NorthWest
LEICESTERSHIRE
DISTRICT COUNCIL

at the heart of the National Forest

Meeting	**CABINET**
Time/Day/Date	5.00 pm on Tuesday, 10 February 2015
Location	Board Room, Council Offices, Coalville
Officer to contact	Democratic Services (01530 454512)

All persons present are reminded that the meeting may be recorded and by attending this meeting you are giving your consent to being filmed and your image being used. You are kindly requested to make it known to the Chairman if you intend to film or record this meeting.

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

AGENDA

7. **CAPITAL PROGRAMMES - GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A). PROJECTED OUTTURN 2014/15 AND PROGRAMMES 2015/16 TO 2019/20**

Report of the Head of Finance **57 - 80**
Presented by the Corporate Portfolio Holder

8. **THE TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16 AND PRUDENTIAL INDICATORS 2015/16 TO 2017/18**

Report of the Head of Finance **81 - 106**
Presented by the Corporate Portfolio Holder

9. **ACQUISITIONS POLICY**

Report of the Director of Housing **107 - 124**
Presented by the Housing Portfolio Holder and Corporate Portfolio Holder

10. **TENANT HOME CONTENTS INSURANCE**

Report of the Director of Housing **125 - 128**
Presented by the Housing Portfolio Holder

11. **MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY**

Report of the Director of Services **129 - 138**
Presented by the Community Services Portfolio Holder

12. **EXCLUSION OF PRESS AND PUBLIC**

The officers consider that the press and public should be excluded during consideration of the following items in accordance with Section 100(a) of the Local Government Act 1972 as publicity would be likely to result in disclosure of exempt or confidential information.

13. **OWEN STREET RECREATION GROUND**

Report of the Director of Services **139 - 148**
Presented by the Community Services Portfolio Holder

Circulation:

R D Bayliss
R Blunt (Chairman)
T Gillard
T J Pendleton
N J Rushton
A V Smith MBE

MINUTES of a meeting of the CABINET held in the Board Room, Council Offices, Coalville on TUESDAY, 13 JANUARY 2015

Present: Councillor R Blunt (Chairman)

Councillors R D Bayliss, T Gillard, T J Pendleton, N J Rushton and A V Smith MBE

In Attendance: Councillors D De Lacy, D Everitt, R Johnson and J Legrys

Officers: Mr S Bambrick, Mr R Bowmer, Ms C E Fisher, Mrs C Hammond, Mr G Jones and Miss E Warhurst

82. APOLOGIES FOR ABSENCE

There were no apologies for absence received.

83. DECLARATION OF INTERESTS

There were no interests declared.

84. PUBLIC QUESTION AND ANSWER SESSION

There were no public questions received.

85. MINUTES

Consideration was given to the minutes of the meeting held on 9 December 2014.

By affirmation of the meeting it was

RESOLVED THAT:

The minutes of the meeting held on 9 December 2014 be approved and signed by the Chairman as a correct record.

Reason for decision: To comply with the Constitution.

86. STATEMENT OF COMMUNITY INVOLVEMENT

The Regeneration and Planning Portfolio Holder presented the report to Members.

He stated that the current statement was adopted in 2006 and that 9 responses had been received following the consultation, which would now allow the Authority to modify the statement. He advised Members that should they agree to adopt the new statement it would be displayed on the website.

Councillor R Blunt expressed concern that the list general consultation bodies could go out of date as some organisations were defunct and asked how officers would assess the list.

The Director of Services advised Members that all the organisations would be written to and asked to confirm that they wished to remain on the database, and those that did not reply would be removed from the list.

It was moved by Councillor T J Pendleton, seconded by Councillor R D Bayliss and

RESOLVED THAT:

Cabinet:

1. Notes the responses to the consultation in respect of the Statement of Community Involvement set out in appendix B and;

2. Agrees to the adoption of the new Statement of Community Involvement as set out in appendix A.

Reason for decision: In accordance with the Council's Constitution Cabinet is required to approve the new Statement of Community Involvement.

87. COUNCIL TAX BASE 2015/16

The Corporate Portfolio Holder presented the report to Members.

He advised Members that it was a statutory requirement to approve the calculation of Council Tax Base each year. He highlighted to Members that it showed a 2% growth across the District and that £100,076 would be allocated to the Town and Parish Councils under the Local Council Tax Support Scheme.

Following a question from Councillor R Blunt, Councillor N J Rushton advised Members that appendix 2 showed that there was growth across the whole district

It was moved by Councillor N J Rushton, seconded by Councillor A V Smith and

RESOLVED THAT:

1. The calculation of the Council Tax Base for each Parish and Special Expense area for the financial year 2015/16, as shown in appendix 2 to the report, be approved and adopted.

2. In accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 si 2012/2914 the amount calculated by North West Leicestershire District Council as its Council Tax Base for the financial year 2015/16 shall be 29,664.

3. The amounts of Council Tax Support Grant for each Town and Parish Council detailed in appendix 3 be approved for the financial year 2015/16.

Reason for decision: Statutory requirement to facilitate the setting of Council Tax for the forthcoming financial year.

88. IMPROVING OUR CUSTOMER EXPERIENCE PROGRAMME UPDATE

The Leader presented the report to Members.

He reminded Members of the financial commitments that had been made to the programme and advised that phase one of the programme had been successful and that phase two was about to commence which would focus on staff and customer communication. He highlighted that, following on from phase one there had been a 95% satisfaction rate for telephone and face to face channels, efficiencies in customer services had meant it was possible to reduce the size of the team and that the £20,000 for 7 Community Funding had over 2,000 customers registering online accounts, with the options to opt to receive updates from the Council.

Councillor T J Pendleton acknowledged the work that had been carried out by the ICT Team Manager and Councillor R Blunt extended this to the officers on the ICE project board.

Following a question from Councillor N J Rushton, the Head of Legal and Support Services stated that the introduction of smart phone apps would be developed during phase two.

The Chief Executive added that the Authority would need to look into which services the phone apps would be beneficial to.

It was moved by Councillor R Blunt, seconded by Councillor T J Pendleton and

RESOLVED THAT:

Cabinet notes the progress of the ICE Programme.

Reason for decision: To note the progress of the ICE Programme.

The meeting commenced at 5.00 pm

The Chairman closed the meeting at 5.15 pm

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGETS 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	For Cabinet to agree the final 2015/16 General Fund and Special Expenses revenue budget proposals for recommendation to Council on 24 February 2015.
Reason for Decision	To enable the Council to set a balanced budget for 2015/16 as required by statute.
Council Priorities	The budget assists the Council in achieving 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 managed and monitored throughout the year to ensure savings are achieved and services delivered as planned.
Equalities Impact Screening	No impact identified.
Human Rights	None identified.
Transformational Government	Not applicable.
Comments of Head of Paid	Report is satisfactory

Service	
Comments of Deputy Section 151 Officer	As report author the report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory
Consultees	Federation of Small Businesses, Town and Parish Councils, Trade Unions, Policy Development Committee.
Background papers	Cabinet Reports: Medium Term Financial Strategy 2015/16 to 2018/19 – 23 September 2014 General Fund Revenue Budget – Draft Proposals 2015/16 – 18 November 2014
Recommendations	**THAT CABINET:** **1. APPROVES THE ALLOCATIONS FROM THE VFM RESERVE LISTED IN PARAGRAPH 2.9.3** **2. RECOMMENDS TO COUNCIL:** **(I) THAT IT NOTES THE LEVEL OF RESERVES AND ASSURANCE STATEMENT BY THE SECTION 151 OFFICER IN SECTION 7 OF THE REPORT.** **(II) THE SURPLUS INCOME OVER EXPENDITURE IN 2015/16 IS TRANSFERRED TO THE GENERAL FUND RESERVE AT 31 MARCH 2016.** **(III) THE CONSULTATION RESPONSES DETAILED IN APPENDIX 1 ARE NOTED** **(IV) APPROVAL OF THE GENERAL FUND REVENUE BUDGET FOR 2015/16 SUMMARISED IN APPENDIX 2.** **(V) APPROVAL OF THE SPECIAL EXPENSES BUDGET FOR 2015/16 SET OUT IN APPENDIX 3.** **(VI) THAT IT FREEZES THE DISTRICT'S COUNCIL TAX IN 2015/16.**

1.0 INTRODUCTION

1.1 The draft General Fund budget proposals for 2015/16 were considered and approved for consultation by Cabinet, on 18 November 2014.

1.2 This report summarises progress made since the last Cabinet report was prepared and presents the responses to the budget consultations so that appropriate recommendations can be made to the Council on 24 February 2014 for the Budget and Council Tax for 2015/16.

1.3 The Medium Term Financial Strategy (MTFS) approved by Cabinet in September 2014 projected a budget shortfall of £365k for 2015/16. Additional ongoing savings of £1.06m were required between 2016/17 and 2018/19.

1.4 Since the Cabinet agreed its draft budget proposals on 18 November 2014 the base budget has been completed, the Government has announced provisional grant funding for 2015/16 and responses to our budget consultations have been received.

1.5 Government Funding Changes

The Government announced the Provisional New Homes Bonus payments for 2015/16 on 16 December 2014 and the Provisional Local Government Finance Settlement for 2015/16 on 18 December 2014. Our 2015/16 New Homes Bonus has been confirmed as £2.123m. This is £223k higher than assumed in the MTFS and reflects the work the Council's officers have done to bring empty homes back into use and ensuring that new homes qualify for New Homes Bonus at the earliest opportunity. Whilst the additional funding is to be welcomed it increases the Council's dependence on this funding at a time when mainstream funding has reduced by around 15%. The Settlement was broadly in line with our MTFS assumptions.

1.6 Local Income and Increased Efficiencies

Managers have worked hard to keep service budgets down and absorb the effects of inflation. This has resulted in base budget savings of over £400k. These are effectively savings made in advance which will contribute to meeting future years' savings targets. As plans are in place to keep reserves at adequate levels, these savings are available to fund the one-off initiatives in 2015/16 detailed in paragraph 1.8 which have been built into next year's proposed budget.

1.7 The changes to the savings target since November 2014 are summarised in the table below:

	2015/16
	£000
Shortfall Projected in September	365
Changes in Government Funding:	
Additional New Homes Bonus in 2015/16	(223)
Impact of Provisional Finance Settlement 2015/16	6-
Local Income and Increased Efficiencies	
Absorption of inflation pressures/reductions in Service Budgets	(429)
Budget Savings 2015/16	(361)
Additional budget items	650
Shortfall/(Surplus)	-

1.8 Additional spending 2015/16

Develop affordable housing projects by acquiring sites £400k

Affordable housing can be increased by providing the funding to unlock key sites

. **Support local sustainable transport between North and South of the District £150k**

Working with service providers to pump prime transport e.g. bus routes

Extend free wifi in key towns £100k

Based on support/match funding from Town/parish Councils

2.0 2015/16 GENERAL FUND REVENUE BUDGET

2.1 Pay and Prices Inflation

The price base is November 2014 plus known increases. Provision has been included within the budget for the agreed cost of living pay increase to staff covering the period to 31 March 2016. There is also provision for a further increase of 1% in employer's superannuation contribution. Inflation has been included where there is a contractual obligation for increases in costs

2.2 Collection Fund

The Council is required to estimate the 31st March 2015 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). A small surplus of £25k is projected for this Council. The MTFS assumed a surplus of £50k.

2.3 Central Government Funding

2.3.1 Funding from the Government in respect of Revenue Support Grant and National Non Domestic Rates (NNDR) has a significant influence on the Council's spending plans. The allocations for 2015/16 are compared with the MTFS in the table below:

	MTFS	**Provisional Settlement**	**Change**
	£000	£000	£000
Revenue Support Grant	1,737	1,749	11
Baseline Funding/Business Rates	2,035	2,018	-17
New Homes Bonus	1,900	2,123	223
Total	**5,672**	**5,890**	**217**

At the time of writing this report, these allocations are still provisional, but are not expected to change significantly when the Final Settlement is announced on 5 February 2015.

2.3.2 The grant assumes £2.182m in locally retained Business Rates. This figure will vary depending on actual yields but is unlikely to fall by more than 7.5% because of safety net arrangements. The minimum income assumed is therefore £2.018m. Under the new arrangements district councils are allocated 40% of increases and decreases in Business Rates paid. There is also a system of levies and safety nets which reduces our share of increases to 20% but at the same time provides a safety net which limits our losses to 7.5% of our funding baseline, which for this authority works out at approximately £164k in 2015/16. As the Council is participating in local pooling arrangements with other councils in the county next year, the safety net will be funded locally so is less secure than the national safety net arrangements which apply when there is no local pooling.

2.3.3 In 2013/14 the Council participated in Business Rate "pooling" arrangements. The Pool was dissolved for future years because of the apparent risks and uncertainties. Business rates pooling allows groups of local authorities to join together to have their assessments of levies and safety net eligibility calculated overall rather than at individual authority level. In 2013/14 the Pool made a modest surplus of £707k and the monitoring of business rates in 2014/15 has indicated that the benefits to the individual members of the Pool outweigh the perceived risks. A delegated decision to participate in a Pool from 2015/16 was made in November 2014 and there was no decision to withdraw within 28 days of the publication of the Provisional Finance Settlement i.e. 15 January 2015.

2.4 New Homes Bonus

The Government has announced provisionally that the Council will receive £2.123m in New Homes Bonus in 2015/16. This is £223k more than was assumed in the Medium Term Financial Strategy approved by Cabinet on 23 September 2014. This reflects the targeted work by the Council to return long term voids back into use and ensuring that new properties are listed as early possible. New Homes Bonus payments are made for six years and there is also no guarantee that the scheme will continue in its present form.

2.5 Council Tax

Government Grant is again available to help Councils which freeze or reduce their Council Tax for 2015/16. The sum of £57k grant income has been included in the revenue budget on the basis that the Council will not increase its Council Tax for 2015/16. This is the equivalent of a 1% increase in the District's Council Tax.

The Government's announcement that freeze grants will be included in ongoing Revenue Support Grant funding has allowed the Council to continue with the policy adopted six years ago into 2015/16 and that the rate of Council Tax will be frozen.

The income expected to be generated from the Council Tax will increase from £4.611m in the current year to £4.704m in 2015/16 as a result of increases in the tax base.

2.6 Revenues and Benefits Partnership

Under our partnership agreement the Council needs to agree its contribution to the Leicestershire Revenues and Benefits Partnership for the next financial year. The Joint Committee held on 29 January 2015 approved an increase of £59k or 5.1% which is attributable to contractual obligations, inflation and service costs. This has been built into the base budgets. Ongoing salary savings of £96k have, however, also been assumed following the external review of the operation carried out last year and the restructure now being implemented. The Council's share of the estimated upfront costs of the restructure total £71k and these can be met from employee savings in the current year including £16k from the Partnership itself.

2.7 Budget Savings

2.7.1 At its meeting on 18 November the Cabinet was informed of savings put in place to meet the £365k budget shortfall projected for 2015/16; these have now been built into next year's budget:

Reduction in Revenues and Benefits Partnership Contributions	£100,000
ICT Efficiency Savings	£70,000
Income from Additional Planning Applications	£150,000
Full Year Effect of In Year Savings 2014/15	£45,000
	£365,000

2.7.2 The approved MTFS projected that £1.060m further ongoing savings would be required by 2018/19. The outcome of the Government Spending Review (GSR) 2015 is likely to have the greatest influence on a revised MTFS. Whilst the additional base budget savings we have found for 2015/16 will contribute to bridging future budget shortfalls, new budget pressures are already being identified. It is anticipated that a refreshed MTFS will be presented to Cabinet in September 2015, subject to the GSR announcement, to set the framework for the 2016/17 Revenue Budget.

2.8 General Fund Reserve

2.8.1 The uncommitted balance on the General Fund was £1.137m when the Cabinet approved the Council's Medium Term Financial Strategy in September 2014. The early implementation of efficiency savings allowed the Council to budget for a surplus of £403k in the current year which would take the balance to £1.540m at the end of the financial year. At its meeting in November 2014 the Cabinet approved £158k expenditure from the reserve. The forecast underspending in the current year would increase the balance to £2.414m. There are a number of future risks which signal the need for balances to be at higher than historical levels. The Cabinet is already aware of the volatility which the localisation of Business Rates brings to the Council's finances. Similarly other local income including Planning Fee Income and to a lesser extent Car Park charges, continue to be difficult to project

2.8.2 Future levels of income projected from New Homes Bonus cannot be guaranteed. The Cabinet will recall that in 2013/14 the Government consulted on top slicing a significant proportion of New Homes Bonus from 2015/16 to support infrastructure spending by the Local Enterprise Partnerships (LEPs). Whilst this proposal did not go ahead, it had the potential to reduce the Council's annual funding by around £500k at a stroke. Our MTFS currently assumes a levelling off in New Homes Bonus from the seventh year of the scheme in 2017/18. New Homes Bonus payments are made for six years so by Year 7 of the scheme the earlier years' payments will start to drop out. There is however always a risk that changes could be made to the scheme, or it could be discontinued altogether. The MTFS assumes that all our New Homes Bonus will be used to support the Revenue Budget and this means that in 2015/16 £2.1m expenditure on our mainstream services will be funded in this way.

2.8.3 Updates on Projects funded from the 2013/14 Underspending

At its meeting on 29 July 2014 the Cabinet approved resources for a number of projects funded from the previous financial year's underspending. The progress of these projects is summarised in Appendix A.

2.9 Value For Money (VFM) Reserve

2.9.1. At its meeting on 29 July 2014 the Cabinet approved resources for a number of projects funded from the Value for Money Reserve. Progress is on these projects is summarised in Appendix B.

2.9.2 At its 18 November meeting the Cabinet also agreed to establish a Business Bidding fund utilising £500,000 from the VFM Reserve. The main features of the fund include:

- Supporting new businesses which create jobs locally
- Helping Small and Medium Enterprises
- Facilitating community initiatives to form collectives and co-operatives
- Encouraging organisations which adopt Green Footprint principles

A scheme is currently being devised, to include detailed criteria against which bids will be assessed, with a view to the first money becoming available for bids during the first quarter of 2015/16

2.9.3 Proposals for further projects to be funded from the VFM Reserve.

The uncommitted balance of the Value For Money Reserve is now £452,000 and is available for allocation. The following projects have been put forward for cabinet to consider:

Support to the Voluntary and Community Sector in North West Leicestershire £100k.

The Council has been engaging with representatives of the Voluntary and Community Sector in North West Leicestershire who have identified a need for sector support to enable and facilitate their further evolvement and support for local communities. Potential opportunities exist for a range of funding opportunities but mainly through working as a partnership or a consortium. The main focus is and will be supporting vulnerable families, "Not in Employment, Education or Training" (NEET) individuals and residents with identified needs into employment through a variety of pathways and activities from confidence building, skills development and work experience.

The request from the evolving partnership is for a two year funded post employed by the Council to assist with identifying need through research, sharing key funding opportunities, supporting the partnership at a strategic and operational level and developing Public, Private and VCS relationships within the District. It is estimated that £100,000 would be required to include a two year post including on-costs, and a small revenue budget to enable research, training events and meetings to be undertaken.

Update Key Strategies to inform future investment and delivery plans £50k

The strategies include housing new build/acquisition, the Growth Plan, Planning and a new strategy on Leisure/Culture/Tourism.

A Second Round of "20 4 7" £250k

The scope of this programme will be considered through soft testing with local communities/Town and Parish Councils.

Green footprints – Supporting the expansion of the community/business volunteers £50k

This will involve pump priming activities whilst attracting sponsorship to provide a return on at least some of the upfront investment.

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

The Council's earmarked General Fund revenue reserves and provisions (excluding the General Fund Reserve and the VFM Reserve) stood at £1.540m at 1 April 2014. A review of the committed expenditure against these reserves has been undertaken and it is estimated that around £1.5m will remain at 31 March 2015. All of this is earmarked for a particular use in the future, it is therefore not available for the Council's general use.

2.11 Revenue Budget Contingency

This was set at the lower level of £100,000 in 2014/15 compared to £250,000 in previous years. These resources would normally only be called upon if there were unexpected increases in costs or loss of income during the year and they could not be met from underspendings elsewhere. This contingency has not been called upon in the last two years. Although 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 continue to be reviewed as part of the updating of the Medium Term Financial Strategy to ensure it remains appropriate. As part of the MTFS report in September the Cabinet included an ongoing contingency of £300k to cover any loss of income resulting from changes in the payment of recycling credits by the County Council. The loss of income in 2015/16 remains subject to negotiations and based on existing budget assumptions an amount of £217k has now been used to reduce the recycling income budget in 2015/16 and the balance of £83k has been added to the Revenue Budget Contingency, increasing it to £183k.

3.0 GENERAL FUND 2014/15 – PROJECTED OUTTURN

3.1 The summary budget shown at Appendix E shows the 2014/15 budget, projected outturn and 2015/16 budget. An underspending of £1.032m has been projected for 2014/15.

3.2 The main reasons for the projected underspending in 2014/15 are as follows:

(A) Additional Local Income:

Planning and Development Fees	£ 718k	
Recycling income	£ 85k	
Investment Income	£ 48k	£ 851k

(B) Internal Efficiencies:

Salaries/Vacancy Management	£ 115k	
Other more minor variances (net)	£ 66k	£ 181k
Total		**£1.032m**

3.3 Since 1 April 2013 local authorities have been sharing the benefit of additional business rates with Central Government. Any reductions in business rates including closures and rating appeals are also shared. The difficulties in projecting business rates income are highlighted later in this report and currently the Projected Outturn assumes no increase or decrease in business rates for the year.

3.4 In paragraph 2.8.1 it was explained that the General Fund Reserve would increase to £2.414m based on the outturn projections above. Section 2.8 explains the need to keep reserves at a higher level than the £1m which has been assumed for a number of years. The resources held are however significant and the Cabinet may consider allocating part of this to projects following confirmation of the underspending when the 2014/15 accounts are closed and subject to major changes in grant income announced in the Government Spending Review expected in late Summer/Early Autumn 2015.

4.0 REVENUE BUDGET 2015/16 – PROPOSALS IN SUMMARY

4.1 Summary

The following table summarises the headline figures for 2015/16 as contained in Appendix E.

Expenditure	**2015/16**
	£
Chief Executive's Department	4,503,410
Director of Services	5,722,700
Non Distributed Costs & Other	140,550
Corporate Items & Financing	1,621,930
Recharges Out of General Fund	(1,378,560)
2015/16 Budget Requirement	**10,610,030**
Funding Sources	
NNDR & Formula Grant	3,699,690
Council Tax Freeze Grant 2015/16	58,050
New Homes Bonus	2,123,060
Council Tax	4,704,120
Transfer from Collection Fund	25,110
Total Funding Available	**10,610,030**

5.0 CONSULTATION

5.1 The responses from the trade unions, Town & Parish Councils and the federation of Small Businesses are attached at Appendix C. The Cabinet's Revenue Budget Proposals and draft Capital Programmes were presented to the Policy and Development Group meeting on 7 January 2015. The comments of Policy Development Group are included in the minutes attached at Appendix D.

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 included in Appendix F. It incorporates the information considered by the Coalville Special Expenses Working Party on 16 December 2014.

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 included in Appendix F.

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, the Head of Finance, considers that the estimates which form the General Fund budget are robust; the proposals are deliverable and will produce a balanced budget for 2015/16 as required by Section 25 of the Local Government Act 2003.

7.3 Details of the Council's reserves are set out from paragraph 2.8 and again the Section 151 Officer is satisfied that these remain adequate.

7.4 The Special Expenses estimates are similarly considered to be robust.

7.5 The budget process for the 2015/16 year concludes with the approval of all the revenue budgets and the capital programmes by the full Council on 24 February 2015, following which the Council will also determine the level of Council Tax in 2015/16.

APPENDIX A

Projects funded from the 2013/14 Revenue Budget underspending approved by Cabinet 29 July 2014.

Supporting Affordable Housing (£1m)

Contributions to three Housing Associations to improve the viability of schemes and allow them to qualify for funding (£500k).

The £500,000 was allocated to three Housing Associations – Waterloo Housing Group, emh homes and Nottingham Community Housing Association – all of whom were successful in attracting HCA funding in the latest NAHP bid round to provide 263 homes across the district by April 2018. Using a combination of their own funding, the Government grant and this gap funding from the District Council, the three housing associations will bring almost £27 million of inward investment into the district, providing employment opportunities, supporting construction jobs and sustaining local businesses.

Other Affordable Housing Schemes (up to £500k).

The Council approached emh homes (emh) in March 2014 to help with the Regeneration of Coalville town centre by putting affordable housing on the Pick and Shovel site, a dilapidated former pub. emh responded positively with a proposal to demolish the current building and replace it with 14 dwellings, planning permission for which was approved in December 2014.

Being a 'gateway' site into the town, the quality of design needs to meet the Council's Urban Design expectations, and this was reflected in the estimated construction costs. To bring forward the proposal, a funding gap needed to be filled, in part by the Homes and Community Agency (HCA) affordable homes grant programme, and in part by the Council. The HCA has now confirmed a grant award of £420k for the scheme, and the Council is contributing up to £500k, towards the total estimated scheme costs of £2m.

As well as transforming an eyesore building in Coalville town centre, the new properties will help address the current high demand on the housing register for 1 bedroom homes. This will allow existing tenants to downsize from larger properties and also meet demand from new applicants for properties close to shops, transport and other amenities.

Local Business Fund - £500k (£250k from Whitwick Business Reserve surplus)

Cabinet agreed the principle of creating a reserve to support the delivery of the Growth Plan as part of the process of approving the Growth Plan. Authority to spend the Local Business Fund is delegated to the Chief Executive in consultation with the Business Portfolio holder. Consultation on the Local Growth Plan ran until 12 December 2014.

