

SUMMONS TO ATTEND A MEETING OF THE
NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

Time/Date 6.30 pm on TUESDAY, 23 FEBRUARY 2016
Location Council Chamber, Council Offices, Coalville
Officer to contact Democratic Services (01530 454512)

Christine E. Fisher

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Chief Executive

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

| Item | Pages |
|---|--------------|
| PRAYERS | |
| 1. APOLOGIES FOR ABSENCE | |
| 2. DECLARATION OF INTERESTS | |
| Members are reminded that any declaration of interest should be made having regard to the code of conduct. In particular, members must make clear the nature of the interest and whether it is 'pecuniary' or 'non pecuniary'. | |
| 3. CHAIRMAN'S ANNOUNCEMENTS | |
| 4. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS | |
| Members are reminded that under paragraph 11.1 of part 4 of the Constitution, questions can be asked of the Leader and Cabinet Members without notice about any matter contained in any address. Questions shall be limited to five minutes in total for each announcement. | |



| Item | Pages |
|---|------------------|
| 5. QUESTION AND ANSWER SESSION | |
| To receive questions from members of the public under procedure rule no.10. The procedure rule provides that members of the public may ask members of the Cabinet any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services. | |
| 6. QUESTIONS FROM COUNCILLORS | |
| To receive members' questions under procedure rule no.11. The procedure rule provides that any member may ask the chairman of a board or group any question on any matter in relation to which the Council has powers or duties which affect the District, provided that three clear days' notice in writing has been given to the Head of Legal and Support Services. | |
| 7. MOTIONS | |
| To consider any motions on notice under procedure rule no. 12. | |
| 8. PETITIONS | |
| To receive petitions in accordance with the Council's Petition Scheme. | |
| 9. MINUTES | |
| To confirm the minutes of the meeting of the Council held on 17 November 2015. | 3 - 18 |
| 10. BUDGET AND COUNCIL TAX 2016/17 | |
| Report of the Interim Director of Resources Presented by the Corporate Portfolio Holder | 19 - 82 |
| 11. THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17 AND PRUDENTIAL INDICATORS 2016/17 TO 2018/19 | |
| Report of the Interim Director of Resources Presented by the Corporate Portfolio Holder | 83 - 114 |
| 12. ALLOCATION OF SEATS ON COMMITTEES (POLITICAL BALANCE) | |
| Report of the Head of Legal and Support Services Presented by the Corporate Portfolio Holder | 115 - 116 |

MINUTES of a meeting of the COUNCIL held in the Council Chamber, Council Offices, Coalville on TUESDAY, 17 NOVEMBER 2015

Present: Councillor J Bridges (Chairman)

Councillors R Adams, R Ashman, R D Bayliss, R Blunt, R Boam, R Canny, J Clarke, N Clarke, J Cotterill, J G Coxon, D Everitt, T Eynon, F Fenning, S Gillard, T Gillard, L Goacher, D Harrison, G Hault, J Hault, R Johnson, G Jones, J Legrys, S McKendrick, K Merrie MBE, T Neilson, T J Pendleton, P Purver, V Richichi, N J Rushton, A C Saffell, A V Smith MBE, M Specht and M B Wyatt

Officers: Mr S Bambrick, Mr S Barrett, Mr R Bowmer, Ms C E Fisher, Mr G Jones, Mrs M Meredith, Mrs M Phillips and Miss E Warhurst

40. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors G A Allman, J Geary, N Smith and D J Stevenson.

Councillor R Johnson advised that Councillor T Eynon was a doctor on call and would be leaving the meeting at 7.00pm.

Councillor R Johnson expressed displeasure at the change of date of the Council meeting as councillors planed their holidays our holidays around full Council.

Councillor J Legrys understood that Councillors D J Stevenson and G A Allman were unwell. He expressed best wishes for a fast recovery and requested that a letter be sent to them on behalf of the Council.

41. DECLARATION OF INTERESTS

The Chairman explained that the Director of Housing had advised that he had an interest in item 14 – Senior Management Structure, and therefore he would leave the room when it was considered.

Councillors J G Coxon, N J Rushton and M B Wyatt declared a personal interest in item 7 – Motions, as members of the Leicestershire Combined Fire Authority.

42. CHAIRMAN'S ANNOUNCEMENTS

The Chairman made the following announcements:

The Chairman made reference to the numerous events attended by himself and the Deputy Chairman. He advised that there were still some tickets available for his charity event on 10 December.

The Chairman alluded to the series of terrorist attacks which took place on Friday, 13 November in Paris, France, which claimed at least 129 lives and resulted in widespread casualties. In remembrance of those who lost their lives, and as a mark of respect and expression of solidarity, he invited members to join him in observing a minute's silence.

The Chairman referred to the current reports in the media concerning the missing teenager, Kayleigh Haywood. He stated that the Council was working very closely with the police and other partners to assist with the investigation. He advised that any information that could assist the police with their enquiries should be directed immediately to the Leicestershire Police incident hotline.

The Chairman welcomed Steve Barrett, who had recently joined the Council as the interim Director of Resources. He hoped that all members would support the Director of Resources in his role.

43. LEADER'S AND PORTFOLIO HOLDERS' ANNOUNCEMENTS

Councillor R Blunt updated members on the amendments made to the portfolio areas of Councillor T J Pendleton and Councillor A V Smith as outlined in the additional papers. He advised that Councillor T J Pendleton would continue to lead on community safety, including CCTV, and Councillor A V Smith would lead on community engagement.

Councillor R Blunt gave an update on the Coalville project which was being led by the Chief Executive. He advised that work was underway on building confidence and meetings with key partners and members would be taking place next month. He hoped that members would continue to support the Coalville project.

Councillor R Blunt referred to the continuing investment from the local growth fund, which had recently provided a new tree top course at Conkers.

Councillor R Blunt referred to the event last Wednesday which saw the raising of the union flag on Stenson Square for the first time. He thanked Councillor M B Wyatt and the members of the Coalville Special Expenses Working Party for supporting the idea of installing a new flagpole, and the Head of Community Services for completing the project quickly.

Councillor A V Smith made reference to the free tree scheme, which had exceeded expectations this year with 18,000 trees having been ordered by residents and community groups. She advised that the scheme would see the planting of native trees and hedgerows, and was funded by the National Forest company and the District Council. She reported that this year was the most successful to date, which was testimony to the work undertaken. She advised that trees would be available this Sunday and she looked forward to the district becoming greener.

Councillor R D Bayliss gave an update on the position in respect of building new council houses. He reminded members that 9 years ago, the District Council had a poor, no star housing service with uncertain prospects. He added that we had now achieved 100% decency in homes with a 30 year plan to ensure they remained decent. He thanked the Head of Housing and the officers who had made that possible. He advised that the service was now in a position to embark upon a modest programme of building new housing. He outlined the three sites which had been identified and selected to reflect current demand from home seekers. He commented that this project would not only provide rented houses, of the type for which there was demand from tenants, but it would also regenerate run down sties, demonstrating the Council's confidence in the future, and showing the commitment to the Coalville project. He added that this would be something that had not been undertaken for a generation and he was very proud to be in a position to announce the new plans. He advised that the new builds would be financed from the Council's own resources and would incur no new borrowing.

Councillor R Adams welcomed the news in respect of new build homes. He asked Councillor R D Bayliss if he could confirm whether it would be legitimate to impose an age restriction on the prospective tenants of these new properties.

Councillor R D Bayliss advised that at present there was no intention to place an age restriction on prospective tenants of the new properties.

Councillor S McKendrick welcomed the new build homes and expressed full support for additional housing across the district.

44. QUESTION AND ANSWER SESSION

There were no questions received.

45. QUESTIONS FROM COUNCILLORS

Councillor R Johnson put the following question to Councillor T J Pendleton:

“Because of recent allegations by some members of this authority that there could be political bias in the way planning applications are decided, do you consider it would in any way be beneficial with a recorded vote on all applications brought to the Planning Committee?”

Councillor T J Pendleton gave the following response:

“Planning applications are determined on their individual merits and I am not aware of any evidence to the contrary in any recent decisions made by this Council. If any Councillor does have evidence to the contrary then they should bring it to the attention of the Director and of course it will be properly investigated.

The legislation does not require any particular form of voting and it is open for the Council to specify the voting process in its procedure rules.

The current procedure rules reflect the norm as follows;

‘Unless a recorded vote is demanded the Chairman will take the vote by a show of hands, or if there is no dissent, by the affirmation of the meeting’.

I see no reason why the Council should alter this procedure rule which clearly provides the option of recorded votes should a member of the committee choose to request it.”

Councillor R Johnson made reference to political leaflets distributed in the run up to the elections and the subsequent applications which had been permitted. As a supplementary question, he asked Councillor T J Pendleton whether he felt this demonstrated political bias.

Councillor T J Pendleton responded that he did not feel that this demonstrated any bias, however he advised Councillor R Johnson to take the appropriate recourse if he felt he had evidence to suggest this.

Councillor R Johnson commented that the evidence was there and a recorded vote should be required for all planning applications.

Councillor J Clarke put the following question to Councillor T J Pendleton:

“What is the legal position for the Council with regard to providing sites for the travelling community?”

Councillor T J Pendleton gave the following response:

“Section 225 of the Housing Act 2004 requires that every local housing authority must, when undertaking a review of housing needs in their district under section 8 of the Housing Act 1985, carry out an assessment of the accommodation needs of Gypsies and Travellers residing in or resorting to their district.

The National Planning Policy Framework (NPPF) (March 2012) requires local planning authorities to assess and meet the housing need of its communities, including gypsies, travellers and travelling showpeople.

This is developed further in ‘Planning Policy for Traveller Sites’ issued by DCLG in August 2015. This states that “Local planning authorities should set pitch targets for gypsies and

travellers [as defined in Annex 1] and plot targets for travelling showpeople [as defined in Annex 1] which address their permanent and transit site accommodation needs of travellers in their area , working collaboratively with neighbouring local planning authorities”.

It goes on to require that as part of their Local Plans local planning authorities should “identify and update annually, a supply of specific deliverable sites sufficient to provide 5 years’ worth of sites against their locally set targets”.

Councillor J Clarke declined to ask a supplementary question.

Councillor T Eynon put the following question to Councillor N J Rushton:

“At the end of October Individual Electoral Registration stood at 82% of households in the District.

How can this Council achieve its target of 95% registration by the deadline for the Boundary Commission review, where are the challenges and how can Councillors help?”

Councillor N J Rushton gave the following response:

“This year, as with previous years, the Council will comply with its statutory duties and best practice in the production of the electoral register. As such, we have sent a Household Enquiry Form, and where necessary a first and second reminder form, to every property in the District in order to ensure that we are aware of every resident that is eligible to be included on the register. Furthermore, we are currently in the process of undertaking a doorstep visit to each non-responding property. We are required to visit each household once, however, we have instructed our canvassers to make at least two visits in order to maximise response levels. We have also undertaken additional telephone canvassing where possible in order to ascertain who is eligible to be registered. As a consequence of this work, we have continually reached our target response rate in previous years and our current response rate this year exceeds that of other authorities in Leicestershire.

The challenges that we face in our District are in line with those seen nationally. Fundamentally, home movement is the most important factor that detracts from the completeness of the register. As such, the challenge that we face is in ensuring that the demographics that are associated with home movement such as young people, private renters, recent home movers and European Union citizens register themselves accordingly. It is for this reason that, in addition to our statutory duties, we also liaise directly with several external partners to maximise registration amongst these hard to reach groups. For example, we have forged links with residential care homes and site offices at new housing developments.

We would encourage every Member to take an interest in the electoral register for the area that they represent and to promote registration amongst their constituents. We are already working with some Members in providing them with resources such as registration forms and posters and would be keen to work with other Members in promoting registration in their Wards.

At the time of printing these papers the response rate was at 89%, and work will continue as we endeavour to achieve the target of 95% by 1 December 2015”.

Councillor T Eynon thanked Councillor N J Rushton and the officers for a very comprehensive reply and she commented that she was extremely pleased to see the improvement in the return rate which was testament to the work of the Democratic Services team. She stated that home movement was an important factor and advised that

while she was out delivering posters and engaging with letting agents, one offered to write a clause into his contract with lessees to encourage registration. As a supplementary question, she asked if there was something the Council could be doing to encourage such behaviour.

Councillor N J Rushton responded that he was unable to answer at present but would provide a written response to Councillor T Eynon.

Councillor R Adams put the following question to Councillor A V Smith:

“Collections currently stored at the Snibston Discovery Centre hold great heritage value and help tell the story of the area's history. Some artefacts are already earmarked for return to the area's from where they originate.

It's essential that we now secure those collections and artefacts that have a significant heritage value to North West Leicestershire: The Palitoy collection, the Whitwick Hearse, the Belmont Butty boat and the Fish and Chip collection to mention a few from the extensive list of collections.

Given the significant heritage importance to local people, what support will the council provide to ensure the local collections are retained within the district for the benefit of future generations of residents and visitors?”

Councillor A V Smith gave the following response:

“Thank you for your timely question, with the legal challenges concluded, now is the time to look to the future of the collection and the site.

In reply to your question the County Council were asked to outline their approach to the relocation of the collections and their response is as follows:

“The items mentioned in the question are all accessioned as part of the Leicestershire County Council Museum Service Collections. This means that as an accredited museum service, the County Council has responsibility for the long term care and preservation of those collections, which it holds in trust for the people of Leicestershire.

Following the closure of Snibston Museum, the County Council has been clear that it intends to uphold its responsibilities in relation to the collections formerly displayed there. The County Council has said that it will continue to respond positively to approaches from accredited museums and other appropriate organisations who wish to loan items from the Leicestershire collections, in order to make them accessible to the public through display or exhibition.”

From this council's point of view we will reaffirm our interest in supporting the County's approach to Snibston including its collection and wherever possible we will encourage local organisations and accredited museums to engage with the County regarding items of local interest. I will be writing to the County Council to reaffirm our position on this matter and I hope I have cross party support to do so”.

Councillor R Adams commented that it was encouraging to hear that there was a commitment to preserving artefacts, however it would be better to ensure that they remained in the area. As a supplementary question, he asked if the Leader would commit funding in the budget to make sure that this happened.

Councillor A V Smith responded that at the present time she was not in a position to make any commitments, as Leicestershire County Council's plans were currently unknown.

Councillor J Legrys put the following question to Councillor T J Pendleton:

“As Shadow Planning Lead, I have regular briefings with the Director of Services. I understand that the Portfolio Holder is considering a review of this Council’s Planning Committee process.

Will the Portfolio Holder consider a short all-Member ‘Task and Finish’ Group with the remit of examining exemplars of best practice in other Planning Authorities and the aim of producing for Members, the public and objectors an accessible, open and transparent explanation of the planning process?”

Councillor T J Pendleton gave the following response:

“I can assure the Council that I take my responsibilities as Cabinet Member for planning and regeneration extremely seriously, and work tirelessly with officers and others to improve the services that I am responsible for delivering.

The Planning department, according to its measurable indicators such as determining applications on time, continues to get better, and I am pleased to say it continues to meet all of its targets. It is right however, that I and officers now focus on improving how we deliver this high performing service to make it more transparent, predictable and accessible.

As well as meeting all of our targets for determining planning applications on time, I am proud to say that customer satisfaction is also consistently high at 90%. This is especially good when you take into account that some people have their applications turned down. All of this has been achieved by hard work and dedication, and also of course focus.

I am not proposing a review of the committee process but like all aspects of the Council’s services I am always looking for ways in which we can improve and in doing so will of course take on board good practice from elsewhere, which may involve visits to examine how others operate. However I see no reason why we would establish a formal task and finish group when that examination can be achieved through more informal routes.

I re-iterate however that going forward, openness, predictability of outcome, and ease of access by the public are non-negotiable requirements for this Council’s Planning Committee”.

Councillor J Legrys thanked Councillor T J Pendleton for his comprehensive and frank reply. As a supplementary question, he asked whether it was worthwhile having elected members on the Planning Committee at all and whether it was worthwhile consulting anybody outside of the ruling political group.

Councillor T J Pendleton responded that he always appreciated taking into account all views in the spirit of openness and he felt that having a Planning Committee which reflected all views was imperative. He added that he would continue to look at sound exemplars elsewhere.

Councillor D Everitt put the following question to Councillor A V Smith

“From time to time, sadly people die without leaving any funds whatsoever, and no relatives or friends are able to help. It is not generally known that when this happens it falls on the council to arrange funeral and burial arrangements. Will the Portfolio Holder please state how many times the council has carried out these duties in the last five years giving figures for each year. Can she also tell us something about how this important service is provided”.

Councillor A V Smith gave the following response:

“The Council has a duty under the Public Health Act 1984 to make arrangements for the burial or cremation of any deceased residents on the following grounds;

- if the deceased have no remaining family
- If their family cannot be traced (the Council is required to make reasonable enquiries to trace relatives)
- if their family do not have the financial means to provide for a funeral

Where no relatives are found or if they do not have any financial means to pay for the funeral the Council will arrange and fund what is termed a Welfare funeral. The average cost of a Welfare Funeral in North West Leicestershire is £900. Wherever possible the Council seeks to recover these costs from the deceased estate.

The duty to manage Welfare Funerals falls to the Council’s Environmental Health Officers in conjunction with Burials Officers both within the Street Action Team.

The number of welfare funerals provided over the last 5 years are as follows:

2011/12 - 1
 2012/13 - 1
 2013/14 - 2
 2014/15 - 2
 2015/16 - 1”

46. MOTIONS

Councillor J Legrys moved the following motion:

“It has recently been announced that the Leicester, Leicestershire and Rutland Combined Fire Authority (CFA) are to consult on proposals for reductions to Leicestershire’s Fire and Rescue Service in Coalville and North West Leicestershire.

The North West Leicestershire draft Local Plan which calls for additional increase in housing, employment and retail in the plan period to the following numbers:

Minimum of 10,700 new homes

Additional 96 hectares of employment land

7,300 m2 of retail

Approximately half of the draft Local Plan growth will be served or supported by Coalville Fire Station.

In its response to the CFA consultation this Council will:-

outline its proposed housing and economic growth to 2031 and state that it would be inappropriate to downgrade or reduce services from Coalville & Ashby and any other Fire and Rescue Station serving North West Leicestershire Communities.”

Councillor J Legrys spoke to the motion, referring to the recent events in Paris which demonstrated how vital and important the emergency services were. He stated that the motion was simply asking the council to comment and write to the Fire Authority explaining how the Local Plan would increase housing and retail within the district, and that it would therefore be inappropriate to downgrade fire services. He added that the district would grow quite significantly in the next 20 years and the emergency services needed to be able to deal with that. He stated that he was not convinced the Fire Authority would be able to provide a response if it was downgraded as expected. He stated that the community needed to be convinced that what was being proposed would provide the service that was expected. He referred to a recent fire in a derelict building in Coalville, which required 5 fire fighters to put the fire out. He felt that had the fire service been cut, the response would have taken a lot longer. He added that fortunately there was no human loss last weekend. He expressed concerns about the reductions not only in Coalville, but also in Loughborough and Hinckley, which would result in the fire service having to cover a much wider area. He expressed concerns that with the growth in the Local Plan, people would have to take out private fire insurance, just like in Victorian times.

The motion was seconded by Councillor D Everitt.

Councillor N Clarke expressed support for the motion. He made reference to the continuing cuts made by the government and added that difficult decisions needed to be made in respect of funding. He commented that fire fighters would have to make even more difficult decisions if the proposals became reality. He urged the Fire Authority follow David Cameron's advice.

