish Council</p> <p>“Reduction in staffing within the Stronger and Safer Communities Team.”</p> <p>The Council believes that this will have a direct impact at a time when Public Authorities should be working closer with residents</p> <p>Reducing community focus is false economy particularly at a time when community engagement is paramount to delivering effective and efficient services and reduces the capacity and opportunity for the Council and other smaller groups in and out of the Parish to engage within their communities.</p> <p>The Parish sees the value of local engagement and already invests in the services of a Community Development worker to identify and develop Community led projects and more importantly to achieve grant funding opportunities and deliver these which benefit our local residents.</p> <p>The real saving here is reducing opportunities. More expenditure not less should be allocated for engagement activities, we do look to our District Council to support our and your community and feel that any cut in this service will have a detrimental and long lasting effect.</p>	<p>The District Council is facing significant financial challenges going forward and as such is employing a variety of strategies to ensure a balanced budget can be achieved. One such strategy is to review all posts that become vacant. Following an internal review it was felt that two posts focussing on community engagement and development plus other community based posts within other services of the Council provides good community support.</p> <p>The Council is committed to engaging with its residents, partners and businesses and absolutely agrees that reducing avoidable contact and demand on services through effective engagement is the right direction to move in, the two remaining full time posts will be working closely with all Council services to ensure key messages are promoted and relayed to our communities.</p> <p>The Council is also pleased to hear of your investment in a Community Development Worker to support residents and community groups. We look forward to working with you in the future.</p>
<p>Ashby Woulds Town Council</p> <p>What happens if a pay rise is agreed, they would have to look at further cuts elsewhere or use their contingency which as you will see in item 3 they are looking to remove. It concerns me where they will make further cuts and then</p>	<p>The contingency for the potential Pay Award will now be reinstated.</p>

<p>blame this on their staff having a pay rise. Support no increase.</p> <p>With planning applications generally on the rise throughout the country it is only going to cause more confrontation and the need for this budget will be required more, or does it mean they will object to less planning applications to save money.</p> <p>Planning needs to ensure all decisions are fully informed and based on the latest expert information to minimise need to challenge or defend decisions, thereby reducing risk of unexpected costs. What is the purpose of the reserve if not for covering unavoidable costs that arise outside of set budgets? Can we request information on use and level of reserves district holds?</p> <p>We have enough issues with Dog fouling and other environmental issues, this post should be filled straightaway and not look to save money. This has a direct impact on everybody in NWL. Does a reduction imply transfer of responsibility to parishes to fill the gap? This is an area where visitors increase activity in the community and therefore it's a fair assumption that this also increases the risk of impact on cleanliness of the community. A reduction with this service by District whilst looking to promote tourism to boost the local economy is not supportive nor wise. Education should remain a primary focus for all aspects of community life.</p> <p>Surely this is the connection between the Council and public, this role is very important, if it's lost the Council will become even more detached from the general public and this will only effect democracy.</p> <p>What plans do the Council have to ensure communication remains effective.</p> <p>What other plans do the Council have to provide opportunities for parishes to ensure the views of the community are represented at District level. We must build stronger links not weaken them.</p>	<p>The Council will continue to make all planning decisions objectively, taking into account all material considerations and basing its decisions on sound planning reasons. The budget is to provide a contingency to meet unexpected costs throughout the year, not just costs related to planning decisions or appeals. However if the contingency is removed the Council will need to make in-year savings if an unexpected cost arises</p>
	<p>With regards to reducing the number of Street Environment Managers, there will still be sufficient capacity from two full time posts to address the main areas of concern for residents and partners within the District. The focus of the work will be split between enforcement, education and campaigns and instead of being split equally across the three forum areas the work will now be targeted on the areas of greatest need.</p>
	<p>Similarly, it was felt that two full time posts focussing on Community Engagement is sufficient at this point in time when considering the financial issues the Council are facing. These posts will also be working with other services the which engage with communities.</p> <p>The Council is fully committed to engaging with its residents, partners and businesses and the two remaining full time posts will continue to work closely with all Council Services to ensure key messages are promoted and relayed to our communities. We are currently looking to maintain our presence at key community events around the District in 2013 as well as continuing our liaison</p>

<p>meetings with Parish Councils.</p>	<p>The trade unions have previously asked about the implementation of the Living Wage at meetings of the Management / Trade union consultation meetings. Management have explained that there is no policy decision by the Council to implement the Living Wage.</p> <p>It would be inappropriate to respond to comments relating to the MP.</p> <p>The Performance Related Pay scheme was removed after extensive consultations with, and the agreement of, all of the local trade unions.</p> <p>All reductions in staffing that follow instances of natural wastage are carefully considered by the Corporate Leadership Team as part of the vacancy review process. This includes consideration of the impact on other employees in those teams and on service levels.</p>
<p><u>Joint Union Response to the Draft Budget Proposals 2013/14</u></p> <p>This response is made by the joint Unions, namely Unison, GMB, UCATT and Unite and we are all in agreement with it's content.</p> <p>At first sight the proposals seem relatively painless for the Council's employees this year. Given that the Chancellor announced a 1% increase in public sector wages it would seem sensible to allow for it in the budget. Even this is not a sensible increase as the cumulative effect of the last three years is that pay has fallen by 13% since 2009 and is now more than 10% below where it was in 1996. As well as budgeting for the 1% increase Unison would suggest that the fairest thing to do would be to introduce the Living Wage at this Council, following the example of many other Councils (including Conservative controlled ones) and other progressive employers. Much evidence for the benefits of this can be found at www.livingwage.org.uk.</p> <p>Many staff at the Council are struggling to make ends meet and it is heart warming to know that our local MP is sharing our pain. We too have to "look our children in the eye when it's Christmas and say you can't have what you normally have, because Mummy or Daddy works for the Council". In fact the majority of staff at this Council had their salary reduced by up to 10% when Performance Related Pay was scrapped.</p> <p>The savings will be achieved by cutting services within the Council. This is to be done by, yet again, increasing the workload of the remaining staff when colleagues leave. This may appear to be a fair way of making cuts, however we would warn Councillors not to expect the same level of service from the affected departments.</p> <p>This Council has agreed to freeze the Council Tax for a third year in return for a Council Tax Freeze Grant equivalent to a 1% increase. At face value this seems like a good deal for all concerned. However, all the unions are in agreement that this is a bad decision this year, just as it was last year and the year before. All</p>	<p>meetings with Parish Councils.</p>

businesses have increased their charges to keep up with their increased expenses, from EON to the corner shop. In spite of the pay freeze the costs of running the Council increase all the time. If this Council is in a relatively good financial position it is because the staff who work here are some of the best to be found. We all strive to make the Council as efficient as possible and take on everything that is asked of us, and more. It is the view of all of the unions that the political leadership, by freezing the Council Tax for so many years, is impoverishing the Council and will cause irreparable damage to the services that we provide to the community. This is no good for the citizens of North West Leicestershire who depend on the services that we provide or the employees of the Council. It only benefits the political ambitions of those who make these decisions.

As far as savings suggestions go, the unions have put forward many suggestions over the years.

We are now at the stage where there is little to be found as there is no fat on the bones of this Council. You already have the DCLG guide to savings, what more can we add?

We suggest that an increase of 2% on the Council Tax is passed this year and next year. This way we can build up the Council Tax base and prepare us for the cuts that are still to come from Central Government.

An increase in car parking charges was dismissed last year, perhaps it should be revisited.

Better asset management. Land at Highfield Street could be cleared by salvage firms making a more attractive plot of land to sell.

Councillor's allowances include an allowance for Broadband. This is clearly ridiculous at anytime, let alone during a period of austerity. Ian Duncan Smith (Secretary of State for Work and Pensions) expects benefit claimants to have broadband or smart phones without making a financial allowance for it. We suggest that this allowance is cancelled to make a small saving. We also recommend that travel expenses be limited to no more than £100 per annum.

Management fully recognises the contributions made by the staff in supporting efficiency approaches.

The Council is committed to freezing again the Council Tax. This may be reviewed in future years.

All fees and charges have been subject to review as a part of the budget process.

The Asset Management Group will consider the business efficiency of this suggestion.

Councillor's fees and expenses are subject to periodic review, and these suggestions will be considered as part of that process.

Policy Development Group

A Member commented that he was in favour of a 2% increase in Council Tax for the coming financial year instead of continuing with the Council Tax freeze as in previous financial years. As part of further discussion other Members said they would not be in favour of an increase in Council Tax.

A number of Members were unhappy with the proposed staffing reductions as they felt it would have a large impact on the service provided and would affect income raised in the areas. The Head of Finance assured Members that the savings would outweigh any loss of income.

A Member also raised concerns regarding the loss of a Community Focus Officer as it would affect the area working in the district as there would be two officers over three areas, this could cause confusion.

Members were pleased that the Council were moving forward with the Head of Regeneration and Planning post as they felt it was important to have structure in place.

As stated above the Council is committed to freezing again the Council Tax. This may be reviewed in future years.

The Cabinet is recommending the staffing changes for the reasons already outlined above.

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
PROGRAMME OF SAVINGS ACHIEVED 2012/13**

	Lead Member	Proposal	2013/14 £'000	Comments
1	Cllr Alison Smith	Review of Community Grants	31.5	Countywide contract has been renegotiated with Voluntary Action Leicestershire resulting in a £10,000 saving for NWLDC. Countywide Home Improvement Agency (HIA) contract has been retendered and awarded to Papworth Trust which includes all NWL HIA support formerly undertaken by Care & Repair saving NWLDC £19,000. On-going efficiencies from supporting Moira Furnace saving £2,500
2	Cllr Alison Smith	Deletion of Equalities post	37	Deletion of the post of Equalities officer following the incumbent officer leaving the post for employment elsewhere. The duties of the post have been incorporated into other posts within the Council.
3	Cllr Nick Rushton	Efficiency Savings in Corporate Services	50	A combination of minor efficiency savings, with no impact on staffing or existing staff, delivered from within the Corporate services, these include reductions in the external audit fee and additional income from address management
4	Cllr Alison Smith	Management of vacancies	31	Following a vacancy to the Health & Safety Compliance Officer p/t position the Environment Health Commercial team has been restructured to accommodate this post within existing resources saving £14,360. A flexible retirement request has been accepted for a full time post within the Street Action Team and the work reallocated saving £17,000.
	TOTAL		149.5	

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

PROGRAMME OF ESTIMATED SAVINGS 2013/14

	Lead Member	Proposal	2013/14 £'000	Comments
1	Cllr Nick Rushton	Effective Asset Management – new income from Council Offices	25	Projected income from contracting with a new, additional tenant in Stenson House
4	Cllr Alison Smith	Reduction in staffing within Street Action Team	29.5	Reduction in the number of Street Environment Managers (from 3 to 2). This post is currently vacant so there is no direct staffing impact, however the impact on the level of service provision is as follows: <ul style="list-style-type: none"> - Reduced enforcement capacity for dog fouling, littering and enviro crimes - Reduced capacity for environmental campaigns including litter picks, village clean ups and attendance at events, meetings and community groups - Reduced capacity for educational activities within schools, parish councils and community events
5.	Cllr Trevor Pendleton	Reduction in staffing within the Stronger and Safer Communities Team	36.5	Reduction in the number of Community Focus officers (from 3 to 2). This post is currently vacant so there is no direct staffing impact, however the impact on the level of service provision is as follows: <ul style="list-style-type: none"> - Reduced capacity to service Community Meetings including Forums, Parish Councils, Community events - Reduced capacity to support Community groups in terms of funding advice, signposting, capacity building and development - Reduced capacity to support village appraisals, community plans, development initiatives and projects
	Total		91	