To support the tourism and cultural offer in the district, the Council has recently agreed a grant contribution of £50,000 to the National Forest Charitable Trust to assist with the development of a 'High and Low Ropes project' which secured planning permission in January 2014 at the Conkers site. In total this is a £250,000 project which will significantly widen the appeal of Conkers and improve its profitability. It is anticipated the project will be delivered in early 2015 and the project would not happen without the Council's support. In return and in addition, the Council has negotiated a mix of benefits including day visitor tickets and room hire amounting to the value of £12,000 a year for five years. The remaining £450,000 will be spent on eligible projects to deliver Local Growth Plan actions.

Improving the Environment in Coalville and around the District (£360k)

Match funding for National Heritage Lottery Fund bids in Coalville Conservation Area (£35k)

Designating Coalville Conservation Area gives the Council access to the Townscape Heritage Scheme and potentially between £1m and £2m funding. The National Heritage has advised the Council to bid for £700,000 in the first round which will require a 5% contribution from the Council. Further match funding may be required for future bids. Details were provided in a report to Cabinet on 24 June 2014. A bid was submitted to the Heritage Lottery Fund. Coalville's CHOICE is a heritage led regeneration project which seeks to conserve and restore historic buildings in and around Marlborough Square. Representatives of the Heritage Lottery fund visited the Council on 7th January 2015 and a final decision on the success of the bid was expected at the end of January. Should the bid be successful, the Council will draw down the match funding element of the project to ensure the heritage aspects can be delivered

Improvements to Shop fronts (£225k)

The Shop front Improvement Scheme aims to enhance shop fronts in selected areas as a means of supporting the growth of local businesses, improving the local environment and improving the image of the town centre for local residents, shoppers and visitors. Applicants must be local, independent business owners and it is expected that the funding made available to applicants will require some element of match funding

Originally it was proposed to launch the initiative during 2014 however the loss of the Council's Conservation officer has lead to some delay in its delivery. This project is now being run in parallel with the HLF bid. We are in active negotiations with the County Council, with a view to using their expertise to administer the project, given that it has current specific project management capacity and recent experience of operating a similar project in Melton Borough.

Indoor Market Improvements – Phase 2 (£100k)

The Council investment to date has focussed on exterior improvements to the Market Hall (roof repairs, new public space creation and demolition/relocation of public toilets). This investment has to date generated seven new licencsed traders, whilst end of year market income forecasts have been raised from a Period 3 forecast of £102,000 to £111,000. The changes to the toilet provision as part of the initial investment and service review is also projected to realise an annual £20,000 saving. The Council has also received many positive comments regarding the new open market forecourt which has already been used for farmers markets, childrens activities and the popular Christmas Lights Switch On Event.

Phase 2 will now focus on interior improvements in consultation and design with the market traders. It is anticipated (subject to cost) to include improved flooring, internal decoration, energy efficient lighting with improved lux levels, new more flexible stalls, internal and external signage.

The on-going monthly meetings with Market traders have agreed the phasing for the indoor improvements which will commence with indoor lighting improvements to the central market area, to be followed by redecoration of stalls and walls and finally improvements to flooring. Final quotes are currently being sourced with works expected to commence towards the end of Quarter 4 this year and continue into Quarter 1 of 2015/16. It is anticipated the full £100,000 will be required for the highlighted internal improvements.

Investing in Our Communities (£350k)

District Wide Programme (£210k)

Community groups across North West Leicestershire have now received £240,000 as winners of the '£20,000-for-Seven' fund including £30,000 for "Other Highly Commended Schemes" that was also agreed by Cabinet on the 29 July 2014 as part of the Provisional Financial Outturn 2013/14 report. The winners were decided by a public vote, with more than 2,100 people voting for their favourite projects. The grants provided saw seven groups win £20,000, and seven groups win 10,000 to boost their community projects, and three further projects being 'highly commended' and receiving a £10,000 grant.
The projects funded range from new clubhouses and communal facilities, to IT equipment and a community media bus (see full list below).

The Council's contributions were matched 100% other sources of external income, in many cases much more and a total of at least

Winners of £20,000

- Castle Donington Parish Council - Youth activity provision
- Whitwick Scout Group - A centre for Scouting in the Whitwick area
- Castle Rock High School - The Sanctuary @ Castle Rock
- St. Matthews Church, Worthington - Disabled access, toilet and servery
- Friends of Ashby Bath Grounds - Footpath for improved accessibility at Ashby Bath Grounds
- Ellistown and Battleflat Parish Council - South Street Sports
- Measham Parish Council - Skatepark for Measham

Winners of £10,000

- Castle Donington Town Bowls Club - Bowls Club Pavilion
- Kegworth Village Hall Management Committee - Kegworth Community Hub
- 1188 (Coalville) Squadron Air Training Corps - ICT for ATC
- The Friends of Newbold School - Newbold Playing Field – 21st Century Makeover

- Appleby Magna Parish Council - Community Media Mini Bus
- Donisthorpe Youth Club - Changing rooms comes to Donisthorpe Youth Club
- Heather Parish Council – Improvements to Heather Village Hall

Other Highly Commended Schemes (£30k)

Investing in our Communities is an innovative Grant scheme to support Parish Councils and Community Groups to access medium seized grants to help facilitate key community projects. Funding was requested to fund seven locality projects of £20,000 and seven district wide projects of £10,000. Access to this funding was through a public on-line voting system. It was recognised that some schemes were very worthy but did not secure enough votes to win a grant award. Therefore, this resource was requested for three further grants of £10,000 awarded by the Council to schemes considered as Highly Commended by a multi-agency panel:

- Whitwick Parish Council - Workout in Whitwick: Free Fitness 4 Families
- New Bardon Community Interest Company - A new community centre and garden

Whitwick Community Enterprises - One Stop Shop for young people

Supporting Cycling in Ashby (£40k)

The proposed cycling improvement schemes for Ashby are still subject to on-going discussion with Leicestershire County Council with further meetings planned in Quarter 4. To date no funding has been released.

Urban Planting (£20k)

The District Council is committed to working with and encouraging local community groups and Parish Councils to create sustainable urban planting schemes as one small part of our contribution to being in the National Forest. The annual District Council Free Tree scheme is extremely popular and last year's offer which included a range of fruit trees was very quickly oversubscribed. This resource complements the Free Tree scheme and focuses on the development of more Community Orchards and Community vegetable gardens.

The proposed urban tree planting scheme is scheduled to be implemented in February and March 2015. A number of sites across the district (Ashby de la Zouch, Measham, Moira and the area of Coalville) have been identified. A match fund of £8000 has been discussed with The National Forest Company, with a formal application being submitted by the end of January 2015. Presently up to £8000 has been allocated for tree planting schemes in quarter four. Further work in quarter four will identify additional sites for implementation in the Autumn 2015 planting season (quarter three), the remaining £12,000 will be allocated to enable this planting, with additional funding sought from the National Forest Company. All tree planting works are to be undertaken by the grounds maintenance team.

Area Based Support (£50k)

This proposal was to increase capacity within the Community Focus team to enable area based support, communication and reporting. It was proposed to fund officer support until March 2016 in order to capacity build with key community groups, support Investing in our Communities projects, improve advice and guidance to Parish Councils and support in developing community plans. This additional resource will expands the capacity of Community Focus to allow a dedicated officer support for each of Coalville, Ashby and Northern Parish areas whilst linking to internal service area focussed officers enabling a clearer point of contact with the Council with regard to resolving local community issues.

A third Community Focus Officer has now been recruited to the team and has commenced full time duties. The team now offers dedicated officer support to Ashby, Coalville and the Northern parish areas liaising closely with Parish Councils and Community organisations. Initial feedback from partners has been complimentary due to improved communication, swifter acknowledgement and/or resolution of issues and signposting to appropriate agencies. The post is on a fixed term contract until 31 March 2016.

APPENDIX B

Projects funded from the Value For Money Fund approved by Cabinet 29 July 2014.

Improving the Customer Experience (Phase 2) £300k

An update was provided in a report to Cabinet on 13 January 2015 detailing progress made to date and outlining plans for the second phase of the programme.

Phase 1 achieved total savings of about £45,000 per annum to date with further savings of £22,000 per annum targeted, as well as improving the telephone service, increasing use of the website and improving operational efficiency through the introduction of a new waste management system that will go live in January 2015.

Phase 2 is currently being planned and will build on these achievements. Further details of phase 2 be reported on as the programme develops, with projects focusing on staff and customer communication to drive channel shift across all services.

Rural Broadband (Phase 2) £216k

The Cabinet approved the Council's continued involvement in the Leicestershire Broadband – Superfast Extension project at its meeting on 21 October 2014

A collaboration agreement for Phase 2 is being prepared by Leicestershire County Council for all participating districts to agree. A draft agreement is expected in February 2015.

BT will present raw data to Leicestershire County Council in February after which consultants will prepare the business case for each district. It is anticipated that the business case will be completed by the end of March 2015.

Commissioning of Commercial Projects £ 50k

The Council has a number of key frontline services which are trading against a commercial market on a daily basis. In order for the Council to consider if further investment and expansion of these services will generate increased financial returns a series of service specific Business Development reports are recommended to be commissioned. The initial tranche of reports to be commissioned will include Trade Waste, Grounds Maintenance and Off Street Enforcement, it is also proposed that an officer resource is seconded initially on a part time basis to lead this work and develop a Corporate Commercial approach to Business Development reporting direct to the Head of Community Services.

An appointment has now been made to the post of Business Development Manager and the Officer has commenced as at the start of Quarter 4. The two day a week position reporting to the Head of Community Services is initially focussing on meeting Team Managers to prioritise areas of potential Business Development whilst identifying best practice from other public sector bodies nationally. The next phase will include the development of business plans against prioritised commercial opportunities.

Spin Studio Project **£30k**

The Council's Leisure Centre memberships are at an all time high with over 2,800 members paying £70,000 per month through Direct Debit payments. The main reason for taking out a membership is to access Health & Fitness facilities which include our gyms and fitness classes. Our most popular fitness class is Spinning but this is currently limited only to Hood Park Leisure Centre with approximately 10 classes a week. Customers are consistently requesting Spinning be brought to Hermitage and this proposal is to develop the former crèche into a fitness studio to accommodate Spinning and other classes. The resource will cover new flooring, air conditioning, storage area improvements and up to 15 Spin bikes.

The Hermitage Leisure Centre 'Studio 2' has now been completed on time and on budget and has now officially opened to customers for use. The studio is now programmed for Spinning (brand new to Hermitage) as well as for a variety of other fitness classes and uses. Initial (week 1) feedback has been extremely positive with full classes being reported for evening spin classes and membership sales although always positive post Christmas performing well.

Urban Area Highway Verge Improvements **£15k**

The County Council is currently liaising with the District and Parish Councils regarding grass verge cutting and highway grounds maintenance programmes. The District Council will be considering this matter later in the financial year but it is clear that following resident surveys these areas were considered low priority for the County Council's resources. In order to support our key towns and village centres to maintain their urban area highway planting schemes to an attractive standard it is proposed that this resource is made available to match fund any contribution made by a Parish/Town Council (including Coalville Special Expenses) up to a maximum of £5,000. Proposed schemes will be assessed and costed by the Council's Grounds Maintenance team and if required undertaken by them.

The Improvement scheme has been advertised and promoted with all Parish Councils and a number of applications made. Officers are currently assessing the applications, making formal offers to applicants and finalising grant conditions. This initial phase is likely to allocate up to £12,000 (100% match funded by applicants giving a total improvement spend of up to £24,000 on Highway improvements) with a final tranche for the remainder being promoted and considered in Quarter 4.

Staff Performance Programme **£100k**

As part of the successful Best Employee Experience (BEE) programme the next phase of development is undertaken by engaging an external coaching specialist (£10,000). Phase 2 will look at mainstreaming the management culture which will result in greater staff engagement, development and ultimately improved performance for individuals, teams and the Council.

APPENDIX C

General Fund Budget Consultation – Comments Received

Whitwick Parish Council

Welcome NWLDC's commitment to continue passing on part of the Council Tax Support grant to parish councils in the next financial year.

Kegworth Parish Council

On behalf of Kegworth Parish Council I write to let you know that my Councillors made no objections to the District Council's proposed budget when the matter was discussed at its last Parish Council Meeting

Anne Neilson – Unison

The view in Unison is that while the Council has surplus funds, (thanks in large part to an increase in planning fees) it should, perhaps, try to look after its poorest citizens by adjusting the Local Council Tax Support Scheme so that those most in need do not have to pay any Council Tax.
We would like to see the Council Tax increased by the maximum allowable i.e.2% so that the extra resource of £38,000 would be available every year. If Council Tax had increased in previous years then the extra resource would be more. The County Council has seen fit to increase Council Tax for 2015/16 and an increase for North West Leicestershire is long overdue.

APPENDIX D

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 7 JANUARY 2015

Present: Councillor J G Coxon (Chairman)

Councillors N Clarke, D Everitt, J Geary, A C Saffell, S Sheahan and M Specht

In Attendance: Councillors

Officers: Mr R Bowmer, Mr D Gill, Mr G Jones and Mr D O'Nyons

18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors V Richichi and N Smith.

Councillor N J Rushton was also invited to attend however, unfortunately due to County Council Commitments he had to decline.

Councillor S Sheahan commented that it would have been good to have Councillor N J Rushton in attendance, and that nothing had stopped him from appointing a substitute.

19. DECLARATION OF INTERESTS

Councillor J G Coxon declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Ashby Town Council.

Councillor D Everitt declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Whitwick Parish Council.

Councillor M Specht declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Coleorton Parish Council.

Councillor A C Saffell declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Castle Donington Parish Council.

Councillor S Sheahan declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Leicestershire County Council.

20. PUBLIC QUESTION AND ANSWER SESSION

There were no questions received.

21. MINUTES

The Deputy Monitoring Officer asked the Chairman to consider a clarification to the minutes. At the last meeting, The Deputy Monitoring Officer advised that the Members for each authority made the appointments in respect of the Leicestershire Revenues and Benefits Partnership; and as such there would be Member involvement.

However, following the Meeting the Deputy Monitoring Officer was advised that appointments in relation to the Revenues and Benefits Partnership had been delegated to the Management Board and that no Members sit on the Management Board.

Councillor S Sheahan commented that Partnerships such as the Revenue and Benefits one take democracy further away from the people as it excluded Members.

RESOLVED THAT:

The minutes of the meeting held on 1 October 2014 be approved and signed by the Chairman as a correct record.

22. DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2015/16

The Head of Finance presented the report to Members, stating that this Item gave the Committee the opportunity to comment on the Councils Revenue Budget proposals for the next financial year and invited Members to make comments that would be minuted and presented to Cabinet on the 10th February 2015 and Council on the 24th February 2015.

The Head of Finance drew attention to the two Appendices of the report and went through each individually. He informed Members that Appendix 1 was a copy of a Report that went before Cabinet on November 2014 which provided details of the Cabinets 2015/16 General Fund Revenue Budget proposals and the savings that had been put in place, to meet the projected budget shortfall.

The Head of Finance informed Members that the report first of all picked up with the Medium Term Financial Strategy 2015/16 – 2018/19 that had been approved by Cabinet which identified a budget shortfall of £365,000 for the ensuing year and an overall shortfall of £1.4 million by the end of the Medium Term Financial Strategy in 2018/19.

Members were informed that an under spending of approximately £800,000 was forecast in 2014/15 from the General Fund, and that the main reason for this was due to an increase in income. In particular from planning fees, Recycling Income and savings incurred from reducing the number of Employees.

It was highlighted, that there were a number of financial uncertainties that the Council was facing. The Head of Finance explained how volatile the Council’s income from business rates was.

The Head of Finance explained that the Council used to receive a pre-determined allocation from Central Government, however as a result of recent changes, income was volatile, and that now made it difficult to monitor the budget and prepare the budget going forward. There was much less certainty in determining how much income the Council would receive.

Another area of uncertainty that was highlighted was around the New Homes Bonus Scheme. The Head of Finance stated that there was always a risk that changes could be made to the scheme, or it could be discontinued altogether and consequently there was a risk of around £2 million within the Councils budget planning as a result.

Members were informed that Budget Savings for the next year were going to be achieved by actions that had already been put in place and he provided the Policy Development Group with an update on the following initiatives introduced to meet the projected shortfall of £365,000 for 2015/16:

Reduction in Revenues and Benefits Partnership Contributions:

The Head of Finance informed Members that it had been identified that the Partnership between the three partner Councils would create savings approaching £400,000 a year, which North West Leicestershire District Council would receive a share off.

ICT Efficiency Savings:

It was stated that efficiency savings in ICT, mainly around contracts and the renewal of ICT programme Licences were saving money and that the ICT budget had been reduced by £70,000 in 2015-16.

Income from Additional Planning Applications:

Members were informed that income from Planning Applications had increased and that a modest increase in the target raised by Planning Applications from £550,000 to £700,000 was now assumed.

Councillor S Sheahan enquired whether there were any other updates the Head of Finance could provide about the report, given that the report was two months old, and asked how long officers expected Planning Application fees to continue to rise.

The Head of Finance advised that the only significant update was around the actual figure of the New Homes Bonus that was quoted in the report at £1.9 Million; the actual figure was closer to £2.1 Million which represented an additional £200,000 for the Council. In addition, he stated that planning income was quite volatile and difficult to predict. He added that there were a number of major applications reaching their conclusion thus it was expected that income generated by Planning Application fees would fall in the next couple of years.

Councillor S Sheahan asked if having a Local Plan would have an impact on the number of Planning Applications received.

In response, The Deputy Monitoring Officer confirmed that in the absence of a Local Plan, over the past years there have been a lot of speculative developers that have tried their luck, and that the Council has had difficulty in reaching decisions because of the lack of Local Plan Policy. He added that once a Local Plan was in place there would be a possibility that the number of Planning Applications would reduce.

Councillor S Sheahan acknowledged that there had been £150,000 worth of savings in employees. He asked whether officers had identified any areas where service pressures suggested a need for additional spending on employees.

The Head of Finance insisted that the Council was proactive in reacting to pressures on services, and identified a recent example were the Council had recently employed additional staff in the Planning Department to manage the increased workload and to maintain the same level of service. In addition, the Deputy Monitoring Officer informed Members that staffing levels were kept under review of all departments , and that if officers were aware of staffing pressures and where appropriate additional employees are sought.

Councillor S Sheahan commented that it was essential to have the right level of staff and is something that should consistently be reviewed and highlighted to Cabinet when necessary.

Councillor A C Saffell informed Members that he had previously been informed by the Head of Finance that staffing levels at the Council were within 20 or so of the most number of employees the Council had ever employed. He felt that this represented a small reduction especially when cuts from Central Government and reductions at other local authorities were considered. He speculated whether the New Homes Bonus had been brought into the General Fund in order to maintain staff levels, despite the fact the Council was doing less work now than in the past. He asked why the Council were depriving Local Communities of the New Homes bonus to support staff numbers.

In response the Head of Finance informed Members that the £150,000 figure stated within the report was a result of an under spending on staffing largely as a result of vacancies. He added that the report was not about significant staff reductions. The Deputy Monitoring Officer explained that officers were unable to answer that question.

Councillor N Clarke, queried why the report failed to include or mention Waste Recycling Credits, expressing his opinion that this should have been included as a future uncertainty.

The Head of Finance explained that the current year detailed in the report was not affected by Leicestershire County Council’s decision on the Waste Recycling Credits, and informed Members that the issue had been considered in the last Medium Term Financial Strategy Report which contained contingencies for losses of income predicted of up £300,000.

Councillor S Sheahan concurred with Councillor A C Saffell comments made about the New Homes Bonus, however queried his comments made about staff levels. He stressed his opinion that Planning Applications and Waste Recycling Credits should be run sustainably, stating that the Council’s proposal to increase the level of reserves held in the General Fund to compensate for future financial uncertainties was not sustainable, and a different approach should be adopted.

Councillor S Sheahan enquired whether there had been any assessment of claimant impact as a result of the changes made to the Revenues and Benefits Partnership.

The Head of Finance stated that the new structure of the partnership was based on advice received from the Institute of Revenues, Rating and Valuation whom have worked alongside other authorities and partnerships and have recommended different ways of working without any impact on the client. He added that he was not aware of any particular impact analysis that has been conducted, but was confident that one would follow after the implementation of the changes and that adjustments could be made if necessary.

Councillor N Clarke enquired why £500,000 of the Value for Money Reserve had been committed to the creation of a Business Bidding Fund, he stated that he did not object to supporting local businesses, however he was unsure what benefits would result from this decision.

The Head of Finance expressed the importance of Business rates and the need to bring business into the District in order to maintain incomes generated by the Business Rate Base.

Councillor S Sheahan, felt that it was important to ensure that the Business Bidding Fund would provide value for money and suggested that a future scrutiny report/ panel might be best to assess this. In addition, Councillor S Sheahan urged that the Local Plan be fully funded and insisted that the Plan should be seen through to completion.

The Head of Finance Presented Appendix 2 to Members.

He informed Members that the projected outturn for 2014/15 on General Fund schemes totals £2,402,000. He added that this was a planned increase of £108,000 on the original budget for the year of £2,294,000.

Furthermore, the Head of Finance gave a brief update of Individual Schemes currently being undertaken under the General Fund Capital Programme 2015/16 to 2019/20.

Councillor S Sheahan, felt that £984,000 proposed to spend on new vehicles was a lot of money, and enquired what proportion of the Councils Fleet of Vehicles this represented.

The Head of Finance did not have an exact figure to give to Members, but informed Members that he would find out, and report back to Members with the answer. He informed Members that the sum of £984,000 is what the Council usually spends annually on Vehicles, and that the Council tended to buy Vehicles out-right opposed to leasing them as this represented the best value for money.

Councillor A C Saffell enquired why many of these schemes had been included in the General Fund rather than Special Expenses, in particular the decision to spend £400,000 on the Wellbeing Centre at Hood Park Leisure Centre. He stated that residents in Castle Donington did not use this Centre; however they would still be contributing to the improvements.

The Head of Finance advised that the use of Special Expenses funds are only used for expenses that benefit people who live in certain areas, which subsequently excludes other people from benefiting. He stated that the Wellbeing Centre at Hood Park Leisure Centre would be open to everyone and that people from all over the District could travel to use the services there.

In response Councillor A C Saffell insisted that people travel to Castle Donington to specifically use their football pitches, which are fully funded by Castle Donington Parish Council. He suggested that if the District were prepared to fund one Leisure Centre then they should be prepared to fund all of them.

The Deputy Monitoring Officer advised that a decision was taken in the past by Members not to treat the Leisure Facilities in Coalville and Ashby de la Zouch as a special expense because they attract people from across the whole District and it would be unfair to place the burden on the Special Expense of Coalville or the Parish Precept of Ashby Town Council.

Councillor A C Saffell acknowledged the officer’s comments however expressed that the situation was unfair. Councillor S Sheahan suggested that Councillor A C Saffell speak with Councillor N J Rushton to see whether the Cabinet had any plans to build a Leisure Centre in the Northern Parishes of the District when funding permits.

Councillor S Sheahan asked whether homes improved under the Decent Homes Programme had seen their value increase and if officers knew by how much.

The Director of Housing assured Members that he was confident that homes that had been improved had increased in market value, given the extensive improvements made, such as new Kitchens and Bathrooms. However he stated that the Council had no intention of disposing of properties that had undergone improvements. He advised Members that the Council was in the process of renewing their Asset Management Strategy and that they could look into the possibility of having the homes valued to assess how much the value of properties had increased.

The Deputy Monitoring Officer informed Members that there was a mechanism incorporated into the Right to Buy Scheme that relates to improvements made to properties in the last ten years that can have an impact on the valuation of properties. He informed Members that if a property that had been improved by the Decent Homes programme, had later been purchased on the Right to Buy Scheme the money spent on improving the property was taken into account when a sale price was calculated.

Councillor M Specht asked whether there was a penalty clause incorporated into the Decent Homes Programme which meant that tenants were prevented from applying for the Right to Buy Scheme for a period of time after improvements had been made.

The Director of Housing informed Members that there were no such period, and as such tenants were able to apply for the Right to Buy Scheme as soon as the Decent Homes Programme improvements had been made. He also referred to the previous explanation given by the Deputy Monitoring Officer. The Deputy Monitoring Officer added that if a tenant requested to buy a Council property undergoing the Decent Homes Programme then the property would be removed from the programme as a result.

Councillor J Geary enquired if many tenants had taken up the Right to Buy Scheme once homes had been improved.

The Director of Housing explained that a couple of years ago there was a rise in the number of Right to Buys compared to recent years, however at the present the current number was appropriately twelve homes. He stated that the previous increase was most likely a result of Central Government deciding to increase the discounts offered to tenants buying their Council homes. He added that he did not think that the Decent Homes Programme had contributed to the number of take ups of the Right to Buy Scheme.

RESOLVED THAT:

That the Committee provides any comments it may have for consideration by the Cabinet when it meets on 10 February 2015 prior to their recommendations being taken to Council on 24 February 2015.

23. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16

The Director of Housing presented the report to Members.

He informed Members that the report was an updated version of a report that had been presented to Cabinet on 18 November 2014. He stated that the overall forecast for the current year shows a deficit close to £900,000, largely as a result of unplanned expenditure on the Decent Homes Programme. Members were informed that this deficit was funded from the Housing Revenue Account Reserves, and that the reserves currently stood at £4.37 Million.

In relation to rents, the Director of Housing advised Members that the current government policy (due to expire in March 2015) was to try and achieve rent convergence or target rents nationally for all social housing tenants. The idea being that Council and Housing Association tenants should pay similar rents for similar properties. He advised Members that historically the Council had charged low rents and that currently only 25% of the Council’s tenants paid target rent; in contrast most local authorities had 90% of tenants paying the target rent. New government guidelines, effective from April 2015, suggest that rent increases should be limited to the Consumer Price Index plus 1% each year. He advised that for councils like NWLDC, which still had nearly three quarters of its properties at rents considerably below target rent levels, this would have a substantial impact on the future business plan, and income projections would fall significantly. This could potentially have a detrimental impact with limited funding being available to maintain the decency programme and invest in future stock improvements.