Councillor D Harrison stated that the whole concept of fire brigades and the work they did had to be taken into consideration. He commented that there had been a dramatic reduction in emergency fires due to advances in modern day house building and therefore the demand upon the fire service had reduced. He added that people and service would not be lost as a result of the proposals and he referred to the lack of interest from the general public at the open day. He stated that he opposed the motion.

Councillor M Specht commented that he was pleased to see there had been approximately a 25% reduction in emergency calls in the last 5 years. He added that hopefully in the coming years as the population grew and debt reduced, there would be more revenue coming in and services could be adjusted as appropriate.

Councillor R Johnson commented that the first duty of the government was the protection of the realm in today's volatile society. He referred to the number of major accidents on our motorways and expressed anger at the proposals to cut the number of fire fighters, as they were relied upon to protect all people. He commented that the fire and emergency services ought to be expanded because they were relied upon.

Councillor R Blunt referred to the 42% reduction in the number of instances of fire in the last 10 years. He commented that the world had changed in 10 years and the fire service had to change with it. He added that the proposals were led by the chief fire officer which he would be opposing the motion. He stated that he believed that a disservice had been done to the country by retaining this level of protection, and the system now needed to catch up.

Councillor D Everitt commented that the motion is about ensuring the safety of the community, both now and in future.

Councillor T J Pendleton raised a point of order, as Councillor D Everitt had not reserved his comments and he would like to make a statement.

The Chairman agreed that Councillor T J Pendleton could address the meeting after Councillor D Everitt had concluded his comments.

Councillor D Everitt accepted the argument that fires were not as frequent, however he did not believe this was the case in respect of accidents on motorways and other services that were not fire related. He added that the fire service was also undertaking a lot of prevention and training. He added that when you have a fire, a quick response was wanted. He added that the fire service was an insurance policy and the fact that there was less demand for the service did not diminish its importance. He stated that 30 years ago he was a retained fire fighter at Hinckley and he knew speed was essential to stop fires, and a skilled fire service was needed to go where others couldn't. He stated that the fire service was crucial, and cutting fire stations when there was a massive growth in front of us was ridiculous. He urged members to think again, for safety's sake.

Councillor T J Pendleton stated that he wanted to address the motion before members which dealt with fire cover in North West Leicestershire. He referred to the consultation which had been undertaken and the plan laid out by the chief fire officer which gave a guaranteed response time. He acknowledged that this was an emotive area. He advised that the review undertaken by the chief fire officer had taken into account the 42% reduction over 10 years, and therefore replacing 1 of the 2 fire tenders at Coalville fire station with a tactical response vehicle, he felt was a prudent response. He added that additional cover had been provided at Castle Donington, which had been placed specifically to support the M1, A50 and A42. He felt that with this additional cover, response times would be maintained, and this assurance had indeed been given. He urged members not to condemn the chief fire officer's plan, but to support it. He added that he would be voting against the motion.

Councillor J Legrys exercised his right of reply and made expressed displeasure with regards to Councillor D Harrison's comments.

Councillor D Harrison objected strongly to Councillor J Legrys' comments. The Chairman directed Councillor J Legrys to direct his comments to the right of reply.

Councillor J Legrys stated that he felt the issue was simple. He asked that the community be convinced that this district will be covered in the event of a fire. He requested a recorded vote.

The Chairman then put the motion to the vote.

A recorded vote having been requested, the voting was as follows:

For the motion:

Councillors R Adams, R Canny, N Clarke, D Everitt, F Fenning, R Johnson, J Legrys, S McKendrick, T Neilson and M B Wyatt (10).

Against the motion:

Councillors R Ashman, R D Bayliss, R Blunt, J Bridges, R Boam, J Clarke, J Cotterill, J G Coxon, S Gillard, T Gillard, L Goacher, D Harrison, G Hault, J Hault, G Jones, K Merrie, T J Pendleton, P Purver, V Richichi, N J Rushton, A V Smith and M Specht (22).

Abstentions:

Councillor A C Saffell (1).

The motion was declared LOST.

47. PETITIONS

No petitions were received.

48. MINUTES

Consideration was given to the minutes of the meeting held on 15 September 2015.

It was moved by Councillor J Bridges, seconded by Councillor J Cotterill and

RESOLVED THAT:

The minutes of the meeting held on 15 September 2015 be approved and signed by the Chairman as a correct record.

49. PROPOSED LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY

Councillor R Blunt presented the report to members. He stated that the proposal was simply a bid to the government for the authorities to formally agree to work more closely together on areas where there should already be collaboration in any case. He made reference to the public consultation which had been undertaken, showing that 68.8% of respondents were in favour of creating a combined authority. He explained that the creation of a combined authority would not result in a loss of sovereignty. He advised that this issue would be debated across Leicestershire in the coming weeks. He commended the Chief Executive for her work on the project.

Councillor R Blunt moved the recommendations as set out in the report. The motion was seconded by Councillor A V Smith who reserved her comments.

Councillor S McKendrick stated that in principle, a combined authority could provide benefits with opportunities to share good practice, and devolution was positive for local councils. She added that it was imperative that this was structured to provide support to local people, and therefore governance and scrutiny became even more important. She stated that this was an area of concern. She asked whether there would be an opposition representative involved in scrutiny, and how local people could have an influence upon any issues raised through scrutiny. She commented that there was little in the scheme to reassure members in this respect. She made reference to the interest in collaboration from Nottinghamshire and Derbyshire, and asked if the bid would be strengthened if Leicestershire had been interested in working with these authorities. She commented that the scrutiny arrangements were not sufficient and created too much distance for local people. She acknowledged that a consultation had been undertaken but questioned how robust this had been as she was not convinced that 4 weeks was sufficient to ensure a broad representation had been made.

Councillor S McKendrick moved an amendment to the motion as follows:

Recommendation 4 to be reworded to read; That Council authorises the Chief Executive, following consultation with the Leader, to make any final minor amendments to the scheme and governance review prior to their submission to the Department for Communities and Local Government in December 2015 or January 2016.

Recommendation 6 to be deleted.

Councillor R Blunt welcomed Councillor S McKendrick as the new leader of the Labour Group. He indicated that he was happy to accept the amendment to recommendation 4; however it was not possible to delete recommendation 6.

Councillor A C Saffell commented that as someone who lived in the northern parishes, he was much closer to Derby and Nottingham than Leicester. He felt that it would be more beneficial to combine with Derby and Nottingham as North West Leicestershire would then be in the centre if a larger combined authority was created covering the whole of the

East Midlands. He expressed disappointment that Leicester did not want to collaborate with Derby and Nottingham.

Councillor J Legrys sought clarification as to why the Chairman had not called for a seconder in respect of Councillor S McKendrick's amendment and allowed a debate on the amendment.

The Head of Legal and Support Services explained that the Leader had accepted the insertion of the word 'minor' in respect of recommendation 4, and as such she saw no need to debate this amendment. She advised that the removal of recommendation 6 would nullify that recommendation and was therefore not a valid amendment.

Councillor J Legrys expressed disappointment that this amendment was not to be debated. He stated that most members had a very clear understanding about how these proposals had developed. He felt that the project was unravelling and that he could remain sceptical whether the Department for Communities and Local Government would allow this proposal. He expressed concerns that sharing services would save money in the short term, but would remove democratic accountability in the long term. He stated that he could not vote for the proposals as the Council did not want any democratic accountability on its outside bodies.

Councillor N Clarke commented that the airport was the centre of economic growth and had far more in common with Derby and Nottingham. He added that this was something he would support exploring further. He expressed concerns in respect of the consultation which had taken place over four weeks. He reported that 161 members of the public had taken part in the consultation across Leicestershire, and only 4.3% of those were from North West Leicestershire. He commented therefore that members were being asked to make a decision today on the basis of 7 people's opinions.

Councillor A V Smith expressed disappointment in respect of some of the comments as this was the way forward and councils had to work together across Leicestershire. She urged members to vote in support of the recommendations.

Councillor R Blunt felt that some of the comments made were very helpful and thought provoking. He stated that he believed that this was the best way forward, as Leicester was not taken into consideration when it came to the East Midlands as a whole. He commented that by definition it was necessary to have good relationships with our neighbours. He added that the co-operation that currently existed between the main authorities in Leicestershire was the highest it had been for a long time, which had made this project possible. He stated that he felt strongly that the proposals were the best way forward. He urged members to support this cross party initiative.

Councillor J Legrys requested a recorded vote.

The Chairman then put the motion to the vote. A recorded vote having been requested, the voting was as follows:

For the motion:

Councillors R Ashman, R D Bayliss, R Blunt, J Bridges, R Boam, R Canny, J Clarke, J Cotterill, J G Coxon, S Gillard, T Gillard, L Goacher, D Harrison, G Hault, J Hault, G Jones, K Merrie, T J Pendleton, P Purver, V Richichi, N J Rushton, A V Smith and M Specht and M B Wyatt (24).

Against the motion:

Councillors R Adams, N Clarke, D Everitt, F Fenning, R Johnson, J Legrys, S McKendrick, T Neilson and A C Saffell (9).

Abstentions:

None (0).

The motion was declared CARRIED.

RESOLVED THAT:

- a) The scheme for the combined authority be approved;
- b) The governance review be approved;
- c) The publication of the scheme and its submission to the Department for Communities and Local Government be authorised;
- d) The Chief Executive, following consultation with the Leader, be authorised to make any final minor amendments to the scheme and governance review prior to their submission to the Department for Communities and Local Government in December 2015 or January 2016;
- e) The Chief Executive, following consultation with the Leader, be authorised to enter into discussions with the Department for Communities and Local Government and such other government departments and other persons as are considered necessary by the Chief Executive to agree the terms of the order establishing the combined authority and to approve the final form of the order on behalf of the district council; and
- f) The Chief Executive, following consultation with the Leader, be authorised:
 - (I) To negotiate, agree and execute all ancillary documents in support of the operation of the combined authority, including (without limitation) the constitution of the combined authority; and
 - (II) To take all decisions and actions necessary to enable the establishment of the combined authority.

50. UPDATE TO THE COUNCIL'S CONSTITUTION

Councillor N J Rushton presented the report to members and moved the recommendations.

The motion was seconded by Councillor M Specht.

Councillor J Legrys stated that there were a number of issues with the report. He moved that the item be deferred and a better explanation be requested. In respect of the calling in of planning applications by ward members, he expressed concerns that the comments made by members of Policy Development Group had not been reflected and there was no clarity about how a member could call in an application if they happened to be on holiday. He expressed his vehement objection to the inclusion of the references in respect of clothing. He asked whether he would be ejected from a meeting for wearing a red jacket reflecting his political beliefs, and whether this would infringe upon his human rights as he would not be told by an officer what he could or could not wear at a meeting. He added that Councillor G Jones had proudly worn badges in the past representing his republican connections in the United States. He expressed support him or anyone else wanting to wear a symbol of their political persuasion. He requested that this item be deferred until member had been given the opportunity to debate this and to consider the comments made by Policy Development Group.

The Chairman advised that there was already a motion on the table and this needed to be disposed of before the motion to defer the item could be considered further.

Councillor T J Pendleton stated that he was mindful of the issues relating to single member wards, however he was aware of what was happening in his ward and whether he wanted to call in an application. He added that he did take extended holidays, however he made it his business as a Councillor to ensure he was contactable at all times, and therefore he did not see a problem with the proposals.

Councillor M Specht referred to the comments made in respect of the dress code and political bias in planning matters, and commented that he did not consider wearing garments of a particular colour was an issue. He felt that the problem arose when members of Planning Committee arrive to go on site visits wearing clothing bearing political slogans. He felt that exception needed to be taken at this point. He hoped that members of Planning Committee would not think to wear such political clothing in future.

Councillor R Johnson stated that he wore badges and was proud to do so. He made reference to the site visits and stated that it was his view that all members should attend these. He stated that he could not support the document in its present form and added that he would like the item to be deferred.

Councillor D Harrison commented that the wearing of badges was not a problem, however political slogans were not acceptable. He felt that there had to be an element of professionalism, particularly in the planning process, and he felt that such behaviour did not portray the individual nor the authority in a positive manner.

Councillor V Richichi expressed concerns that the comments of Policy Development Group had not been accepted. He sought assurance that there was a good reason to have this committee and that their views were being considered.

Councillor N J Rushton assured members that Policy Development Group was an integral part of the council and its views had been considered prior to this report coming to Council. He reiterated the importance of appearance in showing that you are open minded and have not predetermined and application for political or personal reasons. In respect of site visits, he emphasised that members would be well advised to attend these, or visit the site separately themselves. He added that members could choose to abstain from voting if they felt they were unable to make a decision, and therefore he felt that it was not necessary to force members to attend the planned site visits. He urged members to support the proposals.

The Chairman clarified that at this point, Councillor N J Rushton had responded to a direct question and would therefore retain his right to reply at the close of the debate.

Councillor S McKendrick felt that a balanced view needed to be taken and agreed that there should not be any political branding in any meeting where it could suggest bias in any way. In respect of single member wards, she felt there was an issue with having only one member able to call in an application, as this was very restrictive. She added that she would be interested to know where this best practice originated from and she questioned whether this was reasonable when a member was not available. She felt that this was a significant part of the guidance which needed careful consideration.

Councillor N J Rushton stated that he had heard the arguments for and against, and believed the recommendations were in the best interests of the integrity of the Council and the Planning Committee.

Councillor J Legrys requested a recorded vote.

The Chairman then put the motion to the vote.

A recorded vote having been requested, the voting was as follows:

For the motion:

Councillors R Ashman, R D Bayliss, R Blunt, J Bridges, R Boam, J Clarke, J Cotterill, J G Coxon, S Gillard, T Gillard, L Goacher, D Harrison, G Hault, J Hault, G Jones, K Merrie, T J Pendleton, P Purver, V Richichi, N J Rushton, A V Smith and M Specht and M B Wyatt (23).

Against the motion:

Councillors R Adams, N Clarke, D Everitt, F Fenning, R Johnson, J Legrys, S McKendrick and T Neilson (8).

Abstentions:

Councillors R Canny and A C Saffell (2).

The motion was declared CARRIED.

RESOLVED THAT:

- a) The comments of members of Policy Development Group and the subsequent advice from officers as set out in section 4 of the report be noted;
- b) The amendments to the Constitution set out in sections 3 and 5 of this report and appendices 1 – 4 be approved;
- c) The Head of Legal and Support services be authorised to make the agreed amendments to the Constitution and re-issue the document.

51. REVIEW OF THE GAMBLING ACT 2005 STATEMENT OF LICENSING POLICY

Councillor A V Smith presented the report to members, highlighting the minor changes to the existing policy.

Councillor F Fenning stated his intention to abstain from voting. He stated that he understood the Council needed a policy and he appreciated the work undertaken by officers, however he felt that the limitations of the gambling act and its three objectives did not take into account the phenomenal growth of lotteries. He added that it was sad that our society used gambling.

It was moved by Councillor A V Smith, seconded by Councillor V Richichi and

RESOLVED THAT:

The Gambling Act 2005 Statement of Licensing Policy be approved.

52. APPOINTMENT OF A REPRESENTATIVE TO AN OUTSIDE BODY - COALVILLE TOWN FOOTBALL CLUB COMMITTEE

Councillor N J Rushton presented the report to members.

Councillor R Johnson moved the nomination for Councillor J Geary. He thanked Councillor A V Smith for withdrawing her nomination and added that Councillor J Geary would be a good representative as he was well known in the town.

The nomination was seconded by Councillor T Gillard.

Councillor M Specht requested a recorded vote. His request was subsequently withdrawn.

RESOLVED THAT:

Councillor J Geary be appointed as the Council's representative to the Coalville Town Football Club Committee.

53. SENIOR MANAGEMENT STRUCTURE

Councillor R Blunt presented the report to members, referring to the health check undertaken in 2014 in respect of the management structure which had set out the requirement for an interim Director of Housing. He advised that the report sought to establish in principle that the post was required permanently.

Councillor R D Bayliss made reference to the list of issues under the rationale on page 176 of the agenda, and commented that all those issues were being amply addressed. He paid tribute to the officers and managers of the service who had been heroic in delivering the service from the days of non decency. He felt that the service now needed to be moved forward in order to demonstrate real ambition. He expressed absolute support for the creation of a permanent post.

It was moved by Councillor R Blunt, seconded by Councillor R D Bayliss and:

RESOLVED THAT:

A permanent post of Director of Housing be approved.

Councillor A C Saffell advised that the clerk of Castle Donington Parish Council had won a national award in recognition of her work and he asked that the Chairman write to her and congratulate her on behalf of the Council.

Councillor M Specht thanked officers and all members on organising another excellent remembrance service. The Chairman echoed this comment.