APPENDIX C

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2013/14

2012/13 Original Budget (Column 1) £	2012/13 Forecast (Column 2) £	Service	2013/14 Budget (Column 4) £
247,320	248,780	Chief Executive & Support	245,280
297,270	289,240	Human Resources	296,930
2,077,200	2,032,830	Legal & Support Services	2,297,670
1,684,300	1,644,700	Finance	1,770,730
4,306,090	4,215,550	Total Chief Executive's Department	4,610,610
415,460	613,908	Director of Services	476,940
4,164,500	3,919,224	Community Services	3,994,650
531,860	526,730	Regeneration and Planning	483,640
355,180	377,660	Strategic Housing	430,080
5,467,000	5,437,522	Total Director of Services	5,385,310
71,280	63,460	Corporate & Democratic Core	52,630
95,980	120,900	Non Distributed Cost	116,400
9,940,350	9,837,432	NET COST OF SERVICES	10,164,950
(1,091,250)	(1,091,250)	Net Recharges from General Fund	(1,343,080)
8,849,100	8,746,182	NET COST OF SERVICES AFTER RECHARGES	8,821,870
		Corporate Items and Financing	
		Corporate Income and Expenditure	
1,034,940	1,119,940	Net Financing Costs	1,175,510
(45,000)	(45,000)	Investment Income	(43,000)
230,000	100,000	Corporate Contingency	360,000
0		Localisation of Council Tax Support Grant - Parish	118,191
10,069,040	9,921,122	NET REVENUE EXPENDITURE	10,432,571
464,130	612,048	Contribution to (from) Value for Money Reserve	57,594
10,533,170	10,533,170	AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement)	10,490,165
		Financed By	
0		Council Tax Transitional Grant	20,428
4,755,000	4,755,000	Formula Grant	4,308,713
283,000	283,000	Council Tax Freeze Grant	56,570
463,300	463,300	New Homes Bonus	923,055
33,870	33,870	Transfer from Collection Fund	16,679
0	0	Localisation of Council Tax Support Grant	655,720
4,998,000	4,998,000	Council Tax	4,509,000
10,533,170	10,533,170	TOTAL FUNDING AVAILABLE	10,490,165
		SPECIAL EXPENSES	
738,170	748,410	Community Services	755,480
(74,440)	(74,440)	Net Financing Costs	(80,820)
0	0	Capital Schemes	0
663,730	673,970	Total Expenditure	674,660
		Funded by:-	
10,335	20,570	Use of Reserves	0
653,395	653,400	Council Tax Precept	574,382
0		Localisation of Council Tax Support Grant	100,278
663,730	673,970		674,660

OTHER SPECIAL EXPENSES	2012/13		2013/14
	ORIGINAL ESTIMATE	PROJECTED OUTTURN	ESTIMATE
	£	£	£
WHITWICK			
Parks, Recreation Grounds & Open Spaces	117,960	117,600	118,450
Cemetery	15,130	23,810	15,550
Grass Verge Cutting	4,280	4,280	4,370
One Off Grants	1,500	0	0
Asset Protection	12,500	12,500	12,500
	151,370	158,190	150,870
HUGGLESCOTE			
Parks, Recreation Grounds & Open Spaces	33,570	35,660	34,040
Cemetery	17,540	7,210	17,070
Grass Verge Cutting	3,210	3,210	3,270
One Off Grants	750	750	750
Asset Protection	3,500	3,500	3,500
	58,570	50,330	58,630
PLAY AREAS/CLOSED CHURCHYARDS GROUNDS MAINTENANCE:			
OSGATHORPE	340	340	340
COLEORTON	3,160	3,160	3,160
KEGWORTH	400	400	400
RAVENSTONE	340	340	340
MEASHAM	1,800	1,800	1,800
LOCKINGTON-CUM-HEMINGTON	2,780	2,780	2,780
OAKTHORPE & DONISTHORPE	3,670	3,670	3,670
STRETTON	1,290	1,290	1,290
APPLEBY MAGNA	0	0	1,550
OTHER SPECIAL EXPENSES (Net Cost Of Service)	223,720	222,300	224,830
Service Management recharges	30,080	30,080	33,070
ANNUAL RECURRING EXPENDITURE	253,800	252,380	257,900
FUNDED BY:			
Use of Reserves	7,886	6,466	0
Precept	245,914	245,914	224,014
Localisation of Council Tax Support Grant	0	0	33,886
	253,800	252,380	257,900

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 5 FEBRUARY 2013

Title of report	HOUSING REVENUE ACCOUNT BUDGET 2013/14 AND RENT INCREASE
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Director of Services 01530 454555 steve.bambrick@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	To seek approval to the 2013/14 Housing Revenue Account (HRA) Budget and Rent & Service Charge increases.
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2013/14.
Council Priorities	The HRA budget assists the Value for Money priority.
Implications: Financial/Staff Link to relevant CAT Risk Management	As included in report. Delivering a HRA Budget for 2013/14 will allow the Council to achieve the objectives for the service as set out in the Housing Smart Plan. The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget.

Equalities Impact Assessment	No impact identified.
Human Rights	None identified.
Transformational Government	Not applicable
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	As report author the report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	Corporate Leadership Team (CLT). Tenants Performance and Finance Working Group
Background papers	None
Recommendations	<p>A THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER BE NOTED,</p> <p>B THAT THE COUNCIL BE RECOMMENDED TO:</p> <ol style="list-style-type: none"> 1. APPROVE THE INCREASE OF 2.6% (AVERAGE INCREASE 15 PENCE) IN GARAGE RENTS FOR 2013/14. 2. APPROVE THE AVERAGE INCREASE OF 2.7% (3 PENCE PER WEEK) IN THE WEEKLY SERVICE CHARGE FOR 2013/14. 3. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 2.6% (74 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2013/14. 4. APPROVE THE LIFELINE CHARGES INCREASE OF 2.6% FROM 1 JULY 2013 (BETWEEN 5 PENCE AND 8 PENCE PER WEEK). 5. APPROVE THAT COUNCIL HOUSE RENTS IN 2013/14 BE INCREASED IN ACCORDANCE WITH THE GOVERNMENT'S RENT RESTRUCTURING

	<p>POLICY BY AN AVERAGE OF 5.33% (AVERAGE INCREASE £3.76 PER WEEK).</p>
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6. APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2013/14 ATTACHED AS APPENDIX A.

1.0 INTRODUCTION

1.1 The Housing Revenue Account budget for 2013/14 is set out at Appendix A. The budget for the current year together with the original 2012/13 budget are also attached for information.

2.0 REVISED BUDGET 2012/13

2.1 The overall forecast for the current year shows an increase in the forecast surplus from £913k to £1.443m. This is largely as a result in a reduction in expected loan financing costs of £418k due to a lower level of “take on” debt following HRA reform than previously anticipated.

2.2 There is a small decrease in Supervision and Management expenses (£26k) and an unbudgeted final adjustment from national subsidy pool (£41k) and a slightly higher level of rent income than forecast (£10k).

2.3 As a result of this and other smaller differences, the balance on the Housing Revenue Account at 31 March 2013 is estimated to be £3.264m. This balance significantly exceeds our agreed minimum balance of £1m but this has been developed to provide a loan repayment reserve provision against the future repayment of debts taken out on a maturity repayment basis, within the HRA Business Plan.

3.0 2013/14 BUDGET OVERVIEW

3.1 The budget is based on prices at November 2012 plus known increases, for example contractual obligations.

3.2 Provision has been included within the budget (£33k) for a centrally held contingency for a possible increase in payments to staff (Appendix “A” - line 27). This contingency will be allocated during the year if required. An increase of 1% in employer’s superannuation contributions has already been included in the budget.

3.3 Repairs and maintenance of dwellings (Appendix “A” – line 1) in 2013/14 is anticipated to total £4.849m.

3.4 Supervision and Management Expenditure (Appendix “A” – line 4) in 2013/14 is expected to be £2.345m (7.1 % higher than the original 2012/13 budget). This is largely caused by the service investments detailed in Appendix “B”

- 3.5 Garage rent levels (appendix "A" – line 15) are proposed to rise by 2.6 % which is in line with the Retail Prices Index (RPI) as at September 2012.
- 3.6 Appleby Magna Caravan Site is a General Fund asset but managed within Housing. Ground rents for the site are proposed to be increased by 2.6% on the anniversary of each individual rent agreement in 2013/14.
- 3.7 It is proposed that Lifeline Charges (included in Appendix "A" – line 13) are increased by 2.6% from 1 July 2013.
- 3.8 The investment and savings proposals included in the 2013/14 budget are shown at Appendices B and C.

4.0 2013/14 BUDGET – RENTS (APPENDIX "A" – LINE 13)

- 4.1 Existing Government policy, introduced nationally for local authorities in April 2002 is to establish the local authority average guideline rent increase by applying RPI inflation at the previous September plus 0.5%, and a convergence factor of up to £2 per week to reflect the number of years to rental convergence with the housing association sector.
- 4.2 Although the previous housing subsidy system ceased on 31 March 2012 the Government policy remains that Councils will still work towards rent convergence being achieved by 2015/16, and then continue to increase rents at RPI + ½% beyond 2015/16. This policy is designed to harmonise Council rent levels with Housing Association rents for similar properties. The self-financing settlement figure took this assumption on future rent increase levels into account and so any move away from this will have revenue consequences on the 30 year HRA Business Plan. For modelling purposes, the rental increase built into the HRA Business Plan after 2013/14 is 3% per annum, based on an assumed inflation rate of 2.5%. The Business Plan also assumes that the convergence factor of up to £2 per week will also continue to be applied until convergence in 2015/16. Individual properties are moving towards their target rent in equal steps over the period leading up to convergence. Charging a lower rent than is recommended in any one year during this period therefore has the effect of increasing the size of the steps needed in subsequent years. The size of these steps affects the overall average rent increase.
- 4.3 As a result of other caps and limits being applied to individual property rents, a significant number of properties, however, will not achieve convergence by 2015/16 and subsequent increases beyond this date will therefore still need to reflect the need to reach the target.
- 4.4 September 2012 RPI inflation was 2.6%. This has been used as the basis to calculate the rent increase for 2013/14 in line with the Government's Rent Convergence Policy.
- 4.5 Members may recall that the original average rent for 2012/13 approved at Council on 23rd February 2012 was £70.18. As part of the 2008/2009 budget setting process and following tenant consultation, Members agreed that upon re-let, if the tenant was new to the service, the rent charged would be the target rent. Such re-lets since the approval of the 2012/13 rent now mean that the average rent has increased by 31 pence to £70.49

4.6 In accordance with Government's Rent Convergence Policy therefore it is proposed to increase the average weekly rents by £3.76 per week (5.33%) from £70.49 to £74.25. For those properties already at the target rent the increases are 3.1%.

4.7 A table showing a sample of rents across property types and areas is attached at Appendix D for Member's information. This excludes any service charge.

5.0 SERVICE CHARGES

5.1 About one third of the Council's properties have a service charge of one type or another, covering a range of items such as communal heating, communal lighting and the maintenance of communal areas. The estimated income from these charges is shown at line 14 of Appendix A.

5.2 For 2013/14 average weekly service charges are proposed to be increased by 3 pence (2.7%) from £1.40 to £1.43. This gives a combined average rent/service charge increase of £3.79 per week (5.27%), from £71.89 to £75.68.

6.0 HOUSING REVENUE ACCOUNT BALANCE

6.1 The budget for 2013/14 produces an operating surplus of £1.474m for the year which will increase the estimated balance on the Housing Revenue Account at 31 March 2014 to £4.738m.

6.2 Significant surpluses on the HRA are required in 2012/13, 2013/14 and 2014/15 and beyond so as to be able to meet the loan repayment commitments in the HRA Business Plan.

7.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

7.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer) to comment on the robustness of the estimates and also on the adequacy of the proposed reserves. Members must have regard to these comments when making a decision on the budget proposals for the forthcoming year.

7.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2013/14 are robust and prudent and the proposals are deliverable.