Following a review of the current rent plan, alternative rent increase options were developed for consideration for consultation by Cabinet, and it was agreed by Cabinet to approve option C, which would see rents increase by CPI plus 1% plus up to £4 per week until target rent was reached. This would entail NWLDC using its discretion to set its own rent levels and not following the guidelines.

The Director of Housing advised Members if the Council adopted the new government guidelines, then the Council would have to borrow £7.3 million by 2022 to meet repayments on a £13 million loan. By adopting option C the Council would only have a liability of £1.2 million in 2022. It would also mean the Council having an additional £9 million of income over the next 10 years to invest in Housing.

Councillor S Sheahan expressed his concerns that the Housing Revenue Account spending was not being kept under control, and cited the £900,000 deficit as an example. He asked officers to explain how they would address the deficit and prevent tenants from having to subsidise overspending on the decent homes programme.

The Director of Housing responded that he was confident spending was under control and highlighted that deficit was a result of some incorrect assumptions about what central government would fund and what the Council would have to fund, and wasn't a case of over spending on the Decent Homes Programme. He advised Members that the Council do monitor the contractors providing Decent Homes Improvements and that a new team manager had recently been appointed to focus on the Decent Homes Programme. He added, that he wanted to see value for money from the Councils contractors and that the actions taken by the Council would help realise that.

Councillor N Clarke sought clarification on why Option C had been chosen opposed to Option A. He stated that the proposed rent increase of 5.4% sounded extremely high considering the well publicised lack of increase in wages and salaries. He stated that being the Councillor for the Ward with the most Council Tenants in the District, it is something that he feels quite strongly about.

The Director of Housing acknowledged that Option C would result in two years of higher increases in rents, however in the longer term rents were lower under option C than Option A. In addition, he stated that under Option A the Council might lose revenue through the Housing Benefit Subsidy Limitation rules. If the Council chose to increase its rents too quickly at too high a level, a portion of the Housing Benefit it received might have to be returned to the Treasury.

In response Councillor N Clarke stated that he felt that the increases in rents tenants were facing were a result of overspending on the Decent Homes Programme and that this should be scrutinised in the ensuing months. He also queried the proposal to re-let all properties at target rent levels, even when tenants with a tenancy prior to April 2008 were transferring to another property, as he felt the higher rent would act as a disincentive for those affected tenants to apply for transfers. The Director of Housing advised that as 94% of properties would be at target rent by April 2016, any such disincentive would only apply for a period of 12 months, so the impact would be limited.

RESOLVED THAT:

That the Committee provides any comments it may have for consideration by the cabinet when it meets on 10 February 2015 prior to their recommendations being taken to Council on 24 February 2015.

Chairman's signature

24. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Councillor S Sheahan requested that a scrutiny of the Business Bidding Fund be included. However, the Head of Finance stated that there would not be much to scrutinise by the time of next meeting, as he did not expect the Council to have awarded many grants to business by then.

Councillor S Sheahan also suggested that an item on the Community Task and Finish Group should be included.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.14 pm

Chairman's signature

APPENDIX E

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2015/16

2014/15 Budget £	2014/15 F'cast Out-turn	Service	2015/16 Budget £
247,140	249,320	Chief Executive	259,160
291,790	283,440	Human Resources	293,440
2,289,370	2,135,009	Legal & Support Services	2,275,005
1,816,610	1,832,624	Finance	1,675,803
4,644,910	**4,500,393**	**Total Chief Executive's Department**	**4,503,408**
386,410	326,829	Director of Services	351,780
3,801,860	3,665,332	Community Services	4,035,940
433,300	439,570	Strategic Housing	456,630
762,160	115,560	Regeneration & Planning	878,350
5,383,730	**4,547,291**	**Total Director of Services**	**5,722,700**
54,160	50,150	Corporate & Democratic Core	54,550
35,920	25,570	Non Distributed - Revenue Expenditure on Surplus Assets	8,000
78,940	77,420	Non Distributed - Retirement Benefits	78,002
10,197,660	**9,200,824**	**NET COST OF SERVICES**	**10,366,660**
(1,406,740)	(1,393,690)	Net Recharges from General Fund	(1,378,560)
8,790,920	**7,807,134**	**NET COST OF SERVICES AFTER RECHARGES**	**8,988,100**
		Corporate Items and Financing	
		Corporate Income and Expenditure	
0	0	Acquistions of Sites	400,000
1,148,480	1,148,480	Net Financing Costs	1,030,857
(43,000)	(91,000)	Investment Income	(92,000)
160,000	160,000	Corporate Contingency	183,000
86,672	86,672	Localisation of Council Tax Support Grant - Parish	100,076
10,143,072	**9,111,286**	**NET REVENUE EXPENDITURE**	**10,610,033**
403,425	1,435,211	Contribution to (from) General Fund Balance	(0)
10,546,497	**10,546,497**	**AMOUNT TO BE MET FROM GOVERNMENT GRANT AND COUNCIL TAX (Budget Requirement)**	**10,610,033**
		Financed By	
1,774,674	1,774,674	Formula Grant	1,761,262
55,953	55,953	Council Tax Freeze Grant	58,056
1,395,484	1,395,484	New Homes Bonus	2,123,066
147,136	147,136	Transfer from Collection Fund	25,106
660,614	660,614	Localisation of Council Tax Support Grant	0
4,610,555	4,610,555	Council Tax	4,704,117
2,062,631	2,062,631	National Non-Domestic Rates Baseline	2,102,044
(160,550)	(160,550)	National Non-Domestic Rates Safety Net	(163,618)
10,546,497	**10,546,497**	**TOTAL FUNDING AVAILABLE**	**10,610,033**
		SPECIAL EXPENSES	
792,730	770,681	Community Services	584,280
(107,040)	(107,040)	Net Financing Costs	(99,080)
685,690	**663,641**	**NET COST OF SERVICES AFTER RECHARGES**	**485,200**
		Financed By	
6,165	(15,884)	Use of Reserves	(487)
584,140	584,140	Council Tax	418,004
95,385	95,385	Localisation of Council Tax Support Grant	67,683
685,690	**663,641**		**485,200**

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APPENDIX F

SPECIAL EXPENSES	2014/15 ORIGINAL ESTIMATE	2014/15 PROJECTED OUTTURN	2015/16 ESTIMATE
	£	£	£
COALVILLE			
Parks, Recreation Grounds & Open Spaces	256,860	260,920	262,990
Broomley's Cemetery	22,960	3,340	10,960
C/V War Memorials/Grass Verge Cutting	17,640	20,640	17,830
One Off Grants	3,000	3,000	3,000
Coalville Events	40,700	41,820	42,810
RCCO	0	0	10,000
	341,160	**329,720**	**347,590**
WHITWICK			
Parks, Recreation Grounds & Open Spaces	120,500	120,297	0
Cemetery	16,930	10,940	10,500
Grass Verge Cutting	4,410	4,410	610
Asset Protection	12,500	12,500	0
	154,340	**148,147**	**11,110**
HUGGLESCOTE			
Parks, Recreation Grounds & Open Spaces	34,250	35,540	0
Cemetery	17,240	11,940	14,360
Grass Verge Cutting	3,300	3,300	0
One Off Grants	750	750	0
Asset Protection	3,500	3,500	0
	59,040	**55,030**	**14,360**
PLAY AREAS/CLOSED CHURCHYARDS			
GROUNDS MAITENANCE:			
OSGATHORPE	340	340	350
COLEORTON	3,190	3,190	3,240
KEGWORTH	400	0	0
RAVENSTONE	340	340	350
MEASHAM	1,820	1,820	1,850
LOCKINGTON-CUM-HEMINGTON	1,790	1,790	1,820
OAKTHORPE & DONISTHORPE	3,710	3,710	3,760
STRETTON	1,300	1,300	1,320
APPLEBY MAGNA	1,570	1,570	1,590
OTHER SPECIAL EXPENSES	**14,460**	**14,060**	**14,280**
SPECIAL EXPENSES (NET COST OF SERVICE)	**569,000**	**546,957**	**387,340**
Service Management recharges	116,690	116,690	97,860
ANNUAL RECURRING EXPENDITURE	**685,690**	**663,647**	**485,200**
FUNDED BY:			
Use of Reserves	6,165	-15,876	-488
Precept	584,140	584,139	418,005
Localisation of Council Tax Support Grant	95,385	95,384	67,683
	685,690	**663,647**	**485,200**

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**HOUSING REVENUE ACCOUNT (HRA) BUDGET AND RENT INCREASE 2015/16**
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 Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk Head of Finance 01530 454520 ray.bowmer@nwleicestershire.gov.uk
Purpose of report	To seek approval of the 2015/16 Housing Revenue Account (HRA) Budget and Rent and Service Charge increases.
Reason for Decision	To enable the Council to set a balanced Housing Revenue Account Budget for 2015/16.
Council Priorities	The HRA budget assists the Value for money priority.
Implications:	
Financial/Staff	As included in report.
Link to relevant CAT	Delivering a HRA Budget for 2015/16 will allow the Council to achieve the objectives for the service as set out in the Housing Business Plan and Service Team Business Plans.
Risk Management	The Council sets an HRA budget, which is regularly monitored throughout the year to ensure services are delivered within budget. Risks are managed through the corporate risk management process.

Equalities Impact Screening Human Rights Transformational Government	No impact identified. None identified. Not applicable
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Corporate Leadership Team (CLT), Cabinet (18 November 2014, , Tenants Performance and Finance Working Group, Tenants and Leaseholders Consultation Forum, Public/Tenant consultation exercise undertaken via website, Policy Development Group (7 January 2015).
Background papers	HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16, Cabinet, 18 November 2014 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16, Policy Development Group, 7 January 2015
Recommendations	**A. THAT THE ASSURANCE STATEMENT BY THE S151 OFFICER BE NOTED,** **B. THAT THE COUNCIL BE RECOMMENDED TO:** **1. APPROVE THAT COUNCIL HOUSE RENTS IN 2015/16 BE INCREASED BY AN AVERAGE OF 5.41% (AVERAGE INCREASE £4.27 PER WEEK).** **2. APPROVE THE DECISION TO LET ALL PROPERTIES AT TARGET RENT ON RE-LET REGARDLESS OF THE STATUS OF THE INCOMING TENANT.** **3. APPROVE THE INCREASE OF 2.3% (AVERAGE INCREASE 14 PENCE) IN GARAGE RENTS FOR 2015/16.** **4. APPROVE THE INCREASE OF 10% FOR CENTRAL HEATING CHARGES FOR 2015/16** **5. APPROVE THE AVERAGE INCREASE OF 1.82% (9**

	PENCE PER WEEK) IN THE WEEKLY SERVICE CHARGE FOR 2015/16. **6. APPROVE THE GROUND RENT INCREASE AT APPLEBY MAGNA CARAVAN SITE OF 2.3% (70 PENCE PER WEEK) ON THE ANNIVERSARY OF EACH INDIVIDUAL RENT AGREEMENT IN 2015/16.** **7. APPROVE THE LIFELINE CHARGES INCREASE OF 2.3% (98 PENCE PER QUARTER) FROM JULY 2015.** **8. APPROVE THE HOUSING REVENUE ACCOUNT BUDGET FOR 2015/16 ATTACHED AS APPENDIX A.**

1.0 INTRODUCTION

1.1 The Housing Revenue Account budget for 2015/16 is set out at Appendix A. The revised budget for the current year, together with the original 2014/15 budget are also included in Appendix A for information.

2.0 REVISED BUDGET 2014/15

2.1 Members will recall that Council approved the decision to fund the additional resources required for the 2015/16 Decent Homes Improvement Programme on 25 March and 16 September 2014. The impact of these changes on the original budget surplus is a revised budget with a £746k deficit which will be funded from HRA balances.

2.2 The overall forecast for the current year at period 9 shows a further increase in the forecast deficit from £746k to £1.267m. This is largely as a result of a technical accounting regulation which requires the Council to set aside £492k to an unusable reserve for the revaluation of garages for the year 2014/15.

2.3 As a result of this the balance on the Housing Revenue Account at 31 March 2015 is estimated to be £4.01m. This balance significantly exceeds our agreed minimum working balance on the HRA of £1m and 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. The first maturity loans of £10m and £3m fall due for repayment on 28 March 2022.

3.0 2015/16 BUDGET OVERVIEW

3.1 The budget is based on prices and levels of charges for Council Housing related services at October 2014 plus known increases, for example contractual obligations.

3.2 Repairs and maintenance of dwellings expenditure (Appendix A – line 1) in 2015/16 is anticipated to total £5.1m.

3.3 Supervision and management expenditure (Appendix A – line 4) in 2014/15 is expected to be £2.6m. This is largely caused by the net effect of the service investments and budget savings detailed in Appendices B and C. All budget proposals that have been given a green rating are included within the budget.

3.4 For 2015/16, the level of revenue contribution to capital outlay (RCCO, Appendix A – line 28) is proposed to be £2.61m (as opposed to £2.9m in 2014/15) in order to maintain 100% decency in respect of the Decent Homes standard. This significant annual transfer from revenue to capital to fund improvements will be an ongoing feature of the HRA budget going forwards, as the Council will no longer be in receipt of any Decent Homes Backlog Funding Grant after 2014/15.

3.5 The budget for 2015/16 is estimated to produce an operating surplus of £183k. This is a revised position when compared to the draft budgeted operating surplus presented to Cabinet on 18 November 2014 which was £28k, due to a number of budget changes since this date (see Appendix D and section 7.4).

3.6 The HRA business plan model is expected to produce one future year with a budget deficit in 2016/17 (of £144k), followed by surpluses in each year going forward from 2017/2018. Annual surpluses are planned to rise incrementally from £113k in 2017/18 to £2.536m in 2020/21.

3.7 It is proposed to fund the deficit for the single year of 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money and incurring additional interest costs.

4.0 2015/16 BUDGET – RENTS (APPENDIX A – LINE 13)

4.1 Government rent policy guidance, introduced nationally for local authorities in April 2002, has in previous years established the local authority average guideline rent increase. This has been done by applying the Government's recognised inflation measure of Retail Price Index (RPI) at the previous September plus 0.5%, and a convergence factor of up to £2 per week. The £2 per week convergence factor cap reflected the policy objective of increasing Local Authority rents to similar levels to those charged by Registered Providers (Housing Associations). North West Leicestershire District Council has adhered to this guidance since its implementation.

4.2 Following consultation the Government has announced that from 2015/16 this guidance will be replaced by new guidance that requires rent increases to be via a formula of September CPI + 1% for the next 10 years. Consumer Price Index (CPI) is another inflation index recognised and used by central Government. Historically CPI has been lower than RPI, so the expected impact of this policy would be to reduce annual rent increases, and therefore significantly reduce the rental income predictions on which our business plan is based.

4.3 To illustrate the difference, the comparative inflation indices for September 2014 and resultant formula rent increase are as follows:

Inflation Index		Formula increase (RPI + 0.5% / CPI + 1%)
RPI	2.3%	2.8%
CPI	1.2%	2.2%

4.4 On the introduction of its new rent increase guidance the Government's existing rent restructuring policy will cease from 2015/16, with the exception of re-letting properties at the converged rent level when a new tenancy starts. Currently approximately 26% of our tenants are paying the target rent for their home, with 74% paying rents below this level. Principally this is because we were historically a lower rent level Council so the increases required for individual properties to reach target rents were larger and the impact of the "cap" has meant most of our properties are yet to reach their target rent level. Because of their lower rent starting point, all homes are not forecast to reach their target rent until 2019/20 under the former rent policy.

4.5 Whilst the move to the new social rent policy represents potentially lower rent increases for tenants, the removal of rent convergence and change in formula represents a real, and significant, loss of rental income to the Council. More importantly it maintains the situation where existing tenants are being charged considerably less rent than incoming new tenants. Currently tenants in neighbouring properties can pay up to £16.90 per week more/less for the same property. If the new guidance is adopted and the Council no longer continues to converge rents, these individual property differentials will only be closed when a property is moved to target rent when re-let.

4.6 There is no statutory underpinning for rent setting. Local authorities are free to set any rent they see fit as long as it meets the provisions of the 1985 Housing Act. Section 24 of the 1985 Act states the following:

> 24 (1) A local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses
>
> 24 (2) The Authority shall from time to time review rents and make such changes, either of rents generally or particular rents, as circumstances may require

4.7 The 1989 Local Government and Housing Act added clauses 24 (3) and 24 (4) which stated that in exercising their functions under this section, a local housing authority shall have regard in particular to the principle that the rents of houses of any class or description should bear broadly the same proportion to private sector rents of houses of any other class or description. However, this was repealed in England (it is still extant in Wales) by the Local Government Act 2003. Therefore, local authorities have no restriction other than reasonableness when deciding on the basis to set rents.

4.8 However, Government guidance on rent increases has formed part of the HRA financial world for many years, and in the past factors such as the national Housing Subsidy system controlled rent increases by ensuring that any increase at a rate different to the policy level had a negative impact on income.

4.9 With the introduction of HRA Self-Financing in March 2012, the settlement which resulted in loans of £77m being taken on by the Council was calculated on the basis of projected income from rent convergence level increases, albeit with adjustments recognising the impact of the up to £2 per week convergence increases. Therefore rents were increased to meet interest and debt repayment requirements in accordance with the projected levels in the Business Plan.

4.10 The application of the new rent policy guidance in North West Leicestershire therefore presents a potentially inequitable outcome which will retain large rental differences between neighbouring properties until they become vacant. A number of other Local Authorities are also considering alternative rent increase options for 2015/16 and beyond. All Councils are at different places in their rent convergence processes, as some started from higher average rent levels so had lower levels of increase to make each year. For those with most of their properties already at convergence levels, the impact of the new rent policy is far less significant on their future income projections than it is for Councils such as ourselves, with a majority of properties not yet at target rent levels.

4.11 The policy adopted by Cabinet in April 2008 means that empty properties are only moved to a target rent upon letting to a new tenant. Therefore, under the current approach, if a tenant has a tenancy that pre-dates April 2008 and transfers to another property, they will do so at the lower rent for that property rather than at the advertised target rent. Under a revised approach from 2015/16, it is proposed that all properties are re-let at target rent, regardless of the tenancy status of the incoming tenant. It should be noted that as 94% of all homes will have a target rent by April 2016, any 'disincentive' for tenants with a tenancy pre-dating April 2008 to transfer to another Council property will only apply for a 12 month period.

4.12 Following a review of the current rent plan, the following rent increase options were developed for consideration for consultation by Cabinet on 18 November 2014:

Option A – Former policy

Rents are increased by the former rent guidance of RPI + 0.5% (+ £2 for those properties not at limit rent) which is due to end in March 2015. This option is a clear departure from the Government's revised guidance through continuation of the current policy and rent convergence.

Option B – New Government guidance

This option implements the Government's revised guidance for social rents due to commence from April 2015 and would be followed with annual increases of CPI + 1% only, with no continuation of rent convergence.

Option C – Accelerated Convergence

Under this option the Government's revised guidance for social rents from April 2015 is followed with annual increases of CPI + 1%, however rent convergence would continue at an accelerated rate of up to £4 per week.

4.13 Cabinet approved option C as the recommended approach for the 2015/16 rent increase for consultation. Whilst all three options were financially modelled and presented within the Cabinet Paper on 18 November and Policy Development Group on 7 January, the appendices to this report include only the favoured option (Option C, CPI + £4).

4.14 Following this accelerated convergence path the majority of properties (94%) would converge by 2016/17 (and within the rent rebate subsidy limitation – the limit that the government imposes in respect of rent charges and the maximum amount of Housing Benefit that can be claimed), with the remaining 6% by 2018/19 (See Appendix E). This option therefore presents a more equitable outcome with similar rent values being charged for similar properties.

4.15 Higher rental income will also be generated during the early years to 2018/19 as a result of the application of accelerated convergence at up to £4 per week for those properties not at target rent. Rental income and average rent per property will overall be lower than option A from 2017/18 onwards as a result of following the revised guidance in respect of CPI +1% increases.

4.16 Subject to the level of converged properties and the level of CPI in September 2015, rent increases from 2016/17 may impose a financial penalty through Housing Benefit Subsidy limitation as a result of the average rent exceeding the rent rebate subsidy limitation figure. Rent increase policy for 2016/17 and beyond should therefore make reference to the rebate subsidy limitation figure as prescribed by Government.

4.17 New issues may be presented in future years upon the introduction of Universal Credit (UC) when all welfare benefits for a claimant, including housing benefit, will be rolled up into one single payment paid directly to the individual Detailed information is not currently available in respect of how the Housing element of UC will be calculated, however, should it be in line with the new government guidance for CPI + 1% formula rent increases, this may cause issues in terms of Housing Benefit eligible tenants UC benefit not being aligned with their actual rent. Whilst this uncertainty exists, it would be prudent for the council to maximise the numbers of homes at target rent levels.

4.18 Appendix E contains detailed projections with regards to these rent increase options over the next 10 years to 2024/25 including average rent levels and rent increases per year on a 50 week payment basis.

4.19 Following Cabinet approval of option C as the recommended approach for the 2015/16 rent increase for consultation, and following the subsequent consultation, it is proposed to increase the average weekly rents under this option by £4.27 (5.41%) from £78.94 to £83.21. Members may recall from the final Council report of February 2014 that the average approved rent was 2014/15 was £78.75. Due to re-lets at target rent in accordance with Council policy the revised average actual rent is £78.94. For those properties already at target rent the average increase is 2.2%. Appendix F provides a full breakdown of average property increases by ward and by bedroom size.

5.0 SERVICE CHARGES, FEES AND OTHER CHARGES

5.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting and the maintenance of communal areas. Service charges are covered by Housing Benefit, whilst all other fees and charges are not.

5.2 For 2015/16 average weekly service charges (Appendix A – line 14) are proposed to be increased by 1.82%.

5.3 Central heating charges (Appendix A – line 2) are proposed to increase by 10% as a result of proposed energy prices increases anticipated for 2015/16, although this will be reviewed if energy prices remain stable or decline.

5.4 Garage rent levels (Appendix A – line 15) are proposed to rise by 2.3% which is in line with the Retail Prices Index (RPI) as at September 2014.

5.5 Appleby Magna Caravan Site is a General Fund asset but managed by the Housing Service. Ground rents for the site are proposed to be increased by 2.3% on the anniversary of each individual rent agreement in 2015/16.

5.6 It is proposed that Lifeline Charges (Appendix A – line 3) are increased by 2.3% from July 2015

5.7 A table detailing each charge increase can be found in Appendix G.

5.8 Approval to award a new contract for the provision of tenant's home contents insurance will be considered by Cabinet at it's meeting on 10 February 2015 (See Cabinet report titled 'TENANT HOME CONTENTS INSURANCE'). The charges in respect of this service under the proposed framework agreement reflect an average decrease in premiums of 11% per week for basic cover.

5.9 A table detailing each premium charge under the proposed new contract can be found in Appendix H

6.0 HRA BUSINESS PLAN

6.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan should the commitment to repay debt in 2021/22 be retained. The business plan model (please see Appendix I under HRA In Year Cashflow) shows projected surpluses that rise incrementally from £113k in 2017/18 to £2.54m in 2020/21. An in year deficit of £144k is presented in 2016/17. A further £6.7m deficit arises in 2021/22 as a result of repayment of maturity loans.

6.2 Partly as a result of Council's decision on 16 September 2014 to fund the additional costs associated with the Decent Homes programme, a funding shortfall of £1.39m currently exists in year 8, 2021/22, when two maturity loans of £10m and £3m fall due for repayment which must be factored into future planning.

6.3 The overall impact to the HRA Business Plan for 2015/16 and future years is ultimately dependant on the rent policy adopted as well as the level of voids which for modelling purposes is set at 1.8% in the medium term.

6.4 The budget for 2015/16 is therefore estimated to produce an operating surplus of £183k for the year. This will increase the estimated balance on the Housing Revenue Account at 31 March 2016 to £4.18m.

6.5 It is proposed to fund the estimated deficit of £144k in 2016/17 from HRA reserves, which is considered to be a prudent approach, as opposed to the alternative of borrowing money and incurring additional interest costs. This will subsequently reduce the estimated balance on the Housing Revenue Account at 31 March 2017 to £4.04m. The balance on the HRA will subsequently increase to reach an estimated £7.72m by 31 March 2021.

6.6 The impact of the draft budget under the proposed rent increase presented in section 4 can be found in Appendix I. It is assumed that to pay off the two maturity loans in 2021/22 will require a payment from the Council of £1.39m.

7.0 CONSULTATION PROCESS

7.1 Consultation on the Housing Revenue Account 2015/16 draft budget proposals (as approved by Cabinet on 18 November 2014) has been completed via the Council's website and via hard copy upon request (following details of the consultation exercise being published in the tenant lead quarterly magazine 'In Touch'). The formal consultation closed on 16 January 2014 and no comments were received.

7.2 Members the Tenants and Leaseholders Consultation Forum (the Council's Resident Involvement formal consultation body) were provided with a copy of the proposals. Comments received were as follows:

> A question was raised in relation to the reason behind increasing all property rent charges when some properties have had little renovation. The Council's response on this matter has been to outline the need for fairness and equity in relation to rent charges and to explain the process for upgrading properties in line with the Decent Homes standard and the useful economic lives of property components,
>
> A suggestion was made in relation to external painting and the phasing out of the programme by replacement of wooden with PVC doors & windows. The Council's response is that all doors and windows are now PVC and that a saving of £20k for 2015/16 has been submitted as part of the budget. The Repairs & Investment Team have confirmed that it is too soon to commit to further savings but that these would be taken toward the end of 2015/16 if available and also reflected in the 2016/17 and future HRA budget.

7.3 Members of the Performance and Finance Working Group (The Council's Resident Involvement technical finance working group who were consulted on 4 December 2014) were supportive of the recommended proposals. The Group accepted that increases ought to be higher than Government guidance if the service was to be able to afford to continue with a programme of housing improvements.