Councillor T Eynon left the meeting at 6.58pm during the discussion on item 7 – Motions.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.25 pm

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 23 FEBRUARY 2016

| | |
|-----------------------------|---|
| Title of Report | BUDGET AND COUNCIL TAX 2016/17 |
| Contacts | <p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager (Deputy Section 151 Officer) 01530 454707 priresh.padaniya@nwleicestershire.gov.uk</p> |
| Purpose of Report | To allow the Council to approve the 2016/17 budgets and the appropriate Council Tax setting resolution. |
| Reason for Decision | To approve the General Fund, Special Expenses & HRA Revenue budgets and Capital Programmes, and set the Council Tax for 2016/17. |
| Council Priorities | The budget assists the Council to achieve all its priorities. |
| Implications | |
| Financial / Staff | Detailed in the reports to Cabinet which are provided as background papers to this report. |
| Links to relevant CAT | The budget is relevant to all Corporate Action Teams |
| Risk Management | Arrangements are in place for regular monitoring of the Council's revenue and capital budgets. The appropriate management action will be taken where variations are projected. |
| Equalities Impact Screening | No impact identified. |
| Human Rights | None identified |
| Transformational Government | Not applicable |

| | |
|--|---|
| Comments of Head of Paid Service | The report is satisfactory. |
| Comments of Deputy Section 151 Officer | As report author the report is satisfactory. |
| Comments of Deputy Monitoring Officer | The report is satisfactory. |
| Consultees | Cabinet, Policy Development Group, Members of Labour Group, Representatives of the Business Community, Parish Councils, Staff, Trade Unions |
| Background Papers | Reports and minutes of Cabinet, 9 February 2015: http://minutes-1.nwleics.gov.uk/ieListDocuments.aspx?CId=126&MId=1500&Ver=4 |
| Recommendations | <p>COUNCIL IS RECOMMENDED:</p> <ol style="list-style-type: none"> 1. TO NOTE THE DEPUTY S 151 OFFICER'S COMMENTS ON THE ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES. 2. TO APPROVE THE TRANSFER OF ANY SURPLUS INCOME OVER EXPENDITURE IN 2016/17 TO THE GENERAL FUND BALANCE AT 31 MARCH 2017 FOR FUTHER CONSIDERATION AFTER COMPLETION OF 2015/16 ACCOUNTS. 3. THE FORECASTED SURPLUS INCOME OVER EXPENDITURE IN 2015/16 IS TRANSFERRED TO THE SPECIAL PROJECTS RESERVE. 4. TO APPROVE THE GENERAL FUND AND SPECIAL EXPENSES BUDGETS FOR 2016/17. 5. TO APPROVE THE SPECIAL EXPENSES PRECEPTS FOR 2016/17. 6. TO APPROVE THE HRA RENT DECREASE BY 1% (AVERAGE DECREASE £0.83 PER WEEK) FOR 2016/17 (EXCLUDING SHELTERED AND SUPPORTED HOUSING WHICH ARE DEALT WITH IN RECOMMENDATION 12). 7. TO APPROVE THE INCREASE OF 0.8% (AVERAGE INCREASE £0.05 PER WEEK) IN THE RENT OF GARAGES FOR 2016/17. 8. TO APPROVE THE AVERAGE INCREASE IN THE HRA SERVICE CHARGES OF 4.92% (£0.16 PER WEEK) FOR 2016/17. |

9. TO APPROVE THE GROUND RENT INCREASE OF 0.8% (£0.24 PER WEEK) AT APPLEBY MAGNA CARAVAN SITE.
10. TO APPROVE THE INCREASES IN LIFELINE CHARGES OF 0.8% (£0.34 PER QUARTER)
11. TO APPROVE CENTRAL HEATING CHARGES FOR 2016/17 REMAINING AT THE SAME LEVEL AS FOR 2015/16
12. APPROVE THE RENT INCREASE OF 0.9% (AVERAGE £0.62 PER WEEK) FOR SHELTERED AND SUPPORTED HOUSING.
13. TO APPROVE THE HOUSING REVENUE ACCOUNT BUDGETS FOR 2016/17.
14. TO APPROVE THE PROPOSED COALVILLE SPECIAL EXPENSES AND HRA CAPITAL PROGRAMMES FOR 2016/17 AND PLANNED FINANCING.
15. TO APPROVE CAPITAL EXPENDITURE IN 2016/17 AND CAPITAL EXPENDITURE IN 2017/18 FOR THE VEHICLE REPLACEMENT PROGRAMME ONLY.
16. TO APPROVE THE REMAINDER OF THE CAPITAL PROGRAMMES 2017/18 TO 2019/20 AS INDICATIVE ONLY AT THIS STAGE.
17. TO FREEZE THE DISTRICT COUNCIL TAX FOR 2016/17
18. TO APPROVE THE FOLLOWING AMOUNTS FOR THE YEAR 2016/17 IN ACCORDANCE WITH SECTION 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:
 - (1) 30,319 BEING THE AMOUNT CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH REGULATION 3 OF THE LOCAL AUTHORITIES (CALCULATION OF COUNCIL TAX BASE) (ENGLAND) REGULATIONS 2012, AS ITS COUNCIL TAX BASE FOR THE YEAR.
 - (2) THE AMOUNTS SPECIFIED IN TABLE 1 OF THIS REPORT BEING THE AMOUNTS CALCULATED BY THE COUNCIL, IN ACCORDANCE WITH SECTION 34 OF THE LOCAL GOVERNMENT FINANCE ACT 1992, AS THE AMOUNTS OF ITS COUNCIL TAX BASE FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.
19. TO APPROVE THAT THE FOLLOWING AMOUNTS BE NOW CALCULATED BY THE COUNCIL FOR THE YEAR 2016/17 IN ACCORDANCE WITH SECTIONS 31A AND 31B OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS AMENDED:

- (1) **DISTRICT / PARISH GROSS EXPENDITURE**
£60,917,099 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (2) OF THE ACT.
- (2) **INCOME**
£53,959,242 BEING THE AGGREGATE OF THE AMOUNTS WHICH THE COUNCIL ESTIMATES FOR THE ITEMS SET OUT IN SECTION 31A (3) OF THE ACT.
- (3) **DISTRICT / PARISH NET EXPENDITURE**
£6,957,857 BEING THE AMOUNT BY WHICH THE AGGREGATE AT 19(1) ABOVE EXCEEDS THE AGGREGATE AT 19(2) ABOVE, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31A (4) OF THE ACT AS ITS COUNCIL TAX REQUIREMENT FOR THE YEAR.
- (4) **BASIC AMOUNT OF TAX (INCLUDING AVERAGE PARISH PRECEPTS)**
£229.49 BEING THE AMOUNT AT 19(3) ABOVE, DIVIDED BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL'S AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 31 B OF THE ACT AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR THE YEAR.
- (5) **PARISH PRECEPTS/SPECIAL EXPENSES**
£ 2,149,870 BEING THE AGGREGATE AMOUNT OF ALL SPECIAL ITEMS REFERRED TO IN SECTION 35(1) OF THE ACT.
- (6) **BASIC AMOUNT OF TAX (BASIC COUNCIL TAX – DISTRICT)**
£158.58 BEING THE AMOUNT AT 19(4) ABOVE LESS THE RESULT GIVEN BY DIVIDING THE AMOUNT AT 19(5) ABOVE BY THE AMOUNT AS STATED AS THE COUNCIL TAX BASE FOR THE WHOLE OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(2) OF THE ACT, AS THE BASIC AMOUNT OF ITS COUNCIL TAX FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH NO SPECIAL ITEM RELATES.
- (7) **BASIC AMOUNT OF TAX (PARISHED AREAS)**
THE AMOUNTS LISTED IN COLUMN 5 OF TABLE 2 TO THIS REPORT, BEING THE AMOUNTS GIVEN BY ADDING TO THE AMOUNT AT 19(6) ABOVE, THE AMOUNTS OF THE SPECIAL ITEM OR ITEMS RELATING TO DWELLINGS IN THOSE PARTS OF THE

COUNCIL'S AREA MENTIONED, DIVIDED IN EACH CASE BY THE AMOUNT STATED AS THE COUNCIL TAX BASE IN PARTS OF THE COUNCIL AREA, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 34(3) OF THE ACT AS THE BASIC AMOUNTS OF ITS COUNCIL TAX FOR THE YEAR FOR DWELLINGS IN THOSE PARTS OF ITS AREA TO WHICH ONE OR MORE SPECIAL ITEMS RELATE.

(8) DISTRICT /PARISH COUNCIL TAX RATES

THE AMOUNTS SET OUT IN TABLE 3 TO THIS REPORT BEING THE AMOUNTS GIVEN BY MULTIPLYING THE AMOUNTS AT 19(6) AND 19(7) ABOVE BY THE NUMBER WHICH, IN THE PROPORTION SET OUT IN SECTION 5(1) OF THE ACT, IS APPLICABLE TO DWELLINGS LISTED IN A PARTICULAR VALUATION BAND DIVIDED BY THE NUMBER WHICH IN THAT PROPORTION IS APPLICABLE TO DWELLINGS LISTED IN VALUATION BAND D, CALCULATED BY THE COUNCIL IN ACCORDANCE WITH SECTION 36(1) OF THE ACT AS THE AMOUNTS TO BE TAKEN INTO ACCOUNT FOR THE YEAR IN RESPECT OF CATEGORIES OF DWELLING LISTED IN DIFFERENT VALUATION BANDS.

20. MAJOR PRECEPTING AUTHORITIES

THAT IT BE NOTED THAT THE AMOUNTS SET OUT IN TABLE 4 TO THIS REPORT ARE THE AMOUNTS NOTIFIED BY LEICESTERSHIRE COUNTY COUNCIL, LEICESTERSHIRE POLICE AND CRIME COMMISSIONER AND THE COMBINED FIRE AUTHORITY IN ACCORDANCE WITH SECTION 40 OF THE LOCAL GOVERNMENT FINANCE ACT 1992 AS THEIR PRECEPTS FOR 2016/17 FOR EACH OF THE CATEGORIES OF DWELLINGS LISTED.

21. COUNCIL TAX RATES – ALL BANDS

THAT, HAVING CALCULATED THE AGGREGATE IN EACH CASE OF THE AMOUNTS AT 19(8) (TABLE 3) AND 20 (TABLE 4) ABOVE, THE COUNCIL IN ACCORDANCE WITH SECTION 30(2) OF THE LOCAL GOVERNMENT FINANCE ACT 1992 HEREBY SETS THE AMOUNTS OF COUNCIL TAX FOR THE COUNCIL'S AREA FOR THE YEAR 2016/17 FOR EACH OF THE CATEGORIES OF DWELLINGS AS SHOWN IN TABLE 5.

22. REFERENDUMS RELATING TO COUNCIL TAX INCREASES

TO NOTE THAT THE RELEVANT BASIC AMOUNT OF COUNCIL TAX FOR 2016/17 IS NOT EXCESSIVE.

1.0 INTRODUCTION

1.1 The Council is required to approve the General Fund, Housing Revenue Account and Special Expenses Budgets for 2016/17 together with their respective Capital Programmes.

1.2 It also has a statutory requirement under the Local Government Finance Act 1992 (as amended) to set the Council Tax for its area for a financial year by 11 March of the preceding financial year.

1.3 This action of setting the Council Tax (recommendations 17 to 22) flows from the approval of the budgets and capital programmes. The wording of the recommendations for this is largely prescribed.

1.4 The Council Tax setting part of this report is based on the assumption that Leicestershire County Council approve the precept the Council has been informally advised of and it may be necessary to amend parts of this report when the Council receives formal notification.

1.5 As the relevant meetings of this body may not take place until after the issue of this report, any changes made by them will be reflected in a revised paper which may need to be tabled at the meeting.

1.6 The 2016/17 General Fund, Housing Revenue Account and Special Expenses budgets together with the respective Capital Programmes were considered by Cabinet on 9 February 2016. The detailed reports are set out as below:

- General Fund and Special Expenses Revenue Budgets – Section 2.
- Housing Revenue Account Budget and Rent decrease – Section 3 (as updated from the Cabinet meeting).
- Capital Programmes – Section 4.
- Council Tax Setting – Section 5.

1.7 Robustness of Estimates and Adequacy of Reserves

1.7.1 The Local Government Act 2003 requires the Council's Chief Financial Officer (Section 151 Officer or his Deputy) 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.

1.7.2 Taking into account identified risks, the Deputy Section 151 Officer, as required by Section 25 of the Local Government Act 2003 considers that the estimates which form the General Fund and Special Expenses budget are robust; the proposals are deliverable and will produce a balanced budget for 2016/17.

1.7.3 The Housing Revenue Account estimates are similarly considered to be robust.

1.7.4 The budget report to Cabinet shows the estimated position for the Council's revenue reserves. Taking account of the Council's financial control mechanisms and the fact that the Council will, of necessity, continue its drive to produce more economies and efficiencies, the Deputy Section 151 Officer considers that the overall level of reserves is adequate.

1.8 Consultation Process

1.8.1 General Fund and Special Expenses Revenue Budget 2016/17

The responses from the Trade Unions, Town & Parish Councils and the Federation of Small Businesses are attached at Appendix 1a. The Cabinet's Revenue Budget Proposals and draft Capital Programmes were presented to the Policy and Development Group meeting on 6 January 2016. The comments of Policy Development Group are included in the minutes attached at Appendix 1b.

1.8.2 Housing Revenue Account (HRA) Budget Proposals for 2016/17

Consultation on the Housing Revenue Account 2016/17 draft budget proposals (as approved by Cabinet on 8 December 2015) has been completed via the Council's website and via hard copy upon request. The formal consultation closed on 16 January 2016 and no comments were received.

Members of the Performance and Finance Working Group (The Council's Resident Involvement technical finance working group who were consulted on 17 December 2015) were supportive of the recommended proposals.

The Tenants and Leaseholders Consultation Forum were consulted on the budget proposals at their meeting of 25 January 2016. They were interested in the type of properties that might be sold in future, and wished assurance that proceeds from property sales would be re-invested to support future improvements to the existing stock, but were supportive of the proposals.

Policy Development Group considered the proposals at their meeting of 6 January 2016. As a result of their feedback, including comments from Councillor N Clarke about the Decent Homes standard, the proposals in this report will ensure that the decency standard is maintained for 100% of the housing stock in all future years of the business plan.

1.8.3 Capital Programmes – General Fund, Coalville Special Expenses and HRA 2016/17 to 2020/21

Consultation with the business community was undertaken by letter through the Leicestershire, Northamptonshire and Rutland Federation of Small Businesses.

The Cabinet's draft Capital Programmes were also presented to the Policy Development Group at its meeting on 6 January 2016. The comments of Policy Development Group are included in the minutes attached at Appendix 1b.

2.0 GENERAL FUND AND SPECIAL EXPENSES REVENUE BUDGET 2016/17

2.1 The draft General Fund and Special Expenses budget proposals for 2016/17 were considered by Cabinet on 9 February 2016 and are recommended to Council for approval. See recommendations 1 to 5, as set out at the front of this report.

2.2 Members are asked to note that on 9 February 2016 the Government laid before Parliament the details of the Final Local Authority Grant Settlement for 2016/17. The final figures for Revenue Support Grant and redistributed NNDR allocation remain unchanged from those provisionally notified and included in the budget. However the Council has received a Transitional grant of around £26k for two years commencing from 2016/17, and this grant will be credited to the General Fund. Transitional grant has been awarded to Councils which have seen the sharpest reductions in the Revenue Support Grant.

2.3 Local Income and Increased Efficiencies

2.3.1 As part of the culture of managing resources efficiently and effectively throughout the year the managers have continued to work hard to keep service budgets down and absorb the effects of inflation within existing budgets. These are effectively savings made in advance. As plans are in place to keep reserves at adequate levels, the projected budget surplus is available to fund one-off initiatives in 2016/17 which will be considered by Cabinet in due course.

2.4 Government Funding Changes

2.4.1 The Government announced the Provisional New Homes Bonus payments and the Provisional Local Government Finance Settlement for 2016/17 on 17 December 2015. Our provisional 2016/17 New Homes Bonus has been set at £2.773m. This is £350k 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. As part of the Provisional Settlement Announcement the Government began a consultation about reducing the cost of making New Homes Bonus payments by over a half from 2017/18.

2.4.2 The latest budget position compared with the Medium Term Financial Strategy is summarised in the table below:

| | 2016/17 |
|--|----------------|
| | £000 |
| Shortfall Projected in MTFs -September 2015 | 260 |
| <u>Changes in Funding:</u> | |
| Additional New Homes Bonus in 2016/17 | (350) |
| Additional Business Rates | (973) |
| Collection Fund Surplus | (295) |
| Impact of Provisional Finance Settlement 2016/17 | 198 |
| Council Tax | (25) |
| | |
| <u>Changes in the Base Budget</u> | |
| Various changes to the Budget | 103 |
| | |
| | |
| Shortfall/(Surplus) | (1,082) |

2.5 **2016/17 General Fund Revenue Budget**

2.5.1 Pay and Prices Inflation

Provision has been included within the budget for the agreed cost of living pay increase to staff covering the period to 31 March 2017. 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

2.5.2 Collection Fund

The Council is required to estimate the 31st March 2016 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 surplus of £345k is projected for this Council. The MTFs assumed a surplus of £50k.

2.5.3 Central Government Funding

Funding from the Government in respect of Revenue Support Grant, National Non Domestic Rates (NNDR) and New Homes Bonus has a significant influence on the Council's spending plans. The allocations for 2016/17 are compared with the MTFS in the table below:

| | MTFS | Provisional Settlement | Change |
|---------------------------------|--------------|-------------------------------|---------------|
| | £000 | £000 | £000 |
| Revenue Support Grant | 1,318 | 1,120 | -198 |
| Baseline Funding/Business Rates | 1,983 | 2,200 | 217 |
| New Homes Bonus | 2,423 | 2,773 | 350 |
| Total | 5,724 | 6,093 | 369 |

The Settlement assumes £2.200m 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. Under the arrangements from April 2013 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 £165k in 2016/17. 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. In light of our forecasted business rates in the current year and taking into consideration other factors such as organic growth, new business and appeals provisions a figure of £2.955M figure is included in 2016/17 budget.

2.5.4 New Homes Bonus

The Government has announced provisionally that the Council will receive £2.773m in New Homes Bonus in 2016/17. This is £350k more than was assumed in the Medium Term Financial Strategy approved by Cabinet on 22 September 2015. 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 currently made for six years but this could fall to four, three or even two years from 2017/18 following the Government's current consultation. Other changes being consulted on include reductions where Local Plans are delayed, reductions where homes are only built following appeal and possibly only for additional homes over a pre-determined baseline. This Council's response to the consultation will be considered by Cabinet at its meeting on 8 March 2016.

The MTFS assumes that each year all our New Homes Bonus will be used to support the Revenue Budget and this means that in 2016/17 almost £2.8m expenditure on our mainstream services will be funded in this way.

2.5.5 Council Tax

In 2016/17 Government Grant is not available to help Councils which freeze or reduce their Council Tax. Increases in the District's Council Tax would be limited to 2% otherwise a referendum would be triggered. If the Council was to increase its Council Tax by 2% in 2016/17 it would generate an additional £96k.

The Council began its policy of freezing the Council Tax seven years ago, before the introduction of Government freeze grants, and will continue with this policy into 2016/17.

The income expected to be generated from the Council Tax will increase from £4.704m in the current year to £4.808m in 2016/17 as a result of increases in the tax base.

2.5.6 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 28 January 2016 approved an increase of £32k or 2.7% which is attributable to contractual obligations, inflation and service costs. This has been built into the base budgets.

2.5.7 Medium Term Financial Strategy (MTFS)

The MTFS approved in September 2015 projected that £2.157m further ongoing savings would be required by 2019/20. The outcome of the Government's consultation on reducing new Homes Bonus payments and Business Rates Income is likely to have the greatest influence on a revised MTFS.

2.5.8 General Fund Reserve

The uncommitted balance on the General Fund is £2.7m. In addition to the uncertainties around future New Homes Bonus income there are a number of other 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 Income from the sale of recyclables and to a lesser extent Car Park charges, continue to be difficult to predict. It is prudent to retain the General Fund Balance at this level due to uncertainties stated above.

2.5.9 Earmarked Reserves and Provisions

The Council's earmarked General Fund revenue reserves and provisions stood at £12.2m at 1 April 2015. A review of the committed expenditure against these reserves has been undertaken and it is estimated that around £10.5m will remain at 31st March 2016. All of this is earmarked for a particular use in the future; it is therefore not available for the Council's general use.

2.5.10 Revenue Budget Contingency

This has been set at £100k for 2016/17. 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 three 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.

2.6 General Fund 2015/16 – Projected Outturn

2.6.1 The summary budget shown at Appendix 2a shows the 2015/16 budget, projected outturn and 2016/17 budget. A surplus of £1.596m has been projected for 2015/16.

2.6.2 The main reasons for the projected surplus in 2015/16 are as follows:

| | | |
|----------------------------------|----------|-----------------|
| Retained Business Rates | £ 1,033m | |
| Planning and Development Fees | £ 600k | |
| Legal Income | £ 51k | £ 1.684m |
| Salaries/Vacancy Management | £ (22k) | |
| Other more minor variances (net) | £ (66k) | £ (88k) |
| Total | | £ 1.596m |

2.6.3 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. Although currently the Projected Outturn assumes an increase of £1.033M in Business Rates Income this could change when the Council's accounts are closed and audited in the summer.

2.6.4 In paragraph 2.5.8 it was explained that the General Fund Reserve should be retained at a level of £2.7m. The projected surplus of £1.596m will be over and above the minimum level of reserves required. This report recommends that this surplus of £1.596m is transferred to the Council's Special Projects Reserve at the year end. This will be duly consulted on and reported at Cabinet after the closure and external audit of the accounts.