7.3 The Section 151 Officer also considers that the overall level of Housing Revenue Account reserves is adequate.

HOUSING REVENUE ACCOUNT SUMMARY

LINE NO.	DETAIL	2012/2013		2013/2014
		Budget £	Forecast (p9) £	Estimate £
	HOUSING REVENUE ACCOUNT			
1.	TOTAL REPAIRS & MAINTENANCE	4,543,420	4,554,000	4,849,230
	SUPERVISION & MANAGEMENT			
2.	General	1,938,310	1,985,140	2,114,740
3.	Special / Supporting People	251,510	178,750	229,830
4.		2,189,820	2,163,890	2,344,570
5.	PROVISION -DOUBTFUL DEBTS	60,000	60,000	96,760
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	4,008,170	4,008,170	4,008,170
8.	Debt Management Expenses	1,650	1,650	1,380
9.		4,009,820	4,009,820	4,009,550
10.	HOUSING SUBSIDY PAYMENT TO NATIONAL POOL	0	-41,340	0
11.	TOTAL EXPENDITURE	10,803,060	10,746,370	11,300,110
12.	RENT INCOME			
13.	Dwellings	15,227,500	15,230,250	16,051,250
14.	Service Charges	303,450	300,700	316,550
15.	Garages & Sites	77,610	87,940	89,020
16.	Other	26,100	26,100	26,100
17.		15,634,660	15,644,990	16,482,920
18.	TOTAL INCOME	15,634,660	15,644,990	16,482,920
19.	NET COST OF SERVICES	-4,831,600	-4,898,620	-5,182,810
20.	CAPITAL FINANCING - HISTORICAL DEBT	175,000	175,000	175,000
21.	CAPITAL FINANCING - SELF FINANCING DEBT	3,674,950	3,257,170	3,257,170
22.	INVESTMENT INCOME	-25,200	-25,200	-25,200
23.	PREMATURE LOAN REDEMPTION PREMIUMS	24,090	24,090	19,270
24.		3,848,840	3,431,060	3,426,240
25.	NET OPERATING EXPENDITURE	-982,760	-1,467,560	-1,756,570
26.	REVENUE CONTRIBUTION TO CAPITAL	0	0	250,000
27.	CONTINGENCY	69,930	25,050	33,000
28.		69,930	25,050	283,000
29.	NET (SURPLUS) / DEFICIT	-912,830	-1,442,510	-1,473,570
	<u>HRA BALANCES</u>			
30.	Balance Brought Forward	-1,511,727	-1,821,425	-3,263,935
31.	(Surplus)/Deficit for Year	-912,830	-1,442,510	-1,473,570
32.	Balance as at year end	-2,424,557	-3,263,935	-4,737,505

APPENDIX B

HOUSING REVENUE ACCOUNT 2013/14 – INVESTMENTS (INCLUDING CONTRACT UPLIFTS AND OTHER BUDGET ADJUSTMENTS)				
Ref	Investment bid title	What is the investment for?	Value	Period
11	Tenant Scrutiny	To enable the new Tenant Scrutiny Panel to have an appropriate budget to meet training and support needs and to call upon expertise to scrutinise the housing service. This provision reflects emerging best practice in the sector.	£10,000	recurring
12	Council Tax	Increase the base budget provision to reflect the volume of empty properties predicted for 2013/14, which will increase due to the improvement programme + effect of proposed Council Tax Local scheme which reduces discount levels for empty homes.	£131,630	recurring
13	Rent Payment Transaction Costs	The Welfare Reform Act will see tenants receive their housing benefit directly, commencing October 2013. Currently there are no transaction related costs for receiving rent payments via Housing Benefit, although we will incur additional charges through Pay Point for extra payment card transactions when tenants have to pay themselves	£6,240	recurring
18	Void Cleaning (Sparkle Clean Pilot)	Provision for a pilot scheme of an alternative way of cleaning void properties in response to feedback from customers. This will be delivered through the ESPO cleaning contract with LCC for our sheltered schemes.	£18,970	recurring
19	Gas	To increase the gas supply budget to cover the additional gas costs for communal scheme boilers that have been converted from solid fuel during 2012/13.	£57,280	recurring
110	Heating Charge	Reduction in income in relation to 2013/14 Heating Charge which is reducing by 40% as a result of the communal boiler solid fuel to gas conversions. Adjustment to the budget to reflect the reduction in income as a result of changes to the fess and charges for this service.	£51,590	recurring
112	HRA Salary Changes	Net effect of a range of salary changes required to HRA posts within the Housing Service (including In House Repairs Team). Includes additional provision to adjust for underpayment of apprentices (£48K), additional DLO overtime for budget to match profile (£27k), additional pension contribution increase (£23k), increments (£32k) less a range of credits leaving current net overall impact at £116k. NB this is still being refined following analysis of the submissions from Team Managers and is anticipated to reduce.	£116,030	recurring
113	Mechanical Air Extraction	New budget for the installation of mechanical air extraction equipment (expelair type fans) for use in properties suffering from the effects of severe condensation.	£30,000	recurring
114	Defective Double Glazed Units	Provision to undertake the backlog of repairs by replacing misted double glazed units, caused when the seal between the two panes of glass breaks down. Provision in year 1 will clear the existing backlog followed by a significantly reduced annual provision.	£50,000	1 year to clear backlog, then £10k pa from year 2
115	Schedule Of Rates (SOR) Uplift	SOR repairs contract contains an uplift clause for payment each April, this is based on September CPI -1%.	£36,530	recurring
118	Full year budget provision for regrading	Anticipated increase in Housing Management salary costs after job re-evaluation due in Q3/4.	£6,000	recurring
123	Assistive Telecare Contract Maintenance Uplift	Indicative increase based on RPI since contract prices will remain unknown until the tender process has been approved and completed.	£14,340	recurring

HOUSING REVENUE ACCOUNT 2013/14 – INVESTMENTS (INCLUDING CONTRACT UPLIFTS AND OTHER BUDGET ADJUSTMENTS)

Ref	Investment bid title	What is the investment for?	Value	Period
I25	Green & Decent Professional Advisor Fees	An ongoing budget provision is required for professional advice in relation to the Green & Decent Work stream which will focus on carrying out a pilot of green technology installations over the next 2 years and subsequently evaluating the pilot and using the findings to inform the post 2015 30 year Capital Programme. Advice sought from Finance has proposed that the fee is charged to Revenue as opposed to Capital to reflect the fact that the advice is not on a currently live capital project.	£10,150	2 years, reducing to £7,600 for yr 2.
I29	Service Charges Module	Provision for implementation of an effective system to enable effective calculation and administration of service charges. Service charges represent a significant source of income currently being managed well but inefficiently through spreadsheets.	£11,200	recurring
I33	Increase in bad debt provision to reflect impact of Welfare Reform	The current bad debt provision stands at £60k per annum. It is anticipated that Welfare Reform and Universal Credit will impact negatively on arrears. It is proposed that this percentage is revisited and increased to 0.6% for the life of the HRA Business plan increasing the bad debt provision to £97k for 2013/14.	£36,760	recurring
I34	Loan Redemption Reserve	Annual provision for the set aside of HRA balances in preparation for the repayment of maturity loans taken out to finance HRA Reform. Head of Finance and Head of Housing need to determine strategic approach to developing and maintaining a fund to ensure adequate budget capacity is available to repay maturity loans due over the lifetime of the HRA Business Plan. Allowing HRA balances to increase could create a false impression of the level of unallocated surplus within the account, therefore ensuring revenue surpluses are shown in an appropriate way is important so that stakeholders can transparently see the medium to long term implications of budget decisions. This change has a zero net effect on the overall account, as it is simply a different way of presenting information in response to the introduction of HRA Reform.	£0	recurring
I35	Salary Pay Award Contingency	The General Fund budget proposals will include a possible 1% pay award as a contingency. Applying this principle to the HRA would cost £33k based on the latest salary working papers.	£33,000	recurring
I37	Decent Homes Improvement Programme contingency.	Budget to support the delivery of the Decent Homes Improvement Programme. Costs will be paid by the revenue budget and then charged to Capital in full in year (£200k provision in Capital)	£0	recurring
I38	Revenue Contribution to Capital Outlay (RCCO)	Projected level of Revenue Contribution to Capital outlay required to to support the 2013/14 Capital Programme.	£250,000	1 year
I39	Increase in Electricity costs	Forecast increase of 6.37% on electricity for communal areas (recovered in part through HRA service charges).	£5,300	recurring
I40	Reduction in Supporting People Grant Income	Reduction in Supporting People Grant Income for 2013/14.	£8,400	recurring
I4 I16 I17 I20 I21 I22 I24 I31 I32	De Minimus items (under £5k)	Servicing of Communal Gas Boilers (£2,370); Repairs Diagnostics Licence Costs (£3,250); "Open Housing" Improvement Group Enhancement Funding (£3,000); Refuse Collection (£510); Grounds Maintenance charge increase (£3,700); Cleaning Contract Uplift (£1,800); Gas Appliance Servicing Contract Uplift (£3,580); Solid Fuel Servicing Contract Uplift(£1,020); Valuation of Right to Buy (RTB) increase in number needed (£3,600)	£22,830	
TOTAL VALUE OF PROPOSED INVESTMENTS AND BUDGET ADJUSTMENTS			£906,250	

Summary of Housing Revenue Account Savings Proposals 2013/14				
Ref	Saving Bid Title	How is the saving made?	Value (£)	Period
S1	Assistive Technology Salary Savings	Reduced working hours of the Assistive Technology Officer from 36.25 to 21.75 per week.	£9,930	recurring
S2	Responder Contracted Hours Salary Saving	Not recruiting to the one vacant and soon to be vacant (31/10/2012) Responder posts. Service being delivered by HBBC on our behalf instead.	£5,740	recurring
S3	Communal Cleaning	Cleaning no longer required in the corridors of decommissioned sheltered schemes Heather House, Woulds Court and Greenacres.	£10,000	recurring
S4	Solid Fuel	Solid Fuel communal boiler conversions to gas will mean that coal will no longer need to be purchased.	£83,840	recurring
S5	Boilers	Solid Fuel communal boiler conversions to gas will mean that there will be no longer the requirement to stoke, service and maintain the solid fuel boilers.	£52,440	recurring
S6	Recurring under spending budgets reviewed during period 4 finance clinics and agreed with Team Managers	Savings identified through analysis of recurring under spending budgets undertaken during 2012/13.	£16,600	recurring
S7	HRA Capital Financing - Self Financing Loans	2012/13 Capital Financing (loan repayment) provision in the budget for 2012/13 was estimated in November/December 2011. Actual loan repayments were confirmed on 31 March 2012 at significantly lower levels of repayments than estimated. This adjustment/saving corrects the over provision for future years.	£417,780	recurring
S9	Service Charge Income	Additional income generated through service charges to recover costs. Average increase for tenants is 2.7%.	£13,100	recurring
S11	HRA Dwelling Rent	Estimated additional rental income compared to 2012/13 net of void and out of debit adjustments, as estimated by HRA Accountant. Average increase for tenants is 5.35%	£823,750	recurring
S12	HRA Garage and Garage Sites	Estimated additional rental income compared to 2012/13 net of void adjustments following RPI based increase of 2.6%.	£11,410	recurring
S15	Adaptations (Revenue)	Saving offered based on reduced demand on the minor works adaptations revenue budget used to provide handrails and keysafes etc. Provision requirement to be revisited as part of for 2014/15 budget setting.	£16,000	1 year
S16	Solid Fuel 2nd Sweep Servicing	Decision taken to commence 2nd sweeps at point of award of retender of current contract, due in March 2013, with optional two 1 year extension periods that are proposed to be utilised.	£27,670	2 years
S22	Support Officer Bank Staff Funding Provision	Saving offered in relation to provision for bank staff not currently being used.	£7,730	Recurring
S8 S10 S14 S19	De minimus items (under £5k)	Transitional Protection (Supporting People) (£450); Insurance Income Budget (£600); Increase in Lifeline Income (£2,370); Lone Worker Monitoring (£2,020)	£5,440	Various
	TOTAL OF PROPOSED SAVINGS		£1,502,010	

Examples of Proposed Rent Charges 2013/2014 (excluding service charges)