7.4 Since the Cabinet meeting on 18 November 2014 a number of accounting and budget estimate amendments have been made which has resulted in an additional surplus of approximately £155k, moving the surplus position from £28k to £183k. The largest of these amendments is a £127k favourable movement in relation to rental income, as a result of a revised estimate in relation to the number of properties currently at or due to go to target rent upon re-let and an additional allowance for 2 days debit for the 2015/16 financial year. In addition, the 2015/16 RCCO has increased by £20k due to increased budgets for Major Aids and Adaptations and New Build provisions, offset by revisions to forecast outturn on the 2014/15 capital programme which in turn has increased the amount of capital funding carried forward and therefore reduced the need for revenue contributions (see Cabinet report '2015/16 HRA CAPITAL PROGRAMME'). One additional budget proposal of £10k has been included for the production of a 'Housing DVD' to be used for introducing new tenants to the Council Housing Service. A full reconciliation of the budget amendments can be found in Appendix D.

8.0 ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

8.1 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.

8.2 Taking into account identified risks, the Section 151 Officer considers that the estimates which form the Housing Revenue Account Budget for 2015/16 are robust and prudent and the proposals are deliverable.

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

HOUSING REVENUE ACCOUNT SUMMARY

APPENDIX A

LINE NO.	DETAIL	2014/2015 Budget £	Forecast (p9) £	2015/2016 Estimate £
1.	TOTAL REPAIRS & MAINTENANCE	4,933,190	4,827,210	5,097,110
	SUPERVISION & MANAGEMENT			
2.	General	2,117,130	2,083,950	2,234,580
3.	Special / Supporting People	387,720	331,580	341,230
4.		2,504,850	2,415,530	2,575,810
5.	PROVISION -DOUBTFUL DEBTS	170,790	170,790	170,790
6.	CAPITAL FINANCING:-			
7.	Depreciation - MRA & other	3,995,170	3,995,170	3,995,170
8.	Debt Management Expenses	1,390	1,390	1,390
9.		3,996,560	3,996,560	3,996,560
10.	HOUSING SUBSIDY PAYMENT TO NATIONAL POOL	0	0	0
11.	TOTAL EXPENDITURE	11,605,390	11,410,090	11,840,270
12.	RENT INCOME			
13.	Dwellings	16,741,400	16,469,670	17,521,680
14.	Service Charges	304,550	295,080	310,710
15.	Garages & Sites	80,920	83,400	82,820
16.	Other	26,100	26,100	26,100
17.		17,152,970	16,874,250	17,941,310
18.	GOVERNMENT GRANTS			
19.	Decent Homes Backlog Grant	7,941,105	7,376,620	0
		7,941,105	7,376,620	0
20.	TOTAL INCOME	25,094,075	24,250,870	17,941,310
21.	NET COST OF SERVICES	-13,488,685	-12,840,780	-6,101,040
22.	CAPITAL FINANCING - HISTORICAL DEBT	175,000	149,000	147,670
23.	CAPITAL FINANCING - SELF FINANCING DEBT	3,257,170	3,257,170	3,257,170
24.	INVESTMENT INCOME	-25,200	-53,420	-53,020
25.	PREMATURE LOAN REDEMPTION PREMIUMS	14,470	14,470	7,060
26.		3,421,440	3,367,220	3,358,880
27.	NET OPERATING EXPENDITURE	-10,067,245	-9,473,560	-2,742,160
28.	REVENUE CONTRIBUTION TO CAPITAL	2,922,413	2,922,410	2,610,160
29.	DEPRECIATION CREDIT – VEHICLES	-50,730	-50,730	-50,730
30.	DECENT HOMES BACKLOG GRANT FINANCING	7,941,105	7,376,620	0
31.	IMPAIRMENT - GARAGES	0	492,300	0
32.		10,812,788	10,740,600	2,559,430
33.	NET (SURPLUS) / DEFICIT	745,543	1,267,040	-182,730
	HRA BALANCES			
34.	Balance Brought Forward	-5,268,158	-5,268,158	-4,001,118
35.	(Surplus)/Deficit for Year	745,543	1,267,040	-182,730
36.	Balance as at year end	-4,522,615	-4,001,118	-4,183,848

APPPENDIX B

Proposed Savings

Ref	Savings Bid Title	How will the Savings be Made?	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
R1	External painting contract	Reduced provision as a result of the cyclical external painting programme. All external areas painted during 2014/15, future external painting programme schedule for 2019/20.	5 years	expenditure	85,000	20,000	65,000	G
R2	Energy performance certificates (EPC's)	Reduced provision as a result of all properties certification being updated following full stock condition surveys. Remaining budget provision to updated EPC as per government requirement of every 10 years.	on-going	expenditure	21,600	6,000	15,600	G
R3	Cleaning contract	Overall budget saving based on reduction in number of schemes requiring cleaning, including annual contract increase.	on-going	expenditure	83,340	6,100	77,240	G
R4	Reduction in budget for waste disposal	Reduced provision as a result of increase in recycling activity.	on-going	expenditure	37,540	8,450	29,090	G
R7	Reduction in revenue repairs	Reduced provision based on a forecast reduction of 5% in market rates for repairs.	on-going	expenditure	2,596,910	50,000	2,546,910	G
R8	2015/16 Rent increase	Annual rent increase at recommended rent increase option of CPI (1.2%) + 1% + £4 convergence factor where relevant (option c). Budget provision includes void loss of 1.8%	on-going	income	16,741,400	652,600	17,394,000	G
R10	2015/16 Services charge increase	Increased service charges based on assessment of individual cost areas. Proposed increase of 1.82%.	on-going	income	304,550	6,161	310,711	G
R14	Solid Fuel Servicing	Revised budget provision based on reduction in solid fuel properties for servicing. Includes provision for annual contract increase of 2.3%	ongoing	expenditure	38,040	13,960	24,080	G
R15	Recovered court cost fees	Increased provision based on recovery of increase in charges in respect of court costs	ongoing	income	9,800	6,500	16,300	G
R16	Revenue Contribution to Capital Outlay (RCCO)	Reduction in the estimated RCCO required to meet capital expenditure for 2015/16.	ongoing	expenditure	2,922,410	332,595	2,589,815	G
DMR	De-minimus savings (below £5k)	Increase in tenants insurance receipts £700 (R5); DD Promotions budget reduction £2,000 (R6); Reduction in protective clothing budget £1,000 (R9); Increase in Caravan site pitch fees £500 (R11); Increase in garage rent £1,900 (R12); Increase in lineline charges £3,150 (R13)	ongoing	various		9,250		
					TOTAL SAVINGS	**1,111,616**		

APPENDIX C

Proposed Investment

Ref	Investments Bid Title	What is the Investment for	Period	Income or Expenditure Budget	14/15 Budget	Value	Revised 15/16 Budget	Status
I4	Annual Servicing of smoke detectors	Provision for biennial servicing of smoke detectors on the basis of a 5 year programme consisting of a single visit to every property.	ongoing	expenditure	0	15,000	15,000	G
I6	Professional fees - court costs	Increased provision based on increase in charges in respect of court costs.	ongoing	expenditure	23,200	10,000	33,200	G
I8	Renewal of defective double glazed units	Provision to complete repairs to a 3 year backlog of defective double glazing.	1 year	expenditure	0	27,000	27,000	G
I9	Environmental repairs and improvements	Increase in provision to carry out programme of external works to pathways and pavements.	ongoing	expenditure	40,000	20,000	60,000	G
I11	Housing 'Health Check' recommendations	Provision to implement report recommendations following review.	1 year initially	expenditure	0	200,000	200,000	G
I14	Mobile working licence costs	Increased provision for annual charges for the mobile working and dynamic scheduling system.	ongoing	expenditure	110,160	21,600	131,760	G
I15	Increase in HRA salary provision	Increase in HRA salary provision based on incremental increases, pension costs and 1% pay of existing posts. Provision is net of changes to the existing structure, which include provision for the Director of Housing, and 0.5FTE Scheduler and removal of ICT Project Officer fixed term post, essential car allowances of x2 0.5FTE Resident Involvement Officer roles, 1FTE Logistics Support Officer, 1FTE Older Persons Project Officer and 0.5FTE Older Persons Team Leader.	ongoing	expenditure		6,800	6,800	G
I17	Housing apprentice	Cost of employing one Housing Apprentice.	ongoing	expenditure	0	6,000	6,000	G
I18	Older Persons service remodelling	Provision for potential costs associated with reshaping the Older Persons Service.	1 year	expenditure	0	20,000	20,000	G
DMI	De-minimus investments (below £5k)	Increase in gas servicing £3,260 (I1); Online document access for involved tenants £1,000 (I12); Increase in maintenance costs of older persons technology £993 (I16); Increase in void garden maintenance £3,670 (I19); Reduction in older persons income stream £610 (I20); budget reduction in central heating charges as a result of void loss £,3220 (I22)	ongoing	various		12,753		
					TOTAL INVESTMENT	**339,153**		

HRA Budget 2015/16 - summary of changes since Cabinet report 18/11/14

		£
2015/16 surplus from Cabinet report 18/11/14 :		(26,920)
Changes		
Housing Services DVD	5080 new	10,000
Additional employee costs from agreed pay award	various	2,940
Additional DLO employee costs from agreed pay award & DLO Central recharges (including fleet costs)	5005 / 5103	32,420
Central Recharges - Admin Buildings/ Insurances / Printing / Telephones etc..	various	14,430
Corporate Service Management Recharges	various	(17,840)
Departmental Service Management Recharge - reduction of Director of Services percentage charged to HRA	1203 1332	(12,820)
Corporate and Democratic Core Recharges	5019/5030/5070 1360	8,480
Grounds Maintenance recharges	5015 various	3,180
Refuse collection container recharges - deletion of budget due to cancellation of contract June 2014	5030 0424	(2,990)
Deletion of HRA share of non distributed costs budget due to sale of former Highfield Street Depot	5019 1361	(27,310)
Creation of income budget for RTB admin allowance deducted from Capital receipt (assume 20 sales in 15/16 @ £1,300)	5030 9302	(26,000)
Additional Dwelling rent income - mainly from 2 additional days debit in 2015/16 from week 53 in 2014/15 but also now includes moves to target rent in 14/15 & estimate for target rent moves in 15/16	5290 2180	(127,180)
Reduced budget requirement for premium on past debt rescheduling	5296 1460	(7,410)
Reduced budget requirement for interest on pooled loans pre self financing - based on previous year out-turns	5296 1457	(27,330)
Increased income from General Fund for interest on balances	5296 2201	(28,000)
Reduced income from mortgages due to natural & premature redemptions	5296 2202	180
Reduced Capitalised salary recharge to match Capital Budget	1207 1597	29,000
Other		100
Surplus @ 13/01/15		(203,070)
RCCO		20,340
Surplus @ 16/01/15		(182,730)

APPENDIX E

2015/16 Rent Model

Rent Models

Accelerated Convergence — **CPI (1.2%) + 1% + £4**

50 Week Rent	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Accelerated Convergence	83.21	86.23	88.26	90.20	92.18	94.25	97.80	100.73	103.75	106.86

Ave Wkly Increase (%)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Accelerated Convergence	5.41%	3.63%	2.34%	2.20%	2.20%	3.00%	3.00%	3.00%	3.00%	3.00%

Ave Wkly Increase	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Accelerated Convergence	4.27	3.02	2.03	1.94	1.98	2.77	2.85	2.93	3.02	3.11

No of Units at Convergence	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Accelerated Convergence	2057	4017	4185	all at target	all at target	all at target	all at target	all at target	all at target	all at target

APPENDIX F

Examples of rent charges 2015/2016 (excluding service charges) for Bedsits and 1 & 2 Bedroom Houses

ASSET LOCATION	BEDSIT						ONE BEDROOM						TWO BEDROOM					
	Existing Rent (2014/15)			**Proposed Rent (2015/16)**			**Existing Rent (2014/15)**			**Proposed Rent (2015/16)**			**Existing Rent (2014/15)**			**Proposed Rent (2015/16)**		
	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.	40.64	48.85	55.43	45.53	51.53	56.65	46.88	60.49	73.16	51.91	63.19	74.77	56.73	75.75	82.25	61.98	79.40	87.01
Castle Donington	44.96	50.20	55.43	49.95	53.30	56.65	49.75	61.81	72.33	54.84	66.30	74.77	69.98	80.53	85.71	75.25	84.49	87.60
Ibstock, Moira, Ravenstone, Thringstone, Whitwick.	49.80	52.62	55.43	54.90	55.77	56.65	52.11	61.85	73.16	57.26	64.66	77.72	60.75	74.73	86.88	66.09	77.98	88.79
Ashby, Blackfordby, Coleorton, Diseworth, Donisthorpe, Kegworth, Long Whatton, Measham, Newbold Coleorton, Oakthorpe. Packington	37.90	54.00	61.20	42.73	55.98	62.55	45.24	63.69	73.16	50.24	66.95	74.77	58.80	75.47	88.03	64.09	79.52	89.97
Appleby Magna, Belton, Breedon, Chilcote, Heather, Hemington, Lockington, Newton Burgoland, Normanton Le Heath, Osgathorpe, Snarestone, Swannington, Swepstone, Tonge.	57.52	58.25	58.32	59.60	59.60	59.60	60.07	67.78	73.16	65.39	71.11	74.77	67.15	77.43	88.03	72.63	81.14	89.97

Examples of rent charges 2015/2016 (excluding service charges) for 3, 4 & 5 Bedroom Houses

ASSET LOCATION	THREE BEDROOM						FOUR / FIVE BEDROOM					
	Existing Rent (2014/15)			**Proposed Rent (2015/16)**			**Existing Rent (2014/15)**			**Proposed Rent (2015/16)**		
	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest
Albert Village, Coalville, Ellistown, Hugglescote, Overseal, Worthington.	77.88	86.58	91.37	81.58	91.75	93.38	88.04	92.58	98.71	93.98	97.96	101.64
Castle Donington	64.90	88.63	94.82	70.33	94.00	96.91	89.94	94.33	99.31	95.92	100.10	103.90
Ibstock, Moira, Ravenstone, Thringstone, Whitwick.	73.45	87.25	95.95	79.07	92.47	98.06	91.13	93.28	99.87	97.13	99.04	104.34
Ashby, Blackfordby, Coleorton, Diseworth, Donisthorpe, Kegworth, Long Whatton, Measham, Newbold Coleorton, Oakthorpe. Packington	75.17	87.28	99.99	80.82	92.20	102.19	83.12	91.88	101.57	88.95	97.51	103.80
Appleby Magna, Belton, Breedon, Chilcote, Heather, Hemington, Lockington, Newton Burgoland, Normanton Le Heath, Osgathorpe, Snarestone, Swannington, Swepstone, Tonge.	86.26	90.76	97.10	92.16	96.11	99.24	95.60	96.87	104.47	101.70	102.42	106.77

SUMMARY		**£**	**%**
Average Rent	Average Increase	4.27	5.41
Lowest Rent	Lowest Increase	1.16	2.20
Highest Rent	Highest Increase	6.16	12.74

Figures based upon stock levels as at 24th November 2014: 4277 properties

COMPARISON OF 2014/15 AND 2015/16 HOUSING CHARGES							
	2014/15		2015/16				2015/16 Comments
Chargeable Service	**Estimates 2014/15**	**Charge**	**Estimates 2015/16**	**Increase/ (Decrease)**	**Percentage Change**	**Charge**	**Basis of Increase**
Service charges	339,159	Varies per property	345,320	6,161	1.82%	Varies per property	Based on assessment of all chargeable services.
Central Heating (before adjustments to income for void loss)	113,097	0 Bed: £7.58pw 1 Bed: £9.13pw 2 Bed:£ 10.48pw 3 Bed: £12.04pw	124,557	11,460	10.00%	0 Bed: £8.72pw 1 Bed: £10.50pw 2 Bed:£ 12.05pw 3 Bed: £13.85pw	Based on market assessment of predicted increase in utility costs during 2015/16. Will be reviewed if energy costs subsequently reduce or remain stable.
Garage & Garage Site Rent (before adjustments to income for void loss)	164,251	Garage: £6.11pw Site: £3.92pw	168,029	3,778	2.30%	Garage: £6.25pw Site: £4.01pw	RPI based increase in line with previous years.
Appleby Magna Caravan Site Rent (before adjustments to income for void loss)	22,688	Site: £30.25pw	23,213	525	2.30%	Site: £30.95pw	RPI based increase at anniversary date of each licence in line with previous years.
Shop Leases	14,300	n/a	14,300	0	0.00%	n/a	Proposal currently undetermined. Report to Cabinet timetabled for December 2014.
Tenants Contents Insurance	33,600	Premiums from £0.72p pw to £4.22pw	33,600	0	0.00%	Scheme proposed will provide premiums from £0.43p pw to £4.05 pw	Level of premium tenants will pay will reduce as a result of procurement of a new contract.
Lifelines for private customers	99,360	£42.68 per quarter	101,645	2,285	2.30%	£43.66 per quarter	RPI based increase in line with previous years.
Lifelines (East Midlands Housing Association)	37,350	Various depending on scheme	38,209	859	2.30%	Various depending on scheme	RPI based increase in line with previous years.
Choice Based Lettings Advertising Costs	28,000	n/a	28,000	0	0.00%	n/a	No increase proposed.
Total Services	**851,805**		**876,873**	**25,068**	**2.94%**		

Standard Cover Weekly Charge

Sum Insured	NWLDC Marsh
£6,000	£0.43
£8,000	£0.57
£10,000	£0.72
£12,000	£0.86
£15,000	£1.07
£20,000	£1.43
£25,000	£1.79

Additional Cover Weekly Charge

Sum Insured	NWLDC Marsh
£6,000	£0.97
£8,000	£1.30
£10,000	£1.62
£12,000	£1.94
£15,000	£2.43
£20,000	£3.24
£25,000	£4.05

2015/16 Rent Summary

HRA Business Plan Impact

Accelerated Convergence CPI (1.2%) + 1% + £4

Capital Programme Planned Expenditure	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**Total**
Value (£)'000	-9,105	-7,850	- 7,852	-7,820	-7,922	-6,471	- 4,531	- 4,531	**- 56,080**

Rent Income	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Total**
Value (£)'000	17,522	17,960	18,307	18,643	18,994	19,512	20,050	20,604	21,176	21,764	**194,531**

These values typically lower as affected by RTB's, Rent Loss due to Voids, Disposals etc

HRA CFR Borrowing	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Total**
Value (£)'000	-	-	-	-	-	-	1,387	-	-	-	**1,387**

RCCO	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Total**
Value (£)'000	2,610	3,345	3,431	3,457	3,623	2,216	13,156	361	1,766	1,764	**35,729**

HRA In Year Cash flow (Deficit) / Surplus	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**Total**
Value (£)'000	182	-144	113	422	607	2,536	-6,720	5,699	4,890	5,504	**13,089**

HRA Closing Balance	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Value (£)'000	4,182	4,039	4,152	4,574	5,181	7,716	996	6,695	11,585	17,089

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of Report	**CAPITAL PROGRAMMES – GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (H.R.A).** **PROJECTED OUTTURN 2014/15 AND PROGRAMMES 2015/16 TO 2019/20**
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 2014/15 for the General Fund, Coalville Special Expenses and the H.R.A. To seek approval to the General Fund, Coalville Special Expenses and H.R.A Capital Programmes for 2015/16 to 2019/20 and associated funding To advise Cabinet of the proposed procurement routes for schemes over £100k and seek delegated authority to award contracts as appropriate.
Reason for Decision	To enable projects to be included in the Programmes and proceed.
Council Priorities	The projects in the Capital Programmes help the Council achieve all its priorities.

Implications Financial / Staff Links to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	 As contained in the report. The Capital programmes are potentially relevant to all Corporate Action Teams (CATs). The Capital Programmes are monitored at project level to ensure they are delivered on time and within budget. No impact at this stage. None identified. The Programmes attached are integral to delivering better services.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	As author the report is satisfactory.
Comments of Monitoring Officer	Report is satisfactory
Consultees	Policy Development Group, CLT and budget holders. Leicestershire, Northamptonshire and Rutland Federation of Small Businesses.
Background Papers	None.
Recommendations	**A. THAT THE ESTIMATED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND H.R.A. CAPITAL OUTTURN FOR 2014/15 AND PLANNED FINANCING BE NOTED.** **B. THAT COUNCIL BE RECOMMENDED TO APPROVE EXPENDITURE IN 2015/16 AS PER:** • **APPENDIX "A" GENERAL FUND AND SPECIAL EXPENSES CAPITAL SCHEMES** • **APPENDIX "B" FOR HRA CAPITAL SCHEMES**

	AND IN 2016/17 THESE SCHEMES ONLY: • **£984,000 FOR THE VEHICLE REPLACEMENT PROGRAMME, AS DETAILED IN PARAGRAPH 3.4.** **C. THAT CABINET NOTES THE PROPOSED PROCUREMENT ROUTES AND DELEGATES THE AUTHORITY TO AWARD THE CONTRACTS, AND ANY ASSOCIATED AGREEMENTS IN FURTHERANCE OF THE PROJECTS, AS DETAILED IN SECTION 7 (PROCUREMENT ROUTES) OF THIS REPORT.**

1.0 INTRODUCTION

1.1 Appendix "A" shows the proposed General Fund and Special Expenses Capital Programme for 2015/16 to 2019/20.

1.2 Appendix "B" shows the H.R.A. proposed Capital Programme for 2015/16 to 2019/20.

1.3 The Appendices also present the estimated outturn for the current year for approval.

2.0 ESTIMATED OUTTURN 2014/15

2.1 The projected outturn for 2014/15 on General Fund schemes totals £2,284,500. This is a planned decrease of £9,500 on the original budget for the year of £2,294,000.

2.2 This managed decrease is caused by the following:

Schemes carried forward from 2013/14	**£**	**£**
User Work Station Replacement	47,000	
Improving Customer Experience (ICE)	60,000	
Waste Management System,	56,000	
SAN and Virtual Replacement	4,000	
Car Park(Retention Element)	1,000	
Disabled Facilities Grant	152,500	
Total		320,500
Additional Approved Schemes 2014/15		
Coalville Market Phase 2	127,000	
Additional Disabled Facilities Grant	17,000	
Total		144,000
Planned Reductions 2014/15		
Coalville Market Phase 2	(117,000)	
Disabled Facilities Grant – Slippage into 2015/16	(175,000)	
Whitwick Business Centre – Central Heating System - Under Spending	(50,000)	
Caravan Site – Appleby Magna, Fire Risk Scheme – slippage	(100,000)	

into 2015/16		
Council Offices Extension Car Park	(32,000)	
Total		(474,000)
		(9,500)

The planned financing of the General Fund expenditure totalling £2,284,500 in 2014/15 is as follows:

	£
Disabled Facilities Grant and PCT Monies Carried Forward	283,500
Revenue Contributions to Capital	149,000
Value for Money Reserve	354,000
Other Reserves	305,000
Leasing/Internal Borrowing	1,193,000
Total	2,284,500

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

2.4 The carried forward schemes shown in paragraph 2.2 above represents expenditure which was originally expected and budgeted for in 2013/14 but which has fallen in 2014/15 and for which the budgeted financing has also been carried forward.

3.0 GENERAL FUND CAPITAL PROGRAMME 2015/16 TO 2019/20 – INDIVIDUAL SCHEMES

3.1 The programme for 2015/16 to 2019/20 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 2015/16:

3.1.1 User Workstation Monitor Replacements (£7,000)
The current monitors are between three and five years old and will need replacing as the fluorescent backlighting fails. Use of new LED lighting is more cost efficient and will reduce running costs.

3.1.2 Helpdesk Software Upgrade (£12,000)
The current LAN desk software is out of support and an improved call logging system is required in response to feedback from satisfaction survey. We will also save £6000 per annum in support charges from the old software.

3.1.3 Server and Storage additional capacity (£29,000)
The current servers are around six years old and will soon become out of support. Additional storage capacity will allow remaining business critical servers (such as OPENhousing and IDOX) to be migrated to updated hardware prior to a move to cloud based solution.

3.1.4 Replacement Telephone System (£70,000)

The Council currently uses two main telephone systems. One system is based on current technology and owned by the Council, with critical equipment located on various sites to provide continuity of service in the event of a critical power or telephone line failure. This system is used by Customer Services and Leisure. The other system, which is used by the majority of officers at the main council offices, is based on old technology and owned and managed by the provider. Adding sufficient capacity to the newer Customer Services / Leisure system to create a single telephone system to support all officers, and cancelling the existing contract, will save the Council approximately £40,000 per annum as well as providing a better service to customers and officers. Capital funding of £70,000 is requested to realise these savings and support these improvements

3.1.5 Improving Customer Experience Project (£172,000)

This project is the continuation and build up of prior year programme. This will include further development of the website and the introduction of smart 'phone apps in order to extend the range of customer contact options. The programme will also include targeted initiatives to engage staff through the use of technology, and to better understand and manage direct to service customer contact. A second phase of Planning For the Future (PFF) projects will include systems improvements to allow management information to be collected in a timelier and less costly manner

3.1.6 Belvoir Shopping Centre, Access Road Improvement Scheme (£12,000)

The existing main service road into the Belvoir Shopping Centre and the Market Hall (accessed off High Street) was resurfaced in 2010. The underlying concrete road construction gives rise to the development of cracks in the road surface at joint positions. These will need managing in order to seal the surface and maximise the life of the road surface. Sections of the adjacent footways also require improvement to maintain them in an acceptable condition and improve the general appearance of this area in keeping with other recent improvements at this site.

3.1.7 Silver Street Whitwick/Hermitage Leisure Centre Car Park (£50,000)

This heavily used car park has been subject to significant patching and repairs over the past few years to prolong its life expectancy but this is no longer efficient for the Council. The works will resurface the original large public car parking area situated immediately off Silver Street, which not only serves the leisure centre but also local residents.