2.7 Revenue Budget 2016/17 – Proposals in Summary

2.7.1 The following table summarises the headline figures for 2016/17 as contained in Appendix 2a.

| Expenditure | 2016/17 |
|-----------------------------------|-------------------|
| | £ |
| Chief Executive's Department | 5,331,820 |
| Director of Services | 5,668,400 |
| Non Distributed Costs & Other | 132,040 |
| Corporate Items & Financing | 1,206,021 |
| Recharges Out of General Fund | (1,418,150) |
| Transfer to Balances/Reserves | 1,081,912 |
| 2016/17 Budget Requirement | 12,002,043 |
| | |
| Funding Sources | |
| | |
| Formula Grant – RSG | 1,120,000 |
| National Non Domestic Rates | 2,955,534 |
| New Homes Bonus | 2,773,081 |
| Council Tax | 4,807,987 |
| Transfer from Collection Fund | 345,441 |
| Total Funding Available | 12,002,043 |

2.8 Special Expenses

2.8.1 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 2b. It incorporates the information considered by the Coalville Special Expenses Working Party on 15 December 2015.

2.8.2 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 2b.

3.0 HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2016/17

- 3.1 The draft Housing Revenue Account budget proposals for 2016/17 were considered by Cabinet on 9 February 2016 and are recommended to Council for approval. See recommendations 6 to 13, set out at the front of this report.
- 3.2 Members are asked to note that Government changed their position regarding the rent decrease requirement on 27 January 2016, as explained in the addendum to the Cabinet report circulated to all Members. The change exempted all sheltered and supported properties from the requirement to decrease their rent. The information in this section has therefore been amended to reflect this and the decision of Cabinet.
- 3.3 The 2016/17 budget, the proposed HRA capital programme and the 30 year business plan referred to in this report include the impact of the proposals contained within the addendum which was considered at Policy Development Group on 6 January 2016.
- 3.4 Revised Budget 2015/16**
- 3.4.1 The budgeted outturn position for 2015/16 was a £183k surplus. The overall forecast for the current year at period 9 shows £2k surplus. This is largely as a result of the reduction in expected rent due to a higher than predicted level of empty properties, the loss in Supporting People grant for older persons services and additional staffing costs in the Responsive Repairs team.
- 3.4.2 The balance on the Housing Revenue Account at 31 March 2016 is estimated to be £5.3m. 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 for 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. It is proposed that the balances over the £1m minimum working balance on the HRA be transferred to a savings reserve for the purposes of repaying these loan commitments, and the ensuing interest would also be used for the same purpose.
- 3.5 2016/17 Budget Overview**
- 3.5.1 Budget proposals are based on prices and levels of charges for council housing related services at September 2015 plus known increases, for example contractual obligations.
- 3.5.2 Repairs and maintenance of dwellings expenditure (Appendix 3a – line 1) in 2016/17 is anticipated to total £5.3m.
- 3.5.3 Supervision and management expenditure (Appendix 3a – line 4) in 2016/17 is expected to be £2.8m.
- 3.5.4 For 2016/17, the level of revenue contribution to capital outlay (RCCO) is proposed to reduce from £2.6m in 2015/16 to nil. This is as a result of the inclusion of new build proposals for the brownfield site (Coalville), Greenacres and Willesley sites (as approved by Cabinet on 10 November 2015). This revises the 2015/16 capital programme to cover the cost of land acquisition in 2015/16 and the spreading of development expenditure over 2016/17 and 2017/18 ahead of properties being delivered by Q3 2017/18.
- 3.5.5 The budget for 2016/17 is estimated to produce an operating surplus of £2.46m, which will increase the estimated balance on the Housing Revenue Account at 31 March 2017 to

£7.75m. It is proposed that these balances (less the £1m minimum operating balance on the account) be transferred to a loan repayment reserve for the purposes of repaying the £10m and £3m maturity loans which fall due in 2021/22. This is a revised position when compared to the draft budgeted operating surplus presented to Cabinet on 8 December 2015 which was £2.45m, due to a number of budget changes since this date (see Appendix 3b).

3.5.6 Savings of £2.46m will therefore be realised in 2016/17, and future predicted savings that will be made are as follows:

- 2017/18 - £1.6m
- 2018/19 - £0.0m
- 2019/20 - £0.3m
- 2020/21 - £1.1m
- 2021/22 - £0.0m

3.6 **2016/17 Budget – Rents**

3.6.1 During 2014, the Government announced that from 2015/16 rent guidance required rent increases to be via a formula of September CPI + 1% for the next 10 years.

3.6.2 On the introduction of that guidance the Government's former rent restructuring policy ceased from 2015/16, with the exception of re-letting properties at the converged rent level ('target rent') on re-let.

3.6.3 Following a review of the number of properties at target rent at that time, Cabinet agreed to adopt an accelerated convergence approach which increased 2014/15 rents following the new guidance of CPI + 1% and also continued to converge rents not already at the target rent at an accelerated rate of up to £4 per week. Cabinet also agreed to the expansion of the approach to letting properties at target rent to include transfers for existing tenants. This approach was approved on the basis of achieving a more equitable outcome with similar rent values being charged for similar properties, and as a result 48% of properties were at target rent at April 2015. In addition, it was previously proposed that this accelerated convergence be followed for the 2016/17 rent increase which would have seen the number of properties at target rent move to 94% with the remaining 6% by 2019/20.

3.6.4 At January 2016, 53% of properties are currently at target rent.

3.6.5 Government proposals announced in the Summer Budget in respect of the four year rent reduction have confirmed that Local Authorities' must adhere to this regime. As a result, rents for 2016/17 must be based on the 2015/16 level and reduced by 1%. The ability to converge rents has been removed and properties can only be moved to target rent upon re-let.

3.6.6 On 27 January 2016 the Government issued some clarification and guidance concerning the 1% rent reduction as it will apply to supported housing. It was confirmed that supported housing rents would be excluded from the 1% rent reduction for 2016/17 only whilst a review of this type of accommodation is completed.

3.6.7 The Government has made clear that there is intended to be a wide definition of "supported housing" used when implementing this change and it specifically includes sheltered accommodation for older people, and supported accommodation for vulnerable groups. Regulations will be made to incorporate all the properties included in the guidance, once the Welfare Reform and Work Bill receives Royal Assent.

- 3.6.8 The void target included in the budgeted rental income is a projected loss of income of 1.8%.
- 3.6.9 As a result of the 1% rent reduction for 2016/17, budgeted rental income is £254k less than the budgeted figure in 2015/16. However, this is now partially offset by an increase in sheltered and supported accommodation rents of £62k leaving a net reduction of £192k.
- 3.6.10 Since its inception, the long term HRA business plan has had a core assumption that future rents will increase by 2.5% per annum (notwithstanding the four year 1% rent reductions from 2016) and this was a standard, benchmark assumption across most social housing landlords. In view of government policy and the outlook for inflation, it is now considered prudent to change this assumption to an annual 1.5% increase. This was addressed in the report to Policy Development Group in January.
- 3.6.11 Changing the core assumption for rents has led to significant re-modelling of the HRA business plan. The final budget proposals in this report have therefore changed from those upon which the December Cabinet report was based. There has been a particular focus on identifying areas where expenditure can be reduced (e.g. re-profiling or reducing the capital programme) or additional income can be generated (e.g. disposals of sites / properties).
- 3.6.12 Proposed savings, and a number of accounting and budget estimate amendments, have been made from 2015/16, which are set out in Appendix 3b. The largest of the savings or income increases is a reduction in RCCO, for which more detail is provided in 3.8.3 below. The introduction of a new service charge is expected to yield income of £153k and the reduction in the bad debt provision will save £46k. Removing one-off items from 2015, together with some smaller reductions in net expenditure bring the total savings to £3.2m.
- 3.6.13 The most significant adverse movements are the removal of Supporting People funding from Leicestershire County Council, amounting to £328k and the reduction in rent income, due to the 1% rent reduction and falling property numbers, totalling £254k. Other adverse movements come to £137k, making a total adverse movement of £719k.

3.7 Service Charges, Fees and Other Charges

- 3.7.1 Approximately one third of the Council's properties have a service charge, covering a range of items such as communal heating, communal lighting, maintenance of communal areas and the new charge implemented following Cabinet approval in September 2015 in respect of the older persons service. Service charges are covered by Housing Benefit, whilst all other fees and charges are not.
- 3.7.2 For 2016/17 average weekly service charges are proposed to be increased by 4.92%.
- 3.7.3 Central heating charges are proposed to be maintained at existing levels, as a result of a forecast freeze on energy prices anticipated for 2016/17.
- 3.7.4 Garage rent levels are proposed to rise by 0.8% which is in line with the Retail Prices Index (RPI) as at September 2015.
- 3.7.5 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 RPI of 0.8% on the anniversary of each individual rent agreement in 2016/17.
- 3.7.6 It is proposed that Lifeline Charges are increased by RPI of 0.8% from April 2016.

3.7.7 Shop leases are proposed to rise by an average of 14% as agreed by Cabinet in November 2014.

3.7.8 A table detailing each charge increase can be found in Appendix 3c.

3.8 HRA Business Plan

3.8.1 Significant annual surpluses on the HRA are required in future years in order to meet the loan repayment commitments in the HRA Business Plan. As detailed in 2.2 and 3.6 above, it is proposed that existing balances and future annual surpluses are transferred to a savings reserve for the purposes of repaying these loans. The first maturity loans to fall due do so in 2021/22 and are for £3m and £10m. Please see Appendix 3d for a schedule of HRA loans.

3.8.2 As a result of the proposals for 2016/17 and the inclusion of new build proposals which will bring in additional longer term rental income, the overall impact on the HRA Business Plan is as follows:

- Savings of £0.1m will be needed by 2024/25.
- Further savings of £1.3m will be required in 2035/36.
- The next funding shortfalls occur in year 26 (2041/42) and continue to the end of the business plan period in 2045/46, totalling £17.9m. This arises as a result of maturity loans of £33.8m coming up for repayment in 2041/42, and the council's treasury management strategy during this era will guide the council's response.

3.8.3 Revenue contribution to capital outlay (RCCO) for 2016/17 is reduced to nil. Future amounts are forecast to be required in order to support new build proposals, as detailed in 3.5.4 above, as follows:

RCCO

- 2016/17 – nil
- 2017/18 - £0.43m
- 2018/19 - £2.27m
- 2019/20 - £0.8m

3.8.4 At one development site, following consultation with the developer, the Council has been able to negotiate the delivery of a number of gifted units as part of the Section 106 planning agreement. Please see Cabinet report of 22 September 2015 on Emerging Issues Affecting Affordable Housing Delivery. This will allow the Council to assume ownership of a reduced number of units at a peppercorn value to be managed as rented accommodation within the HRA. This provides a significant financial advantage to the HRA business plan as a long term rental income stream is obtained for nil cost. In order to further boost the HRA balance sheet going forward, it is proposed that the Council investigates negotiating similar arrangements with developers on other sites.

4.0 CAPITAL PROGRAMMES – PROPOSED GENERAL FUND, COALVILLE SPECIAL EXPENSES AND HOUSING REVENUE ACCOUNT (HRA) PROGRAMMES 2016/17 TO 2020/21

4.1 The proposed General Fund, Special Expenses and HRA Capital Programmes for 2016/17 to 2020/21 were considered by Cabinet on 9 February 2016 and are recommended to Council for approval. See recommendations 14 to 16, at set out at the front of this report.

4.2 General Fund - Estimated Outturn 2015/16

4.2.1 The projected outturn for 2015/16 on General Fund schemes totals £2,078,759. This is a managed decrease of £51,241 on the original budget for the year of £2,130,000.

4.2.2 This managed decrease is caused by the following:

| Schemes carried forward from 2014/15 | £ | £ |
|--|-----------|------------------|
| Network Upgrade, | 89,360 | |
| Improving Customer Experience (ICE), | 5,000 | |
| Disabled Facilities Grant, | 165,000 | |
| Refuse Vehicle and Refuse Kerbsider, | 168,000 | |
| Car Park(Retention Element) | 1,585 | |
| South Street Car Park Ashby – Resurfacing | 19,900 | |
| Hermitage Recreation Grounds – AWP access area | 11,500 | |
| Coalville Market Upgrade (Phase 1a) | 1,500 | |
| Coalville Market Upgrade (Phase 2) | 100,000 | |
| Materials Separating Technology – Linden Way Depot | 8,018 | |
| Total | | 569,863 |
| | | |
| Additional Approved Schemes 2015/16 | | |
| Improving Customer Experience (ICE 2), | 200,000 | |
| Information Management | 100,000 | |
| Additional Disabled Facilities Grant | 62,000 | |
| Total | | 362,000 |
| | | |
| Planned Slippage 2015/16 | | |
| Disabled Facilities Grant – Slippage into 2016/17 | (283,000) | |
| Refuse Vehicle - Slippage into 2016/17 | (168,000) | |
| Digger - Slippage into 2016/17 | (126,000) | |
| Well Being Centre - Slippage into 2016/17 | (400,000) | |
| Hermitage Recreation Grounds – AWP access area – Slippage into 2016/17 | (11,500) | |
| Total | | (988,500) |
| | | |
| Various small Over/Underspends identified | | 5,396 |
| | | |
| Total Managed Decrease | | (51,241) |
| | | |

| | | |
|----------------------------------|-----------|-----------------|
| Funded by: | | |
| Disabled Facilities Grant | 62,000 | |
| S106 Contributions | (400,000) | |
| Revenue Contributions to Capital | 10,629 | |
| Value For Money Reserve | 309,518 | |
| Other Reserves | (18,000) | |
| Internal Borrowing | (15,388) | |
| | | (51,241) |

The total planned financing of the General Fund expenditure totalling £2,078,759 in 2015/16 is as follows:

| | |
|----------------------------------|------------------|
| | £ |
| Disabled Facilities Grant | 298,050 |
| S106 Contributions | 0 |
| Revenue Contributions to Capital | 159,959 |
| Value for Money Reserve | 378,018 |
| Other Reserves | 206,620 |
| Internal Borrowing | 1,036,112 |
| Total | 2,078,759 |

- 4.2.3 There were sufficient funds identified prior to this capital spend being committed.
- 4.2.4 The carried forward schemes shown in paragraph 4.2.2 above represents expenditure which was originally expected and budgeted for in 2014/15 but which has slipped into 2015/16 and for which the budgeted financing has also been carried forward.

4.3 **General Fund Capital Programme 2016/17 to 2020/21 – Individual Schemes**

- 4.3.1 The programme for 2016/17 to 2020/21 detailed in Appendix 4a 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 2016/17:

4.3.2 Desktop Equipment Upgrade (£42,000)

The Council's desktop PCs are currently on average over 5 years old and reaching the end of their economic life. Some work has been done in 2015-16 to replace the oldest equipment and to extend the life of existing equipment through investment in a virtual desktop computing environment. The virtual environment reduces the load on the desktop equipment and simplifies management by running software on high-power servers in the computer room instead of on the desktop PCs.

This scheme will further extend the virtual desktop environment and replace 100 of the oldest PCs with solid state thin client devices. As well as providing a more stable and reliable desktop computing environment, this investment will simplify any future move to remote or home working since the solid state thin client devices are easily supported remotely.

4.3.3 ICT Security Infrastructure (£63,000)

The Council's network is currently secured using separate products from three different resellers. This scheme will replace the Council's security infrastructure with a single unified threat management solution which is scalable to support the Council's future demands. A direct cost saving in the ICT revenue budget of £19,000 per annum from 2017-18 onwards will be realised as a result of this investment.

4.3.4 HR / Payroll System (£50,000)

The current HR/Payroll system contract (Selima) is due to expire in March 2017. This scheme and purchase of a new/upgraded system will require time for implementation, testing and dual running. The potential timescales for this project requires that we go out to tender in Jan/Feb 2016 with contract award likely to be around July/August 2016.

4.3.5 Access Road, High Street Car Park, Measham - Resurfacing (£25,000)

Proposed resurfacing of the NWLDC-owned part of the private access road serving NWLDC's public car park situated off High Street, Measham – to address defects and maintain an acceptable surface condition.

4.3.6 Hermitage Recreation Grounds – Surface Dressing (£11,500)

This scheme was originally agreed as “Hermitage Rec Grounds AWP Access Area, Whitwick - Resurfacing” in the 2014/15 Capital Budget presented to Cabinet on 11 February 2014. The original scheme was to resurface selected parts of the access area. The scheme has been expanded to incorporate surface dressing of the Lakeside Pavilion access and car park, the (original) access road leading to the All Weather Play Area and the access road leading to the slipway at Hermitage Lake – to seal and protect the surfaces from the weather, extend their life and improve their appearance.

4.3.7 Hood Park Leisure Centre Car Park, Ashby - Resurfacing (£15,000)

Resurfacing of the main vehicular route / traffic aisle through the long axis of the car park. Resurfacing is required to address the defects and maintain an acceptable surface condition.

4.3.8 North Service Road Car Park, Coalville (£32,250)

Proposed improvements to the site to address defects, maintain the vehicular and pedestrian surfaces in an acceptable condition and to potentially improve the layout and appearance (subject to detailed design).

4.3.9 Coalville Park – Reconfigure Depot and replace building (£95,000)

As part of the annual Property Services building survey, a garage at the Coalville Park depot has reached its end of life and requires urgent replacement. In addition, following annual increases in business, the size of the team, vehicles and equipment it is necessary to reconfigure and create more space and appropriate working environments at the depot. The cost at this stage is an estimate awaiting formal costings.

4.3.10 Hood Park Leisure Centre Fitness Suite Air Conditioning (£15,000)

Replacement of three 10 year old wall mounted Air Conditioning Units within the fitness suite. The units use refrigerant R22 which from the end of 2015 will be illegal to use. Consequently, within 6 months the units will effectively become obsolete and unusable. The three new units will not only use the legal, non ozone depleting refrigerant R410a, but they will also have internal inverters thus reducing energy consumption and significantly improving efficiency.

4.3.11 Hood Park Leisure Centre 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 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 sports hall 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 Authority has also been in discussion with Leicestershire Partnership Trust (NHS) who wish to relocate some of its services, such as physiotherapy, from the closure of Ashby Hospital to the Leisure Centre. The Authority feels that this would be beneficial to residents and presents a pathway from rehabilitation into on-going physical activity in a one-stop-shop health environment. 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. They are keen to progress this arrangement as a priority and proposals are at an advanced stage with the focus from both parties currently on facilitating this within the existing female dryside changing room in early to mid 2016.

Once the potential arrangement with LPT has been resolved, focus will then turn towards NWLDC's element of the Wellbeing Centre. This development, if progressed, could include new fitness 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 our facility, it will free up capacity in the 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 leading to increased income generation.

4.3.12 Fleet Replacement Programme

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.

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.

Approval is sought to amend the 2016/17 Fleet budget from £1,039,000 to £1,333,000, an increase of £294,000. The slippage of two vehicles (Refuse Vehicle £168,000 and Digger £126,000 as represented in the table in Paragraph 4.2.2) from the 2015/16 fleet programme to the 2016/17 programme. The total fleet budget for 2016/17 is therefore £1,333,000.