ASSET LOCATION	BEDSIT						ONE BEDROOM						TWO BEDROOM						THREE BEDROOM						FOUR / FIVE BEDROOM					
	Existing Rent (2012/13)			New Rent (2013/14)			Existing Rent (2012/13)			New Rent (2013/14)			Existing Rent (2012/13)			New Rent (2013/14)			Existing Rent (2012/13)			New Rent (2013/14)			Existing Rent (2012/13)			New Rent (2013/14)		
	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest			
Albert Village, Coalville, Ellistown, Hugglescote, Overseal, Worthington.	34.20	40.03	49.90	37.26	42.89	52.35	40.04	53.36	63.41	43.28	56.59	66.39	49.25	68.07	76.93	52.78	71.45	79.32	69.03	77.29	85.46	73.17	81.44	88.11	78.54	83.19	92.32	82.97	87.48	95.19
Castle Donington	38.24	42.68	47.11	41.43	45.55	49.66	42.73	53.78	63.84	46.05	57.18	67.82	61.97	71.86	80.16	66.55	75.66	82.65	56.90	79.11	88.69	60.66	83.37	91.44	80.31	83.74	87.61	84.80	88.34	92.33
Ibstock, Moira, Ravenstone, Thringstone, Whitwick.	42.76	45.11	51.85	46.09	48.00	53.45	31.03	54.39	68.42	33.99	57.62	70.55	38.78	66.87	81.26	41.98	70.34	83.78	64.89	78.06	89.75	68.90	82.19	92.53	81.43	83.31	91.25	85.95	87.81	94.08
Ashby, Blackfordby, Coleorton, Diseworth, Donisnorpe, Kegworth, Long Whatton, Measham, Newbold Coleorton, Oakthorpe, Packington	31.64	47.35	57.24	34.62	50.36	59.02	38.51	56.28	68.42	41.70	59.55	70.55	51.18	67.50	82.33	54.77	71.00	84.88	66.50	78.17	93.52	70.56	82.19	96.42	74.27	82.79	99.27	78.23	87.11	102.35
Appleby Magna, Belton, Breedon, Chilcote, Heather, Hemington, Lockington, Newton Burgoland, Normanton Le Heath, Osgathorpe, Snaresstone, Swamington, Swepestone, Tonge.	49.99	53.45	54.55	53.54	55.68	56.24	52.38	60.33	68.42	56.00	63.76	70.55	59.00	69.34	82.33	62.83	72.84	84.88	76.87	81.02	90.82	81.25	85.33	93.64	85.61	85.61	85.61	90.26	90.26	90.26

	£	£	%
SUMMARY	74.25	3.76	5.33
Average Rent			
Average Increase			
Lowest Rent	33.99	1.60	3.09
Highest Rent	102.35	4.73	9.54

Figures based upon stock levels as at 24th December 2012: 4336 properties

CABINET – 5 FEBRUARY 2013

Title of Report	CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2012/13 AND PROPOSED PROGRAMMES 2013/14 TO 2015/16
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk Financial Planning Manager 01530 454707 pritesh.padaniya@nwleicestershire.gov.uk
Purpose of Report	To advise Members of the likely Capital Outturn and the relevant financing for the 2012/13 financial year for the General Fund, Coalville Special Expenses and the H.R.A. To seek approval to the proposed General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2013/14 to 2015/16 and associated funding.
Reason for Decision	To enable projects included in the Programmes to proceed.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.
Implications Financial / Staff Links to relevant CAT	As contained in the report. The Capital programmes are potentially relevant to all Corporate Action Teams (CATs).

Risk Management	The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget.
Equalities Impact Assessment	No impact at this stage.
Human Rights	None identified.
Transformational Government	The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	As author the report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	CLT and budget holders.
Background Papers	Report to Cabinet 12 December 2012 Asset Management – Coalville Market http://minutes.nwleics.gov.uk:81/aksnwleicester/users/public/admin/ka_b71.pl
Recommendations	<p>A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2012/13 AND PLANNED FINANCING BE NOTED.</p> <p>B. THAT COUNCIL BE RECOMMENDED TO APPROVE EXPENDITURE IN 2013/14 AS PER:</p> <ul style="list-style-type: none"> • APPENDIX A GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES • APPENDIX B FOR HRA CAPITAL SCHEMES AND IN 2014/15 THESE SCHEMES ONLY: • £880,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS HIGHLIGHTED * IN APPENDIX A.

1.0 INTRODUCTION

- 1.1 Attached at Appendix A is the General Fund and Special Expenses draft Capital Programme for 2013/14 to 2015/16.
- 1.2 Appendix B shows the H.R.A. draft Capital Programme for 2013/14 to 2015/16.

1.3 The Appendices also show the estimated outturn for the current year.

2.0 ESTIMATED OUTTURN 2012/13

2.1 The projected outturn for 2012/13 on General Fund schemes totals £1,541,000. This is a planned increase of £348,000 on the original budget for the year of £1,193,000.

2.2 This managed increase is caused by the following:

	£	£
Slippage from 2011/12 on:		
Intranet (Sharepoint) development	22,000	
Disabled Facilities Grant	<u>303,000</u>	325,000
Additional Approved Schemes in 2012/13:		
Council Offices – New Energy Efficient Lighting (SALIX)	90,000	
Overspend on Vehicles	<u>3,000</u>	93,000
Schemes not now being progressed in the year:		
Customer Relationship Management Software	(70,000)	(70,000)
TOTAL		<u>348,000</u>

The planned financing of the General Fund expenditure totalling £1,541,000 in 2012/13 is:

	£
Disabled Facilities Grant and PCT monies carried forward	303,000
Disabled Facilities Grant	224,000
Revenue Contributions to Capital	149,000
Other Reserves	40,000
Leasing of vehicles	753,000
Salix Loan for Energy Efficient Lighting schemes	<u>72,000</u>
	1,541,000

2.3 There were sufficient funds identified prior to this capital spend being committed.

2.4 There are also sufficient funds to finance the Coalville Special Expenses and Housing Revenue Account expenditure in 2012/13 as detailed in paragraphs 6.7 and 6.8.

2.5 The slippage shown in paragraph 2.2 above is expenditure which was originally expected and budgeted for in 2011/12 but which has fallen in 2012/13 and for which the budgeted financing has also been carried forward. The bulk of this was DFG expenditure approved late in 2011/12 and claimed in 2012/13.

2.6 Funding for the Lighting Scheme at the Council offices was approved by the Cabinet on 22 May 2012. The Council has an interest free "SALIX" loan of £72,000 and has

provided £18,000 of its own resources. The loan will be repaid from the savings through energy efficiency.

3.0 GENERAL FUND CAPITAL PROGRAMME 2013/14 TO 2015/16 – INDIVIDUAL SCHEMES

3.1 The programme for 2013/14 to 2015/16 detailed in Appendix A provides for a continuation of the current Disabled Facilities Grants Scheme and the Vehicle Replacement Programme. The following new schemes are included in the programmes for approval to commence in 2013/14:

3.1.1 SAN and Virtual Server Replacement (£142,000)

To replace Servers approaching end of contract. The new Central data storage Equipment (SAN) and Servers will provide increased data storage facilities and cater for continued growth in data.

3.1.2 User Work Station Replacement- Continuation (£60,000)

This capital programme is for the replacement of desk top computers across the Council over 2 years.

3.1.3 Customer Relationship Management (CRM) Software (£70,000)

This is to acquire Customer relationship software to successfully deliver the Customer services improvement strategy

3.1.4 Hood Park Leisure Centre Pool Changing Rooms (£25,000)

The changing room and its fixtures and fittings are becoming worn out through heavy use and are in need of replacement. Capital investment would allow for new lockers, benching and vanity units. The outcome would be an improved changing area that would maintain and increase usage generating income through casual swimming and learn to swim scheme membership.

3.1.5 Hood Park Leisure Centre Studio Air Conditioner (£15,000)

The air conditioning units are over 10 years old and need to be replaced due to high maintenance costs and have limited life left in them, this was recommended in the recent condition survey undertaken at the leisure centre. The coolant gas used in these units will also become illegal to trade in 2014 which means any faults after this time will render the units inoperable.

3.1.6 Fitness Equipment (£62,000)

Fitness equipment at both leisure centres whilst in good condition due to regular maintenance is rapidly becoming outdated compared with customer expectations. Investing in new equipment will help us to retain existing members and recruit new members. The new equipment would also be more energy efficient hence reducing running costs whilst assisting with generating additional income.

3.1.7 Council Offices Access and Main Car park, Coalville – Resurfacing (£49,500)

The condition of this car park is very poor and the access road is beyond effective repair. Patch repairs are no longer efficient.

3.1.8 Council Offices Extension Car Park, Coalville – Resurfacing (£32,000)

Resurfacing and relining is required as the surface is deteriorating and patch repairs are no longer efficient.

3.1.9 Market Hall Car Park, Coalville – Resurfacing (£64,500)

The condition of this car park is degenerating with regular repairs being required. Resurfacing is required to maintain asset quality.

3.1.10 Lighting Scheme at Leisure Centres (£36,000)

New lighting to replace the Existing lighting at the Leisure centres. This will reduce the revenue expenditure on energy bills, reduce CO2 emissions, and improve the overall aesthetic appearance of the leisure centres.

3.1.11 Coalville Market (£100,000)

This investment approved by Cabinet on 12 December 2012 and will be funded from a combination of Earmarked Reserves and a contribution from the Value for Money fund.

4.0 COALVILLE SPECIAL EXPENSES 2013/14 – INDIVIDUAL SCHEMES

4.1 The following schemes are planned for 2013/14:

4.1.1 Cropston Drive BMX Track, Bardon (£32,500)

The scheme, subject to consultation, would see the installation of fixed skate/BMX and scooter blocks.

4.1.2 Thringstone Miners Social Centre (£5,000)

Ongoing site improvement works prior to a full handover to site trustees.

4.1.3 Urban Forest Park (£31,000)

This scheme would see a 5th play station added.

4.1.4 Scotlands Recreation Ground (£80,000)

Set aside for changing room maintenance/enhancement and as potential for match funding.

4.1.5 Owen Street Changing Rooms Extension/Floodlight Upgrades (£40,000)

Building and Renovation work to the Changing Rooms and some upgrades to Floodlights.

These schemes will be discussed by the Coalville Special Expenses Working Party on 29 January 2013 and any recommended changes or comments will be provided to the Cabinet meeting.

5.0 H.R.A. CAPITAL PROGRAMME 2013/14 - 2015/16 – INDIVIDUAL SCHEMES

5.1 HRA Capital programme (Appendix B) covers in detail the capital schemes for the period 2013/14 to 2015/16.

5.2 Planned spend in 2013/14 and onwards mainly consists of

5.2.1 Decent Homes Improvement Programme (DHIP)

The Decent Homes standard was introduced by the last Government to drive up the quality of social housing across the country. The standard sets a range of indicators for different elements of tenant's homes. North West Leicestershire has the highest national level of predicted Non Decency on this assessment at 70%.

Government has set aside £2.1bn, out of which £0.6bn is ring fenced to new Stock Transfer gap funding and the remaining £1.5bn is available for councils,

with over 10% of their stock non decent, to bid for. The Council bid was successful and it received £3.7m for 2012/13, with further funding of £8.5m for years 2013/14 and 2014/15 respectively.

The Decent Homes Improvement Programme for 2013/14 will invest £11.04 million in improving tenant's homes.

5.2.2 Housing Planned Investment Programme (HPIP)

In addition to delivering the Decent Homes Improvement Programme, there are a wide range of other investments required to maintain and enhance the housing stock and associated services and assets, which are outside the Government's definition of Decent Homes works. This part of the housing capital programme funds this work and includes improvements to communal facilities in sheltered schemes, aids and adaptations to tenants' homes, and one-off improvements to void properties. It is funded from receipts from Council Housing sales (Right to Buy) and the annual transfer of a Major Repairs Allowance from the Housing Revenue Account.