3.1.8 Hood Park Leisure Centre – Outdoor Pool Removal of Asbestos and replacement roofing (£17,000)

This was identified by William Saunders Partnership (WSP) when they undertook condition survey in 2010. These works are necessary to ensure the existing roofing panels do not deteriorate to a point whereby they present a risk to staff or the public. The panels are located over the outdoor changing cubicles, staff control and plant room areas.

3.1.9 Hermitage Leisure Centre - External Roof Flashing (£12,000)

This has been identified through our in house annual condition survey in 2013. These works are necessary to ensure water ingress does not penetrate the building surrounding the roof area and create unnecessary damage to the building infrastructure. Over time the flashing has deteriorated and is now required to be replaced.

3.1.10 Hood Park Leisure Centre Health & Wellbeing Centre (£400,000)

The last major facility improvement to Hood Park Leisure Centre was completed in 2001 with the addition of an indoor swimming pool, fitness studio, squash courts and ancillary facilities. Since this time demand for health and fitness facilities has increased and housing developments in the Ashby area have been approved and built. Through the planning process S106 requests were made for leisure and recreation facilities to ensure that the leisure centre could continue to provide adequately for the health and fitness needs of residents. The Council has to date received just over £390,000 from developments in order to develop a Health & Wellbeing Centre at Hood Park Leisure Centre.

The development will include a new fitness suite with equipment tailored for targeted groups including the elderly, people with disabilities, GP referrals and young children. The equipment will also be suitable for those who are starting out for the first time in a gym environment. By developing this facility it will free up capacity in the existing fitness suite which is experiencing significant demand at peak times. This was reinforced through the Wigan Leisure Trust commissioned Latent Demand report which highlighted that if the centre had increased fitness facilities it would increase its usage and membership base.

The proposed facility area to be converted into the Health & Wellbeing Centre is the existing male and female dry side changing rooms. These changing rooms are part of the original building dating back to the 1970's. They were built to service the sport shall usage but the 2001 development has added further 1st floor changing room capacity and squash change capacity which it is felt could accommodate displaced usage.

The District Council has also been in discussion with Leicestershire Partnership Trust (NHS) who wish to relocate some of its services from the closure of Ashby Hospital to the Leisure Centre such as physiotherapy. The District Council feels that this would be beneficial to residents and present a pathway from rehabilitation into on-going physical activity in a one stop shop health environment. Therefore, it is proposed that the Health & Wellbeing Centre will include a number of consultation/appointment rooms for NHS use. The NHS have indicated they will pay for the relevant capital works and enter into a lease arrangement with revenue contributions for their spatial requirements.

3.1.11 Market Hall Wall (£30,000)

The wall separating the access to and exit from the market hall car parks has deteriorated over time to the point whereby the wall needs replacement. It is envisaged the works will see the lower portion of the wall (which acts as an earth retaining structure) replaced with a suitable earth retaining structure, and the upper portion replaced by a suitable metal balustrade in order to design out a potential hazard by enabling through visibility and improving visibility at the nearby pedestrian crossing point for both drivers and pedestrians. Although the land is owned by the precinct owners the responsibility for on-going maintenance lies with the District Council through its lease agreement. This project is complex due to the location, the high volume of pedestrian and vehicle movements and as such will require consents and a licence agreement with the owners. The first phase will be to appoint a structural engineer from the indicative budget project budget of £30,000 to provide a costed design scheme.

3.1.12 Council Offices – Rear Extension Car Park (£20,000)

This car park is due for resurfacing due to increasing damage from surrounding tree roots and its age.

3.1.13 Waste Services HGV's (approx £468,000)

The existing Heavy Goods waste vehicles, including one mechanical sweeper and two waste collection vehicles, are to be replaced as part of the annual vehicle replacement programme to ensure reliability of waste and street cleansing service delivery.

3.1.14 Cars/vans (approx £117,000)

Six light vans are to be replaced across the fleet for 2015/16 as part of the annual vehicle replacement programme. These include three pick up vans for the Grounds Maintenance Team, and three transit vans for the Waste Services Team which are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

3.1.15 Plant/Equipment (approx £176,000)

This includes replacement of the Grounds Maintenance Team tractor as part of the annual fleet replacement programme and is essential for horticultural works. Additionally, a new tractor is required for the loading of refuse waste at Linden Way depot.

3.1.16 Acquisition of Key Sites (£400,000)

Purchase of land or properties so that they are unlocked for the provision of affordable housing.

3.2 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.

3.3 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.

3.4 In order to progress with the 2016/17 purchases approval is sought for the following vehicles:

	£
Refuse Kerbsider (End of Lease)	172,000
Refuse (2x refuse vehicles. End of Lease and End of Life)	350,000
Market Vehicles/Cars (End of Life)	15,000
Vans - Small (4x End of Lease)	60,000
Vans - Medium (2x End of Lease)	32,000
Vans - Pickup (End of Life)	25,000
Bin Lifter (New for refuse vehicle)	20,000
Tractor Plant (End of Life Baler, loading shovel and Tractor)	250,000
Mowing Machines (2x End of Lease)	60,000
Total	984,000

3.5 The General Fund Capital Programme (2015/16) will be funded by:

	£
S106/Grants	400,000
Internal Borrowing	1,050,000
Reserves	361,000
Revenue Contribution	549,000
Disabled Facilities Grants	237,000
Total	2,597,000

4.0 COALVILLE SPECIAL EXPENSES – ESTIMATED OUTTURN AND INDIVIDUAL SCHEMES

4.1 The projected out turn for Coalville Special Expenses is £216,000. This is £14,000 more than the approved budget of £202,000. This is mainly due to slippage from 2013/14 year on the following projects

	£
Coalville Park Improvements	1,000
Melrose Road Play Hub	2,000
Broomleys Allotments	1,000
Urban Forest Park – Play equipment	9,000
Owen Street – Floodlights	1,000
Total	**14,000**

4.2 There are no new schemes agreed at present for 2015/16.

5.0 H.R.A. CAPITAL PROGRAMME 2015/16 - 2019/20 – INDIVIDUAL SCHEMES

5.1 The HRA Capital programme (Appendix “B”) covers in detail the capital schemes for the period 2015/16 to 2019/20.

5.2 Planned spend in 2015/16 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 tenants' homes. North West Leicestershire previously had the highest national level of predicted Non Decency on this assessment at 70%.

Government had set aside £2.1bn, out of which £0.6bn was ring fenced to new Stock Transfer gap funding and the remaining £1.5bn was 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 £7.55m for 2014/15. The latter was the last year of grant funding from the Government, and there will be no further grants in the foreseeable future.

The Council will therefore continue to invest in the Decent Homes Investment Programme to maintain the level of decency across the Housing Stock.

The Decent Homes Improvement Programme for 2015/16 will invest £5.29 million in improving tenants' 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 Governments definition of Decent Homes works. This part of the housing capital programme is funded by 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 2015/16 to 2019/20 total £5,984,250 as follows:

	£
2015/16	2,597,000
2016/17	1,536,750
2017/18	1,282,500
2018/19	984,000
2019/20	51,000
Total	**6,451,250**

6.2 Details of the planned funding of the programmes are included in Appendix A. Funding is in place in 2015/16 for the Disabled Facilities Grants Scheme (£560,000) consisting of £237,000 Disabled Facilities Grants, £174,000 of reserves and £149,000 of Revenue Contribution. There is also £443,000 Section 106 funding. The remaining schemes can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2015/16 Revenue Budget.

6.3 The following resources are estimated to be available for financing the Housing Revenue Account Programme. A surplus of £997,000 can be carried forward to 2015/16.

	£
Major Repairs Reserve Balance at 1st April 2014	1,996,000
Available Capital Receipts at 1st April 2014	2,539,000
RCCO	2,922,000
Major Repairs Allowance 2014/15	3,978,000
Decent Homes Funding 2014/15	7,377,000
Resource available to Finance 2014/15 Capital expenditure	18,812,000
Less:	
Used to finance HRA Capital Expenditure in 2014/15	17,656,000
Resource available at 1st April 2015	1,156,000
Contribution to Major Repairs Reserve 2015/16	3,991,000
Revenue Contribution in 2015/16	2,610,000
Retained Right to Buy Receipts	667,000
S106 Commuted Funds	559,000
Capital Receipts/Allowance	122,000
Resource available to Finance 2015/16 Capital Expenditure	9,105,000
Less:	
Used to Finance HRA Capital Expenditure in 2015/16	9,105,000
	0
Resource Available at 1st April 2016	**0**

7.0 PROCUREMENT ROUTES

7.1 Where the authority is required to enter into a contract which has a value of £100,000 or more, Cabinet authority is sought prior to award of the contract. As Cabinet is considering the budgetary implications of the Capital Programmes, it is efficient for Cabinet to consider the award of subsequent high-value contracts at the same time. Cabinet is also asked to address a request for a waiver to the Contract Procedure Rules (CPR) for a particular selection of contract opportunities. Each will be considered in turn.

7.2 Although the procurement processes may be commenced sooner, the contract award will not take place before Council has approved the budget for the Capital Programmes. The authority's procurement documentation gives it a right not to award a contract, should Council not approve the budget.

7.3 Hood Park Leisure Centre – Health & Wellbeing Centre

7.3.1 The Health & Wellbeing Centre development will include the conversion of existing sports hall changing rooms into a new fitness suite with equipment tailored for targeted groups including the elderly, people with disabilities, GP referrals and young children. The Health & Wellbeing centre will also include a number of consultation/appointment rooms in partnership with Leicestershire Partnership Trust NHS, toilets and associated storage facilities.

7.3.2 In order to deliver this project in the most efficient way it is intended that the Council will be responsible for the procurement and management of the whole project i.e. the Council's Fitness facility area and the NHS consultation/appointment room area. This will involve agreeing a specification of works for the NHS requirements, a specification of works for the Council's requirements and agreeing appropriate cost allocations. By undertaking the works simultaneously and through one contractor it will ensure best value for both parties.

7.3.3 As the project involves a mixture of goods and services with the Council's costs up to £400,000 (the NHS costs are still to be developed and as such the total project cost is yet to be finalised) it is envisaged to be delivered through two procurement processes. It is envisaged the building works and purchases of services will be procured through a relevant public sector framework. The Health & Wellbeing project will be under pinned by a number of formal contractual agreements with the NHS which will govern and regulate the development, the relationship with the Council and the new facilities on-going use.

7.3.4 The total project is expected to be a Band E contract under rule 2.2 of the Contract Procedure Rules (CPR). This report seeks delegated approval for the Director of Services, following consideration by Corporate Leadership Team of the full business case, in consultation with the Portfolio Holder, to progress this partnership project, agree Heads of Terms, agree capital and revenue arrangements with Leicestershire Partnership Trust NHS and enter into all necessary leases, contracts and agreements to facilitate this

7.4 Waste Services, Vans, Cars, Plant and Equipment

As part of the Fleet, Plant and Equipment Replacement Programme, replacements will need to be made to some of the Council's vehicles, equipment and plant. These have previously been purchased through an ESPO framework (in compliance with CPR 2.2.3), whereby ESPO undertake a mini-competition on behalf of the Council, to ensure that the price represents value for money. In addition there is a CCS framework for vehicles and so officers would select the most appropriate public sector framework for each item, considering which offers value for money for the Council at the time of procurement.

Cabinet is asked to delegate award of the subsequent contracts for vehicles, equipment and plant to the Director of Services in consultation with the Portfolio Holder.

7.5 Car Park Resurfacing

The Council will need to resurface three car parks/roads in the 2015-2016 financial year. Silver Street Whitwick car park, Council Offices Extension car park and the Market Hall driveway.

Where we are purchasing similar goods, works or services, we are under an obligation to aggregate the value so as to ensure, where that value is above the thresholds (for services contracts, the threshold is £172,514), the opportunity is advertised to potential European bidders. The aggregate value of these contract opportunities is £82,000, so below the thresholds which would require the authority to advertise the opportunity in Europe. At this value, it is a Band D contract requiring a formal tender process, pursuant to CPR 5.16.

To assist officers with scheduling the pre-procurement work and on-site delivery of the larger resurfacing schemes before winter, Cabinet is requested to grant a waiver to the CPR so the contract opportunities can be disaggregated. Each contract would then be procured in accordance with CPR, according to its own value. This would bring two into

Band B (Small) Contracts and one into Band C (Medium) Contract, all requiring three written quotations be sought and opening up the opportunities in the first instance to suitable businesses registered on the Buy Local portal.

Pursuant to CPR 3.2, Cabinet is asked to grant a waiver to CPR 5.16 so that each of the three resurfacing programmes can be treated as individual contract opportunities and procured in accordance with the CPR relevant to their particular value. Cabinet is asked to delegate award of the subsequent contracts to the Director of Services in consultation with the Portfolio Holder.

8.0 CONSULTATION

8.1 The Cabinet's draft Capital Programmes were presented to the Policy Development Group at its meeting on 7 January 2015. Consultation with the business community was by letter through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses. The comments of Policy Development Group are included in the minutes attached at Appendix C.

APPENDIX A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2015/16 to 2019/20

SCHEME	2014/15 ORIGINAL BUDGET	2014/15 Actual @ Period 9	2014/15 FORECAST (Inc c/f & slippage)	2015/16	2016/17	2017/18	2018/19	2019/20	GRANTS/ S106 CONTRIB	DF GRANTS	OTHER RESERVES	FUNDING RESERVES ASSET PROT FUND	REVENUE	LEASING OR BORROWING	SALIX LOAN
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
CHIEF EXEC DIRECTORATE															
Network Upgrade	100,000		100,000											100,000	
SAN and Virtual server replacement	-	-	4,000											4,000	
User Work Station Replacement	-	47,000	47,000											47,000	
Improving Customer Experience Project (ICE)	-	60,000	60,000								25,000			35,000	
Waste Management System (ICE)	-	56,000	56,000									56,000			
Replacment Back up and Disaster Recovery Solution	37,000	37,000	37,000											37,000	
User workstation monitor replacements				7000	7000	7000								21,000	
Helpdesk software upgrade				12000										12,000	
Server and storage additional capacity				29000										29,000	
Replacement telephone system				70000							70,000				
DIRECTOR OF SERVICES															
Acquisition of Sites				400,000									400,000		
Disabled Facility Grants	546,300	367,000	542,000	560,000	386,000	386,000			952,000		326,000		596,000		
Waste Services	390,000	224,000	390,000	468,000	542,000	672,000	575,000	-	-	-	-	-	-	2,647,000	
Cars/vans	170,000	170,000	170,000	117,000	132,000	130,000	235,000	15,000	-	-	-	-	-	799,000	
Plant / Equipment	85,000	67,000	85,000	176,000	310,000	-	140,000	-	-	-	-	-	-	711,000	
Council Offices Extnsn car park c/ville, Resurfacing	32,000	-	-	20,000	-	-								20,000	
Market Hall CP, C/Ville - Resurfacing	64,500	64,500	64,500	-	-	-								64,500	
South Street Car park, Ashby - Resurfacing	22,500	-	22,500	-	-	-								22,500	
Hermitage Rec Grounds AWP Area Access, Whitwick - resurfacing	11,500	-	11,500	-	-	-								11,500	
North Street, Ashby: Resurfacing.				-										-	
Hermitage Leisure Centre Car Park - Resurfacing (section of).						15,000								15,000	
Hermitage Recreation Grounds, Whitwick, All Weather Play Area Car Park				-	2,500	-								2,500	
Belvoir Shopping Centre, Main Service Road, Coalville - Maintenance.				12,000										12,000	
Silver Street Car Park, Whitwick - Resurfacing.				50,000										50,000	
Hood Park Leisure Centre Car Park, Ashby - Resurfacing (section of).					15,000									15,000	
North Service Road Car Park, Coalville - Maintenance & Improvements.					32,250									32,250	
Bridge Road Car Park, Coalville - Resurface main through route.						21,500								21,500	
Materials Separating Technology - Linden way Depot	190,000	73,000	190,000	-	-	-						190,000		-	
Whitwick Business Centre - Central Heating System	150,000	80,000	100,000								100,000				
Coalville Market Upgrade	168,000	167,000	168,000						43,000		53,000	72,000			
Coalville Market Upgrade -Phase 2			10,000	117,000							127,000				
Market Hall Wall				30,000										30,000	
Caravan Site - Appleby Magna, Fire Risk Scheme	175,000	-	75,000	100,000										175,000	
Replace asbestos roof on outdoor pool change at Hood Park LC				17,000										17,000	
Replace external flashing at Hermitage LC				12,000										12,000	
Coalville Park - Reconfigure depot, replace building					80,000									80,000	
Upgrade Hood Park LC outdoor pool electrics					20,000									20,000	
Replace Hood Park LC outdoor learner pool boiler and pipework					10,000									10,000	
Replace Hood Park and Hermitage LC gym air con						28,000								28,000	
Regrout Hermitage LC swimming pool tiles						23,000								23,000	
Replace hot water system pipework, heat emitters & cold water storage tank at Hermitage LC							18,000							18,000	
New Sportshall floor at Hermitage LC							16,000							16,000	
Replace suspended ceiling in Hermitage LC main pool hall								30,000						30,000	
Replacement of outdoor pool filter media at Hood Park LC								6,000						6,000	
Wellbeing Centre at Hood Park LC				400,000					400,000						
Hermitage Recreation Ground - Astroturf Replacement	140,000	137,000	140,000											140,000	
Hood Park Leisure Centre Fire Alarm Upgrade	12,000	12,000	12,000											12,000	
	2,293,800	**1,561,500**	**2,284,500**	**2,597,000**	**1,536,750**	**1,282,500**	**984,000**	**51,000**	**1,395,000**	**-**	**701,000**	**318,000**	**996,000**	**5,325,750**	**-**

APPENDIX A

DRAFT GENERAL FUND CAPITAL PROGRAMME 2015/16 to 2019/20

SCHEME	2014/15 ORIGINAL BUDGET	2014/15 Actual @ Period 9	2014/15 FORECAST (Inc c/f & slippage)	2015/16	2016/17	2017/18	2018/19	2019/20	GRANTS/ S106 CONTRIB	DF GRANTS	OTHER RESERVES	RESERVES ASSET PROT FUND	REVENUE	LEASING OR BORROWING	SALIX LOAN
	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
COALVILLE SPECIAL EXPENSES															
Coalville Park Improvements	-	1,000	1,000						1,000						
Melrose Road Play Hub	-	2,000	2,000									2,000			
Cropston Drive BMX Track	42,047	33,000	42,000						25,000		10,000	7,000			
Broomleys Allotments	-	1,000	1,000									1,000			
Thringstone Miners Social Centre	5,000		5,000									5,000			
Urban Forest Park - Play equipment	-		9,000						9,000						
Urban Forest Park-Footway and drainage improvements	30,000		30,000						30,000						
Scotland Recreation Ground	10,000	10,000	10,000									10,000			
Owen Street -Floodlights	-		1,000									1,000			
Owen Street - Changing Rooms	115,000		115,000						30,000			85,000			
TOTAL SPECIAL FUND	**202,047**	**47,000**	**216,000**	**-**	**-**	**-**	**-**	**-**	**95,000**	**-**	**10,000**	**111,000**	**-**	**-**	**-**

Actuals rounded to £'000's
C/F and slippage where known at Period 06, has been included into figures
Forecasts largely based on budget

APPENDIX B
2014/15 TO 2019/20 HOUSING CAPITAL PROGRAMME

	2014/15 Forecast Outturn (Q3)	2015/16	2016/17	2017/18	2018/19	2019/20
2010/12 Programme						
2012-17 DHIP Programme						
Year 1 programme slippage (including Major Aids & Adaptations completed under DHIP)						
Year 2 Programme Slippage	418,000					
HCA Funded Properties (90% of pre 2012 failures)	7,376,622		-	-	-	-
NWLDC Funded Properties (10% + post 2012 failures)	6,039,211	4,281,900	4,582,700	4,677,400	4,866,100	4,968,100
Decent Homes Refusals/Deferrals Provision		222,000	222,000	221,350		
Major Aids & Adaptations completed under DHIP	-					
Enabling Works Provision	415,000					
Enabling Works for Decants	-					
Asbestos Handling	450,000					
Year 3 and 4 Scoping Surveys	-					
DH Works in Voids and Tenanted Properties	850,000	850,000	850,000	850,000	850,000	850,000
2012-17 HPIP Programme						
2013/14 Slippage	91,000					
Hard Wired Smoke Detectors		47,000	47,000	47,000	47,000	47,000
Fire Risk Assessment Remedial Works	17,000	40,000	40,000	40,000	40,000	40,000
Lift Replacement	300,000					
Fire Alarm / Emergency Lighting	194,000					
Defective floor slabs (red ash floors)/Damp proofing (loughborough rd and other identified in year)	178,000	210,000	187,500	187,500	187,500	187,500
Fuel swaps (solid fuel to gas supply)	78,000	25,000	25,000	25,000	25,000	25,000
OTHER SCHEMES AND MISCELLANEOUS						
Support for Acquiring Affordable Housing		559,000				
Garage Modernisation	-	100,000	-	-	-	-
Major Aids & Adaptations	380,000	450,000	350,000	350,000	350,000	350,000
Development Site Preparations	-	40,000	-	-	-	-
Insulation Works	-	250,000	-	-	-	-
Green & Decent Installations	140,000	100,000	250,000	250,000	250,000	250,000
Speech Module	-	50,000	50,000	50,000	50,000	50,000
Capital Programme Delivery Costs	698,000	654,000	654,000	654,000	654,000	654,000
Unallocated/Contingency		500,000	500,000	500,000	500,000	500,000
New Build Programme - One for One provision		122,178	27,421			
New Build Programme - NWLDC One for One provision		285,082	63,982			
New Build Programme - NWLDC additional provision		319,000				
HRA Shops	31,000	-				
Capital Allowances						
Programme to be defined						
Total Programme Costs	**17,655,833**	**9,105,160**	**7,849,603**	**7,852,250**	**7,819,600**	**7,921,600**

2014/15 TO 2019/20 HOUSING CAPITAL PROGRAMME
FUNDING

	2014/15 Forecast Outturn (Q3)	2015/16	2016/17	2017/18	2018/19	2019/20
A&A Grant						
Usable balances held	3,235,000	1,155,679	-	0	0	0
Retained Right to Buy Receipts (RTB)	203,618	228,344	211,226	208,096	203,349	193,480
RTB receipts - attributable debt	770,859	438,799	275,274	221,677	168,055	114,418
Use of RTB one for one reserve		122,178	27,421	-	-	-
RCCO	2,922,413	2,610,160	3,344,683	3,431,477	3,457,196	3,622,702
Decent Homes Backlog Funding	7,376,622	-	-	-	-	-
Major Repairs Allowance	3,978,000	3,991,000	3,991,000	3,991,000	3,991,000	3,991,000
Asset Disposals (Capital Allowance)	325,000	-	-	-	-	-
S106 Commuted Funds	-	559,000				
Green & Decent Funding						
Total Funding	**18,811,512**	**9,105,160**	**7,849,604**	**7,852,250**	**7,819,600**	**7,921,600**
Cumulative Over / (Under Resource)	**1,155,679**	**-**	**0**	**0**	**0**	**0**

APPENDIX C

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 7 JANUARY 2015

Present: Councillor J G Coxon (Chairman)

Councillors N Clarke, D Everitt, J Geary, A C Saffell, S Sheahan and M Specht

In Attendance: Councillors

Officers: Mr R Bowmer, Mr D Gill, Mr G Jones and Mr D O'Nyons

18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors V Richichi and N Smith.

Councillor N J Rushton was also invited to attend however, unfortunately due to County Council Commitments he had to decline.

Councillor S Sheahan commented that it would have been good to have Councillor N J Rushton in attendance, and that nothing had stopped him from appointing a substitute.

19. DECLARATION OF INTERESTS

Councillor J G Coxon declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Ashby Town Council.

Councillor D Everitt declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Whitwick Parish Council.

Councillor M Specht declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Coleorton Parish Council.

Councillor A C Saffell declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Castle Donington Parish Council.

Councillor S Sheahan declared a non-pecuniary interest in item 5 – Draft Revenue Budget Proposals and Capital Programmes 2015/16 as a Member of Leicestershire County Council.

20. PUBLIC QUESTION AND ANSWER SESSION

There were no questions received.

21. MINUTES

The Deputy Monitoring Officer asked the Chairman to consider a clarification to the minutes. At the last meeting, The Deputy Monitoring Officer advised that the Members for each authority made the appointments in respect of the Leicestershire Revenues and Benefits Partnership; and as such there would be Member involvement.

However, following the Meeting the Deputy Monitoring Officer was advised that appointments in relation to the Revenues and Benefits Partnership had been delegated to the Management Board and that no Members sit on the Management Board.

Councillor S Sheahan commented that Partnerships such as the Revenue and Benefits one take democracy further away from the people as it excluded Members.

RESOLVED THAT:

The minutes of the meeting held on 1 October 2014 be approved and signed by the Chairman as a correct record.

22. DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2015/16

The Head of Finance presented the report to Members, stating that this Item gave the Committee the opportunity to comment on the Councils Revenue Budget proposals for the next financial year and invited Members to make comments that would be minuted and presented to Cabinet on the 10th February 2015 and Council on the 24th February 2015.

The Head of Finance drew attention to the two Appendices of the report and went through each individually. He informed Members that Appendix 1 was a copy of a Report that went before Cabinet on November 2014 which provided details of the Cabinets 2015/16 General Fund Revenue Budget proposals and the savings that had been put in place, to meet the projected budget shortfall.

The Head of Finance informed Members that the report first of all picked up with the Medium Term Financial Strategy 2015/16 – 2018/19 that had been approved by Cabinet which identified a budget shortfall of £365,000 for the ensuing year and an overall shortfall of £1.4 million by the end of the Medium Term Financial Strategy in 2018/19.

Members were informed that an under spending of approximately £800,000 was forecast in 2014/15 from the General Fund, and that the main reason for this was due to an increase in income. In particular from planning fees, Recycling Income and savings incurred from reducing the number of Employees.