The changes in the 2016/17 budget, due to slippage are reflected in the table below:

| Vehicle | Original Budget | Revised Budget |
|--|------------------------|-----------------------|
| Refuse Kerbsider (End of Lease) | 344,000 | 344,000 |
| Refuse (3x refuse vehicles. End of Lease and End of Life) | 325,000 | 493,000 |
| Market Vehicles/Cars (End of Life) | 19,000 | 19,000 |
| Vans - Small (4x End of Lease but Reduced to 2) | 22,000 | 22,000 |
| Vans - Medium (2x End of Lease) | 28,000 | 28,000 |
| Vans - Pickup (End of Life) | 19,000 | 19,000 |
| Bin Lifter (New for refuse vehicle) | 20,000 | 20,000 |
| Tractor Plant & Digger (End of Life Baler, loading shovel and Tractor) | 215,000 | 341,000 |
| Mowing Machines (2x End of Lease) | 47,000 | 47,000 |
| TOTAL | 1,039,000 | 1,333,000 |

In order to progress with the 2017/18 purchases approval is sought for the following vehicles:

| | £ |
|--|----------------|
| Refuse (1 x refuse vehicle. End of Life) | 170,000 |
| 1 x HGV mechanical sweeper (End of lease) | 120,000 |
| 1 x 7.5T caged vehicle (End of life) | 40,000 |
| 2 x mini-sweepers (End of life) | 130,000 |
| Vans Medium – 12 x transit, 1 x caged (end of life or lease) | 170,000 |
| Total | 630,000 |

4.3.13 Waste Services HGV's and LGV's (approx £460,000)

The existing Heavy Goods waste vehicles, including one waste collection vehicle, one mechanical sweeper, one 7.5 tonne caged tipper and two mechanical mini-sweepers are to be replaced as part of the annual vehicle replacement programme to ensure reliability of waste and street cleansing service delivery.

4.3.14 Medium Vehicles (approx £170,000)

Thirteen medium / small vehicles are to be replaced across the fleet for 2017/18 as part of the annual vehicle replacement programme. These include three transit vans for the Waste Services Team and nine transit vans and one caged vehicle for the Housing Team. These are essential for service delivery and to control maintenance costs of increased repairs to ageing vehicles.

The General Fund Capital Programme (2016/17) will be funded by:

| | £ |
|----------------------------|------------------|
| Disabled Facilities Grants | 298,050 |
| S106 Contributions | 400,000 |
| Revenue Contribution | 135,920 |
| Reserves | 282,790 |
| Internal Borrowing | 1,681,750 |
| Total | 2,798,510 |

4.4 **Coalville Special Expenses – Estimated Outturn and Individual Schemes**

4.4.1 The Projected outturn for 2015/16 is £172,606. This is all slippage from 2014/15 on the following projects:

| | £ |
|---|----------------|
| Cropston Drive BMX Track | 9,783 |
| Thringstone Miners Social Centre | 4,913 |
| Urban Forest Park - Footway & Drainage Improvements | 39,025 |
| Owen Street – Floodlights | 779 |
| Owen Street – Changing Rooms | 115,564 |
| Thringstone Bowls Club – Toilet Block | 2,542 |
| Total | 172,606 |

4.4.2 There are no new schemes agreed at present for 2016/17.

4.5 **HRA Capital Programme – Estimated Outturn 2015/16 and 2016/17 - 2020/21**

4.5.1 The HRA Capital programme (Appendix 4b) covers in detail the capital schemes for the period 2016/17 to 2020/21.

4.5.2 Planned spend in 2016/17 and onwards mainly consists of:

4.5.3 Maintaining Decency Programme

The Decent Homes standard was introduced by 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.

After the Authority successfully completed its Decent Homes Improvement Programme and achieved 100% decency across the housing stock in March 2015, there is no further Government Grant available for the foreseeable future.

The Authority is forecast to spend £6.154 million in 2015/16 and will continue to invest in the Maintaining Decency Programme to maintain the level of decency across the Housing Stock

The Maintaining Decency Programme for 2016/17 will invest £2.947 million in improving tenants' homes, with an additional £1.327 million of other planned investment in improvements to our properties also taking place.

4.5.4 Other Planned Investment Programme

In addition to delivering the Maintaining Decency 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.

4.5.5 New Build/Affordable Housing Programme

In Autumn 2014, the Authority commissioned Housing Quality Network (HQN) to undertake an options appraisal on how the Authority could increase the number of council-owned homes through new build and acquisitions. The HQN report was concluded in January 2015 and a number of recommendations from the report were subsequently approved by Cabinet on 10 November 2015. The Authority has committed to build new homes at three different sites:

| | |
|--|------------------|
| Brownfield site, Coalville (if acquired) | - 12 homes |
| Greenacres, Coalville | - 10 homes |
| Willesley Estate, Ashby | - <u>8 homes</u> |
| Total | - 30 homes |

4.5.6 Other Schemes / Miscellaneous

There are various other schemes in the Housing Capital Programme as per Appendix 4b.

A new line of Disposal of High Value Assets has been included in Appendix 4b. This is due to the Government's new Housing and Planning Bill currently going through Parliament. The introduction of 'Right to Buy' for Housing Tenants Association tenants will require contributions from local authorities to subsidise Housing Associations and support the discount to be granted to those tenants.

It is currently suggested that local authorities must make a payment to the Government based on the market value of high value housing likely to become vacant during the year, less any allowable deductions. The amount will be formula based and payable in advance. There are, as yet, no firm details of the formula to be applied and as a result, an indicative amount of £500,000 per annum has been included in the capital programme going forward.

4.5.7 Future Funding

Since its inception, the long term HRA business plan has had a core assumption that future rents will increase by 2.5% (notwithstanding the annual 1% rent reductions from 2016 for four years) and this was a standard, benchmark assumption across most social housing landlords. In view of government policy and the outlook for inflation, it is now considered prudent to change this assumption to 1.5%. This has a significant impact on future rental income flows, and additional efficiencies and savings will have to be identified within the Housing Service going forward.

Changing this core assumption required a fundamental re-modelling of the HRA business plan, with a particular focus on identifying areas where expenditure can be reduced or additional income can be generated.

4.5.8 Capital Programme Proposals

The capital Programme can be adjusted by either generating additional income from the disposal of poorly performing assets (properties or land), or reducing / re-profiling the expenditure planned over the lifetime of the Business Plan. Our proposals are detailed below:

Sale of sites and empty properties - to generate income and reduce the need for significant investment in properties with high repairs needs, a programme of selective sales is being recommended. We propose that £900,000 is raised through disposing of properties or sites (including decommissioned sheltered blocks and/or garages) in 2016/17, and in each of the following two years. Projected sales income then falls to £750,000 from 2019/20 onwards. The properties will be selected based on their Net Present Value (NPV), which measures the financial value of a property over a period of time by comparing rental income with investment needs. High performing properties need little investment and generate an excess of rental income, whilst low performing properties require significant improvement work and, by comparison, generate insufficient rental income. We propose to sell those empty homes with the lowest NPV, and target 3 bedroom properties, of which we have a disproportionately high number compared to 1 and 2 bedroom properties. The latter are the type of properties for which there is the highest demand from home-seekers on the waiting list.

Re-profiling of capital improvements expenditure 2018/19 to 2024/25 – For non-decency improvements (i.e. parking schemes, paths, driveways, walls / fencing, outbuildings) a planned programme of works for future years had been outlined in the Asset Management Strategy which was approved by Cabinet on 20 October 2015. Peaks of expenditure had originally been planned in the years over 2019 - 2023, which coincides with other significant budget pressure to re-pay two loans of £10m and £3m in March 2022. By re-profiling some of the capital expenditure back from these years, and spreading it over subsequent periods, we have ensured the business plan has a smoother expenditure profile, and also has capacity to repay the two loans in full.

By making these adjustments, it means that we can maintain the predicted level of expenditure required to maintain all homes at or above the Decent Homes standard in future. As a result, we are aiming to ensure that no properties fail to meet the Decent Homes standard going forward.

Aids and Adaptations budget – significant investment was made through the Decent Homes programme in installing level access showers instead of like for like bathroom replacements in many ground floor flats and bungalows. It is therefore projected that the budget requirement for this work will reduce over time. Furthermore, as more properties have received adaptations in recent years as part of this programme, more efficient utilisation of these properties by existing and future tenants will reduce the need to carry out new works. We have therefore reduced the projected budget allocation for future years, although we are still aiming to invest £250,000 per annum in this area by 2020.

Programme Delivery Costs – a provision is made within the capital programme to fund the staff responsible for delivering the programme. Previously, the budget assumed one full time post would be required to support our new build programme, after the successful completion of the three pilot schemes. In view of the future need to dispose of sites, the future new build programme may now be less ambitious than originally envisaged. Furthermore, any future new

build schemes would require us to borrow funds, although there is available headroom within the Housing Revenue Account to do so. Therefore, the costs associated with new build delivery have been reduced to 0.5 of a full time post.

4.6 Capital Resources

4.6.1 The resources estimated to be needed to finance the General Fund programme 2016/17 to 2020/21 totals £6,805,560 and is as follows:

| | £ |
|--------------|------------------|
| 2016/17 | 2,798,510 |
| 2017/18 | 1,175,970 |
| 2018/19 | 1,801,970 |
| 2019/20 | 228,000 |
| 2020/21 | 801,110 |
| Total | 6,805,560 |

4.6.2 Details of the planned funding of the programmes are included in Appendix 4a. Funding is in place in 2016/17 for the Disabled Facilities Grants Scheme (£716,760) and Wellbeing Centre (£400,000) consisting of £298,050 Disabled Facilities Grants, £282,790 of reserves and £135,920 of Revenue Contribution and £400,000 of S106 Contributions. The remaining schemes (£1,681,750) can be funded through either leasing or borrowing depending on value for money and provision has been made in the 2016/17 Revenue Budget.

4.6.3 The following resources are budgeted to be available for financing the Housing Revenue Account Programme in 2016/17. An estimated surplus of £644,000 can be carried forward to 2017/18.

| | £ |
|---|------------------|
| Usable Balances | 1,531,000 |
| Retained Right to Buy Receipts | 238,534 |
| Right to Buy Receipts – Attributable debt | 658,722 |
| Use of Right to Buy ‘One for One’ reserve | 496,919 |
| Major Repairs Allowance | 4,983,603 |
| Asset Disposals (Capital Allowance) | 900,000 |
| Total Resources | 8,808,778 |
| Less Budgeted Expenditure | 8,164,778 |
| Surplus to be carried forward to 2017/18 | 644,000 |

4.7 Procurement Routes

4.7.1 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.

4.7.2 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.

4.7.3 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. Officers will 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.

4.7.4 Car Park Resurfacing

The Council will need to resurface four car parks/roads in the 2016/17 financial year, Access Road to High Street Car Park, Measham; Hermitage Recreation Grounds; Hood Park Leisure Centre Car Park and North Service Road Car Park, Coalville.

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 £83,750, 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 the CPR, according to its own value. This would bring all four schemes into Band B (Small) Contracts, 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 four 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.

5.0 SETTING THE COUNCIL TAX

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

5.2 Recommendations 18(1) and 18(2)

The amount shown in these recommendations are the Council Tax Base for the 2016/17 year (Recommendation 18(1)) and the Council Tax Base for 2016/17 for those areas where Parish Precepts and/or Special Expenses apply (Recommendation 18(2)) both as shown in Table 1.

5.3 Recommendation 19(1)

The amount at Recommendation 19(1) is the Council's estimated gross expenditure for 2016/17 including the Special Expenses plus the parish precepts as notified to the District Council under the Local Government Act 1972 together with any increase in reserves. It is calculated as follows:

| | £ |
|------------------------------------|------------|
| District Gross Expenditure | 58,109,509 |
| Parish Precepts | 1,725,678 |
| Surplus of Income over Expenditure | 1,081,912 |
| Total | 60,917,099 |

5.4 Recommendation 19(2)

This is the District Council's estimated gross income for 2016/17 from fees, charges, rents, specific and general Government grants, reserves and the transfer from the Collection Fund and has been calculated as follows:

| | £ |
|---|------------|
| Fees and charges, rents, specific Government Grants | 46,765,186 |
| Formula Grant | 1,120,000 |
| National Non Domestic Business Rates | 2,955,534 |
| New Homes Bonus | 2,773,081 |
| Transfer from Collection Fund | 345,441 |
| Total | 53,959,242 |

5.5 **Recommendation 19(3)**

This is the Council's Council Tax Requirement and is the difference between gross expenditure at 19(1) above and gross income at 19(2) above. It is calculated as:

| | £ |
|--------------------------|------------------|
| Gross Expenditure | 60,917,099 |
| <u>Less</u> Gross Income | 53,959,242 |
| Total | 6,957,857 |

5.6 **Recommendation 19(4)**

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

Where:

- R is the Council's Council Tax Requirement, i.e. as Recommendation 19(3) above
- T is the Council Tax Base

Therefore:
$$\frac{\mathbf{\underline{\underline{\pounds 6,957,857 (R)}}}}{30,319 (T)} = \mathbf{\underline{\underline{\pounds 229.49}}}$$

5.7 **Recommendation 19(5)**

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

| | £ |
|------------------|------------------|
| Special Expenses | 424,192 |
| Parish Precepts | 1,725,678 |
| Total | 2,149,870 |

5.8 **Recommendation 19(6)**

This figure is arrived at by deducting from the amount of basic Council Tax at Recommendation 19(4) the sum of the Special Expenses plus parish precepts (recommendation 19 (5) divided by the District Council Tax base):

$$\pounds 229.49 - \frac{(\underline{\underline{\pounds 2,149,870}})}{30,319} = \mathbf{\underline{\underline{\pounds 158.58}}}$$

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

5.9 **Recommendation 19 (7)**

The amounts referred to here are the additional basic levels of Council Tax to meet the parish precepts and/or Special Expenses set out in Recommendation 19(5). They are calculated by dividing the parish precept and/or Special Expenses by the Council tax base for that part of the Council's area, and adding the result to the Council Tax amount calculated in Recommendation 19(6) above.

5.10 Recommendation 19(8)

These amounts are calculated by applying, either to the basic amounts of Council Tax at Recommendation 19(6) (no parish precept and/or Special Expenses), or to the basic amounts of Council Tax at Recommendation 1687) (where there are parish precepts and/or Special Expenses), the proportions listed in Section 5(1) of the Local Government Finance Act 1992 as they relate to the proportion allocated to Band D as follows:

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

5.11 Recommendation 20

In issuing their precepts for the financial year 2016/17 Leicestershire County Council (subject to County Council meeting), Leicestershire Police and Crime Commissioner and the Combined Fire Authority have informed the billing authority (i.e. North West Leicestershire District Council) of the total amount payable and also the amount of Council Tax for each valuation band. There will be an update at the District Council meeting should the County Council's information change.

5.12 Recommendation 21

This amount is calculated by adding together the amounts in recommendation 19(8) and the amounts in Recommendation 20. This gives the total amount of Council Tax payable for each valuation band in each part of the Council's area. These amounts will, in some cases, be reduced by discounts including Council Tax Support discounts which replaced Council Tax Benefits from 1 April 2013.

5.13 Recommendation 22

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

The Secretary of State has now indicated that the Authority's basic amount of Council Tax for 2016/17 would be considered excessive if it is more than 2% greater than its relevant basic amount of Council Tax for 2015/16. For 2016/17 Parish Councils are again not included in the principles.

As no increase in Council Tax is being recommended in those parts of the District in which no parish precepts apply (i.e. in the District element of the Council Tax plus appropriate Special Expenses element) there is no question of the basic amount of Council Tax for 2016/17 being determined as excessive.

General Fund Budget Consultation

Trade Unions

No responses received.

Federation of Small Businesses

Charley Parish Council

No view on the District's budget proposals.

Whitwick Parish Council

Thank you for consulting the Parish Council on your draft budget. The Parish Council has responded by saying that it welcomes the fact that the draft budget involves no reduction in NWLDC's front line services and hopes that these will continue to be protected in future

Measham Parish Council

Thank you for extending the deadline for members to look at the budget consultation. They have considered the information and have no comments or objections to make.

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MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 6 JANUARY 2016

Present: Councillor M Specht (Chairman)

Councillors N Clarke, J Cotterill, J G Coxon, T Eynon, J Geary, D Harrison and A C Saffell

In Attendance: Councillors R Adams, R D Bayliss, J Clarke, D Everitt, F Fenning, J Houl, R Johnson, G Jones, J Legrys, S McKendrick and T J Pendleton

Officers: Mr S Bambrick, Mr R Bowmer, Ms C E Fisher, Mr D Gill, Mr G Jones, Mr J Newton and Mrs R Wallace

18. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor N Smith.

19. DECLARATION OF INTERESTS

In accordance with the code of conduct, Members declared the following interests:

Councillor T Eynon declared a non pecuniary interest in item 5 – Section 106 Contributions for Health as a General Practitioner in the Hinckley and Bosworth area.

Councillor J Coxon declared a non pecuniary interest in item 8 – Draft Revenue Budget Proposals and Capital Programmes 2016/17 as a Member of Ashby Town Council.

20. PUBLIC QUESTION AND ANSWER SESSION

The following question was asked by Dr B Kneale on behalf of the Ashby Civic Society:

Members will be aware that the Ashby Civic Society has campaigned for the last eighteen months, in line with the overwhelming views of the residents of Ashby, for the retention of Ashby Hospital. You will also know that the NHS bodies have now decided to proceed with disposal of the site which has left Ashby with no local inpatient beds, a lacking palliative care service, a fragmented community service not the “one stop, state of the art facility” as promised.

A major part of the NHS argument for this closure was the disputed condition of the building and the lack of funds for the NHS estimate for required maintenance costs. At this meeting tonight you are due to discuss the appalling situation of the imminent failure to use £246,901.28 of Section 106 monies designated for health service projects which have been available for use for several years!

In all our communications with the NWLDC and the NHS about Ashby Hospital no one has ever mentioned the availability of these funds!

We see from NHS England Health and Wellbeing Board papers of July 2014 that £221,457.59 was allocated for “a new GP surgery in Ashby or to support the CCG in the reconfiguration of services following the community hospital review”. We also see that almost that amount is listed in your papers as being available from developments in Ashby alone.

We also understand that the West Leicestershire CCG asked for and, earlier in 2015, received delegated authority to manage their share of S.106 health monies; yet more than £200k is in danger of being returned, with interest, to developers, and presumably the

total of more than £1.3 held by the Council could also potentially be at risk of the same fate unless better management of these funds is implemented straightaway.

As a matter of urgency will the Council please therefore explain:

Why it has taken so long to establish the failure to spend these much needed monies, what are the communication difficulties with the NHS bodies referred to in the papers now before you and how the council will address these difficulties in order to facilitate a process which will ensure the retention and proper utilisation of the monies now highlighted to be at risk (and remaining s106 monies) thus reassuring the public , in these times of austerity, that any repayments to developers, with interest, will not come from increases in Council taxes or further reduction in services funded directly or indirectly by the Council?

The Director of Services gave the following response:

In relation to the closure of Ashby Hospital, it will be a matter for the NHS to set out their financial position and the decision making they have followed in relation to the hospital. However it is understood that the financial shortfall that existed in relation to the running costs of Ashby Hospital were ongoing revenue shortfalls. The money that is available to the NHS through section 106 funding is capital or one-off funding that could not be used for revenue purposes even if, under the terms of the existing 106 agreements, it was legitimate to use them for the purposes of supporting Ashby Hospital.

The District Council is therefore not in a position to comment on the individual projects the NHS intend to use the section 106 funding for. That is entirely a matter for the NHS. Turning to the question before the Policy and Development Group; the District Council has been in regular contact with NHS representatives for a number of years to remind them of the availability of the section 106 funding. Unfortunately the reminders of the availability of this funding have either not been replied to, or where a reply has been given it has been to say that they are considering their options. In 2013 it is understood the Primary Care Panel were considering how best to allocate funds and which individual parts of the health service may be able to bid for monies that would be available. This did not lead to any firm proposals despite continued reminders.

It was therefore partly in response to these difficulties that the Council escalated the issue in July 2015 when the Director of Services personally wrote to the NHS representative to ask for an urgent update on the intentions to spend the money allocated to them. No reply was received to this correspondence.