6.0 CAPITAL RESOURCES

6.1 The resources estimated to be needed to finance the General Fund programme 2013/14 to 2015/16 total £4,287,900 as follows:

	£
2013/14	1,779,300
2014/15	1,538,300
2015/16	1,070,300
Total	£4,387,900

6.2 Funding is in place in 2013/14 for the Disabled Facilities Grants Scheme (£373,300) consisting of £224,000 Disabled Facilities Grants and £149,300 of Revenue Contribution. The remaining schemes can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2013/14 Revenue Budget.

6.3 With regard to the Fleet Replacement Programme, each year a number of vehicles either come to the end of their lease period or their lease extensions are reviewed. Each vehicle is reviewed based on its age, condition, mileage, potential risk of major repairs (due to being out of warranty) and a decision is made whether to extend the lease or replace the vehicle.

6.4 These decisions are made in the previous year in order to allow a suitable lead in period from order to delivery in April, particularly for large items such as refuse vehicles. Many of these vehicles are built to order and these orders have to be placed before October for delivery the following April. Therefore, although they are actually acquired in April a commitment has to be made in the previous year.

6.5 In order to progress with the 2014/15 purchases approval is sought for the following vehicles:

	£
Refuse Kerbsider	145,000
Refuse Vehicles	355,000
Box van	30,000

Sweeper	50,000
Market Vehicles/Cars	20,000
Vans Small	35,000
Other Vans	50,000
Vans Pickup	100,000
Digger	75,000
Chipper machine	<u>20,000</u>
	880,000

- 6.6 As far as the Coalville Special Expenses Programme is concerned, the following resources are available:

	£
Resources available as at 1st April 2012	155,341
General Fund Contribution to Fund in 2012/13	8,820
S106 Funding	<u>78,733</u>
Resources available to finance 2012/13 capital expenditure	242,894
 <u>Less:</u>	
Capital Programme Expenditure 2012/13	<u>115,480</u>
Resources available at 1st April 2013	127,414
 <u>Add:</u>	
S106 Contributions for 2013/14	<u>60,633</u>
Resources available to finance 2013/14 capital expenditure	188,047
 <u>Less:</u>	
Capital Programme Expenditure 2013/14	<u>188,047</u>
Resources available at 1 st April 2014	<u>NIL</u>

It can therefore be seen that there are sufficient resources to finance the Coalville Special Expenses Capital Programme as proposed.

- 6.7 With regard to financing for the Housing Revenue Account Programme, the following resources are estimated to be available:

	£
Major Repairs Reserve Balance at 1st April 2012	1,656,000
Available Capital Receipts at 1st April 2012	890,000
Grant Funding 2012/13	30,000
Major Repairs Allowance 2012/13	3,991,000
Decent Homes Funding 2012/13	<u>3,690,000</u>
Resources available to finance 2012/13 capital expenditure	10,257,000
<u>Less:</u>	
Used to finance HRA capital expenditure in 2012/13	<u>7,344,000</u>
Resources available at 1st April 2013	2,913,000

Contribution to Major Repairs Reserve 2013/14	3,991,000
Decent Homes Funding 2013/14	8,500,000
Revenue Contribution in 2013/14	250,000
Capital Receipts	<u>274,000</u>
Resources available to finance 2013/14 capital expenditure	<u>15,928,000</u>
Less:	
Used to finance HRA capital expenditure in 2013/14	15,865,000
Used to contribute to CRM software project (General Fund) in 2013/14	<u>35,000</u>
	<u>15,900,000</u>
Resources available at 1st April 2014	<u><u>28,000</u></u>

6.8 As can be seen there are sufficient resources to finance the H.R.A. Capital Programme as proposed.

APPENDIX A

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL
DRAFT GENERAL FUND CAPITAL PROGRAMME 2013/14 to 2015/16

SCHEME	2012/13 BUDGET	2012/13 PROBABLE	2013/14	2014/15	2015/16	GRANTS/ S106 CONTRIB		DF	OTHER RESERVES	FUNDING		LEASING OR BORROWING	SALIX LOAN
						£	£			£	£		
CHIEF EXEC DIRECTORATE													
Share point Development		22,000							22,000				
Lighting Scheme Council Offices - SALIX		90,000							18,000				
Newtork Upgrade			100,000										72,000
SAN and Virtual server replacement			142,000									100,000	
User Work Station Replacement	60,000	60,000	60,000									142,000	
CRM Software	70,000	70,000	70,000						35,000			120,000	35,000
	373,300	676,000	373,300	373,300	373,300	1,198,700		113,000		484,200			
DIRECTOR OF SERVICES													
Disabled Facilities Grants													
Refuse Kersider *				145,000	150,000							295,000	
Refuse Vehicles *	450,000	449,000	545,000	355,000	300,000							1,649,000	
Box van *				30,000								30,000	
Sweeper *	112,000	113,000	112,000	50,000	20,000							275,000	
Market Vehicles/Cars *				20,000								20,000	
Vans Small *	13,000	14,000	41,000	35,000	12,000							61,000	
Housing Vans												105,000	
Other Vans *	65,000	64,000		50,000	65,000							115,000	
Vans Pickup *				100,000	65,000							165,000	
Ride on Mowers	50,000	53,000		75,000								53,000	
Digger *				20,000								75,000	
Chipper machine *					50,000							20,000	
Tractor												50,000	
Mowing machines			52,000									52,000	
Hood Park Leisure Centre Pool Changing Rooms			25,000									25,000	
Hood Park Leisure Centre Studio Air Con			15,000									15,000	
Hermitage Recreation Ground - Astrotrurf Replacement				120,000								120,000	
Hood Park Leisure Centre Fire Alarm Audit				34,500								34,500	
Hood Park Leisure Centre Plant Room Sub-Metering					15,000							15,000	
Hermitage Leisure Centre Fitness Room Air Con					30,000							30,000	
Hermitage Leisure Centre Plant Room Sub-Metering					10,000							10,000	
Fitness Equipment			62,000									62,000	
Council Offices Access & Main CP, C'ville, Resurfacing.			49,500									49,500	
Council Offices Ext'n CP, C'ville - Resurfacing.			32,000									32,000	
Market Hall CP, C'ville - Resurfacing.			64,500									64,500	
South Street Car Park, Ashby - Resurfacing.			26,000									26,000	
Hermitage Rec Grounds AWP Area Access, Whitwick - Resurfacing.			4,500									4,500	
Lighting Scheme at Leisure centres - SALIX			36,000									36,000	
Coalville Market Upgrade			100,000						100,000				
TOTAL GENERAL FUND	1,193,300	1,541,000	1,779,300	1,538,300	1,070,300	1,198,700	0	288,000	0	484,200	0	3,886,000	72,000

SCHEME	2012/13 BUDGET	2012/13 PROBABLE	2013/14	2014/15	2015/16	GRANTS/ S106 CONTRIB	DF	OTHER RESERVES	RESERVES ASSET PROT	REVENUE	LEASING OR BORROWING	SALIX LOAN
COALVILLE SPECIAL EXPENSES												
Coalville Park Improvements	29,000	21,480				14,000			7,480			
Melrose Road Play hub	30,000	30,000							30,000			
Cropston Drive BMX Track	32,600	0	32,047			25,000			7,047			
Broomleys Allotments	10,000	10,000							10,000			
Thringstone Miners Social Centre	6,000	1,000	5,000						6,000			
Urban Forest Park	39,000	40,000	31,000			71,000						
Coalville Town Centre Improvements	40,000		80,000						80,000			
Scotland's Recreation Ground		13,000	40,000			30,000			23,000			
Owen Street Floodlights Upgrade/Extension												
	186,600	115,480	188,047	0	0	140,000	0	0	163,527	0	0	0

2013/2014 TO 2016/17 CAPITAL PROGRAMME

	Notes	2012/13 approved budget	2012/13 Revised (Period 9)	2013/14	2014/15	2015/16
Expenditure						
2012-17 DHIP Programme						
HCA Funded Properties (90% of pre 2012 failures)		3,690,000	3,690,000	8,500,000	8,560,000	-
NWLDC Funded Properties (10% + post 2012 failures)	Post 2015/16 as per PIMSS	410,000	410,000	1,416,667	1,426,667	4,500,000
Enabling Works Provision	Works in addition to core DHIP spec which are essential to complete jobs.					
Enabling Works for Decants	Including decs/soft furnishing and decant allowance		170,000	415,000	415,000	132,000
Asbestos Handling	Disposal of asbestos, following R&D asbestos surveys		58,000	30,000	30,000	-
Year 1 Scoping Surveys	Assumed cost £164 per survey		150,000	450,000	450,000	50,000
Year 2 Scoping Surveys	Assumed cost £164 per survey		106,500			
Year 3 Scoping Surveys	Assumed cost £164 per survey		279,800			
Year 4 Scoping Surveys	Assumed cost £164 per survey. Year 1-4 scoping surveys = 4,475 = total stock.			225,000	124,000	
2012-17 HPIP Programme						
Fire Risk Assessment Remedial Works	Includes provision for fire risk assessment work, including doors, signage, external openings.	160,000	30,000	80,000	40,000	40,000
Lift Replacement	6 lift replacements at Sheltered Schemes	130,000	-	300,000		
Fire Alarm / Emergency Lighting	Sheltered scheme & communal flats emergency lighting and fire alarm upgrades	220,000	-	340,000		
Communal Boilers	4 schemes + Woulds/Cherry Tree	170,000	154,000	146,000		
Measham (Rivenway) Staircases	Reinforced concrete communal staircase remedial works	30,000		60,000		
Damp Proofing (Loughborough Road, Thringstone)	17 properties	85,000		85,000		
Damp Proofing (identified in year)	Assumption of average of 15 properties p.a. @ £2.5k each.			37,500	37,500	37,500
Defective floor slabs (red ash floors)	Assumption of average of 25 properties p.a. @ £6k each.			300,000	150,000	150,000
Fuel swaps (solid fuel to gas supply)	Energy company rebate on fuel swaps income = £12k estimate		58,000	67,000	78,000	25,000
In Year Priorities	One off £100k provision for demolitions, resurfacing & lighting works	100,000	-	-	-	-
Garage Modernisation	Potential delivery through solid fuel servicing contractor as will not exceed CV by more than 50%	100,000	-	50,000	50,000	-
Carbon Monoxide Detectors	Budgets become 'DH Works in Void and Tenanted Properties' from 2013/14 onwards	15,000	-	15,000	-	-
Voids	Additional provision added 13/14 to reflect historic expenditure trends	544,000	664,000	1,455,000	1,368,000	1,000,000
One off major works	Expenditure on flat floor shower on DHIP needs a virement of additional costs over standard bathroom to be transferred out of this budget where there is not an active A&A referral @ an approx cost of £1200 pp	551,000	551,000		350,000	350,000
DH Works in Voids and Tenanted Properties	Related to decommissioned sheltered schemes. £20k, provision left in for 12/13 for rebuilding wall at Heather House	280,000	250,000	380,000		
Major Aids & Adaptations	Principally external wall works. External grant income anticipated.	100,000	20,000	40,000	40,000	-
Development Site Preparations	Pilot costs for 2013/14, recurring budget requirement from 2015/16 for ongoing programme.	850,000	-	525,000	325,000	250,000
Insulation Works						
Green & Decent Installations						