It was highlighted, that there were a number of financial uncertainties that the Council was facing. The Head of Finance explained how volatile the Council's income from business rates was.

The Head of Finance explained that the Council used to receive a pre-determined allocation from Central Government, however as a result of recent changes, income was volatile, and that now made it difficult to monitor the budget and prepare the budget going forward. There was much less certainty in determining how much income the Council would receive.

Another area of uncertainty that was highlighted was around the New Homes Bonus Scheme. The Head of Finance stated that there was always a risk that changes could be made to the scheme, or it could be discontinued altogether and consequently there was a risk of around £2 million within the Councils budget planning as a result.

Members were informed that Budget Savings for the next year were going to be achieved by actions that had already been put in place and he provided the Policy Development Group with an update on the following initiatives introduced to meet the projected shortfall of £365,000 for 2015/16:

Reduction in Revenues and Benefits Partnership Contributions:

<u>Chairman's signature</u>

The Head of Finance informed Members that it had been identified that the Partnership between the three partner Councils would create savings approaching £400,000 a year, which North West Leicestershire District Council would receive a share off.

ICT Efficiency Savings:

It was stated that efficiency savings in ICT, mainly around contracts and the renewal of ICT programme Licences were saving money and that the ICT budget had been reduced by £70,000 in 2015-16.

Income from Additional Planning Applications:

Members were informed that income from Planning Applications had increased and that a modest increase in the target raised by Planning Applications from £550,000 to £700,000 was now assumed.

Councillor S Sheahan enquired whether there were any other updates the Head of Finance could provide about the report, given that the report was two months old, and asked how long officers expected Planning Application fees to continue to rise.

The Head of Finance advised that the only significant update was around the actual figure of the New Homes Bonus that was quoted in the report at £1.9 Million; the actual figure was closer to £2.1 Million which represented an additional £200,000 for the Council. In addition, he stated that planning income was quite volatile and difficult to predict. He added that there were a number of major applications reaching their conclusion thus it was expected that income generated by Planning Application fees would fall in the next couple of years.

Councillor S Sheahan asked if having a Local Plan would have an impact on the number of Planning Applications received.

In response, The Deputy Monitoring Officer confirmed that in the absence of a Local Plan, over the past years there have been a lot of speculative developers that have tried their luck, and that the Council has had difficulty in reaching decisions because of the lack of Local Plan Policy. He added that once a Local Plan was in place there would be a possibility that the number of Planning Applications would reduce.

Councillor S Sheahan acknowledged that there had been £150,000 worth of savings in employees. He asked whether officers had identified any areas where service pressures suggested a need for additional spending on employees.

The Head of Finance insisted that the Council was proactive in reacting to pressures on services, and identified a recent example were the Council had recently employed additional staff in the Planning Department to manage the increased workload and to maintain the same level of service. In addition, the Deputy Monitoring Officer informed Members that staffing levels were kept under review of all departments , and that if officers were aware of staffing pressures and where appropriate additional employees are sought.

Councillor S Sheahan commented that it was essential to have the right level of staff and is something that should consistently be reviewed and highlighted to Cabinet when necessary.

Councillor A C Saffell informed Members that he had previously been informed by the Head of Finance that staffing levels at the Council were within 20 or so of the most number of employees the Council had ever employed. He felt that this represented a small reduction especially when cuts from Central Government and reductions at other local authorities were considered. He speculated whether the New Homes Bonus had been brought into the General Fund in order to maintain staff levels, despite the fact the Council was doing less work now than in the past. He asked why the Council were depriving Local Communities of the New Homes bonus to support staff numbers.

In response the Head of Finance informed Members that the £150,000 figure stated within the report was a result of an under spending on staffing largely as a result of vacancies. He added that the report was not about significant staff reductions. The Deputy Monitoring Officer explained that officers were unable to answer that question.

Councillor N Clarke, queried why the report failed to include or mention Waste Recycling Credits, expressing his opinion that this should have been included as a future uncertainty.

The Head of Finance explained that the current year detailed in the report was not affected by Leicestershire County Council's decision on the Waste Recycling Credits, and informed Members that the issue had been considered in the last Medium Term Financial Strategy Report which contained contingencies for losses of income predicted of up £300,000.

Councillor S Sheahan concurred with Councillor A C Saffell comments made about the New Homes Bonus, however queried his comments made about staff levels. He stressed his opinion that Planning Applications and Waste Recycling Credits should be run sustainably, stating that the Council's proposal to increase the level of reserves held in the General Fund to compensate for future financial uncertainties was not sustainable, and a different approach should be adopted.

Councillor S Sheahan enquired whether there had been any assessment of claimant impact as a result of the changes made to the Revenues and Benefits Partnership.

The Head of Finance stated that the new structure of the partnership was based on advice received from the Institute of Revenues, Rating and Valuation whom have worked alongside other authorities and partnerships and have recommended different ways of working without any impact on the client. He added that he was not aware of any particular impact analysis that has been conducted, but was confident that one would follow after the implementation of the changes and that adjustments could be made if necessary.

Councillor N Clarke enquired why £500,000 of the Value for Money Reserve had been committed to the creation of a Business Bidding Fund, he stated that he did not object to supporting local businesses, however he was unsure what benefits would result from this decision.

The Head of Finance expressed the importance of Business rates and the need to bring business into the District in order to maintain incomes generated by the Business Rate Base.

Councillor S Sheahan, felt that it was important to ensure that the Business Bidding Fund would provide value for money and suggested that a future scrutiny report/ panel might be best to assess this. In addition, Councillor S Sheahan urged that the Local Plan be fully funded and insisted that the Plan should be seen through to completion.

The Head of Finance Presented Appendix 2 to Members.

He informed Members that the projected outturn for 2014/15 on General Fund schemes totals £2,402,000. He added that this was a planned increase of £108,000 on the original budget for the year of £2,294,000.

Furthermore, the Head of Finance gave a brief update of Individual Schemes currently being undertaken under the General Fund Capital Programme 2015/16 to 2019/20.

Councillor S Sheahan, felt that £984,000 proposed to spend on new vehicles was a lot of money, and enquired what proportion of the Councils Fleet of Vehicles this represented.

The Head of Finance did not have an exact figure to give to Members, but informed Members that he would find out, and report back to Members with the answer. He informed Members that the sum of £984,000 is what the Council usually spends annually on Vehicles, and that the Council tended to buy Vehicles out-right opposed to leasing them as this represented the best value for money.

Councillor A C Saffell enquired why many of these schemes had been included in the General Fund rather than Special Expenses, in particular the decision to spend £400,000 on the Wellbeing Centre at Hood Park Leisure Centre. He stated that residents in Castle Donington did not use this Centre; however they would still be contributing to the improvements.

The Head of Finance advised that the use of Special Expenses funds are only used for expenses that benefit people who live in certain areas, which subsequently excludes other people from benefiting. He stated that the Wellbeing Centre at Hood Park Leisure Centre would be open to everyone and that people from all over the District could travel to use the services there.

In response Councillor A C Saffell insisted that people travel to Castle Donington to specifically use their football pitches, which are fully funded by Castle Donington Parish Council. He suggested that if the District were prepared to fund one Leisure Centre then they should be prepared to fund all of them.

The Deputy Monitoring Officer advised that a decision was taken in the past by Members not to treat the Leisure Facilities in Coalville and Ashby de la Zouch as a special expense because they attract people from across the whole District and it would be unfair to place the burden on the Special Expense of Coalville or the Parish Precept of Ashby Town Council.

Councillor A C Saffell acknowledged the officer’s comments however expressed that the situation was unfair. Councillor S Sheahan suggested that Councillor A C Saffell speak with Councillor N J Rushton to see whether the Cabinet had any plans to build a Leisure Centre in the Northern Parishes of the District when funding permits.

Councillor S Sheahan asked whether homes improved under the Decent Homes Programme had seen their value increase and if officers knew by how much.

The Director of Housing assured Members that he was confident that homes that had been improved had increased in market value, given the extensive improvements made, such as new Kitchens and Bathrooms. However he stated that the Council had no intention of disposing of properties that had undergone improvements. He advised Members that the Council was in the process of renewing their Asset Management Strategy and that they could look into the possibility of having the homes valued to assess how much the value of properties had increased.

The Deputy Monitoring Officer informed Members that there was a mechanism incorporated into the Right to Buy Scheme that relates to improvements made to properties in the last ten years that can have an impact on the valuation of properties. He informed Members that if a property that had been improved by the Decent Homes programme, had later been purchased on the Right to Buy Scheme the money spent on improving the property was taken into account when a sale price was calculated.

Councillor M Specht asked whether there was a penalty clause incorporated into the Decent Homes Programme which meant that tenants were prevented from applying for the Right to Buy Scheme for a period of time after improvements had been made.

The Director of Housing informed Members that there were no such period, and as such tenants were able to apply for the Right to Buy Scheme as soon as the Decent Homes Programme improvements had been made. He also referred to the previous explanation given by the Deputy Monitoring Officer. The Deputy Monitoring Officer added that if a tenant requested to buy a Council property undergoing the Decent Homes Programme then the property would be removed from the programme as a result.

Councillor J Geary enquired if many tenants had taken up the Right to Buy Scheme once homes had been improved.

The Director of Housing explained that a couple of years ago there was a rise in the number of Right to Buys compared to recent years, however at the present the current number was appropriately twelve homes. He stated that the previous increase was most likely a result of Central Government deciding to increase the discounts offered to tenants buying their Council homes. He added that he did not think that the Decent Homes Programme had contributed to the number of take ups of the Right to Buy Scheme.

RESOLVED THAT:

That the Committee provides any comments it may have for consideration by the Cabinet when it meets on 10 February 2015 prior to their recommendations being taken to Council on 24 February 2015.

23. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2015/16

The Director of Housing presented the report to Members.

He informed Members that the report was an updated version of a report that had been presented to Cabinet on 18 November 2014. He stated that the overall forecast for the current year shows a deficit close to £900,000, largely as a result of unplanned expenditure on the Decent Homes Programme. Members were informed that this deficit was funded from the Housing Revenue Account Reserves, and that the reserves currently stood at £4.37 Million.

In relation to rents, the Director of Housing advised Members that the current government policy (due to expire in March 2015) was to try and achieve rent convergence or target rents nationally for all social housing tenants. The idea being that Council and Housing Association tenants should pay similar rents for similar properties. He advised Members that historically the Council had charged low rents and that currently only 25% of the Council's tenants paid target rent; in contrast most local authorities had 90% of tenants paying the target rent. New government guidelines, effective from April 2015, suggest that rent increases should be limited to the Consumer Price Index plus 1% each year. He advised that for councils like NWLDC, which still had nearly three quarters of its properties at rents considerably below target rent levels, this would have a substantial impact on the future business plan, and income projections would fall significantly. This could potentially have a detrimental impact with limited funding being available to maintain the decency programme and invest in future stock improvements.

Chairman's signature

Following a review of the current rent plan, alternative rent increase options were developed for consideration for consultation by Cabinet, and it was agreed by Cabinet to approve option C, which would see rents increase by CPI plus 1% plus up to £4 per week until target rent was reached. This would entail NWLDC using its discretion to set its own rent levels and not following the guidelines.

The Director of Housing advised Members if the Council adopted the new government guidelines, then the Council would have to borrow £7.3 million by 2022 to meet repayments on a £13 million loan. By adopting option C the Council would only have a liability of £1.2 million in 2022. It would also mean the Council having an additional £9 million of income over the next 10 years to invest in Housing.

Councillor S Sheahan expressed his concerns that the Housing Revenue Account spending was not being kept under control, and cited the £900,000 deficit as an example. He asked officers to explain how they would address the deficit and prevent tenants from having to subsidise overspending on the decent homes programme.

The Director of Housing responded that he was confident spending was under control and highlighted that deficit was a result of some incorrect assumptions about what central government would fund and what the Council would have to fund, and wasn't a case of over spending on the Decent Homes Programme. He advised Members that the Council do monitor the contractors providing Decent Homes Improvements and that a new team manager had recently been appointed to focus on the Decent Homes Programme. He added, that he wanted to see value for money from the Councils contractors and that the actions taken by the Council would help realise that.

Councillor N Clarke sought clarification on why Option C had been chosen opposed to Option A. He stated that the proposed rent increase of 5.4% sounded extremely high considering the well publicised lack of increase in wages and salaries. He stated that being the Councillor for the Ward with the most Council Tenants in the District, it is something that he feels quite strongly about.

The Director of Housing acknowledged that Option C would result in two years of higher increases in rents, however in the longer term rents were lower under option C than Option A. In addition, he stated that under Option A the Council might lose revenue through the Housing Benefit Subsidy Limitation rules. If the Council chose to increase its rents too quickly at too high a level, a portion of the Housing Benefit it received might have to be returned to the Treasury.

In response Councillor N Clarke stated that he felt that the increases in rents tenants were facing were a result of overspending on the Decent Homes Programme and that this should be scrutinised in the ensuing months. He also queried the proposal to re-let all properties at target rent levels, even when tenants with a tenancy prior to April 2008 were transferring to another property, as he felt the higher rent would act as a disincentive for those affected tenants to apply for transfers. The Director of Housing advised that as 94% of properties would be at target rent by April 2016, any such disincentive would only apply for a period of 12 months, so the impact would be limited.

RESOLVED THAT:

That the Committee provides any comments it may have for consideration by the cabinet when it meets on 10 February 2015 prior to their recommendations being taken to Council on 24 February 2015.

24. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Councillor S Sheahan requested that a scrutiny of the Business Bidding Fund be included. However, the Head of Finance stated that there would not be much to scrutinise by the time of next meeting, as he did not expect the Council to have awarded many grants to business by then.

Councillor S Sheahan also suggested that an item on the Community Task and Finish Group should be included.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.14 pm

Chairman's signature

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**THE TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16 AND PRUDENTIAL INDICATORS 2015/16 TO 2017/18**
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 2015/16 to 2017/18. It fulfils key requirements of the Local Government Act 2003: • The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in Public Services ; • The Annual Investment Strategy in accordance with the 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	Interest earned on balances and interest paid on external debt, impact on the resources available to the Authority.
Link to relevant CAT	Could impact upon all CAT's.
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 Screening Human Rights	Not applicable. Not applicable.
Transformational Government	Not applicable.
Comments of Head of Paid Service	Report is satisfactory
Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None.
Background papers	The "Annual Treasury Management Stewardship Report 2008/09 and Re-Adoption of the CIPFA Revised Code of Practice and Treasury Management Policy Statement 2011" – Cabinet 16 June 2009 The "Housing Revenue Account (HRA) Business Plan" – Cabinet 13 March 2012 Additional Costs of the Decent Home Improvement Programme 2014/15 and updated Housing Revenue Account (HRA) Business Plan – Council 16 September 2014
Recommendations	**IT IS RECOMMENDED THAT CABINET :** **1. RE-ADOPT THE CIPFA TREASURY MANAGEMENT IN PUBLIC SERVICES:CODE OF PRACTICE** **AND** **2. RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2015/16, PRUDENTIAL INDICATORS -REVISED 2014/15 AND 2015/16 TO 2017/18, AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT, FOR APPROVAL BY FULL COUNCIL**

1.0 INTRODUCTION

1.1 The Chartered Institute of Public Finance and Accountancy's Treasury Management in Public Services Code of Practice (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 of Practice at a meeting of the Cabinet on 16 June 2009. The revised CIPFA Treasury Management in The Public Services Code of Practice was published in 2011. The clauses that were adopted in 2009 remain the same under the revised code and are re-submitted for Council approval (Appendix A).

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. Total Authority's interest payments on existing debt are estimated at £2,811,220 in 2015/16.
f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £145,000 in 2015/16 (General Fund - £92k, HRA - £53k).
g. Treasury Management Prudential Indicators for 2015/16 to 2017/18. 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 refinancing on suitable terms)
- Legal & Regulatory Risk (failure to act in accordance with powers or regulatory requirements)

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 Interest Apportionment Policy
- the Authority's Prudential Indicators 2015/16 to 2017/18
- 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 and 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 credit ratings and other creditworthiness indicators and training, particularly investment training, for Members and officers.

Arlingclose Ltd is authorised and regulated by the Financial Conduct Authority (FCA). Arlingclose Ltd is to provide the Authority with timely, clear and regular information about the financial sector to enable the Authority to take pro-active decisions which in turn, helps to minimise risk.

1.9 Reporting and Monitoring of Treasury Management Activity

The Treasury Management Stewardship Report for 2014/15 will be presented to the Audit and Governance Committee for scrutiny and then Cabinet as soon as possible after the end of the financial year. As in previous years, the Treasury Management Strategy Statement will be supplemented by in-year reporting of treasury management activity and monitoring of prudential indicators, to the Audit and Governance Committee during 2015/16.

This report, together with all other reports to Council, Cabinet and the Audit and Governance 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 2015/16

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

- The Borrowing Strategy 2015/16 (APPENDIX B)
- The Debt Rescheduling Strategy 2015/16 (APPENDIX C)
- The Annual Investment Strategy 2015/16 (APPENDIX D)
- The Apportionment of Interest Strategy 2015/16 (APPENDIX E)
- The Prudential Indicators 2015/16 to 2017/18 (APPENDIX F)
- The Annual Minimum Revenue Provision (APPENDIX G)

2.2 Economic Background.

- There is momentum in the UK economy, with a continued period of growth through domestically-driven activity and strong household consumption. There are signs that growth is becoming more balanced. The greater contribution from business investment should support continued, albeit slower, expansion of GDP. However, inflationary pressure is currently extremely benign and is likely to remain low in the short-term. There have been large falls in unemployment but levels of part-time working, self-employment and underemployment are significant and nominal earnings growth remains weak and below inflation.

- The MPC's focus is on both the degree of spare capacity in the economy and the rate at which this will be used up, factors prompting some debate on the Committee. Despite two MPC members having voted for an 0.25% increase in rates at each of the meetings August 2014 and December 2014, the minutes of the January 2015 meeting showed unanimity in maintaining the Bank Rate at 0.5% as there was sufficient risk that low inflation could become entrenched and the MPC became more concerned about the economic outlook.

- Credit outlook: The transposition of two European Union directives into UK legislation in the coming months will place the burden of rescuing failing EU banks disproportionately onto unsecured local authority investors. The *Bank Recovery and Resolution Directive* promotes the interests of individual and small businesses covered by the Financial Services Compensation Scheme and similar European schemes, while the recast *Deposit Guarantee Schemes Directive* includes large companies into these schemes. The combined effect of these two changes is to leave public authorities and financial organisations (including pension funds) as the only senior creditors likely to incur losses in a failing bank after July 2015.

The continued global economic recovery has led to a general improvement in credit conditions since last year. This is evidenced by a fall in the credit default swap spreads of banks and companies around the world. However, due to the above legislative changes, the credit risk associated with making unsecured bank deposits will increase relative to the risk of other investment options available to the Authority.

- Interest rate forecast: The Authority's treasury management advisor Arlingclose forecasts the first rise in official interest rates in August 2015 and a gradual pace of increases thereafter, with the average for 2015/16 being around 0.75%. Arlingclose believes the normalised level of the Bank Rate post-crisis to range between 2.5% and 3.5%. The risk to the upside (i.e. interest rates being higher) is weighted more towards the end of the forecast horizon. On the downside, Eurozone weakness and the threat of deflation have increased the risks to the durability of UK growth. If the negative indicators from the Eurozone become more entrenched, the Bank of England will likely defer rate rises to later in the year. Arlingclose projects gilt yields on an upward path in the medium term, taking the forecast average 10 year PWLB loan rate for 2015/16 to 2.7%.

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 2015	**June 2015**	**Sept. 2015**	**Dec. 2015**	**March 2016**	**June 2016**	**Sept. 2016**	**Dec. 2016**	**March 2017**
0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%

The Authority's treasury advisor has forecast the first rise in official interest rate in Quarter3 of 2015.

3.0 IMPLICATIONS FOR TREASURY ACTIVITY

3.1 The economic outlook, the financial health of sovereign states, major banks and investment counterparties and the regulatory changes that are anticipated, still provide major challenges and risk for treasury activity, particularly investment activity, during financial year 2015/16.

3.2 The principles in the proposed suite of treasury policies remain broadly unchanged from previous years - borrowing will be prudent, minimize 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 prioritised and based upon the principles of security, liquidity and yield.

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 is measured by the Capital Financing Requirement (CFR). Usable reserves and balances are the underlying resources available for investment. The CFR 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:

	2013/14 Actual £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
CFR	91.629	91.270	90.773	90.261	89.830
Balances & Reserves	7.800	8.000	8.000	8.000	8.000
Net Balance Sheet Position	**83.829**	**83.270**	**82.773**	**82.261**	**81.830**

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. The Authority's current strategy is to maintain borrowing and investments below their underlying levels (internal borrowing).

4.3 CIPFA's 'Prudential Code for Capital Finance in Local Authorities' recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The Authority expects to comply with this recommendation during 2015/16.

APPENDIX A

THE REVISED CIPFA CODE OF PRACTICE FOR TREASURY MANAGEMENT 2011

This Council re-adopts the four key recommendations of the CIPFA Code of Practice for Treasury Management.

1. The Council will create and maintain, as the cornerstones for effective treasury management:

    - A treasury management policy statement, stating the policies and objectives of its treasury management activities

    - Suitable treasury management practices (TMP's) setting out the manner in which the Council will seek to achieve those policies and objectives and prescribing how it will manage and control those activities.

2. The Council will receive reports on its treasury management policies, practices and activities including as a minimum, an annual strategy and plan in advance of the year, a midyear review and an annual report after its close, in the form prescribed in the TMP's.

3. The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet and for execution and administration of treasury management decisions to the Section 151 Officer, who will act in accordance with the Council's policy statement and TMP's and CIPFA's Standard of Professional Practice on Treasury Management.

4. The Council's Audit and Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy, policies and activity.

APPENDIX B

BORROWING STRATEGY 2015/16

The Authority currently holds loans totaling £85.5m (£77.1m HRA and £8.5m General Fund). This is a decrease of £2m on the previous year (£78m HRA and £9.5m General Fund) and is part of the Authority's strategy for funding previous years' capital programme and for the self-financing of the HRA, which was presented to Cabinet on 17th January 2012 in the "Housing Revenue Account (HRA) Business Plan".

The Authority prefers to maintain maximum control and minimize risk over its borrowing activities whilst preserving 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.

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, at this time it is more cost effective to borrow internally or on a short term basis.

By utilising internal or short-term borrowing, the Authority is able to reduce overall treasury risk and net borrowing costs, despite the foregone investment income. This is likely to be beneficial whilst official interest rates remain low however the benefits of this strategy will be monitored to ensure the most effective outcome for the Authority.

In addition, the Authority may borrow short-term loans to cover unexpected cash flow shortages.

The approved sources of long and short term borrowing are:

- Internal borrowing
- Public Works Loans Board (PWLB) and its successor body
- UK local authorities
- Any institution approved for investments
- Any other bank or building society authorised by the Prudential Regulation Authority to operate in the UK.
- Capital market bond investors
- UK public and private sector pension funds (except Leicestershire County Council Pension Fund)
- Special purpose companies created to enable joint local authority bond issues

The Authority has previously raised the majority of its long-term borrowing from the Public Works Loan Board but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

The Authority holds two LOBO (Lender's Option Borrower's Option) loans totalling £7.4m as part of its total borrowing of £85.5m, where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. These LOBO's have options during 2015/16 and although the Authority understands that the lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the opportunity to repay LOBO loans at no cost if it has the opportunity to do so.

Borrowing 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.

APPENDIX C

DEBT RESCHEDULING STRATEGY 2015/16

The Authority will continue to maintain a flexible policy for debt rescheduling.

The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. However, the lower interest rate environment 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.

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 accounting and regulatory requirements and will be reported in the annual Treasury Management Stewardship Report and supplemented with in-year Treasury Activity Reports to the Audit and Governance Committee.

APPENDIX D

ANNUAL INVESTMENT STRATEGY 2015/16

Background

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

Investment Policy

Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. 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.

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Investment Strategy

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the Authority's counterparty criteria. This reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the *Banking Reform Act 2013,* the *EU Bank Recovery and Resolution Directive 2014/59/EU, and Deposit Guarantee Schemes Directive 2014/49/EU* are implemented. In addition, the Authority may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from the Authority's treasury management adviser.

The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

The Authority compiles its cash flow forecast on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority having to borrow on unfavourable terms. Limits on investments are set with reference to the Authority's Medium Term Financial Plan and cash flow forecast. This also determines the maximum period for which funds may prudently be committed.

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.

. INVESTMENT GUIDANCE AND COUNTERPARTY CRITERIA

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

Specified Investments: The CLG Guidance defines specified investments as those:

- Denominated in pound sterling
- has a maximum maturity of 1 year
- not defined as capital expenditure by Legislation
- invested with one of:
    - the UK Government
    - a UK local authority, parish council, community Council
    - a body or investment scheme of 'high credit quality'

The Authority defines 'high credit quality' organisations as those having a credit rating of A- or higher that are domiciled in the UK, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

With major UK banks' credit ratings potentially falling below A- due to the possible removal of government uplift/support, Investments made to affected banks will be subjected to a limited amount and time limit based on the Authority's Counterparty Criteria Table.

Non-Specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Counterparties with Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality.

The Authority's investments are made with reference to the Authority's cash flow, the outlook for the UK Bank Rate, money market rates, the economic outlook and advice from the Authority's treasury adviser.