Therefore following a meeting with District Councillor Cllr Eynon on 19th October 2015, the Director arranged for a meeting to take place between the Council and health representatives to discuss the use of 106 funding. That meeting took place on 17th November 2015 but unfortunately due to other urgent commitments some key people were unable to attend. A further meeting was therefore held on 6th January 2015 and a verbal update can be given as to the outcome of that meeting.

What can also be reported is that on 30th December 2015 the District Council received a request from the NHS to release £257,000 of section 106 funding which would be used towards the expansion of the Long Lane surgery in Coalville. This request for release of funding is currently being assessed by the District Council officers.

Having now established appropriate contact with health representatives, it is proposed to continue with this arrangement to ensure that appropriate use of 106 funds for healthcare is being made.

On the final point within the question regarding repayments, to date, the District Council has not had to make any repayments of 106 funding and the processes now being established with NHS colleagues are being developed so that every opportunity is taken to ensure that no monies are required to be repaid in the future. However should a repayment become necessary, most agreements require that any interest accrued on the capital sums received by the district council are repaid with the capital. It is therefore expected that any interest payable will be covered by the interest earned. Some agreements require no interest to be paid at all.

Dr Kneale called upon the Committee to reject the recommendations set out in the report at item 5 on the agenda. She believed that a more proactive response was required to make sure the money was used for the correct purpose.

The Director of Resources suggested that Members consider Dr Kneale's comments as part of the main item regarding the subject on the agenda.

21. MINUTES

Councillor J Geary asked for the following to be inserted into minute number 12:

'Councillor J Geary felt that the public had little confidence in the Planning Service and suggested that a survey be circulated with the Council Tax letters to ask people's opinions so people consider Council Tax value for money. He believed that the responses would be surprising.'

Councillor J Coxon raised concerns that minutes were being amended by Members regularly at various Committees and he felt it was unnecessary. The Deputy Monitoring Officer advised that minutes of the meeting were not a verbatim record and therefore did not include full discussion but Members could make amendments if the majority were in agreement.

It was moved by Councillor M Specht, seconded by Councillor D Harrison and

RESOLVED THAT:

Subject to the above amendment, the minutes of the meeting held on 30 September 2015 be approved and signed by the Chairman as a correct record.

22. SECTION 106 CONTRIBUTIONS FOR HEALTH

The Director of Services presented the report to Members.

He explained that since the report had been written the responsibility for spending the Section 106 money had been formally handed over from the Primary Care Trust (PCT) to the Clinical Commissioning Groups (CCG). At a meeting that afternoon with the CCG representative for the area, discussions had been had regarding the intention to spend the money and a request had been submitted on 30 December to release £250,000 for Long Lane. The Director of Services assured Members that he would continue monthly communications with the CCG representative to encourage the funds to be spent. He concluded that a strategic asset plan was being drafted by the CCG which would be submitted to National Government.

Councillor T Eynon commented that it was really important for people to understand that the Council had no powers over spending the funds and congratulated the officers for their efforts in getting to this point. She also thanked Dr B Kneale for the question she submitted earlier in the meeting on the same subject.

In response to a number of questions from Councillor T Eynon, the Director of Services stated the following:

- It was confirmed that no money had been paid back to the developers to date and it was the intent to extend the expired agreements subject to the agreement of developers.
- The representative for the CCG was Ruth Waddington and her email address would be circulated to members outside of the meeting.
- As the meeting with the CCG representative was only that afternoon it was difficult to say how the arrangement would work in the future. He believed it would be more appropriate to report back to a future meeting on the process and progress; this would also keep Members involved in the monitoring of the spending as requested.
- The Director of Services agreed to provide information on the amount of funds spent prior to the dates within the report. He explained that the NHS incurred the expenditure and then needed to provide evidence of this first before funds were released.
- The Director of Services could not say exactly how the CCG were planning on operating but he was aware that it would be strategic and the plan they were currently drafting would assist with this. He added that he was sure the Health and Wellbeing Board would fit in well but it was the decision of the CCG as to whether they were involved. He was sure this would be identified within the plan.

Councillor N Clarke reinforced the importance in keeping Members involved with the monitoring of this and asked which officers were involved in the meeting held that afternoon with the CCG. He also enquired whether minutes would be available. The Director of Services stated that he would let Members know which officers were involved and when the minutes would be available.

Councillor J Coxon commented that as an Ashby Member he felt that Section 106 money put aside for Ashby should be spent in Ashby as it was very much needed. He believed that the involvement of local Members was important and the Town Council should also have a level of involvement. The Director of Services agreed that money for Ashby should be spent in that area but unfortunately older agreements did not specify this. It was a detail that was being addressed with future agreements.

The Chairman felt confident that the involvement of the CCG representative would move things forward and he was looking forward to seeing more detail regarding progress and time frames at a future meeting.

The Chief Executive commented that unfortunately this was a problem for many authorities and was pleased that steps were being made to move things forward. She suggested that as the Committee had powers to do so, the CCG representative could be invited to a future meeting to answer Members' questions on the future progress in the area. Members expressed their wish to do so.

Councillor V Richichi asked if there were any financial benefits to the Council for holding the funds until they were spent. The Deputy Monitoring Officer advised that it was a statutory scheme and as the Council was responsible for negotiating the contributions, it had to hold the funds. He assured Members that there was no cost to the Council.

It was moved by Councillor D Harrison, seconded by Councillor J Geary and

RESOLVED THAT:

- a) The amount of Section 106 money currently being held for health contributions be noted.
- b) The efforts being made by officers to facilitate Section 106 health contributions to be spent within the terms of the applicable legal agreements be noted.

23. PROPOSED LEICESTER AND LEICESTERSHIRE COMBINED AUTHORITY

The Chief Executive presented the report to Members and highlighted the next steps as detailed on page 41 of the report. Further to the report, the Chief Executive informed Members that the consultation document within the report that was agreed at Full Council had now been agreed by all authorities involved.

Councillor N Clarke regarding the cost of running the authority, commented that it was a higher cost for North West Leicestershire because we were co-ordinating the project and that meant the cost of the Chief Executive's time. The Chief Executive responded that she believed the costs as set out were fair and that all officers involved across the various authorities were putting a large amount of time to the project. She added that there were benefits from co-ordinating as she was fully aware of all that was happening and it was advantageous to have a voice. Councillor N Clarke understood the advantages but continued to raise concerns regarding the time spent by the Chief Executive. Councillor R Blunt commented that he had agreed that the Chief Executive should be involved in her current capacity and believed that the benefits from the arrangement were worth her time spent.

In response to a question from Councillor N Clarke regarding the membership of the proposed Scrutiny Committee of the combined authority and how it would operate, the Chief Executive explained that a template from another combined authority was being used as a starting point and discussions were currently being had regarding the changes that were required, so unfortunately she could not answer specific questions on the operation of the Scrutiny Committee at this point.

Councillor J Coxon congratulated the Chief Executive on the progression made and he believed that working together as a combined authority was the way forward. His only concern was how it would impact on Parish Council's in the future with regards to the dissolving of services.

Councillor V Richichi raised concerns regarding a possible reduction in staffing levels at North West Leicestershire District Council because of the arrangement. Councillor R Blunt stated that each Council would still have its own work to carry out and nothing had been decided on individual jobs. He added that there were still a lot of discussions to be had. The Chief Executive explained that as local authorities were receiving less money each year from National Government it was crucial to work together and rely on other income streams. Some authorities were also sharing services due to an inability to recruit to vacant posts.

In response to a request from Councillor J Geary, the Chief Executive assured Members that the planning service would stay within the District Council and Section 106 money would be ring fenced for the area. In response to a further question from Councillor J Geary, the Chief Executive explained that the Planning Sub Committee referred to within the report was already in existence as the Members Advisory Group. It would ultimately work towards the growth plan and is made up of Cabinet Members from the involved authorities; it was chaired by Councillor T J Pendleton.

Regarding the invitation from Nottinghamshire County Council to join their bid as referred to in an email from Andrew Bridgen MP as detailed with the report, Councillor J Geary asked for an update on the situation. Councillor R Blunt reported that this arrangement was not currently an option as Nottinghamshire and Derbyshire sit much better together. Councillor A C Saffell expressed concerns that as an authority we would not have a strong enough voice and would be left behind if we did not become involved with the other cities. He believed that we should be cautious. Councillor R Blunt believed that an agreement would only work if all parties were in agreement and willing to work together. He commented that the District had already seen growth and therefore believed that the proposed arrangements would work well.

In response to questions from Councillor D Harrison, the Chief Executive stated that discussions were still being had regarding whether a separate team of officers would be running the combined authority and this was something that would need to be progressed. She believed that the combined authority could not raise revenue through an element of Council Tax but would report this back to Members.

By affirmation of the meeting it was

RESOLVED THAT:

The report be noted.

24. HOUSING REVENUE ACCOUNT (HRA) BUDGET PROPOSALS FOR 2016/17 (WITH UPDATE)

The Director of Housing presented the report to Members.

In response to concerns from Councillors D Harrison and J Geary regarding the number of void properties in the District resulting in a loss of income, the Director of Housing admitted that the void properties were not turned around as quickly as they should be and there was definitely room for improvement. He added that in comparison to other authorities, North West Leicestershire did have a higher turnover of properties.

In response to a question from Councillor J Geary, the Director of Housing explained that there were currently six business rental properties and as there had been no increase in rent for the last 12 to 15 years, an agreement had been made with the business owners for an incremental increase as detailed within the report.

Councillor T Eynon expressed her concerns regarding the reduction in budget for aids and adaptations, and asked if this would result in delays for people in getting the adaptations they need. The Director of Housing responded that substantial investment had been made in that area already and there were no requests outstanding currently. Even though funds had been reduced, The Director of Services was confident that matching people to properties more efficiently would save money.

In response to a question from Councillor J Coxon, the Director of Housing believed that the tenant's contents insurance did include appropriate coverage for flooding but he would check the policy and report back to Members.

In response to questions from Councillor N Clarke, the Director of Housing stated the following:

- It was proposed to target empty three bedroom houses across the district to sell as there was a disproportionately high number compared to one and two bedroom houses. The plan was to sell five to six properties per year.

- Although the report stated that a number of properties may fail to meet the Decent Homes Standards for a short period of time it would be due to factors such as older boilers which were still in good working order but had not yet been replaced. The Council held the 100 per cent of homes at a Decent Homes Standard dearly and it would only be for a short period of time.
- The Director of Housing believed the reduction in debt provision was acceptable and was a prudent figure.

It was moved by Councillor J Coxon, seconded by Councillor J Cotterill and

RESOLVED THAT:

The comments provided by the Committee be considered by Cabinet when it meets on 9 February 2016 to recommend its proposals to Council on 23 February 2016.

25. DRAFT REVENUE BUDGET PROPOSALS AND CAPITAL PROGRAMMES 2016/17

The Head of Finance presented the report to Members.

Councillor J Coxon asked if the Local Council Tax Support grant for town and parish council's would continue to be paid in the 2017/18 financial year. The Head of Finance reported that the decision to pay the grant was made on a year by year basis and would ultimately be a decision for cabinet.

Councillor T Eynon was struck by the extent that the New Homes Bonus grant was relied on and was concerned about the effect it would have on the authority if it was withdrawn. She also drew Members attention to the planned slippage of the disabled facilities grants as mentioned on page 136 of the report and asked officers for clarification. The Head of Finance explained that there was generally a delay between funds being granted and being spent over each financial year, this was the slippage. He assured Members that the funds carried over would still be spent on disabled facilities.

Councillor N Clarke expressed surprise that the level of revenue from recycling was forecasted to be 25 per cent lower in the 2016/17 financial year as he thought that area was booming. The Head of Finance explained that the market had changed as there was currently less demand and therefore the price had fallen.

Councillor N Clarke noted the significant cost for the Local Plan and asked officers if the figure was likely to increase. The Director of Services explained that the figure within the budget was for the cost of the examination of the Local Plan which all authorities legally had to undertake. He could not guarantee the exact cost but he was confident that the amount budgeted would be enough to cover it.

Councillor N Rushton, Corporate Portfolio Holder, addressed the Committee. He reported that the Council was in a good financial position and this was why once again proposals were for a zero per cent rise in Council Tax. He recognised that there was a reliance on the New Homes Bonus grant and that there would be a significant impact if it was withdrawn, this was the reason for prudent spending and setting funds aside as a contingency. Regarding the Local Council Tax Support grant for town and parish council's; Councillor N Rushton stated that the authority would like to continue to provide these grants but unfortunately under the current economic climate, it may not be possible in the future.

It was moved by Councillor J Coxon, seconded by Councillor D Harrison and

RESOLVED THAT:

The comments provided by the Committee be considered by Cabinet when it meets on 9 February 2016 to recommend its proposals to Council on 23 February 2016.

26. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Consideration was given to the future work programme for the Policy Development Group.

The Deputy Monitoring Officer advised the Committee that an update of the Council's Constitution would be on the agenda for the next meeting of the Committee.

As discussed earlier in the meeting, the Director of Services would invite the CCG representative to the next convenient meeting of the Committee and provide an update report on the Section 106 money contributions for health. As requested by Councillor A C Saffell, the Director of Services agreed to invite the neighbouring area CCG representative that covered Castle Donington.

RESOLVED THAT:

The following items be put on the future work programme:

- 1) Update to the Council's Constitution
- 2) Update on the Section 106 Contributions for Health

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.25 pm

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL SUMMARY BUDGET 2016/17

| 2015/16 Budget £ | 2015/16 F'Cast Out- turn £ | Service | 2016/17 Budget £ |
|------------------------|-------------------------------------|---|------------------------|
| 255,990 | 258,240 | Chief Executive | 261,900 |
| 0 | 36,110 | Economic Development | 198,440 |
| 3,170 | (1,000) | Joint Strategic Planning | 7,530 |
| 0 | 32,740 | Director of Resources | 107,100 |
| 293,440 | 341,950 | Human Resources | 345,750 |
| 2,275,000 | 2,168,930 | Legal & Support Services | 2,421,900 |
| 1,727,860 | 1,786,803 | Finance | 1,989,200 |
| 4,555,460 | 4,623,773 | Total Chief Executive's Department | 5,331,820 |
| 351,780 | 347,263 | Director of Services | 337,900 |
| 4,058,610 | 4,075,888 | Community Services | 4,385,340 |
| 456,630 | 445,780 | Strategic Housing | 467,880 |
| 803,250 | 148,090 | Regeneration & Planning | 477,280 |
| 5,670,270 | 5,017,021 | Total Director of Services | 5,668,400 |
| 54,550 | 36,680 | Corporate & Democratic Core | 44,930 |
| 8,380 | 1,950 | Non Distributed - Revenue Expenditure on Surplus Assets | 9,850 |
| 78,000 | 122,150 | Non Distributed - Retirement Benefits | 77,260 |
| 10,366,660 | 9,801,574 | NET COST OF SERVICES | 11,132,260 |
| (1,378,560) | (1,344,495) | Net Recharges from General Fund | (1,418,150) |
| 8,988,100 | 8,457,079 | NET COST OF SERVICES AFTER RECHARGES | 9,714,110 |
| | | CORPORATE ITEMS AND FINANCING | |
| | | Corporate Income and Expenditure | |
| 1,030,857 | 1,030,857 | Net Financing Costs | 1,054,200 |
| 400,000 | 400,000 | Acquisition of Sites | 0 |
| (92,000) | (123,900) | Investment Income | (116,000) |
| 183,000 | 183,000 | Corporate Contingency | 100,000 |
| 100,076 | 100,076 | Localisation of Council Tax Support Grant - Parish & Special Expenses | 167,821 |
| 10,610,033 | 10,047,112 | NET REVENUE EXPENDITURE | 10,920,131 |
| 0 | 1,595,894 | Contribution to Balances/Reserves | 1,081,912 |
| 10,610,033 | 11,643,006 | MET FROM GOVT GRANT & COUNCIL TAX (Budget Requirement) | 12,002,043 |
| | | Financed By | |
| 1,761,262 | 1,761,262 | Formula Grant | 1,120,000 |
| 58,056 | 58,056 | Council Tax Freeze Grant | - |
| 2,123,066 | 2,123,066 | New Homes Bonus | 2,773,081 |
| 25,106 | 25,106 | Transfer from Collection Fund | 345,441 |
| 4,704,117 | 4,704,117 | Council Tax | 4,807,987 |
| 2,102,044 | 2,971,399 | National Non-Domestic Rates Baseline | 2,955,534 |
| (163,618) | 0 | National Non-Domestic Rates Safety Net | - |
| 10,610,033 | 11,643,006 | TOTAL FUNDING AVAILABLE | 12,002,043 |
| | | SPECIAL EXPENSES | |
| 475,200 | 512,823 | Community Services | 487,450 |
| 10,000 | 10,000 | RCCO | 0 |
| 485,200 | 522,823 | NET COST OF SERVICES AFTER RECHARGES | 487,450 |
| | | Financed By | |
| (487) | 37,136 | Use of Reserves | (4,487) |
| 418,004 | 418,004 | Council Tax | 424,192 |
| 67,683 | 67,683 | Localisation of Council Tax Support Grant | 67,745 |
| 485,200 | 522,823 | | 487,450 |

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| SPECIAL EXPENSES | 2015/16 | | 2016/17 |
|---|-------------------|-------------------|----------------|
| | ORIGINAL ESTIMATE | PROJECTED OUTTURN | ESTIMATE |
| | £ | £ | £ |
| COALVILLE | | | |
| Parks, Recreation Grounds & Open Spaces | 262,990 | 276,408 | 264,910 |
| Broomley's Cemetery | 10,960 | 23,021 | 12,700 |
| C/V War Memorials/Grass Verge Cutting | 17,830 | 20,830 | 16,090 |
| One Off Grants | 3,000 | 2,500 | 2,000 |
| Coalville Events | 42,810 | 49,318 | 54,380 |
| RCCO | 10,000 | 10,000 | 0 |
| | 347,590 | 382,077 | 350,080 |
| WHITWICK | | | |
| Cemetery | 10,500 | 14,015 | 11,480 |
| Grass Verge Cutting | 610 | 609 | 620 |
| | 11,110 | 14,624 | 12,100 |
| HUGGLESCOTE | | | |
| Parks, Recreation Grounds & Open Spaces | 0 | 230 | 0 |
| Cemetery | 14,360 | 13,828 | 13,900 |
| One Off Grants | 0 | 750 | 0 |
| | 14,360 | 14,808 | 13,900 |
| PLAY AREAS/CLOSED CHURCHYARDS | | | |
| GROUND MAINTENANCE: | | | |
| OSGATHORPE | 350 | 348 | 360 |
| COLEORTON | 3,240 | 3,239 | 3,300 |
| RAVENSTONE | 350 | 348 | 360 |
| MEASHAM | 1,850 | 1,845 | 1,880 |
| LOCKINGTON-CUM-HEMINGTON | 1,820 | 2,000 | 1,850 |
| OAKTHORPE & DONISTHORPE | 3,760 | 3,763 | 3,840 |
| STRETTON | 1,320 | 1,323 | 1,350 |
| APPLEBY MAGNA | 1,590 | 1,589 | 1,620 |
| OTHER SPECIAL EXPENSES | 14,280 | 14,455 | 14,560 |
| SPECIAL EXPENSES (NET COST OF SERVICE) | 387,340 | 425,964 | 390,640 |
| Service Management recharges | 97,860 | 97,860 | 96,810 |
| ANNUAL RECURRING EXPENDITURE | 485,200 | 523,824 | 487,450 |
| FUNDED BY: | | | |
| Use of Reserves | -487 | 38,137 | -4,487 |
| Precept | 418,004 | 418,004 | 424,192 |
| Localisation of Council Tax Support Grant | 67,683 | 67,683 | 67,745 |
| | 485,200 | 523,824 | 487,450 |