IBS Upgrade (Contract Module)	Provision for repairs data requirements required to support implementation of repairs diagnostics and mobile working. Moved from 2012/13 to 2013/14.	25,000		25,000			
Repairs Diagnostics Software	Updated from £20k	20,000	10,450	34,550		50,000	50,000
Dynamic Scheduling	Required for Mobile Working (Dynamic Scheduling) project.	25,000					
Speech Module	Replacement of speech module equipment in hard wired older persons accommodation.	30,000	2,400				
Sponsa Software	Business case currently being evaluated software model allows predictions of macro economic benefits of investment in Housing to be assessed.						
Capital Programme Delivery Costs Unallocated/Contingency	Includes Decent Homes Improvement Programme contingency	663,000	689,000	763,000		693,000	623,000
Capital Allowances Programme to be defined	Review of income from asset disposals will determine capacity within this budget. Potential option of funding works within Other Investment category from this source	-	-	-		-	-
Total Programme Costs		8,225,000	7,344,150	15,864,717		14,187,167	7,207,500
Funding							
A&A Grant	Funding of CRM Software		30,000				
Usable balances held @ 31/03/12	A&A Grant funding one off support for works to property in Kegworth	2,505,000	2,546,000	2,912,850		28,146	145,597
Retained Right to Buy Receipts (RTB)	Based on projections from Spreadsheet agreed on 01/11/2012. Target/estimate to be used one year in arrears.			174,012		203,618	228,344
RCCO	Balancing transfer from HRA to be verified through HRA Business Plan Model.			250,000			3,000,000
Decent Homes Backlog Funding	More detailed work to be undertaken as part of HRA Business Planning and in reference to HRA component depreciation.	3,690,000	3,690,000	8,500,000		8,560,000	-
Major Repairs Allowance	Income from sale of HRA (non RTB) assets. Target/estimate to be used one year in arrears.	3,991,000	3,991,000	3,991,000		3,991,000	3,991,000
Asset Disposals (Capital Allowance)	(Includes Broughton Street District Heating building) less Funding to General Fund Programme - CRM software			65,000		100,000	100,000
Total Funding		10,186,000	10,257,000	15,892,862		14,332,764	7,464,942
Cumulative Over / (Under Resource)			2,912,850	28,146		145,597	257,442

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 5 FEBRUARY 2013

Title of report	THE TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14 AND PRUDENTIAL INDICATORS 2013/14 TO 2015/16
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's prudential indicators for 2013/14 – 2015/16. It fulfils three key requirements of the Local Government Act 2003: <ul style="list-style-type: none"> • The Treasury Management Strategy Statement in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management in Public Services and the Annual Investment Strategy in accordance with the Communities and Local Government (CLG) Investment Guidance; • The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities. • The Policy for the Annual Minimum Revenue Provision.
Reason for Decision	These are statutory requirements.
Council Priorities	Value for Money
Implications: Financial/Staff	Not applicable.
Link to relevant CAT	Could impact upon all Corporate Action Teams (CATs).
Risk Management	Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice.

Equalities Impact Assessment	Not applicable.
Human Rights	Not applicable.
Transformational Government	Not applicable.
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Monitoring Officer	The report is satisfactory
Consultees	None.
Background papers	The CIPFA Prudential Code – hard copy available in Accountancy Section.
Recommendations	RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14 (APPENDIX A), PRUDENTIAL INDICATORS -REVISED 2012/13 AND 2013/14 TO 2015/16 (APPENDIX B) AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT (APPENDIX C), FOR APPROVAL BY FULL COUNCIL.

1.0 INTRODUCTION

- 1.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the CLG's Investment Guidance.
- 1.2 As per the requirements of the Prudential code, the Authority adopted the CIPFA Treasury Management Code at a meeting of the Cabinet on 16 June 2009.
- 1.3 CIPFA has defined Treasury Management as: "the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 1.4 The TMSS and prudential indicators ensure that the Authority complies with statutory, regulatory, and professional (CIPFA) requirements.

The TMSS sets out:

- a. Background information used to determine borrowing and investment requirements (paragraphs 2.2 and 2.3).
- b. Organisational roles and responsibilities (paragraph 1.7).
- c. The role of the Authority's treasury advisor (paragraph 1.8).
- d. Reporting and monitoring of treasury management activity (paragraph 1.9).
- e. Borrowing and debt rescheduling strategies. General Fund interest payments on existing debt are estimated at £665,781 in 2013/14.
- f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £68,000 in 2013/14 (General Fund - £43k, HRA - £25K).
- g. Treasury Management Prudential Indicators for 2013/14 to 2015/16. These are designed to monitor borrowing limits, debt levels and investment returns.

All treasury activity will comply with relevant statute, guidance and accounting standards.

1.5 The Authority is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification; monitoring and control of risk are important and integral elements of treasury management activities. The main risks to the Authority's treasury activities are:

- Credit and Counterparty Risk (security of investments)
- Liquidity Risk (inadequate cash resources)
- Market or Interest Rate Risk (fluctuations in interest rate levels)
- Inflation Risk (exposure to inflation)
- Refinancing Risk (impact of debt maturing in future years)
- Legal & Regulatory Risk

1.6 The Treasury Management Strategy Statement reviews:

- the economic background and outlook for U.K. interest rates,
- implications for treasury activity,
- the Authority's current balance sheet and treasury position,
- the Authority's Borrowing Strategy,
- the Authority's Debt Restructuring Strategy,
- the Authority's Investment Policy and Strategy,
- the Authority's Prudential Indicators 2013/14 to 2015/16,
- the Authority's Minimum Revenue Position.

1.7 Organisational Roles and Responsibilities

In accordance with CIPFA guidance, the roles and responsibilities of the Authority's Treasury Management function are divided between several responsible officers and are summarised below:

(Section 151 Officer) – overall responsibility for the treasury management function to include:

Ensuring the organisation of the treasury management function is adequate to meet current requirements:

- Investment, borrowing and debt rescheduling decisions.
- Monitoring adherence to approved Treasury Management Strategy Statement.

- Regular reporting to Members on treasury management activity.

Finance Team Manager (Deputy Section 151 Officer) – ensuring that day to day treasury activities comply with the approved Treasury Management Strategy Statement.

Technical Accountant – identification of investment opportunities / borrowing requirements and acts as the Authority's interface with brokers and counterparties.

1.8 The Role of the Authority's Treasury Advisor

The Authority currently employs Arlingclose Ltd. as treasury advisor to provide the following services; strategic treasury management advice, advice relating to Housing & Capital finance, economic advice and interest rate forecasting, debt restructuring and portfolio review (structure and volatility), counterparty creditworthiness and training, particularly investment training, for Members and officers.

Arlingclose has assured the Authority that it has no pecuniary links with any money broking organisations, banks, building societies or fund management companies and is entirely remunerated by its clients. This position was confirmed in the CIPFA Treasury Management Panel Bulletin dated March 2010.

1.9 Reporting and Monitoring of Treasury Management Activity

The Treasury Management Stewardship Report for 2012/13 will be presented to the Cabinet and then Audit and Standards Committee for scrutiny as soon as possible after the end of the financial year. As in previous years, this will be supplemented by in-year reporting of treasury management activity and monitoring of prudential indicators, to the Audit and Standards Committee during 2013/14.

This report, together with all other reports to Council, Cabinet and the Audit and Standards Committee are a public record and can be viewed on the Authority's website. This demonstrates compliance with CLG Guidance on local government investments, which recommends that the initial strategy, and any revised strategy, should, when approved, be made available to the public free of charge, in print or online.

2.0 THE TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14

2.1 The purpose of this Treasury Management Strategy Statement is to set out for approval

- The Borrowing Strategy 2013/14 (**APPENDIX A**)
- The Debt Rescheduling Strategy 2013/14 (**APPENDIX A**)
- The Annual Investment Strategy 2013/14 (**APPENDIX A**)
- The Prudential Indicators 2013/14 to 2015/16 (**APPENDIX B**)
- The Annual Minimum Revenue Position (**APPENDIX C**)

2.2 Economic Background.

- In the Autumn Statement, the Chancellor announced the austerity drive will extend into 2018. Growth forecasts were trimmed with the trend level of UK growth of 2.7% forecast to be achieved by 2016.

- Consumer Price Inflation (CPI) has fallen to 2.7% in December 2012 from a peak of 5.2% in October 2011. CPI is likely to be affected by volatility in commodity prices and its decrease towards the 2% target is expected to be slower than previously estimated.
- The Eurozone is making slow headway curtailing some of the immediate risks. Full-fledged banking and fiscal union is still some years away.
- Markets remain cautious as the resolution of the US 'Fiscal Cliff' was postponed into 2013 by a short term deal.

2.3 Outlook For UK Interest Rates:

The Authority's treasury advisor's current central case forecast for the UK Bank Rate is set out below.

March 2013	June 2013	Sept. 2013	Dec. 2013	March 2014	June 2014	Sept. 2014	Dec. 2014	March 2015
0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

As Members will note, base rate is forecast to remain unchanged for the foreseeable future.

3.0 IMPLICATIONS FOR TREASURY ACTIVITY

- 3.1 The economic outlook and the financial health of both sovereign states and major banks still provide major challenges for treasury activity, particularly investment activity, during financial year 2013/14.
- 3.2 The proposed suite of treasury policies, and the principles which underpin them, remain broadly unchanged from previous years. Borrowing will be prudent, minimise borrowing costs and maintain the stability of the debt maturity portfolio. Debt rescheduling should achieve interest savings, carry minimal risk and maintain the stability of the debt maturity portfolio. Investments will be based upon the principles of security, liquidity and yield (and prioritised in that order).
- 3.3 The Treasury Management Strategy Statement will be monitored throughout the year and, if necessary, amended and brought back to Members for approval.

4.0 THE AUTHORITY'S CURRENT BALANCE SHEET AND TREASURY POSITION

- 4.1 The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with balances and reserves are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are set out below:

	31 Mar 13 Estimate £m	31 Mar 14 Estimate £m	31 Mar 15 Estimate £m	31 Mar 16 Estimate £m
CFR	91.503	91.217	90.790	89.882
Balances & Reserves	5.000	5.000	5.000	5.000
Net Balance Sheet Position	86.503	86.217	85.790	84.882

- 4.2 The Authority's level of physical debt and investments is linked to these components of the Balance Sheet. Market conditions, interest rate expectations and credit risk considerations will influence the Authority's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position.
- 4.3 As the CFR represents the underlying need to borrow for capital purposes, and revenue expenditure cannot be financed from borrowing, physical external borrowing should not exceed the CFR - other than for short term cash flow requirements. It is permissible, under the Prudential Code, to borrow in advance of need up to the level of the estimated CFR over the term of the Prudential Indicators. Where this takes place, the cash will form part of its invested sums until the related capital expenditure is incurred. This being the case, borrowing should not exceed the total of the CFR in the preceding year, plus the estimates of any additional CFR for the current and next two financial years, other than in the short term due to cash flow requirements.

TREASURY MANAGEMENT STRATEGY STATEMENT 2013/14

BORROWING STRATEGY 2013/14

The Authority prefers to maintain maximum control over its borrowing activities as well as flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Authority's Prudential Indicators.

The Authority will keep under review the following borrowing options:

- Internal
- PWLB loans
- Borrowing from other local authorities
- Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
- Borrowing from the Money Markets
- Local authority stock issues
- Local authority bills
- Leicester and Leicestershire Enterprise Partnership (LLEP)
- Structured finance

Notwithstanding the issuance of PWLB Circular 147 on 20th October 2010, which increased the cost of new local authority fixed rate loans to approximately 1% above the cost of the Government's borrowing; the PWLB remains an attractive source of funding, given the transparency and control that its facilities continue to provide.

PWLB variable rates and temporary borrowing rates from the markets are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period.

Borrowing activity will be reported in the annual Treasury Management Stewardship Report and supplemented with in-year Treasury Activity Reports to the Audit and Standards Committee.

DEBT RESCHEDULING STRATEGY 2013/14

The Authority will continue to maintain a flexible policy for debt rescheduling. The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans has adversely affected the scope to undertake meaningful debt restructuring although occasional opportunities arise. The rationale for rescheduling will be one or more of the following:

- Savings in interest costs with minimal risk.
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
- Amending the profile of maturing debt to reduce any inherent refinancing risks.
- Reduce investment balances and credit exposure via debt repayment

Any rescheduling activity will be undertaken within the Authority's Treasury Management Policy and Strategy. The Authority will agree in advance with its treasury advisor, the strategy and framework within which debt will be repaid / rescheduled, should opportunities arise. Thereafter, the Authority's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by the Authority's treasury advisor and discussed with the Authority's officers.