To minimise the risk of investment losses in the case of a default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5 million. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers' nominee accounts *(e.g. King & Shaxson)*, foreign countries and industry sectors as below:

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management	£5 m per manager
Negotiable instruments held in a broker's nominee account	£5m per broker
Foreign countries	£5m per country
Registered Providers	£5m in total
Unsecured Investments with Building Societies	£5m in total
Loans to small businesses	£2m in total
Money Market Funds	£15m in total
Total Investments without credit rating or rated below A-	£5m in total

The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts
- fixed term deposits and loans
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice)
- callable deposits and loans where the borrower may repay before maturity
- certificate of deposit
- bonds, notes, bills, commercial paper and other marketable instruments
- shares in money market funds and other pooled funds

<u>Counterparty Criteria</u>

The Authority may invest its surplus funds with any of the counterparties in the table below, subject to the limits shown:

<table>
<tr><th colspan="2" rowspan="2">Counterparty</th><th colspan="2">Cash limit</th><th>Time limit †</th></tr>
<tr><th>Unsecured</th><th>Secured</th><th></th></tr>
<tr><td rowspan="9">Banks & Building Societies, other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:</td><td>AAA</td><td rowspan="7">£1.5m each***</td><td rowspan="7">£3m each***</td><td>5 years*</td></tr>
<tr><td>AA+</td><td>5 years*</td></tr>
<tr><td>AA</td><td>4 years*</td></tr>
<tr><td>AA-</td><td>3 years*</td></tr>
<tr><td>A+</td><td>2 years</td></tr>
<tr><td>A</td><td>1 year</td></tr>
<tr><td>A-</td><td>6months</td></tr>
<tr><td>BBB+</td><td>£1m each***</td><td>£1.5m***</td><td>100days</td></tr>
<tr><td>BBB or BBB-</td><td>£1m each***</td><td>£1.5m***</td><td>Next day</td></tr>
<tr><td colspan="2">UK Central Government (irrespective of credit rating)</td><td colspan="2">Unlimited</td><td>50 years**</td></tr>
<tr><td colspan="2">UK Local Authorities (irrespective of credit</td><td colspan="2">£5m each</td><td>50 years**</td></tr>
</table>

rating)		
UK Registered Providers of Social Housing whose lowest published long-term credit rating is AA- or higher	£3m each	10 years**
UK Registered Providers of Social Housing whose lowest published long-term credit rating is A- or higher	£3m each	5 years
UK Registered Providers of Social Housing whose lowest published long-term credit rating is BBB- or higher and those without credit ratings	£2m each	2 years
UK Building Societies without credit ratings	£1m each	6 months
Money market funds and other pooled funds	£5m each	n/a (Secured)
Any other organisation, subject to an external credit assessment and specific advice from the Authority's treasury management adviser	£3m each	3 months
	£1m each	1 year
	£100k each	5 years

* but no longer than 2 years in fixed-term deposits and other illiquid instruments
** but no longer than 5 years in fixed-term deposits and other illiquid instruments
*** The combined secured and unsecured investment in any one bank will not exceed the cash limit for secured investments.

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Government may be made in unlimited amounts for up to 50 years.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services; they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Other Organizations: The Authority may also invest cash with other organisations, for example by making loans to small businesses. Because of the higher perceived risk of unrated businesses, such investments may provide considerably higher rates of return. They will however only be made following a favourable external credit assessment and on the specific advice of the Authority's treasury management adviser.

Risk Assessment and Credit Ratings: The Authority uses long-term credit ratings from the three main rating agencies Fitch Ratings, Moody's Investors Service and Standard & Poor's Financial Services to assess the risk of investment default. The lowest available counterparty credit rating will be used to determine credit quality, unless an investment-specific rating is available. Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made
- any existing investments that can be recalled or sold at no cost will be, and
- Full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

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 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, including those present in pooled funds, 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 CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Head of Finance, having consulted the Portfolio Holder for Finance, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness.

All Investment 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.

APPENDIX E

APPORTIONMENT OF INTEREST STRATEGY 2015/16

The Localism Act 2011 required Local Authorities to allocate existing and future borrowing costs between the Housing Revenue Account and the General Fund.

Accordingly, the Authority notionally split its existing debt into General Fund and Housing Revenue Account as detailed in the 'Borrowing Strategy'. Any future borrowing will be assigned in its entirety to the appropriate revenue account.

Interest payable and any other costs arising from long-term loans (for example, premiums and discounts on early redemption) will be charged to the appropriate revenue account.

Interest received on investment income is budgeted to be apportioned between General Fund and the Housing Revenue Account based on an estimated cash flow position. For 2015/16, the budgeted investment income is £145,000 and is apportioned as follows: £92,000 General Fund and £53,000 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year.

APPENDIX F

PRUDENTIAL INDICATORS

1 Background

The Local Government Act 2003 requires the Authority to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

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.

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	2014/15 Approved £m	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Non-HRA	2.496	2.501	2.597	1.537	1.283
HRA	19.394	17.656	9.105	7.850	7.852
Total	**21.890**	**20.156**	**11.702**	**9.386**	**9.135**

Capital expenditure will be financed or funded as follows:

Capital Financing	2014/15 Approved £m	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Capital receipts	1.299	1.299	0.789	0.514	0.430
Government Grants	8.226	7.756	0.637	0.237	0.237
Major Repairs Allowance	3.978	3.978	3.991	3.991	3.991
Reserves	3.990	2.858	1.517	0.000	0.000
Other Contribution-s106	0.085	0.000	0.559	0.000	0.000
Grants - Other	0.000	0.000	0.000	0.000	0.000
Revenue contributions	3.072	3.071	3.159	3.494	3.580
Total Financing	20.650	18.963	10.652	8.236	8.238

Supported borrowing	0.000	0.000	0.000	0.000	0.000
Unsupported borrowing	1.240	1.194	1.050	1.151	0.897
Total Funding	1.240	1.194	1.050	1.151	0.897
Total Financing and Funding	**21.890**	**20.156**	**11.702**	**9.386**	**9.135**

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	2014/15 Approved %	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
Non-HRA	10.14	8.16	7.30	7.62	7.93
HRA	14.91	14.58	13.81	13.68	13.55
Total (Average)	**13.31**	**12.13**	**11.39**	**11.44**	**11.48**

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 it’s financing.

Capital Financing Requirement	2013/14 Actual £m	2014/15 Estimate £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Non-HRA	13.460	14.111	14.646	15.189	15.837
HRA	78.168	77.159	76.127	75.072	73.993
Total CFR	**91.629**	**91.270**	**90.773**	**90.261**	**89.830**

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 31/03/2014	£m
Borrowing	87.523
Other Long-term Liabilities	8.59
Total	**96.113**

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	2014/15 Approved £	2014/15 Revised £	2015/16 Estimate £	2016/17 Estimate £	2017/18 Estimate £
Increase in Band D Council Tax	2.59	2.94	2.05	2.39	2.80
Increase in Average Weekly Housing Rents	4.3	4.3	4.27	3.02	2.02

Rent increases are currently based on RPI + 0.5% + £2 (maximum). Following the recent government consultation, the estimates for 15/16 onwards are based on CPI + 1%. However in addition to this we have also applied a maximum rent increase of £4 per week as we continue to work towards rent convergence.

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 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	2014/15 Approved £m	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	97.972	96.355	95.967	95.306	86.454
Other Long-term Liabilities	0.700	0.700	0.700	0.700	0.700
Total	**98.672**	**97.055**	**96.667**	**96.006**	**87.154**

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	2014/15 Approved £m	2014/15 Revised £m	2015/16 Estimate £m	2016/17 Estimate £m	2017/18 Estimate £m
Borrowing	95.972	94.355	93.967	93.306	84.454
Other Long-term Liabilities	0.500	0.500	0.500	0.500	0.500
Total	**96.472**	**94.855**	**94.467**	**93.806**	**84.954**

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 has re-affirmed adoption of the CIPFA Treasury Management Code within this strategy, 10 February 2015.

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 (Benchmark) level 31/03/14 %	2014/15 Approved %	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 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.

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

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 2015/16 %**	**Upper Limit for 2015/16 %**
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	50
10 years and within 20 years	0	50
20 years and within 30 years	0	60
30 years and within 40 years	0	50
40 years and within 50 years	0	50
50 years and above	0	0

12. 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.

Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further diversify into more secure and/or higher yielding asset classes during 2015/16. This is specially the case for the estimated £10m that is available for longer-term investment. All of the Authorities surplus cash is currently invested in short-term unsecured bank deposit and money market funds. This diversification will therefore represent a substantial change in strategy over the coming year.

	2014/15 Approved £m	**2014/15 Revised £m**	**2015/16 Estimate £m**	**2016/17 Estimate £m**	**2017/18 Estimate £m**
Upper Limit	10	10	10	10	10

APPENDIX G

ANNUAL MINIMUM REVENUE PROVISION STATEMENT

Background

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP). Although there has been no statutory minimum since 2008, the Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the Guidance) most recently issued in 2012.

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.

In the case of the Housing Revenue Account (HRA) and following the implementation of the new self-financing arrangements from April 2012, the structure of the debt that was incurred to fund the self-financing was based on the principal being repaid over the life of the HRA business plan, which also takes into account the 'old' HRA debt. For 2015/16, the MRP for HRA is determined by the amounts of principal repaid on the loans that were taken out on an annuity basis.

MRP Options:

Four options for prudent MRP are set out in the CLG Guidance. Details of each are set out below:

Option 1 – Regulatory Method.
MRP under this option, is the amount determined in accordance with the 2003 regulations. In effect, this is 4% of the total Capital Financing Requirement (CFR) excluding HRA borrowing and Adjustment A. Adjustment A is an accounting adjustment to ensure consistency with previous capital regulations. Once calculated this figure is fixed. For this Authority, Adjustment A is fixed at £606,250.49.

Option 2 – CFR Method.
MRP under this option is the same as option 1 but ignores Adjustment A. In effect, this is 4% of the CFR less HRA borrowing.

Option 3 – Asset Life Method.
Where capital expenditure on an asset is financed either wholly or in part by borrowing or credit arrangements, MRP is determined by the life of the asset. For example, if the asset life is 5 years, then the MRP for that asset will be based on 20% of the capital expenditure (unsupported borrowing), per year for 5 years.

Option 4 - Depreciation Method.
Under this option, MRP would be based on the provision required under depreciation accounting. It would also take into account any residual value at the end of the life of the asset. For example, if the asset life was 5 years and the residual value was anticipated to be 10% of the asset value, then the MRP for that asset would be based on 20% of the capital expenditure (unsupported borrowing) less 10% residual value per year for 5 years.

MRP Policy for 2015/16:
The Authority will apply Option 1 in respect of supported capital expenditure.
The Authority will apply Option 2 in respect of unsupported capital expenditure.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**ACQUISITIONS POLICY**
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Director of Housing 01530 454819 glyn.jones@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 Cabinet approval for the corporate Acquisitions Policy
Reason for Decision	To provide a framework that enables the acquisition of land, property or any other asset
Council Priorities	Value for Money Business and Jobs Homes and Communities Green Footprints Challenge
Implications:	
Financial/Staff	No financial implications associated with the adoption of the proposed policy
Link to relevant CAT	None
Risk Management	The policy provides a robust and thorough methodology for all acquisitions of land / property

Equalities Impact Screening Human Rights Transformational Government	No implications No implications No implications
Comments of Head of Paid Service	The report is satisfactory.
Comments of Deputy Section 151 Officer	The report is satisfactory.
Comments of Monitoring Officer	The report is satisfactory.
Consultees	Corporate Leadership Team
Background papers	None
Recommendations	**IT IS RECOMMENDED THAT CABINET:** **A. APPROVE THE DRAFT ACQUISITION POLICY; AND** **B. RECOMMEND TO COUNCIL THE NECESSARY FUTURE CHANGES THAT WILL NEED TO BE MADE TO THE SCHEME OF DELEGATION WITHIN THE COUNCIL'S CONSTITUTION**

1.0 BACKGROUND

1.1 In October 2014, the Housing Department commissioned Housing Quality Network (HQN) to carry out an appraisal of the options for the Council to deliver new homes for affordable/social rent, whether this is through new build or through acquiring stock – be it existing, off plan, through s106 agreements or otherwise.

1.2 The final report is due to be submitted shortly and in order to allow the Council to consider and progress any resulting recommendations, the Council requires a transparent framework to govern any potential acquisition of land and/or property in the future.

1.3 The Council has a duty to ensure that its assets are efficiently managed and it is intended that this policy is applied to both General Fund (GF) and Housing Revenue Account (HRA) acquisitions. It should be noted that the current Asset Disposal policy (2008) is currently under review and will be presented to Cabinet for consideration in due course.

1.4 Although the Constitution currently provides the Chief Executive with delegated authority "to undertake acquisitions and disposals of land up to a value of £10,000…", the Council currently has no formally approved policy framework for acquiring assets, and the attached draft Acquisitions Policy seeks to address this.

2.0 PROPOSED APPROACH

2.1 The proposed draft has been developed with the input of the Asset Management Group, along with the Head of Finance, Head of Planning and Regeneration, Corporate Property Officer, Head of Housing, Legal services and Leisure Services.

2.2 The policy provides (at 2.1) that Council will only acquire land or property for one or more of the following reasons:

- its contribution towards the provision of the Council's services and/or delivery of corporate aims
- for economic development purposes
- to provide affordable housing
- revenue income generation
- strategic acquisition for regeneration, development or redevelopment purposes
- to improve performance of any investment portfolio

2.3 The policy sets out, in some detail, a robust and thorough methodology from the point of identifying any acquisition, through financial, planning and legal considerations, to negotiation of the purchase price.

2.4 It is proposed that for any acquisitions identified at a capital value of £100,000 or more, or a periodic payment of £20,000 or more per annum, and where the acquisition is to be paid for from funds other than commuted sums taken in lieu of affordable housing, the relevant Director, in consultation with the S151 Officer, will prepare a report for Cabinet to obtain agreement in principle to proceed, identifying a budget for the acquisition.

2.5 If Cabinet give in principle approval to proceed, negotiations will be commenced with the vendor by the District Valuer or other suitably qualified surveyor (RICS) acting under the instruction of the relevant Director.

2.6 It is proposed that acquisitions of a lower value than £100,000 be approved by the relevant Director and the Head of Finance, as Section 151 Officer, in consultation with the relevant Portfolio Holder, provided there is Capital Programme approval in place. It is considered that the proposed limit will provide the required level of autonomy and flexibility for the officers above to make timely acquisitions of smaller land sites or single units of property, whilst reserving more significant acquisitions for Cabinet approval. This proposal, if approved, will require amendments to the scheme of delegation in the Council's constitution. As changes to the Council's constitution are normally only considered once a year, it is proposed that the required amendments will be put forward for consideration by Council in September 2015.

2.7 For all acquisitions below the limit outlined in 2.4, a report will be prepared for the next Cabinet, by the relevant Director in consultation with the Head of Finance as S151 Officer, informing Cabinet of the acquisition.

2.8 In accordance with existing powers of delegation, approval of any acquisitions to be made using commuted sums taken in lieu of affordable housing, shall be delegated to the

Director of Housing, in consultation with the Portfolio Holder for Housing, on a case by case basis. This approach was agreed by Cabinet at its meeting of 16 October 2007.

2.9 In exceptional circumstances, the Chief Executive, acting on the advice of the Head of Finance as S151 Officer, and in consultation with the Leader of the Council, may undertake acquisitions of land and property of a value in excess of £100,000 in accordance with, and to give effect to, the Council's strategies and corporate aims (subject to a report being prepared for the next Cabinet by the Chief Executive). This approach will only be applied when flexibility is required for the Chief Executive to respond quickly to any time critical opportunities that arise.

2.10 All decisions to acquire through Compulsory Purchase Orders will be reserved to Cabinet.

3.0 FINANCIAL IMPLICATIONS

3.1 Whilst there are no financial implications associated with the adoption of the proposed policy, future changes will be requested to the Constitution's Scheme of Delegation to provide the Chief Executive, Leader, relevant Directors and Head of Finance with the appropriate levels of authorisation to commit funding.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

ACQUISITIONS POLICY

21 January 2015

CONTENTS

1.0 Introduction

1.1 The purpose of this policy is to set out a transparent and fair framework to be adopted in connection with the acquisition of land and property in accordance with the corporate and Housing Revenue Account (HRA) Asset Management Strategies (AMS).

2.0 Reasons for the acquisition of Land or Property

2.1 Unless there are exceptional circumstances, the Council will only acquire land or property for one or more of the following reasons:

- its contribution towards the provision of the Council's services and/or delivery of corporate aims
- for economic development purposes
- to provide affordable housing
- revenue income generation
- strategic acquisition for regeneration, development or redevelopment purposes
- to improve performance of any investment portfolio

3.0 Market Research

3.1 Once a need to acquire property has been identified, or an opportunity arises, market research will be carried out by the relevant Director, in consultation with the Head of Finance/S151 Officer and the corporate Asset Management Group, to establish whether suitable land or property is available on the market to fulfil this need.

3.2 Criteria against which any decisions are made in respect of an acquisition will include, where appropriate:

- price
- condition of property / land
- planning policy
- development constraints
- availability (in terms of timing)
- nature of tenure being offered (freehold or leasehold)
- occupational tenancies/vacant possession
- locational advantages (where a strategic acquisition is under consideration)
- return on investment (where a revenue generating asset is being considered)
- restrictive covenants / easements

- costs in-use for premises for Operational purposes
- cost to build, adapt or improve any premises and other costs relevant to the purpose
- meeting the Council's strategic priorities as outlined in the Local Plan, HRA Business Plan, Asset Management Strategy and/or other Strategies
- conditions around the spending of any commuted sums (in lieu of a s106 agreement) for acquisitions
- the powers under which the Council is acquiring the asset which will influence future uses, and where the asset sits within the Council.

3.3 Where a number of potentially suitable properties exist in the marketplace, robust comparisons will be made to establish which is the most suitable for the Council's needs using the criteria set out in paragraph 4 et seq.

4. Financial Appraisal

4.1 When a suitable property or site has been identified, a financial/feasibility appraisal will be carried out to establish the financial/budgetary implications of acquiring the asset at the quoted asking price. The advice of Finance will be sought regarding the financing of the acquisition and current rates of interest on capital invested, to enable the opportunity cost of the acquisition to be fully assessed. The Director will undertake a financial appraisal in conjunction with the Head of Finance/Section 151 Officer taking into account the following matters, where appropriate:

- the capital cost of acquisition and relevant expenditure
- the opportunity cost of acquisition
- any revenue, or potential revenue, generated from the asset, both short and long term
- availability of external funding sources
- internal resourcing required
- development procurement options including joint ventures
- risk assessment
- the cost, in asset management terms, of owning the property or site, including:
  - immediate maintenance/refurbishment requirements
  - demolition costs, if appropriate
  - adaptation requirements
  - ongoing maintenance/life cycle costs
  - national non-domestic rates including empty rates liability

- insurance
- Council Tax
- the overall effect of the expenditure on the Council's budgetary position.

4.2 The proposal, setting out the reasons for the acquisition, together with the business case and any other pertinent details (including valuation), should be presented in the first instance to Asset Management Group for approval to proceed with negotiations. Any formal offer to acquire an asset must be approved by the Corporate Leadership Team. Any capital expenditure must also be included in the Council's Capital Programmes prior to any commitment being made.

5. Due Diligence

5.1 Prior to purchasing, appropriate investigations will be undertaken into matters relating to:

- The legal title of the property
- Planning and Building Regulation compliance for the existing use and proposed purpose, including the potential designated use in the Local Plan.
- Other relevant statutory consents
- Pollution
- Existing construction and Mechanical and Electrical plant

6. Valuation

6.1 Valuation advice will be provided by the District Valuer or other suitably qualified surveyor (RICS). Appropriate informal advice shall be obtained prior to that to assist with assessing options and recommendations.

6.2 Where an acquisition is in respect of a major or complex site, additional independent valuation advice may also be sought. Independent advice is to provide a safeguard for the propriety of the Council's transaction. The advice may include assistance with negotiations with the vendor.

6.3 Where independent advice suggests that the true Open Market Value of the property is below, or equivalent to, the asking price and / or there are overriding factors which justify the purchase, a report shall be prepared for Cabinet by the relevant Director, in consultation with the Head of Finance/S151 Officer, seeking approval to continue with the proposed acquisition.

6.4 Where the acquisition is to be by way of a long lease, Finance will be specifically consulted to assess the implications regarding VAT, Capital Controls and Treasury Management.

7. Negotiation

7.1 Following preliminary investigations and where the possibility of an acquisition has been established at a capital value of £100,000 or more, or a periodic payment of £20,000 or more per annum, and the acquisition is to be paid for from funds other than commuted sums taken in lieu of affordable housing, the relevant Director, in consultation with the S151 Officer will prepare a report for Cabinet to obtain agreement in principle to proceed, identifying a budget for the acquisition, prior to a formal offer being made. If approval to proceed is given by Cabinet, negotiations will be commenced with the vendor by the District Valuer or other suitably qualified surveyor (RICS) acting under the instruction of the relevant Director.

Where the sale is by auction or tender, bids will be formulated as appropriate.

NB. Any recommendations by the third party carrying out either the valuations and/or the negotiations must be included in any reports that are presented to the Asset Management Group, Cabinet, Council and/or Head of Finance/Section 151 Officer.

7.2 Acquisitions of a lower value may be approved by the relevant Director and the Head of Finance as Section 151 Officer, in consultation with the relevant Portfolio Holder, provided there is Capital Programme approval in place.

7.3 Approval of any acquisitions to be made using commuted sums taken in lieu of affordable housing shall be delegated to the relevant Director, in consultation with the Portfolio Holder for Housing, on a case by case basis[1].

8. Cabinet Approval

8.1 Any offer to the vendor, subject to the financial limits described in 7.1, will be made *"subject to contract, Cabinet approval and, where appropriate, survey"* and a report will be prepared for the next Cabinet, by the relevant Director in consultation with the Head of Finance as S151 Officer, recommending acceptance of the acquisition.

[1] At its meeting on 16 October 2007, Cabinet RESOLVED THAT: c) Until further notice, commuted sums taken in lieu of affordable housing be directed to support alternative provision of affordable housing with delegated approval to the Director of Community, in consultation with the Portfolio Holder for Housing, for scheme by scheme approvals.
Reason for decision: To address the shortage of affordable housing in the district.

8.2 For all acquisitions below the limits outlined in 7.1, a report will be prepared for the next Cabinet, by the relevant Director in consultation with the Head of Finance as S151 Officer, informing Cabinet of the acquisition.

9. Instructions

9.1 Once Cabinet approval has been received, and any surveys satisfactorily carried out (or earlier if appropriate), Legal Services will be instructed to complete the documentation associated with the acquisition

10. Completion

10.1 Once the acquisition has been completed, Legal Services will advise the relevant Director, the Head of Finance/S151 Officer, Financial Planning, relevant Members and such others as are appropriate. The Head of Finance as Section 151 Officer, after consultation with colleagues, will confirm whether the land and/or building will be designated as General Fund or HRA property.

10.2 Property Services will ensure the Asset is added to the Asset Database and surveyed, managed and maintained as identified in the relevant Asset Management Strategy. Legal Services will ensure that Land Registration information is provided to Property Services so that GIS database system can be updated.

10.3 Where appropriate or where requested as a requirement, the relevant officer will provide periodic update reports to Cabinet, Council and/or or the Corporate Leadership Team or Asset Management Group providing detail on the progress of the project for which the asset was acquired.

11. Exceptions

11.1 In exceptional circumstances, the Chief Executive, acting on the advice of the Head of Finance as S151 Officer, and in consultation with the Leader of the Council, may make offers to acquire land and property of a value in excess of £100,000 in accordance with, and to give effect to, the Council’s strategies and corporate aims (subject to a report being prepared for the next Cabinet by the Chief Executive), This approach will only be utilised where flexibility for the Chief Executive is required in order to respond quickly to any time critical opportunities that arise.

12. Compulsory Purchase

12.1 The Council may consider, where appropriate the acquisition of land through its compulsory purchase powers. The S151 Officer will be notified at the earliest opportunity when consideration is being given to acquisition in this way.

12.2 Powers of Compulsory Purchase are conferred on public authorities by legislation. They enable the authorities authorised to compulsorily purchase land which is required to carry out a function which Parliament has decided is in the public interest. These powers will be used where the owner or occupier of the land required is not willing to sell by agreement or where agreement cannot be achieved.

12.3 There are a number of stages in the Compulsory Purchase Procedure and the approval of the relevant Government Minister is required before such powers can be used. When deciding whether or not to exercise Compulsory Purchase powers, the Council must take into account all relevant considerations (including, but not exclusively), the rights of the affected landowner(s) under the Human Rights Act 1998.

12.4 The detailed procedure for obtaining a Compulsory Purchase Order is already enshrined in legislation and therefore not set out in this policy. All decisions to enter into a Compulsory Purchase are reserved to Cabinet regardless of value. This Policy does not apply to Compulsory Purchase situations until an acquisition stage has been reached e.g.

- General vesting declaration
- Notice of Entry and Notice to Treat
- Agreed acquisition of title

12.5 At such stage the procedure set out in section 10 above shall apply with further administrative steps being taken as appropriate once the Notice to Treat crystallises as an acquisition of title.

12.6 Where Compulsory Purchase powers are used, the land owner or occupier is generally entitled to compensation.

13. Acquisition of land or property for service delivery and/or delivery of corporate aims

13.1 Land or property may be acquired for the purpose of service delivery in line with the scheme of delegation and paragraphs 7 to 11 above, subject to the following criteria:

i. Prior to any offer being made, Authority from Corporate Leadership Team (after considering any recommendations from Asset Management Group) confirming that the level of service delivery is required and/or the stated corporate aims need to be met.

ii. Prior to any offer being made, an option appraisal has been carried and reported to the Asset Management Group, the result of which identifies the requirement for the land or property for service delivery.

iii. The on-going revenue costs are contained within an approved budget which has been confirmed as appropriate by Financial Planning, or an appropriate additional budget is approved by Cabinet.

iv. Where acquisitions will result in an asset to be recognised on the Council's Balance Sheet; the purchase must be subject to the Council's Capital Programme approval process and a capital budget approved by the Cabinet or Council in accordance with the Financial Procedure Rules.

v. Advice on whether a leasehold or short tenancy should be included on the Balance Sheet must be obtained from Financial Planning

vi. VAT has been considered and Financial Planning has been consulted on the implications on VAT and that these are included in the option appraisal.