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APPENDIX 3a

| LINE NO. | DETAIL | 2015/2016 | | 2016/2017 |
|----------|---|-------------|-----------------------|---------------|
| | | Budget £ | Forecast (p9) £ | Estimate £ |
| | HOUSING REVENUE ACCOUNT | | | |
| 1. | TOTAL REPAIRS & MAINTENANCE | 5,097,110 | 5,018,640 | 5,258,450 |
| | SUPERVISION & MANAGEMENT | | | |
| 2. | General | 2,234,580 | 2,341,760 | 2,163,710 |
| 3. | Special / Supporting People | 341,230 | 509,330 | 608,230 |
| 4. | | 2,575,810 | 2,851,090 | 2,771,940 |
| 5. | PROVISION -DOUBTFUL DEBTS | 170,790 | 170,790 | 125,000 |
| 6. | CAPITAL FINANCING:- | | | |
| 7. | Depreciation - MRA & other | 3,995,170 | 3,995,170 | 3,995,170 |
| 8. | Debt Management Expenses | 1,390 | 1,390 | 1,400 |
| 9. | | 3,996,560 | 3,996,560 | 3,996,570 |
| 10. | TOTAL EXPENDITURE | 11,840,270 | 12,037,080 | 12,151,960 |
| 11. | RENT INCOME | | | |
| 12. | Dwellings | 17,521,680 | 17,501,440 | 17,268,070 |
| 13. | Service Charges | 310,710 | 348,580 | 464,490 |
| 14. | Garages & Sites | 82,820 | 76,980 | 84,130 |
| 15. | Other | 26,100 | 11,800 | 25,570 |
| 16. | TOTAL INCOME | 17,941,310 | 17,938,800 | 17,842,260 |
| 17. | NET COST OF SERVICES | -6,101,040 | -5,901,720 | -5,690,300 |
| 18. | CAPITAL FINANCING - HISTORICAL DEBT | 147,670 | 147,670 | 147,670 |
| 19. | CAPITAL FINANCING - SELF FINANCING DEBT | 3,257,170 | 3,257,170 | 3,257,170 |
| 20. | INVESTMENT INCOME | -53,020 | -71,420 | -66,020 |
| 21. | PREMATURE LOAN REDEMPTION PREMIUMS | 7,060 | 7,060 | 7,060 |
| 22. | | 3,358,880 | 3,340,480 | 3,345,880 |
| 23. | NET OPERATING EXPENDITURE | -2,742,160 | -2,561,240 | -2,344,420 |
| 24. | REVENUE CONTRIBUTION TO CAPITAL | 2,610,160 | 2,610,160 | 0 |
| 25. | DEPRECIATION CREDIT - VEHICLES | -50,730 | -50,730 | -50,730 |
| 26. | | 2,559,430 | 2,559,430 | -50,730 |
| 27. | NET (SURPLUS) / DEFICIT | -182,730 | -1,810 | -2,395,150 |
| | HRA BALANCES | | | |
| 28. | Balance Brought Forward | -5,290,619 | -5,290,619 | -5,292,429 |
| 29. | (Surplus)/Deficit for Year | -182,730 | -1,810 | -2,395,150 |
| 30. | Transfer to Loan Repayment Reserve | 0 | 0 | 6,687,579 |
| 31. | Balance as at year end | -5,473,349 | -5,292,429 | -1,000,000 |

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Saving / Increase in Income

| Ref | Team | Savings Bid Title | Value | RAG |
|--------------|------------------------|---|-------------------|-----|
| SAV4 | Repairs | Reduction in recurring budget provision associated with the Green & Decent pilot project which will cease April 2016 | £21,000 | G |
| SAV14 | HRA Business Support | Increase in service charge income, including full year budget provision for new element of charge in relation to the control centre | £153,776 | G |
| SAV15 | HRA Business Support | Revenue Contribution to Capital Outlay (RCCO) Reduction in the estimated RCCO required to meet capital expenditure for 2016/17 | £2,610,160 | G |
| SAV19 | Housing Management | Increase in lifeline income based on RPI increase for existing tenants and additional income generated through new business | £21,119 | G |
| SAV25 | Housing Management | Reduction in one off funding for the redesign of the Support Service | £20,000 | G |
| SAV26 | HRA Business Support | Stage 2 increase for Simple + premiums for tenants home contents insurance | £7,040 | G |
| SAV28 | HRA Business Support | Removal of one off expenditure items included in the 2015/16 budget | £210,000 | G |
| SAV31 | HRA Business Support | Reduction in Bad Debt Provision | £45,790 | G |
| De-min SAV | De-minimis (below £5k) | £4,000 Reduction in one off expenditure for Resident Involvement IT requirements (SAV1) ; £5,000 Reduction in budget provision for external communications (SAV3); £5,000 Reduction in water hygiene costs (SAV10); £1,311 Increase in garage rent based on RPI increase (SAV18); £2,837 Reduction in software reporting licence costs (SAV20); £648 Reduction in servicing costs of door entry systems (SAV22);£4,647 Savings as a result of control centre maintenance contract (SAV24) | £23,443 | G |
| Total | | | £3,112,328 | |

Investment / Reduction in Income

| Ref | Team | Investments Bid Title | Value | RAG |
|--------------|------------------------|--|-----------------|-----|
| BI2 | Housing Management | Additional costs for social activities for vulnerable tenants | £10,000 | G |
| BI12 | HRA Business Support | Reduction in rental income for 2016/17 compared to 2015/16 as a result of 1% rent reduction. Includes voids target of 1.8% | £253,610 | G |
| BI14 | HRA Business Support | 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 Planned Investment Team | £34,950 | G |
| BI20 | Housing Management | Reduction in income as a result of withdrawal of Leicestershire County Council Supporting People Grant | £328,100 | G |
| BI25 | Planned Investment | Reduction in the value of salary costs charged to the Capital Programme as a result of revised structure | £80,404 | G |
| BI26 | HRA Business Support | Increased premium payment due to increase in insurance tax as well as Simple + premiums | £6,340 | |
| De-min BI | De-minimis (below £5k) | £1,100 Increase in annual ICT licence costs (BI15); £2,317 Annual increase in expenditure on cleaning contract (BI16); £2,003 Increase in the cost of grounds maintenance of shared and common parts (BI22); £164 Increase in costs of servicing fire extinguishers (BI24) | £5,584 | G |
| Total | | | £718,988 | |

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| COMPARISON OF 2015/16 AND 2016/17 HOUSING CHARGES | | | | | | | |
|--|-------------------|---|-------------------|----------------------|----------|---|--|
| Chargeable Service | 2015/16 | | 2016/17 | | | Basis of Increase | |
| | Actual 2015/16 | Charge | Estimates 2016/17 | Increase/ (Decrease) | % Change | | Charge |
| Service Charges (before adjustments to income for void loss) | £482,432 | Varies per property | £506,190 | £23,758 | 4.92% | Largest increase value: £2.88 pw or 84%; Largest decrease value: £1.36 pw or 98% | Based on assessment of all chargeable services. |
| Central Heating (before adjustments to income for void loss) | £115,223 | 0 Bed: £7.75pw 1 Bed: £9.34pw 2 Bed: £10.72pw 3 Bed: £12.32pw | £115,223 | £0 | 0.00% | 0 Bed: £7.75pw 1 Bed: £9.34pw 2 Bed: £10.72pw 3 Bed: £12.32pw | Based on market assessment of predicted increase in utility costs during 2015/16 and forecast energy prices for 2016/17. |
| Garage & Garage Site Rent (before adjustments to income for void loss) | £163,905 | Garage: £6.25pw Site: £4.01pw | £165,216 | £1,311 | 0.80% | Garage: £6.38pw Site: £4.09pw | RPI based increase in line with previous years. |
| Appleby Magna Caravan Site Rent (before adjustments to income for void loss) | £23,213 | Site: £30.95pw | £23,399 | £186 | 0.80% | Site: £31.19pw | RPI based increase at anniversary date of each licence in line with previous years. |
| Shop Leases | £14,300 | n/a | £16,302 | £2,002 | 14.00% | n/a | 14% increase based on Nov 14 Cabinet Report |
| Tenants Contents Insurance | £45,883 | Premiums from £0.43 to £6.18pw | £51,299 | £5,416 | 11.80% | Premiums from £0.43 to £6.78pw | Minimum increase of 3.5% in IPT, increase in actual premiums unknown still, subject to review on claims made. Also includes 2nd part of stepped increase for policyholders who had accidental damage before April 2015 |
| Lifelines for private customers | £100,726 | £43.66 per quarter | £101,532 | £806 | 0.80% | £44.00 per quarter | RPI based increase in line with previous years. |
| Lifelines (East Midlands Housing Association) | £38,209 | Various depending on scheme | £38,515 | £306 | 0.80% | Various depending on scheme | RPI based increase in line with previous years. |
| Choice Based Lettings Advertising Costs | £28,000 | n/a | £28,000 | - | 0.00% | n/a | No increase proposed. |
| Total Services | £1,011,890 | | £1,045,675 | £33,785 | | | |

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NWLDC Housing Revenue Account Loan Schedule

NWLDC - HRA Self Financing loans taken up 26/03/12

PAYMENT PROFILE - PRINCIPAL AND INTEREST

| Loan Type | Principal | Loan Period (Years) | Interest Rate |
|------------------|-------------------|----------------------------|----------------------|
| Maturity | 10,000,000 | 30 | 3.5 |
| Annuity | 10,000,000 | 20 | 2.57 |
| Maturity | 10,000,000 | 10 | 2.4 |
| Maturity | 3,000,000 | 10 | 2.4 |
| Annuity | 10,000,000 | 15 | 2.02 |
| Maturity | 10,000,000 | 25 | 3.44 |
| Maturity | 13,785,000 | 30 | 3.5 |
| Maturity | 10,000,000 | 30 | 3.5 |
| | 76,785,000 | | |

Note – The above schedule does not reflect the HRA share of existing general fund loans for which the HRA bears an annual charge.

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DRAFT GENERAL FUND CAPITAL PROGRAMME 2016/17 to 2020/21

| SCHEME | BUDGET HOLDER | FUNDING | | | | | | | | | | | | | | |
|---|---------------------------|-------------------------|---------------------------|---------------------------------------|---------|---------|---------|---------|---------|--------------------|------------|-------------|----------------|-------------|---------|----------------------|
| | | 2015/16 ORIGINAL BUDGET | 2015/16 Actual @ Period 9 | 2015/16 FORECAST (Inc c/f & slippage) | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | GRANTS/ S106 CONTS | DFG GRANTS | VfM Reserve | OTHER RESERVES | APF Reserve | REVENUE | LEASING OR BORROWING |
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| | | | | | | | | | | | | | | | | |
| CHIEF EXEC DIRECTORATE | | | | | | | | | | | | | | | | |
| Network Upgrade | Michael Harding | - | 109,780 | 109,780 | - | - | - | - | - | | | 20,420 | | | | 89,360 |
| SAN and Virtual server replacement | Michael Harding | - | 274 | 274 | - | - | - | - | - | | | | | | | 274 |
| Improving Customer Experience Project (ICE) | Ray Bowmer | - | 50,373 | 5,000 | - | - | - | - | - | | | - | | | | 5,000 |
| >Web and Self Service Improvements | Ray Bowmer | - | 43,994 | 75,000 | - | - | - | - | - | | | 75,000 | | | | |
| >Finance Systems and Processes | Ray Bowmer | - | - | 25,000 | - | - | - | - | - | | | 25,000 | | | | |
| >Line of Business Systems Improvement | Ray Bowmer | - | 1,250 | 20,000 | - | - | - | - | - | | | 20,000 | | | | |
| >Communications Technology | Ray Bowmer | - | - | 50,000 | - | - | - | - | - | | | 50,000 | | | | |
| >Office Experience | Ray Bowmer | - | - | 30,000 | - | - | - | - | - | | | 30,000 | | | | |
| Waste Management System (ICE) | Michael Harding | - | 6,300 | - | - | - | - | - | - | | | | | | | |
| Information Management | Elizabeth Warhurst | - | - | 100,000 | - | - | - | - | - | | | 100,000 | | | | |
| User workstation monitor replacements | Michael Harding | 7,000 | 1,947 | 7,000 | - | - | - | - | - | | | | | | | 7,000 |
| Desktop Equipment Upgrade | Michael Harding | - | - | - | 42,000 | 20,000 | 20,000 | - | - | | | | | | | 82,000 |
| Helpdesk software upgrade | Michael Harding | 12,000 | 8,454 | 12,000 | - | - | - | - | - | | | | | | | 12,000 |
| Server and storage additional capacity | Michael Harding | 29,000 | 21,175 | 29,000 | - | - | 350,000 | - | - | | | | | | | 379,000 |
| Replacement telephone system | Michael Harding | 70,000 | - | 49,580 | - | - | - | - | - | | | 49,580 | | | | |
| ICT Security Infrastructure | Michael Harding | - | - | - | 63,000 | - | - | - | - | | | | | | | 63,000 |
| HR / Payroll System | Mike Murphy / Anna Wright | - | - | - | 50,000 | - | - | - | - | | | | | | | 50,000 |

| SCHEME | BUDGET HOLDER | 2015/16 | 2015/16 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | GRANTS/ | DFG | Vfm | OTHER | APF | REVENUE | LEASING | | |
|--|-----------------|------------------|------------------|----------------------|------------------|------------------|------------------|----------------|----------------|----------------|------------------|----------------|----------------|----------|----------------|------------------|----|-----------|
| | | ORIGINAL | Actual @ | FORECAST | | | | | | S106 | GRANTS | Reserve | RESERVES | Reserve | | | OR | |
| | | BUDGET | Period 9 | (Inc c/f & slippage) | | | | | | CONTS | | | | | | | | BORROWING |
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | |
| DIRECTOR OF SERVICES | | | | | | | | | | | | | | | | | | |
| Disabled Facility Grants | Minna Scott | 560,000 | 247,083 | 504,000 | 716,760 | 433,970 | 433,970 | - | - | - | 1,192,200 | | 339,410 | | 557,090 | | | |
| Waste Services | Paul Coates | 468,000 | 471,468 | 471,468 | 857,000 | 460,000 | 575,000 | - | 685,000 | - | - | | - | - | - | 3,048,468 | | |
| Cars/vans | Paul Coates | 117,000 | 114,802 | 114,802 | 88,000 | 170,000 | 235,000 | 148,000 | 58,000 | - | - | | - | - | - | 813,802 | | |
| Plant / Equipment | Paul Coates | 176,000 | 45,000 | 45,000 | 388,000 | - | 140,000 | 40,000 | - | - | - | | - | - | - | 613,000 | | |
| Council Offices Extnsn car park c/ville, Resurfacing | Paul Coates | 20,000 | - | 20,000 | - | - | - | - | - | - | - | | - | - | - | 20,000 | | |
| Market Hall CP, C/Ville - Resurfacing | Paul Coates | - | 1,585 | 1,585 | - | - | - | - | - | - | - | | - | - | - | 1,585 | | |
| South Street Car park, Ashby - Resurfacing | Paul Coates | - | 29,767 | 30,529 | - | - | - | - | - | - | - | | - | - | 10,629 | 19,900 | | |
| Access Road, High Street Car Park - Measham - Resurfacing | Paul Coates | - | - | - | 25,000 | - | - | - | - | - | - | | - | - | - | 25,000 | | |
| Hermitage Recreation Grounds – Surface Dressing | Paul Coates | - | - | - | 11,500 | - | - | - | - | - | - | | - | - | - | 11,500 | | |
| Hermitage Leisure Centre Car Park - Resurfacing (section of). | Paul Coates | - | - | - | - | 15,000 | - | - | - | - | - | | - | - | - | 15,000 | | |
| Hermitage Recreation Grounds, Whitwick, All Weather Play Area Car Park | Paul Coates | - | - | - | - | 2,500 | - | - | - | - | - | | - | - | - | 2,500 | | |
| Belvoir Shopping Centre, Main Service Road, Coalville - Maintenance. | Paul Coates | 12,000 | - | 12,000 | - | - | - | - | - | - | - | | - | - | - | 12,000 | | |
| Silver Street Car Park, Whitwick - Resurfacing. | Paul Coates | 50,000 | - | 50,000 | - | - | - | - | - | - | - | | - | - | - | 50,000 | | |
| Hood Park Leisure Centre Car Park, Ashby - Resurfacing (section of). | Paul Coates | - | - | - | 15,000 | - | - | - | - | - | - | | - | - | - | 15,000 | | |
| North Service Road Car Park, Coalville - Maintenance & Improvements. | Paul Coates | - | - | - | 32,250 | - | - | - | - | - | - | | - | - | - | 32,250 | | |
| Bridge Road Car Park, Coalville - Resurface main through route. | Paul Coates | - | - | - | - | 21,500 | - | - | - | - | - | | - | - | - | 21,500 | | |
| Materials Separating Technology - Linden way Depot | Paul Coates | - | 8,018 | 8,018 | - | - | - | - | - | - | - | | 8,018 | - | - | - | | |
| Whitwick Business Centre - Central Heating System | Simon Harvey | 50,000 | - | 50,000 | - | - | - | - | - | - | - | | - | 50,000 | - | - | | |
| Coalville Market Upgrade -Phase 1a | John Richardson | - | 337 | - | - | - | - | - | - | - | - | | - | - | - | - | | |
| Coalville Market Upgrade -Phase 2 | John Richardson | - | 60,588 | 100,000 | - | - | - | - | - | - | - | | 100,000 | - | - | - | | |
| Market Hall Wall | John Richardson | 30,000 | 5,350 | 30,000 | - | - | - | - | - | - | - | | - | - | - | 30,000 | | |
| Caravan Site - Appleby Magna, Fire Risk Scheme | Simon Harvey | 100,000 | 15,917 | 100,000 | - | - | - | - | - | - | - | | - | - | - | 100,000 | | |
| Replace asbestos roof on outdoor pool change at Hood Park LC | Jason Knight | 17,000 | 18,413 | 18,413 | - | - | - | - | - | - | - | | - | - | - | 18,413 | | |
| Replace external flashing at Hermitage LC | Jason Knight | 12,000 | 10,310 | 10,310 | - | - | - | - | - | - | - | | - | - | - | 10,310 | | |
| Coalville Park - Reconfigure depot, replace building | Jason Knight | - | - | - | 95,000 | - | - | - | - | - | - | | - | - | - | 95,000 | | |
| Upgrade Hood Park LC outdoor pool electrics | Jason Knight | - | - | - | - | 20,000 | - | - | - | - | - | | - | - | - | 20,000 | | |
| Replace Hood Park LC outdoor learner pool boiler and pipework | Jason Knight | - | - | - | - | 10,000 | - | - | - | - | - | | - | - | - | 10,000 | | |
| Replace Hood Park LC Fitness Suite Air Con | Jason Knight | - | - | - | 15,000 | - | - | - | - | - | - | | - | - | - | 15,000 | | |
| RegROUT Hermitage LC swimming pool tiles | Jason Knight | - | - | - | - | 23,000 | - | - | - | - | - | | - | - | - | 23,000 | | |
| Replace hot water system pipework, heat emitters & cold water storage tank at Hermitage LC | Jason Knight | - | - | - | - | - | 18,000 | - | - | - | - | | - | - | - | 18,000 | | |
| New Sportshall floor at Hermitage LC | Jason Knight | - | - | - | - | - | 16,000 | - | - | - | - | | - | - | - | 16,000 | | |
| Replace suspended ceiling in Hermitage LC main pool hall | Jason Knight | - | - | - | - | - | - | 30,000 | - | - | - | | - | - | - | 30,000 | | |
| Replacement of outdoor pool filter media at Hood Park LC | Jason Knight | - | - | - | - | - | - | 10,000 | - | - | - | | - | - | - | 10,000 | | |
| Replace Hermitage LC gym Air Con | Jason Knight | - | - | - | - | - | 14,000 | - | - | - | - | | - | - | - | 14,000 | | |
| Wellbeing Centre at Hood Park LC | Jason Knight | 400,000 | 750 | - | 400,000 | - | - | - | - | 400,000 | - | | - | - | - | - | | |
| Replace General Ductwork, ventilation & all fire dampners at Hood Park LC | Jason Knight | - | - | - | - | - | - | - | 20,000 | - | - | | - | - | - | 20,000 | | |
| Replace Flat roof cover over plant room at Hermitage LC | Jason Knight | - | - | - | - | - | - | - | 13,110 | - | - | | - | - | - | 13,110 | | |
| Replace control systems in alignment with plant installations at Hermitage LC | Jason Knight | - | - | - | - | - | - | - | 15,000 | - | - | | - | - | - | 15,000 | | |
| Replace Squash Court Lighting at Hermitage LC | Jason Knight | - | - | - | - | - | - | - | 10,000 | - | - | | - | - | - | 10,000 | | |
| TOTAL GENERAL FUND | | 2,130,000 | 1,272,261 | 2,078,759 | 2,798,510 | 1,175,970 | 1,801,970 | 228,000 | 801,110 | 400,000 | 1,192,200 | 378,018 | 489,410 | - | 567,719 | 5,856,972 | | |