All rescheduling activity will comply with local authority regulatory requirements.

Debt rescheduling activity will be reported in the annual Treasury Management Stewardship Report and supplemented with in-year Treasury Activity Reports to the Audit and Governance Committee.

ANNUAL INVESTMENT STRATEGY 2013/14

Background

Guidance from the CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be approved by Full Council.

Investment Policy

To comply with the CLG's Investment Guidance and best practice, the Authority's primary policy objective is to invest its surplus funds prudently. The Authority's investment priorities are:

- security of the invested capital;
- liquidity of the invested capital;
- an optimum yield which is commensurate with security and liquidity.

The Authority will not borrow money in advance of need for the purpose of investing at a higher rate. The speculative practice of borrowing purely in order to invest is unlawful.

The Authority and its advisors remain on a heightened state of alert for signs of credit or market distress that might adversely affect the authority. The Authority will continue to maintain a counterparty list based on its high creditworthiness criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength (for example, statements of potential government support, share prices and credit default swap data). The Authority will also take into account information on corporate developments of, and market sentiment towards, investment counterparties.

Investment Strategy

The UK Bank Rate has been maintained at 0.5% since March 2009 and is projected to remain at this level for some considerable time. Accordingly, short-term money market rates are forecast to remain at historically low levels which will have a significant impact on investment income. The Authority's Strategy is geared towards this development whilst adhering to the principal objective of security of invested monies.

The Section 151 Officer, under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators.

With short term interest rates low for some time, an investment strategy will typically result in a lengthening of investment periods, where cashflow permits, in order to lock in higher rates of acceptable risk adjusted returns. The problem in the current environment is finding an investment counterparty providing acceptable levels of counterparty risk.

INVESTMENT GUIDANCE AND COUNTERPARTY CRITERIA

In accordance with CLG Guidance, investments fall into two categories, Specified and Non-Specified.

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment:

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high credit quality” as determined by the Authority
- is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

All investments that do not meet the criteria above are considered non-specified

Investments identified for the Authority’s use are:

- Deposits in the Government’s Debt Management Office’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies who meet the counterparty criteria set out below
- Certificates of deposit with banks and building societies
- Gilts : (bonds issued by the UK Government)
- Treasury Bills (T-Bills) issued by the UK Government
- Bonds issued by multilateral development banks
- AAA rated Money Market Funds with a Constant Net Asset Value investing predominantly in government securities
- AAA rated Money Market Funds with a Constant Net Asset Value investing in primarily financial institutions
- Other Money Market and Collective Investment Schemes
- Investments with Registered Providers
- Corporate Bonds

The Authority’s short term cash flow investments are made with reference to the Authority’s cash flow, the outlook for the UK Bank Rate, money market rates, credit conditions and will also be restricted to Specified Investments scheduled above.

All investment activity will comply with the accounting requirements of CIPFA’s relevant codes of practice.

The Authority’s exposure to non-specified investments will be restricted to 30% of the overall investment portfolio

Counterparty Criteria

The minimum credit rating of non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term ratings for counterparties is A- (or equivalent).

Any institution will be suspended or removed should any of the creditworthiness indicators identified above give rise to concern. Specifically credit ratings are monitored by the Authority on at least a monthly basis. Arlingclose advises the Authority on ratings changes and appropriate action to be taken.

There will be a maximum investment level per institution of £5m. Arlingclose advises that a banking group investment limit is to be 1.5 times the individual institution limit (i.e. £7.5m). This will be monitored to ensure that any investments stay within the advised limit.

The Authority will also take into account information on corporate developments of, and market sentiment towards, investment counterparties who meet the above criteria. The Authority's treasury advisor continually monitors the credit ratings and market information of suitable counterparties and informs the Authority on a daily basis of any change in status.

The benchmark rate used for comparing investment returns will be the local authority 7-day bid / bor rate. This rate represents the average between the rates bid and offered for 7 day investments in the London Money Market. Given the increasing difficulty in placing investments in 'safe' institutions, the comparison of rates of return against a benchmark is less relevant when set against the ultimate priority of capital preservation.

Investment activity will be reported in the annual Treasury Management Stewardship Report and supplemented with in-year Treasury Activity Reports to the Audit and Standards Committee.

Policy on Use of Financial Derivatives

Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy.

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

The local authority will only use derivatives after seeking expertise, a legal opinion and ensuring officers have the appropriate training for their use.

PRUDENTIAL INDICATORS

1 Background

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross Debt and the Capital Financing Requirement

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that the debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

The Section 151 Officer reports that the Authority has had no difficulty meeting this requirement in 2012/13, nor is there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Non-HRA	1.193	1.541	1.779	1.538	1.070
HRA	8.225	7.344	15.865	14.187	7.208
Total	9.418	8.885	17.644	15.725	8.278

Capital expenditure will be financed or funded as follows:

Capital Financing	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Capital receipts	0.000	0.000	0.239	0.304	0.328
Government Grants	3.914	4.366	8.873	8.709	0.000
Major Repairs Allowance	3.570	0.000	0.000	0.000	0.000
Reserves	1.000	2.586	3.048	0.028	0.259
Other Contribution-s106	0.000	0.000	0.000	0.000	0.000
Grants - Other	0.000	0.102	0.000	0.000	0.000
Revenue contributions	0.149	1.078	4.213	5.519	6.994
Total Financing	8.633	8.132	16.373	14.560	7.581
Supported borrowing	0.000	0.000	0.000	0.000	0.000
Unsupported borrowing	0.785	0.753	1.271	1.165	0.697
Total Funding	0.785	0.753	1.271	1.165	0.697
Total Financing and Funding	9.418	8.885	17.644	15.725	8.278

4. Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Non-HRA	8.87	10.08	10.22	10.81	10.06
HRA	17.59	15.61	14.68	14.55	14.41
Total (Average)	14.15	13.38	12.95	13.17	12.84

5. Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Non-HRA	11.870	12.815	13.619	14.213	14.328
HRA	80.559	80.120	79.155	78.169	77.159
Total CFR	92.429	92.935	92.774	92.382	91.487

6. Actual External Debt

This indicator is obtained directly from the Authority's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2012	£m
Borrowing	89.475
Other Long-term Liabilities	0.141
Total	89.616

7. Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2012/13 Approved £	2012/13 Revised £	2013/14 Estimate £	2014/15 Estimate £	2015/16 Estimate £
Impact on Band D Council Tax	0.00	2.33	2.55	2.59	2.71
Increase in Average Weekly Housing Rents	5.35	5.35	3.76	4.32	4.45

8. Authorised Limit and Operational Boundary for External Debt

The Authority has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Authority and not just those arising from capital spending reflected in the CFR.

The Authorised Limit sets the maximum level of external debt on a gross basis (i.e. excluding investments) for the Authority. It is measured on a daily basis against all external external debt items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Authority's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	96.725	96.725	97.100	96.555	95.184
Other Long-term Liabilities	1.000	1.000	1.000	1.000	1.000
Total	97.725	97.725	98.100	97.555	96.184

The Operational Boundary links directly to the Authority's estimates of the CFR and estimates of other cash flow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

The Section 151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Council.

Operational Boundary for External Debt	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
Borrowing	94.725	94.766	95.100	94.555	93.184
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500
Total	95.225	95.266	95.600	95.055	93.684

9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority has adopted the principles of best practice.

Adoption of the CIPFA Code of Practice in Treasury Management
The Authority re-affirmed adoption of the CIPFA Treasury Management Code at its meeting on 16 June 2009.

The Authority has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices.

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

These indicators allow the Authority to manage the extent to which it is exposed to changes in interest rates. The Authority calculates these limits on net principal outstanding sums (i.e. fixed rate debt net of fixed rate investments).

The upper limit for variable rate exposure has been set to ensure that the Authority is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Existing level (or Benchmark level) ¹ at 31/03/12 %	2012/13 Approved %	2012/13 Revised %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	50	50	50	50	50	50

The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Authority's treasury management strategy.

11. Maturity Structure of Fixed Rate borrowing

This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Lower Limit for 2013/14 %	Upper Limit for 2013/14 %
under 12 months	0	20
12 months and within 24 months	0	20
24 months and within 5 years	0	20
5 years and within 10 years	0	20
10 years and within 20 years	0	50
20 years and within 30 years	0	50
30 years and within 40 years	0	50
40 years and within 50 years	0	50
50 years and above	0	0

12. Credit Risk

The Authority considers security, liquidity and yield, in that order, when making investment decisions. Credit ratings remain an important element of assessing credit risk, but they are not the sole feature in the Authority's assessment of counterparty credit risk.

The Authority also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution (minimum A- or equivalent) and its sovereign (minimum AA+ or equivalent for non-UK sovereigns);
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals (such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, markets sentiment and momentum;
- Subjective overlay.

13. Upper Limit for total principal sums invested over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Authority having to seek early repayment of the sums invested.

Upper Limit for total principal sums invested over 364 days	2012/13 Approved £m	2012/13 Revised £m	2013/14 Estimate £m	2014/15 Estimate £m	2015/16 Estimate £m
	0	5	5	5	5

ANNUAL MINIMUM REVENUE POSITION STATEMENT

Background

For many years local authorities were required by Statute and associated Statutory Instruments to charge to the Revenue Account an annual provision for the repayment of debt associated with expenditure incurred on capital assets. This charge to the Revenue Account was referred to as the Minimum Revenue Provision (MRP). In practice MRP represents the financing of capital expenditure from the Revenue Account that was initially funded by borrowing.

In February 2008 the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [Statutory Instrument 2008/414] were approved by Parliament and became effective on 31 March 2008. These regulations replaced the formula based method for calculating MRP which existed under previous regulations under the Local Government Act 2003. The new regulations required a local authority to determine each financial year an amount of MRP which it considers to be prudent. Linked to this new regulation, the Department of Communities and Local Government (CLG) produced Statutory Guidance which local authorities are required to follow, setting out what constitutes a prudent provision.

The CLG Guidance recommends that before the start of the financial year, a statement of MRP policy for the forthcoming financial year is approved by the Full Council. The broad aim of the Policy is to ensure that MRP is charged over a period that is reasonably commensurate with the period over which the capital expenditure which gave rise to the debt provides benefits. In the case of borrowing supported by Revenue Support Grant, the aim is that MRP is charged over a period reasonably commensurate with the period implicit in the determination of that grant. MRP is not required to be charged to the Housing Revenue Account. Where a local authority's overall CFR is £nil or a negative amount there is no requirement to charge MRP.

The move to International Financial Reporting Standards (IFRS) means that Private Finance Initiative (PFI) schemes and Operating Leases may be brought on Balance Sheet. Where this is the case, such items are classed in accounting terms as a form of borrowing. CLG has therefore proposed amending the Capital Finance Regulations to ensure that the impact on the Revenue account is neutral, with MRP for these items matching the principal repayment embedded within the PFI or lease agreement.

MRP Options:

Four options for prudent MRP provision are set out in the CLG Guidance. Details of each are set out below with a summary set out in Table 1:

Option 1 – Regulatory Method.

Option 2 – CFR Method.

Option 3 – Asset Life Method.

Option 4 - Depreciation Method.

MRP Policy for 2013/14:

The Authority will apply Option 1 in respect of supported capital expenditure.

The Authority will apply Option 3 in respect of unsupported capital expenditure.