14. Strategic Acquisition for Future Development in line with Council priorities and Objectives

14.1 Land or property may be acquired for the purpose of future strategic development in line with Council priorities and objectives and in line with the scheme of delegation and paragraphs 7 to 11 above, subject to the following criteria:-

i. Prior to any offer being made, Authority from Corporate Leadership Team (after considering any recommendations from Asset Management Group) confirming that the acquisition meets the Council's strategic priorities and objectives

ii. Prior to any offer being made, an option appraisal has been carried and reported to Asset Management Group, the result of which identifies the land or property as suitable for current or future strategic development in line with Council priorities and objectives.

iii. The on-going revenue costs are identified as part of the review and contained within an approved budget which has been confirmed by the Head of Finance/S151 Officer or appropriate budget is approved by the Cabinet, in accordance with the Financial Procedure Rules.

iv. VAT has been considered and the Head of Finance/S151 Officer has been consulted on the implications on VAT and that these are included in the option appraisal.

15. Acquisition of land or property for investment purposes

15.1 Land or property may be acquired for the purpose of investment in line with the scheme of delegation, if meeting the criteria set out in section 2 above and subject to appropriate measures under sections 3, 4, 7 and 8, subject to the following criteria:

i. Net return of at least 5%

ii. Minimal tenant risk and/or strong covenants

iii. Modern properties in generally good condition on full repairing and insuring leases

iv. Location of property - prime location potentially anywhere in the UK.

v. Single let or multi let, but preference away from management intensive properties.

vi. The on-going revenue costs are contained within an approved budget which has been confirmed as appropriate by the Financial Planning or an appropriate budget is approved by Cabinet.

vii. Where acquisitions will result in an asset to be recognised on the Council's Balance Sheet; the purchase must be subject to the Council's Capital Programme approval process and a capital budget approved by the Cabinet or Council in accordance with the Financial Procedure Rules including any delegated authority.

viii. Advice on whether a leasehold or short tenancy should be included on the Balance Sheet must be obtained from the Financial Planning.

ix. VAT has been considered and Financial Planning has been consulted on the implications on VAT and that these are included in the Capital Appraisal Scheme and report for decision.

15.2 Prior to any offer being made, Authority from Corporate Leadership Team (after considering any recommendations from Asset Management Group) is required confirming that the acquisition meets the Council's investment purposes.

15.3 Prior to any offer being made, an option appraisal must have been carried out and reported to Asset Management Group, the result of which identifies the land or property as suitable for investment purposes in line with Council priorities and objectives

16. Adoption of Public Open Space

16.1 Some of the detailed requirements relating to the adoption of public open space may be set out in s106 agreements and should be considered by the three parties set out below prior to a report to Cabinet for approval. The adoption of land will also be reported to the next available Asset Management Group Meeting in the form of an update report.

16.2 The three parties will include Property and Asset Manager in the role of the Corporate Property Officer, Environmental Development Officer and an appropriate Planning Officer as required. The maintenance liability of each parcel of land must be considered in full before any adoption agreement will be agreed.

16.3 The Council will not adopt areas of Public Open Space unless;

i. A payment is made by the developer to cover at least 5 yrs of maintenance, calculated in accordance with the Council's Play Area Design Guidance Note (Supplementary Planning Document) in force at the time of transfer; or

ii. The Area is of interest to a charitable trust, which will maintain the land and to which the Council can transfer the ownership of the land; or

iii. It has proven impossible to negotiate an agreement between the developer and owners of houses on the estate and/or local Parish Councils and/or management companies to adopt the areas of Public Open Space.

16.4 It is intended that the developer will liaise with the Council before and during the adoption process to ensure that any agreed works are being carried out to the correct standards and specifications.

16.5 Boundary, hedges, fences, ditches and trees should be conveyed where appropriate with the adjoining development to reduce future maintenance costs. This would normally be dealt with in any s106 agreement

16.6 Any adopted land parcel will be registered by the legal department with the Land registry and the GIS database system updated with the relevant information.

17. Acquisition by gift or possessory title

17.1 If such an acquisition opportunity arises, it will be considered if meeting the criteria set out in section 2 above and subject to appropriate measures under sections 3, 4, 7 and 8.

18. Leases and Licences

18.1 Entering into a lease or licence agreement shall be considered in the same terms as any property acquisition the Council makes. Therefore reasons for the purchase, property searches, financial and risk appraisals, independent valuation, negotiations and Council approvals should all be identifiable stages. Clear ownership of responsibilities will require agreement prior to assignment of a lease in terms of Health and Safety, maintenance requirements etc

19. Financial and other criteria for acquisitions

19.1 The Council needs to take a strategic approach to land and property acquisitions. The requirement to invest in land and property for any of the purposes identified in 12 - 14 should be identified as part of the Council's procedures for developing its Medium Term Financial Strategy, HRA Business Plan, Asset Management Strategy, Capital Programme, Corporate Plan and Service Delivery Plans.

19.2 Service Managers will be required to take a medium to long term view when planning delivery of their services and will need to identify any requirement to acquire land and property or any opportunities to dispose of surplus assets in order that planning these changes can be incorporated in the Council's service and financial planning processes.

20. Money Laundering

20.1 All transactions should be carried out in accordance with the Council's Anti-Money Laundering Policy.

20.2 All cash transactions must be within the limits set out in the Anti-Money Laundering Policy.

20.3 Legal Services must make checks for all vendors and ensure that vendors' solicitors have an up-to-date Anti-Money Laundering Policy and that they are registered with the Law Society.

21. Internal and External Audit

21.1 Audit trails of all acquisitions will need to be maintained and accessible by the Council's Internal Audit function and External Audit to verify actions/values and how the authority made the decision to acquire. Any appointment of a third party consultant must reserve the right of access to their records in relation to the transaction.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**TENANT HOME CONTENTS INSURANCE**
Key Decision	a) Financial Yes b) Community No
Contacts	Councillor Roger Bayliss 01530 411055 roger.bayliss@nwleicestershire.gov.uk Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk Director of Housing 01530 454819 glyn.jones@nwleicestershire.gov.uk
Purpose of report	To seek authority to award the contract for Tenant Home Contents Insurance from a Framework Agreement run by Northern Housing Consortium
Reason for Decision	Value of the contract exceeds thresholds in the scheme of delegation
Council Priorities	Value for Money
Implications:	
Financial/Staff	Financial implications contained within existing budgets, no staffing impact
Link to relevant CAT	Not applicable
Risk Management	The new contract will be procured in compliance with procurement law from a Framework Agreement
Equalities Impact Screening	Not applicable
Human Rights	None identified
Transformational Government	The approach to securing this service represents procurement best practice

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	Performance and Finance Working Group Tenants Home Contents Insurance Task & Finish Group
Background papers	None
Recommendations	**THAT CABINET DELEGATES AUTHORITY TO THE DIRECTOR OF HOUSING TO AWARD AND SIGN THE CONTRACT FOR TENANTS' HOME CONTENTS INSURANCE VIA THE NORTHERN HOUSING CONSORTIUM FRAMEWORK AGREEMENT**

1.0 CURRENT POSITION

1.1 The current five year contract for Council tenant's home contents insurance with Thistle Tenant Risks expires on 5 April 2015.

1.2 Currently 636 Council tenants of North West Leicestershire District Council (NWLDC) insure their contents using the scheme which is open to every tenant. 60% of the tenants opt for the standard cover and 40% pay an additional premium for accidental damage cover.

1.3 NWLDC collect the insurance premiums (which are added to tenants' rent) and act as first point of contact for any queries with the insurance cover or for any claims. For this service NWLDC currently retains 10% of the premium collected.

1.4 It should be noted that there is no guarantee with regards to income collection from premiums. However, there is also no financial obligation on the Council under this contract.

1.5 To ensure that tenants were involved during consultation, a specific task and finish group was established. The proposals were also discussed and agreed by the Tenants Performance and Finance Working Group on 4 December 2014.

2.0 COST COMPARISON / VALUE FOR MONEY

2.1 The tenants contents insurance scheme offered by Northern Housing Consortium (NHC) via their Framework Agreement has advantages in that it has been procured in compliance with procurement law and is available for us to access. It also delivers significant cost savings in terms of officers' time, which would otherwise be spent on preparing for and conducting the procurement.

2.2 This sole supplier framework offered by NHC is accessed by over 80 of their members providing insurance to over 70,000 tenants. It offers competitive rates based on portfolio pricing

2.3 The insurance scheme is managed by Marsh Ltd on behalf of RSA. Marsh Ltd is appointed to more than 320 social housing providers for tenants contents and right to buy schemes.

2.4 The premiums offered by Marsh Ltd for standard cover insurance average 12% lower than those currently being paid for the same value of cover via Thistle Tenant Risks. The entire savings will be passed directly onto the tenants.

2.5 The weekly premium for additional or accidental cover will increase under the new contract, but in negotiation it has been agreed that increases will be staggered equally over a 2 year period. This means that for a tenant with £10,000 of accidental damage cover, the premium will rise by £10.50 per annum or 21p per week.

2.6 A comparison of the premiums on offer by Marsh compared to those offered by neighbouring authorities of South Derbyshire and Charnwood Borough Councils confirm the excellent rates on offer for standard cover.

2.7 For comparison purposes the average insurance with Accidental Damage for a 3 bed property in the district (DE12 postcode) that could be sourced via 'Go Compare' website for £10k of cover was £3.40 per week. Marsh will charge £2.34 per week.

Standard Cover Weekly Charge

Sum Insured	NWLDC Marsh (potential)	NWLDC Thistle (current)	Charnwood	South Derbyshire
6,000	43p	48p	55p	55p
8,000	57p	64p	73p	74p
10,000	72p	80p	91p	92p
12,000	86p	95p	109p	110p
15,000	107p	119p	137p	138p
20,000	143p	159p	182p	184p
25,000	179p	199p	228p	230p

2.8 For a tenant with £10,000 of contents insurance the annual premium would fall by £4.00 per annum on standard cover. By offering the most competitive rate on standard cover, this is more likely to encourage tenants with limited incomes to take out insurance, perhaps for the first time or where it is a marginal decision.

2.9 There are no financial obligations on the Council as the insurance provider receives its income from the tenants. As with the current scheme, tenants will pay their insurance premiums with their rent and the Council will forward the premiums on a quarterly basis retaining an administration fee equal to 7% of the premiums collected, in the region of £2,400 per annum.

3.0 AUTHORITY TO AWARD

3.1 Considering the current take up by tenants, the value of the contract for the insurer is estimated to be £34,000 per annum. Therefore over the full 4 year term, the value of the contract is estimated to be £136,000, which is both a key decision and in excess of the delegated authority in the Council's Scheme of Delegation.

3.2 It is proposed the new contract is awarded for a period of up to 4 years on the basis of 2+1+1 as there is little advantage in committing to a longer term at the outset as the premiums are fixed as part of the Framework Agreement.

4.0 RECOMMENDATION

4.1 It is recommended that Cabinet delegate authority to the Director of Housing to award the contract for tenants' home contents insurance using the NHC Framework Agreement, to Marsh Ltd (acting on behalf of RSA) for up to 4 (2+1+1) years from April 2015.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 10 FEBRUARY 2015

Title of report	**MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY**
Key Decision	a) Financial No b) Community No
Contacts	Councillor Alison Smith MBE 01530 835668 alison.smith@nwleicestershire.gov.uk Director of Services 01530 454555 steve.bambrick@nwleicestershire.gov.uk Head of Community Services 01530 454832 john.richardson@nwleicestershire.gov.uk
Purpose of report	To consider the recommendations made by the Coalville Special Expenses Working Party.
Reason for Decision	To progress Coalville Special Expenses projects and programmes.
Council Priorities	Value for Money
Implications:	
Financial/Staff	As set out within the budget.
Link to relevant CAT	None.
Risk Management	N/A
Equalities Impact Screening	None discernible.
Human Rights	None.
Transformational Government	None.
Comments of Head of Paid Service	Report is satisfactory

Comments of Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	Members of the Coalville Special Expenses Working Party
Background papers	Agenda and associated documents of the meeting held on 16 December 2014;
Recommendations	**TO NOTE THE MINUTES OF THE COALVILLE SPECIAL EXPENSES WORKING PARTY 16 DECEMBER 2014 AND APPROVE THE RECOMMENDATION AS SUMMARISED AT 3.0**

1.0 INTRODUCTION

1.1 The Coalville Special Expenses Working Party meets quarterly to consider financial issues which affect the special expenses area. As the group reports directly to Cabinet, all recommendations made will be sent to the first available Cabinet meeting after the group have met for final approval.

2.0 TERMS OF REFERENCE

2.1 To consider budget and financial issues which either solely or predominantly affect the special expenses area alone and to make recommendations back to Cabinet.

2.2 To consider possible project options regarding the allocation of surplus reserves which have been examined by the relevant budget officers and to make recommendations to Cabinet.

3.0 RECOMMENDATIONS FROM MEETING ON 16 DECEMBER 2014

3.1 The Working Party recommend to Cabinet that the initial one-off works to shrubbery on Phoenix Green, Bardon Road and Ashby Road in Coalville be undertaken. The total cost of the improvement works is £2,114 with 50% funded from the District Councils Highway Area Improvement Fund and 50% from Coalville Special Expense balances. It is anticipated that these works will be completed by the end of February 2015.

APPENDIX 1

MINUTES of a meeting of the COALVILLE SPECIAL EXPENSES WORKING PARTY held in the Board Room, Council Offices, Coalville on TUESDAY, 16 DECEMBER 2014

Present: Councillor R Johnson (Chairman)

Councillors J Geary, R Adams, N Clarke and J Legrys

Officers: Mr L Brewster, Mr G Lewis and Mr J Richardson

17. APOLOGIES FOR ABSENCE

Apologies were received from Councillor L Spence and Councillor M B Wyatt.

18. DECLARATIONS OF INTEREST

Councillor J Legrys declared a disclosable non pecuniary interest in Item 5 – Events Update due to his involvement with Hermitage FM.

Councillors J Geary and R Johnson declared a disclosable non pecuniary interest in Item 4 – Capital Projects Update, as regular supporters of Coalville Town FC.

19. MINUTES OF THE PREVIOUS MEETING

Consideration was given to the minutes of the meeting held on 20 October 2014.

Councillor R Johnson stated that he had voiced his approval of Councillor M B Wyatt's proposal to hold a Proms in the Park event and asked that the minutes be amended to reflect this.

Councillor J Geary queried whether the long term lease between the Council and Coalville Town FC had now been finalised. The Head of Community Services confirmed that the lease had been agreed but had not been signed off yet as the club had indicated that they intended to set up as a Company Limited by Shares. Consequently, officers were awaiting confirmation from the Football Stadia Improvement Fund (FSIF) and the Football Association (FA) that this governance structure would be suitable for the club and would not impact on their ability to source funding for the changing room project.

Councillor J Geary enquired whether long distance runner and local resident Gemma Steel had been approached to switch on the Christmas Lights as he had requested. The Cultural Services Team Manager stated that she had not been approached as Kieran and Sarah from Britain's Got Talent had already been engaged.

The Head of Community Services restated that he would be looking further at Councillor M B Wyatt's suggestion at the last meeting to raise funds for the shrubbery works through advertising. Furthermore, he confirmed that larger litter bins had now been installed on Long Lane following the relocation of the Subway store from the Town Centre.

Councillor N Clarke asked whether the vandal resistant litter bins at Cropston Drive had been installed yet. The Head of Community Services confirmed that they had been.

RESOLVED THAT:

Subject to the above amendment, the minutes of the meeting held on 20 October 2014 be approved.

20. CAPITAL PROJECTS UPDATE

The Head of Community Services presented the report to Members.

He provided the Working Party with an update on each of the ongoing projects.

Coalville Park Improvements

It was stated that Members of the Working Party had conducted a site visit to Coalville Park to view the proposed site of the Peace Garden. The area was confirmed as being suitable and further suggestions had been made regarding its design. Officers would now liaise with other key stakeholders, such as the Royal British Legion, before the designs and costings are finalised. Further consultation will then take place with Members before work commenced in the spring.

Owen Street Recreation Ground

It was confirmed that, despite having visited the site in August, Edmondsons Electrical had still not provided proposals and costs for the electricity upgrade. Consequently, a further company, Durasport, had been engaged to supply proposals and quotes. It was also confirmed that there was currently no allocated resource to undertake the works at present.

The football club had commenced the procurement process for the new pavilion. In line with the requirements of the FSIF and as requested by the Working Party, specifications of work had been sent to three contractors. Consequently, a preferred contractor had now been identified.

It was stated that £115,000 had been committed to the project by the Council, with the remaining amount to be funded by the football club itself. A financial agreement was being developed by Legal Services that would clearly set out the Council's expectations and requirement to the football club. This would also financially protect the Council so far as is reasonably practicable.

Once signed, the long term lease would mean that the Management Committee for the pavilion would be disbanded, due to the fact that the football club would take full responsibility for the asset. The club would then be able to implement any governance structure that it felt was appropriate. However, the club had advised that they would like to continue to have Member representation as part of their new structure. As such, officers had requested that the football club put this in writing so that Members could be appropriately allocated to this body on an annual basis.

Thringstone Miners Social Centre

A meeting of the trustees of the social centre had taken place on 4 December where the application process to obtain approval for both a footpath diversion and a planning application for the conversion to a training pitch of the former play area at Clover Place had been commenced. As previously agreed by the Working Party, the costs of these applications would be funded by the outstanding £4,913 allocated to the project. The total cost of the project would be in the region of £45,000 to £50,000. It was hoped that external funding would be found for the project, however, it was thought unlikely that this would be made available without the relevant planning permissions being in place.

Cropston Drive BMX Track and Wheeled Sports Facility

Following the completion of the BMX track, the area had been tidied and more regular patrols were being undertaken by the Parks Warden team to ensure that standards are maintained. A fire retardant bin had been installed and grass seeding of bare areas would be undertaken in the spring.

It was confirmed that approval had been given to undertake work to the hedge line and that officers were now formulating designs to further improve the area. This would include improved fencing at the entrance and by the football pitches, shrub removal, hedge height reduction, additional tree planting, resurfacing of the hard standing area and removal of part of the hedge line. It was stated that costings for this work would be finalised in the New Year and that a site visit for Ward Members would be arranged in due course.

Urban Forest Park

Footpath and drainage improvement proposals had been designed and were approved by Members at the last meeting of the Working Party. Furthermore, the gas monitoring contractors had confirmed that the nature and type of work would not have any detrimental impact on gas emissions at the site. Water sampling had been undertaken and, following recommendations from the contractor, an additional sample of water and soil had been taken for further analysis. The results of these samples were expected to be received imminently and Members would be advised of any issues and measures required to mitigate against them prior to any work commencing.

Scotland Playing Fields

A potential location had been identified for the relocation of the Multi-Use Games Area (MUGA) at Lillehammer Drive which local residents had been consulted on. Planning consent had been given for the change in use to the area where the MUGA was presently situated and Legal Services were liaising with Barratt Homes to agree a variation to the Section 106 agreement. Further consultation with local residents will take place in due course and any feedback received as a result would be relayed to Members.

Councillor J Legrys asked whether planning permission would be required in order to install the MUGA at the new site at Scotlands Playing Fields. The Head of Community Services stated that he did not think that this would be required as the area was already designated as recreational ground.

Draft 2015/2016 Capital/Revenue Projects

Shrubbery Works

A funding application had been submitted to the Council's Environmental Improvement Grant scheme to undertake one-off works in order to improve the shrubbery at Phoenix Green, Bardon Road and Ashby Road. The total cost of the works would be £2,114, of which half would be funded if the bid is successful. The County Council, who currently carry out the ongoing maintenance, had confirmed that they had no objections to the work being undertaken.

It was confirmed that it may be possible for the District Council, with the agreement of the County Council, to take over responsibility for the ongoing maintenance of these areas and that doing so would cost approximately £13,500 per annum. Alternatively, it was suggested that the District Council could undertake works in addition to those conducted by the County Council. It was stated that the cost of two additional visits per annum by the District Council would be £4,000.

Councillor J Legrys asked whether the District Council conducting extra visits would lead to the County Council visiting more infrequently or not at all. The Head of Community Services stated that such work was a statutory obligation of the County Council.

Councillor N Clarke asked how the shared approach would be coordinated between the two councils. The Head of Community Services responded that contact had already been established with the County Council on this issue and would continue both face to face and via email.

Urban Grass Cutting

It was confirmed that the County Council had now withdrawn its offer for the District Council to undertake the mowing of grass verges on its behalf.

Councillor R Johnson enquired why the offer had been withdrawn. The Head of Community Services explained that not all District Councils in Leicestershire had taken up the offer and that, as such, there would be residual costs to the County Council which would mean that the desired savings could not be realised.

Councillor N Clarke asked whether there was any means of pursuing this further. The Head of Community Services confirmed that this would not be possible as grass cutting was the County Council's statutory function so could not be challenged.

Warden Presence

It was anticipated that usage levels at both Cropston Drive and Scotlands Playing Fields would continue to increase as the planned improvements to both areas were made. In order to address the associated issues of litter, security and potential anti-social behaviour, officers were developing proposals to increase warden hours in the areas affected.

RESOLVED THAT:

the Working Party notes the report.

21. EVENTS UPDATE

The Cultural Services Team Manager presented the report to Members.

He provided Members with an update on each event.

Coalville Food and Drink Festival and Christmas Lights Switch-On

The Council's Christmas event took place on 22 November and was combined with the Town Team's Food and Drink Festival for the first time. Highlights of the event included a world record attempt, a Santa's Grotto with real life reindeer and a performance from Britain's Got Talent stars Kieran and Sarah. It was estimated that around 3,000 people had attended the switch-on and firework finale. It was stated that feedback from social media on the event had been positive and that the Town Team had felt that both events complimented each other perfectly.

Councillor N Clarke thanked officers for having organised a fantastic event. He stated that the Christmas lights in Coalville were as good as anywhere in Leicestershire.

Councillor J Legrys also thanked the Cultural Services Team for their hard work. However, he stated that he had spoken to traders on the High Street who had suggested that they had seen no increase in footfall on the day. As such, he suggested that, next year, activities should take place to encourage activity specifically in that area.

Councillor J Geary agreed that it had been a great event and stated that the fireworks had been particularly impressive. He stated that his only concern was that fireworks were around half an hour late in being set off and that, consequently, a fair number of people had left to go home. He stated that he had also spoken to traders in the town centre who had reported that the Christmas event and the free parking had failed to increase footfall.

Councillor J Legrys stated that he had been approached by individuals who had not realised that there was free parking and had put money in the parking meters. The Head of Community Services stated that all parking meters had had the coin slots covered each Saturday morning during the period of free parking.

Councillor R Adams enquired whether there had been any complaints regarding the fireworks this year. The Cultural Services Team Manager stated that there had been a couple of complaints regarding the noise. It was also noted that residents in the locality of Coalville Park were informed of the fireworks display by letter.

Councillor J Geary commented that the removal of the 20 pence tariff at car parks had deterred many individuals from visiting the town centre, particularly if they only required one or two items.

The Head of Community Services relayed to the Working Party an email that he had received from Councillor M B Wyatt regarding the Christmas event. He stated that Councillor M B Wyatt had received feedback from traders saying that the lights switch-on and the food and drink festival should revert to being held separately.

It was stated that Councillor M B Wyatt had asked residents, via social media, what their views were regarding the location of the event and that the vast majority who had responded to him were in favour of the event being held at the Clock Tower with the High Street closed for stalls.

Councillor J Legrys stated that the cost of closing the High Street and Memorial Square area would be extremely prohibitive. He stated that the costs involved would make such an approach unviable unless either local traders were willing to cover the cost or the Council Tax precept was raised.

Councillor N Clarke stated that the debate regarding the location of the Christmas event took place every year. He stated that the suggestion that the event be held at Memorial Square appeared to be logistically unfeasible and that the public should be made aware of the prohibitive costs.

Coalville Christmas Decorations

The annual Christmas lights contract for 2014/2015 was £12,500 which included testing, minor repairs, energy consumption, storage and the erection and removals of the lights. An additional £2,500 is required from balances in 2014/2015 in order to remove the festoon lighting from the trees in the High Street as they had been in situ for a number of years.

It was confirmed that the current contract ends in March 2015 and that the Council would be undertaking a procurement process for the work going forward. A budget of £15,500 had been included to reflect any potential increased costs that resulted from the procurement process.

RESOLVED THAT:

the Working Party notes the report.

22. PERIOD 7 ACTUAL AND 2014/15 FORECAST OUT TURN

The Head of Community Services presented the report to Members.

It was stated that the period seven position projected an under spending, with a contribution to balances of approximately £6,560 leading to an end of year projection of balances of £87,632.

It was confirmed that the 2015/2016 revenue budgets were being drafted and that several items were being considered and costed for potential inclusion. These included either ongoing or adhoc maintenance of County Council verges, shrubs and bushes, as well as an increased warden presence for Lillehammer Drive play area, Scotlands Recreation Ground and Cropston Drive Play Area. It was further stated that there was likely to be scope for further projects where desired.

Councillor J Legrys stated that money should be allocated from the balances to fund the top up maintenance work to the shrubbery on Phoenix Green, Bardon Road and Ashby Road.

It was confirmed that, following the last meeting of the Working Party, Cabinet had agreed to several commitments from balances, including the Peace Garden in Coalville Park, laser lights for the Christmas lights switch-on, neon signage for Coalville Market and a Proms in the Park event.

It was proposed by Councillor J Legrys, seconded by Councillor R Adams and

RECOMMENDED THAT:

the one-off works to shrubbery on Phoenix Green, Bardon Road and Ashby Road be funded from balances.

23. DATES OF FUTURE MEETINGS

Members noted the dates of the future meetings.

The next meeting will be on Tuesday, 21 April 2015 at 6.30pm in the Board Room.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 7.28 pm

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