TABLE 1

COUNCIL TAX BASE 2013/2014

PARISH / SPECIAL EXPENSE AREA	COUNCIL TAX BASE
APPLEBY MAGNA	413
ASHBY DE LA ZOUCH	4,512
ASHBY WOULD'S	1,051
BARDON	13
BELTON	277
BREEDON-ON-THE-HILL	382
CASTLE DONINGTON	2,082
CHARLEY	77
CHILCOTE	56
COALVILLE	5,515
COLEORTON	498
ELLISTOWN & BATTLEFLAT	754
HEATHER	303
HUGGLESCOTE & DONINGTON LE HEATH	1,227
IBSTOCK	1,750
ISLEY WALTON -CUM-LANGLEY	27
KEGWORTH	1,068
LOCKINGTON CUM HEMINGTON	234
LONG WHATTON & DISEWORTH	714
MEASHAM	1,411
NORMANTON-LE-HEATH	62
OAKTHORPE, DONISTHORPE & ACRESFORD	748
OSGATHORPE	177
PACKINGTON	344
RAVENSTONE	738
SNARESTONE	122
STAUNTON HAROLD	59
STRETTON-EN-LE-FIELD	18
SWANNINGTON	434
SWEPSTONE	250
WHITWICK	2,588
WORTHINGTON	527
TOTAL	28,431

TABLE 2

COUNCIL TAX 2013/2014 - DISTRICT EXPENSES & SPECIAL ITEMS

BAND 'D' EQUIVALENTS

PARISH	DISTRICT EXP'S	PARISH EXP'S	SPECIAL EXP'S	TOTAL BAND D PROPERTY
	£ p	£ p	£ p	£ p
APPLEBY MAGNA	158.58	32.29	3.94	194.81
ASHBY DE LA ZOUCH	158.58	69.56	0.00	228.14
ASHBY WOULD'S	158.58	74.98	0.00	233.56
BARDON	158.58	0.00	0.00	158.58
BELTON	158.58	49.18	0.00	207.76
BREEDON-ON-THE-HILL	158.58	31.25	0.00	189.83
CASTLE DONINGTON	158.58	73.96	0.00	232.54
CHARLEY	158.58	39.84	0.00	198.42
CHILCOTE	158.58	0.00	0.00	158.58
COALVILLE	158.58	0.00	63.53	222.11
COLEORTON	158.58	26.67	5.31	190.56
ELLISTOWN & BATTLEFLAT	158.58	62.08	0.00	220.66
HEATHER	158.58	33.91	0.00	192.49
HUGGLESCOTE & DONINGTON LE HEATH	158.58	19.11	49.29	226.98
IBSTOCK	158.58	64.21	0.00	222.79
ISLEY WALTON -CUM-LANGLEY	158.58	13.62	0.00	172.20
KEGWORTH	158.58	81.85	0.32	240.75
LOCKINGTON CUM HEMINGTON	158.58	33.00	11.06	202.64
LONG WHATTON & DISEWORTH	158.58	41.08	0.00	199.66
MEASHAM	158.58	63.60	1.08	223.26
NORMANTON-LE-HEATH	158.58	0.00	0.00	158.58
OAKTHORPE, DONISTHORPE & ACRESFORD	158.58	52.41	4.22	215.21
OSGATHORPE	158.58	21.19	1.78	181.55
PACKINGTON	158.58	55.23	0.00	213.81
RAVENSTONE WITH SNIBSTON	158.58	57.70	0.41	216.69
SNARESTONE	158.58	50.21	0.00	208.79
STAUNTON HAROLD	158.58	1.69	0.00	160.27
STRETTON-EN-LE-FIELD	158.58	0.00	57.05	215.63
SWANNINGTON	158.58	41.47	0.00	200.05
SWEPSTONE	158.58	20.35	0.00	178.93
WHITWICK	158.58	10.85	58.04	227.47
WORTHINGTON	158.58	15.63	0.00	174.21

TABLE 3

COUNCIL TAX 2013/2014 (DISTRICT AND SPECIAL ITEMS) BY AREA AND VALUATION BAND

PARISH	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
APPLEBY MAGNA	129.87	151.52	173.16	194.81	238.10	281.39	324.68	389.62
ASHBY TOWN	152.09	177.44	202.79	228.14	278.84	329.54	380.23	456.28
ASHBY WOULD'S	155.71	181.66	207.61	233.56	285.46	337.36	389.27	467.12
BARDON	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
BELTON	138.51	161.59	184.68	207.76	253.93	300.10	346.27	415.52
BREEDON-ON-THE-HILL	126.55	147.65	168.74	189.83	232.01	274.20	316.38	379.66
CASTLE DONINGTON	155.03	180.86	206.70	232.54	284.22	335.89	387.57	465.08
CHARLEY	132.28	154.33	176.37	198.42	242.51	286.61	330.70	396.84
CHILCOTE	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
COALVILLE	148.07	172.75	197.43	222.11	271.47	320.83	370.18	444.22
COLEORTON	127.04	148.21	169.39	190.56	232.91	275.25	317.60	381.12
ELLISTOWN & BATTLEFLAT	147.11	171.62	196.14	220.66	269.70	318.73	367.77	441.32
HEATHER	128.33	149.71	171.10	192.49	235.27	278.04	320.82	384.98
HUGGLESCOTE & DONINGTON LE HEATH	151.32	176.54	201.76	226.98	277.42	327.86	378.30	453.96
IBSTOCK	148.53	173.28	198.04	222.79	272.30	321.81	371.32	445.58
ISLEY WALTON -CUM-LANGLEY	114.80	133.93	153.07	172.20	210.47	248.73	287.00	344.40
KEGWORTH	160.50	187.25	214.00	240.75	294.25	347.75	401.25	481.50
LOCKINGTON CUM HEMINGTON	135.09	157.61	180.12	202.64	247.67	292.70	337.73	405.28
LONG WHATTON & DISEWORTH	133.11	155.29	177.48	199.66	244.03	288.40	332.77	399.32
MEASHAM	148.84	173.65	198.45	223.26	272.87	322.49	372.10	446.52
NORMANTON-LE-HEATH	105.72	123.34	140.96	158.58	193.82	229.06	264.30	317.16
OAKTHORPE, DONISTHORPE & ACRESFORD	143.47	167.39	191.30	215.21	263.03	310.86	358.68	430.42
OSGATHORPE	121.03	141.21	161.38	181.55	221.89	262.24	302.58	363.10
PACKINGTON	142.54	166.30	190.05	213.81	261.32	308.84	356.35	427.62
RAVENSTONE WITH SNIBSTON	144.46	168.54	192.61	216.69	264.84	313.00	361.15	433.38
SNARESTONE	139.19	162.39	185.59	208.79	255.19	301.59	347.98	417.58
STAUNTON HAROLD	106.85	124.65	142.46	160.27	195.89	231.50	267.12	320.54
STRETTON-EN-LE-FIELD	143.75	167.71	191.67	215.63	263.55	311.47	359.38	431.26
SWANNINGTON	133.37	155.59	177.82	200.05	244.51	288.96	333.42	400.10
SWEPSTONE	119.29	139.17	159.05	178.93	218.69	258.45	298.22	357.86
WHITWICK	151.65	176.92	202.20	227.47	278.02	328.57	379.12	454.94
WORTHINGTON	116.14	135.50	154.85	174.21	212.92	251.64	290.35	348.42

TABLE 4

AUTHORITY	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Leicestershire County Council	708.67	826.78	944.89	1063.00	1299.22	1535.44	1771.66	2126.00
Leicestershire Police Authority	115.91	135.23	154.55	173.87	212.51	251.15	289.78	347.74
Combined Fire Authority	38.92	45.40	51.89	58.38	71.35	84.32	97.29	116.76

TABLE 5

COUNCIL TAX 2013/2014 BY AREA AND VALUATION BAND

	BAND A	BAND B	BAND C	BAND D	BAND E	BAND F	BAND G	BAND H
APPLEBY MAGNA	993.37	1,158.93	1,324.49	1,490.06	1,821.18	2,152.30	2,483.41	2,980.12
ASHBY DE LA ZOUCH	1,015.59	1,184.85	1,354.12	1,523.39	1,861.92	2,200.45	2,538.96	3,046.78
ASHBY WOULD'S	1,019.21	1,189.07	1,358.94	1,528.81	1,868.54	2,208.27	2,548.00	3,057.62
BARDON	969.22	1,130.75	1,292.29	1,453.83	1,776.90	2,099.97	2,423.03	2,907.66
BELTON	1,002.01	1,169.00	1,336.01	1,503.01	1,837.01	2,171.01	2,505.00	3,006.02
BREEDON-ON-THE-HILL	990.05	1,155.06	1,320.07	1,485.08	1,815.09	2,145.11	2,475.11	2,970.16
CASTLE DONINGTON	1,018.53	1,188.27	1,358.03	1,527.79	1,867.30	2,206.80	2,546.30	3,055.58
CHARLEY	995.78	1,161.74	1,327.70	1,493.67	1,825.59	2,157.52	2,489.43	2,987.34
CHILCOTE	969.22	1,130.75	1,292.29	1,453.83	1,776.90	2,099.97	2,423.03	2,907.66
COALVILLE	1,011.57	1,180.16	1,348.76	1,517.36	1,854.55	2,191.74	2,528.91	3,034.72
COLEORTON	990.54	1,155.62	1,320.72	1,485.81	1,815.99	2,146.16	2,476.33	2,971.62
ELLISTOWN & BATTLEFLAT	1,010.61	1,179.03	1,347.47	1,515.91	1,852.78	2,189.64	2,526.50	3,031.82
HEATHER	991.83	1,157.12	1,322.43	1,487.74	1,818.35	2,148.95	2,479.55	2,975.48
HUGGLESCOTE & DONINGTON LE HEATH	1,014.82	1,183.95	1,353.09	1,522.23	1,860.50	2,198.77	2,537.03	3,044.46
IBSTOCK	1,012.03	1,180.69	1,349.37	1,518.04	1,855.38	2,192.72	2,530.05	3,036.08
ISLEY WALTON -CUM-LANGLEY	978.30	1,141.34	1,304.40	1,467.45	1,793.55	2,119.64	2,445.73	2,934.90
KEGWORTH	1,024.00	1,194.66	1,365.33	1,536.00	1,877.33	2,218.66	2,559.98	3,072.00
LOCKINGTON CUM HEMINGTON	998.59	1,165.02	1,331.45	1,497.89	1,830.75	2,163.61	2,496.46	2,995.78
LONG WHATTON & DISEWORTH	996.61	1,162.70	1,328.81	1,494.91	1,827.11	2,159.31	2,491.50	2,989.82
MEASHAM	1,012.34	1,181.06	1,349.78	1,518.51	1,855.95	2,193.40	2,530.83	3,037.02
NORMANTON-LE-HEATH	969.22	1,130.75	1,292.29	1,453.83	1,776.90	2,099.97	2,423.03	2,907.66
OAKTHORPE, DONISTHORPE & ACRESFORD	1,006.97	1,174.80	1,342.63	1,510.46	1,846.11	2,181.77	2,517.41	3,020.92
OSGATHORPE	984.53	1,148.62	1,312.71	1,476.80	1,804.97	2,133.15	2,461.31	2,953.60
PACKINGTON	1,006.04	1,173.71	1,341.38	1,509.06	1,844.40	2,179.75	2,515.08	3,018.12
RAVENSTONE WITH SNIBSTON	1,007.96	1,175.95	1,343.94	1,511.94	1,847.92	2,183.91	2,519.88	3,023.88
SNARESTONE	1,002.69	1,169.80	1,336.92	1,504.04	1,838.27	2,172.50	2,506.71	3,008.08
STAUNTON HAROLD	970.35	1,132.06	1,293.79	1,455.52	1,778.97	2,102.41	2,425.85	2,911.04
STRETTON-EN-LE-FIELD	1,007.25	1,175.12	1,343.00	1,510.88	1,846.63	2,182.38	2,518.11	3,021.76
SWANNINGTON	996.87	1,163.00	1,329.15	1,495.30	1,827.59	2,159.87	2,492.15	2,990.60
SWEPSTONE	982.79	1,146.58	1,310.38	1,474.18	1,801.77	2,129.36	2,456.95	2,948.36
WHITWICK	1,015.15	1,184.33	1,353.53	1,522.72	1,861.10	2,199.48	2,537.85	3,045.44
WORTHINGTON	979.64	1,142.91	1,306.18	1,469.46	1,796.00	2,122.55	2,449.08	2,938.92