| SCHEME | BUDGET HOLDER | 2015/16 | 2015/16 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | GRANTS/ S106 | DFG GRANTS | VfM Reserve | OTHER RESERVES | RESERVES ASSET | REVENUE | LEASING OR | |
|---|------------------|--------------------|----------------------|-------------------------------------|---------|---------|---------|---------|---------|-----------------|---------------|----------------|-------------------|--------------------------|---------|---------------|---|
| | | ORIGINAL BUDGET | Actual @ Period 9 | FORECAST (Inc c/f & slippage) | | | | | | | CONTRIB | | | RESERVES PROT FUND | | | |
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| COALVILLE SPECIAL EXPENSES | | | | | | | | | | | | | | | | | |
| Coalville Park Improvements | Jason Knight | - | - | - | - | - | - | - | - | | | | | | | | |
| Melrose Road Play Hub | Jason Knight | - | - | - | - | - | - | - | - | | | | | | | | |
| Cropston Drive BMX Track | Jason Knight | - | 2,250 | 9,783 | - | - | - | - | - | | | | 2,283 | 7,500 | | | |
| Broomleys Allotments | Jason Knight | - | - | - | - | - | - | - | - | | | | | | | | |
| Thringstone Miners Social Centre | Jason Knight | - | - | 4,913 | - | - | - | - | - | | | | | 4,913 | | | |
| Urban Forest Park - Play equipment | Jason Knight | - | - | - | - | - | - | - | - | | | | | | | | |
| Urban Forest Park-Footway and drainage improvements | Jason Knight | - | 32,069 | 39,025 | - | - | - | - | - | 39,025 | | | | | | | |
| Scotland Recreation Ground | Jason Knight | - | - | - | - | - | - | - | - | | | | | | | | |
| Owen Street -Floodlights | Jason Knight | - | - | 779 | - | - | - | - | - | | | | | 779 | | | |
| Owen Street - Changing Rooms | Jason Knight | - | 25,835 | 115,564 | - | - | - | - | - | 30,563 | | | | 85,000 | | | |
| Thringstone Bowls Club Toilet Block | Jason Knight | - | 289 | 2,542 | - | - | - | - | - | | | | | 2,542 | | | |
| TOTAL SPECIAL EXPENSES | | - | 60,443 | 172,606 | - | - | - | - | - | 69,588 | - | - | 2,283 | 100,734 | - | - | |

INDICATIVE

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| | 2015/16 | 2015/16 (revised forecast outturn p9) | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|------------------|--|------------------|------------------|------------------|------------------|------------------|
| 2016 - 2021 Decent Homes | | | | | | | |
| Decent Homes Programme | 4,281,900 | 5,081,900 | 2,097,370 | 1,139,014 | 3,998,415 | 2,498,586 | 817,160 |
| Decent Homes Refusals/Deferrals Provision | 222,000 | 222,000 | | | | | |
| Capital Works (Voids & Tenanted) | 850,000 | 850,000 | 850,000 | 800,000 | 750,000 | 700,000 | 650,000 |
| 2016 - 2021 Decent Homes Total | 5,353,900 | 6,153,900 | 2,947,370 | 1,939,014 | 4,748,415 | 3,198,586 | 1,467,160 |
| 2016 - 2021 Other Planned Investment | | | | | | | |
| Non Decency Improvements | | | 1,028,124 | 1,170,914 | 1,170,914 | 1,170,914 | 1,470,414 |
| Hard Wired Smoke Detectors | 47,000 | 47,000 | 47,000 | 47,000 | 47,000 | 47,000 | |
| Fire Risk Assessment Remedial Works | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | |
| Remedial Works (Damp & Structural) | 210,000 | 210,000 | 187,500 | 187,500 | 187,500 | 187,500 | |
| Fuel swaps (solid fuel to gas supply) | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | |
| 2016 - 2021 Other Planned Investment Total | 322,000 | 322,000 | 1,327,624 | 1,470,414 | 1,470,414 | 1,470,414 | 1,470,414 |
| New Build / Affordable Housing Programme | | | | | | | |
| New Build Programme - use of RTB one for one reserve | 122,178 | 33,750 | 496,919 | 105,916 | | | |
| New Build Programme - NWLDC contribution to RTB one | 285,082 | 78,750 | 385,961 | 1,663,964 | | | |
| New Build Programme - NWLDC additional provision | 319,000 | | | | | | |
| Support for Acquiring Affordable Housing | 559,000 | | 887,000 | | | | |
| Support for Affordable Housing - (Waterloo Hsg Grp, EMH Assoc, Nottingham Com grp) | | 444,000 | | | | | |
| Support for Affordable Housing - EMH Assoc (Pick & Shovel site) | | 500,000 | | | | | |
| Acquisition of sites | | 400,000 | | | | | |
| New Build / Affordable Housing Programme Total | 1,285,260 | 1,456,500 | 1,769,880 | 1,769,880 | - | - | - |
| Othe Schemes / Miscellaneous | | | | | | | |
| Off Street Parking | 100,000 | | 100,000 | - | - | - | |
| Major Aids & Adaptations | 450,000 | 450,000 | 350,000 | 300,000 | 275,000 | 250,000 | 250,000 |
| Development Site Preparations | 40,000 | 40,000 | - | - | - | - | |
| Energy Insulation Works | 250,000 | 250,000 | - | - | - | - | |
| Renewable/Replacement Energy Installations Programme | 100,000 | 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 | 654,000 | 710,000 | 530,160 | 541,824 | 553,744 | 565,926 | 578,376 |
| Unallocated/Contingency | 500,000 | 500,000 | 339,744 | 288,965 | 339,691 | 260,950 | |
| Disposal of High Value Assets | | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Othe Schemes / Miscellaneous Total | 2,144,000 | 2,050,000 | 2,119,904 | 1,930,789 | 1,968,435 | 1,876,876 | 1,328,376 |
| Capital Allowances | | | | | | | |
| Programme to be defined | | | | | | | |
| Capital Allowances Total | - | - | - | - | - | - | - |
| Total Programme Costs | 9,105,160 | 9,982,400 | 8,164,778 | 7,110,097 | 8,187,264 | 6,545,876 | 4,265,950 |

2016/17 - 2020/21 HOUSING CAPITAL PROGRAMME FUNDING

| | 2015/16 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| Usable balances held | 3,162,000 | 3,162,000 | 1,531,000 | 644,000 | 644,001 | 644,001 | 494,002 |
| Retained Right to Buy Receipts (RTB) | 228,344 | 228,074 | 238,534 | 240,655 | 243,070 | 245,501 | 247,956 |
| RTB receipts - attributable debt | 438,799 | 432,353 | 658,722 | 570,463 | 568,062 | 565,645 | 563,204 |
| Use of RTB one for one reserve | 169,178 | 33,750 | 496,919 | 105,916 | 133,987 | 58,928 | - |
| RCCO | 2,610,160 | 2,610,160 | - | 430,009 | 2,265,172 | 696,680 | - |
| Major Repairs Allowance | 3,995,000 | 2,816,063 | 4,983,603 | 4,863,054 | 4,076,974 | 4,079,123 | 2,554,791 |
| Asset Disposals (Capital Allowance) | - | - | 900,000 | 900,000 | 900,000 | 750,000 | 750,000 |
| S106 Commuted Funds | 559,000 | 887,000 | | | | | |
| Support for Affordable Housing - (Waterloo Hsg Grp, EMH Assoc, Nottingham Com grp) | | 444,000 | | | | | |
| Support for Affordable Housing - EMH Assoc (Pick & Shovel site) | | 500,000 | | | | | |
| Acquisition of Sites | | 400,000 | | | | | |
| Total Funding | 11,162,481 | 11,513,400 | 8,808,778 | 7,754,098 | 8,831,266 | 7,039,878 | 4,609,951 |
| Cumulative Over / (Under Resource) | 2,057,321 | 1,531,000 | 644,000 | 644,001 | 644,001 | 494,002 | 344,002 |

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TABLE 1

| |
|-----------------------------------|
| COUNCIL TAX BASE 2016/2017 |
|-----------------------------------|

| PARISH / SPECIAL EXPENSE AREA | COUNCIL TAX BASE |
|--------------------------------------|---------------------|
| APPLEBY MAGNA | 426 |
| ASHBY DE LA ZOUCH | 4,972 |
| ASHBY WOULD'S | 1,132 |
| BARDON | 14 |
| BELTON | 292 |
| BREEDON-ON-THE-HILL | 410 |
| CASTLE DONINGTON | 2,314 |
| CHARLEY | 76 |
| CHILCOTE | 53 |
| COALVILLE | 5,808 |
| COLEORTON | 538 |
| ELLISTOWN & BATTLEFLAT | 773 |
| HEATHER | 316 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,259 |
| IBSTOCK | 1,969 |
| ISLEY WALTON-CUM-LANGLEY | 27 |
| KEGWORTH | 1,203 |
| LOCKINGTON-CUM-HEMINGTON | 240 |
| LONG WHATTON and DISEWORTH | 728 |
| MEASHAM | 1,525 |
| NORMANTON-LE-HEATH | 66 |
| OAKTHORPE, DONISTHORPE and ACRESFORD | 783 |
| OSGATHORPE | 184 |
| PACKINGTON | 347 |
| RAVENSTONE with SNIBSTON | 763 |
| SNARESTONE | 128 |
| STAUNTON HAROLD | 62 |
| STRETTON-EN-LE-FIELD | 20 |
| SWANNINGTON | 443 |
| SWEPSTONE | 253 |
| WHITWICK | 2,635 |
| WORTHINGTON | 560 |
| TOTAL | 30,319 |

TABLE 2

COUNCIL TAX 2016/2017 - DISTRICT EXPENSES & SPECIAL ITEMS

BAND 'D' EQUIVALENTS

| PARISH | DISTRICT EXP'S | PARISH EXP'S | SPECIAL EXP'S | TOTAL BAND D PROPERTY |
|------------------------------------|-------------------|-----------------|------------------|-----------------------------|
| | £ p | £ p | £ p | £ p |
| APPLEBY MAGNA | 158.58 | 35.36 | 3.50 | 197.44 |
| ASHBY DE LA ZOUCH | 158.58 | 73.44 | 0.00 | 232.02 |
| ASHBY WOULD'S | 158.58 | 79.18 | 0.00 | 237.76 |
| BARDON | 158.58 | 0.00 | 0.00 | 158.58 |
| BELTON | 158.58 | 57.24 | 0.00 | 215.82 |
| BREEDON-ON-THE-HILL | 158.58 | 39.02 | 0.00 | 197.60 |
| CASTLE DONINGTON | 158.58 | 116.98 | 0.00 | 275.56 |
| CHARLEY | 158.58 | 50.24 | 0.00 | 208.82 |
| CHILCOTE | 158.58 | 0.00 | 0.00 | 158.58 |
| COALVILLE | 158.58 | 0.00 | 63.53 | 222.11 |
| COLEORTON | 158.58 | 26.67 | 5.31 | 190.56 |
| ELLISTOWN & BATTLEFLAT | 158.58 | 77.29 | 0.00 | 235.87 |
| HEATHER | 158.58 | 34.64 | 0.00 | 193.22 |
| HUGGLESCOTE & DONINGTON LE HEATH | 158.58 | 68.13 | 18.00 | 244.71 |
| IBSTOCK | 158.58 | 93.96 | 0.00 | 252.54 |
| ISLEY WALTON -CUM-LANGLEY | 158.58 | 13.63 | 0.00 | 172.21 |
| KEGWORTH | 158.58 | 82.67 | 0.00 | 241.25 |
| LOCKINGTON CUM HEMINGTON | 158.58 | 30.42 | 7.10 | 196.10 |
| LONG WHATTON & DISEWORTH | 158.58 | 50.82 | 0.00 | 209.40 |
| MEASHAM | 158.58 | 64.77 | 1.08 | 224.43 |
| NORMANTON-LE-HEATH | 158.58 | 0.00 | 0.00 | 158.58 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 158.58 | 56.18 | 4.22 | 218.98 |
| OSGATHORPE | 158.58 | 20.53 | 1.78 | 180.89 |
| PACKINGTON | 158.58 | 56.27 | 0.00 | 214.85 |
| RAVENSTONE WITH SNIBSTON | 158.58 | 65.75 | 0.41 | 224.74 |
| SNARESTONE | 158.58 | 48.25 | 0.00 | 206.83 |
| STAUNTON HAROLD | 158.58 | 3.23 | 0.00 | 161.81 |
| STRETTON-EN-LE-FIELD | 158.58 | 0.00 | 57.05 | 215.63 |
| SWANNINGTON | 158.58 | 41.57 | 0.00 | 200.15 |
| SWEPSTONE | 158.58 | 55.34 | 0.00 | 213.92 |
| WHITWICK | 158.58 | 70.07 | 7.50 | 236.15 |
| WORTHINGTON | 158.58 | 16.11 | 0.00 | 174.69 |

TABLE 3

COUNCIL TAX 2016/2017 (DISTRICT AND SPECIAL ITEMS) BY AREA AND VALUATION BAND

| | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| APPLEBY MAGNA | 131.62 | 153.56 | 175.50 | 197.44 | 241.32 | 285.20 | 329.06 | 394.88 |
| ASHBY TOWN | 154.68 | 180.46 | 206.24 | 232.02 | 283.58 | 335.14 | 386.70 | 464.04 |
| ASHBY WOULD'S | 158.51 | 184.92 | 211.34 | 237.76 | 290.60 | 343.43 | 396.27 | 475.52 |
| BARDON | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| BELTON | 143.88 | 167.86 | 191.84 | 215.82 | 263.78 | 311.74 | 359.70 | 431.64 |
| BREEDON-ON-THE-HILL | 131.73 | 153.69 | 175.64 | 197.60 | 241.51 | 285.42 | 329.33 | 395.20 |
| CASTLE DONINGTON | 183.71 | 214.32 | 244.94 | 275.56 | 336.80 | 398.03 | 459.27 | 551.12 |
| CHARLEY | 139.21 | 162.42 | 185.62 | 208.82 | 255.22 | 301.63 | 348.03 | 417.64 |
| CHILCOTE | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| COALVILLE | 148.07 | 172.75 | 197.43 | 222.11 | 271.47 | 320.83 | 370.18 | 444.22 |
| COLEORTON | 127.04 | 148.21 | 169.39 | 190.56 | 232.91 | 275.25 | 317.60 | 381.12 |
| ELLISTOWN & BATTLEFLAT | 157.25 | 183.45 | 209.66 | 235.87 | 288.29 | 340.70 | 393.12 | 471.74 |
| HEATHER | 128.81 | 150.28 | 171.75 | 193.22 | 236.16 | 279.10 | 322.03 | 386.44 |
| HUGGLESCOTE & DONINGTON LE HEATH | 163.14 | 190.33 | 217.52 | 244.71 | 299.09 | 353.47 | 407.85 | 489.42 |
| IBSTOCK | 168.36 | 196.42 | 224.48 | 252.54 | 308.66 | 364.78 | 420.90 | 505.08 |
| ISLEY WALTON -CUM-LANGLEY | 114.81 | 133.94 | 153.08 | 172.21 | 210.48 | 248.75 | 287.02 | 344.42 |
| KEGWORTH | 160.83 | 187.64 | 214.44 | 241.25 | 294.86 | 348.47 | 402.08 | 482.50 |
| LOCKINGTON CUM HEMINGTON | 130.73 | 152.52 | 174.31 | 196.10 | 239.68 | 283.26 | 326.83 | 392.20 |
| LONG WHATTON & DISEWORTH | 139.60 | 162.87 | 186.13 | 209.40 | 255.93 | 302.47 | 349.00 | 418.80 |
| MEASHAM | 149.62 | 174.56 | 199.49 | 224.43 | 274.30 | 324.18 | 374.05 | 448.86 |
| NORMANTON-LE-HEATH | 105.72 | 123.34 | 140.96 | 158.58 | 193.82 | 229.06 | 264.30 | 317.16 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 145.98 | 170.32 | 194.65 | 218.98 | 267.64 | 316.31 | 364.96 | 437.96 |
| OSGATHORPE | 120.60 | 140.69 | 160.79 | 180.89 | 221.09 | 261.28 | 301.49 | 361.78 |
| PACKINGTON | 143.23 | 167.11 | 190.98 | 214.85 | 262.59 | 310.34 | 358.08 | 429.70 |
| RAVENSTONE WITH SNIBSTON | 149.82 | 174.80 | 199.76 | 224.74 | 274.68 | 324.62 | 374.56 | 449.48 |
| SNARESTONE | 137.89 | 160.87 | 183.85 | 206.83 | 252.79 | 298.75 | 344.72 | 413.66 |
| STAUNTON HAROLD | 107.87 | 125.85 | 143.83 | 161.81 | 197.77 | 233.73 | 269.68 | 323.62 |
| STRETTON-EN-LE-FIELD | 143.75 | 167.71 | 191.67 | 215.63 | 263.55 | 311.47 | 359.38 | 431.26 |
| SWANNINGTON | 133.43 | 155.67 | 177.91 | 200.15 | 244.63 | 289.11 | 333.58 | 400.30 |
| SWEPSTONE | 142.61 | 166.38 | 190.15 | 213.92 | 261.46 | 309.00 | 356.53 | 427.84 |
| WHITWICK | 157.43 | 183.67 | 209.91 | 236.15 | 288.63 | 341.10 | 393.58 | 472.30 |
| WORTHINGTON | 116.46 | 135.87 | 155.28 | 174.69 | 213.51 | 252.33 | 291.15 | 349.38 |

TABLE 4

| | A | B | C | D | E | F | G | H |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Leicestershire County Council | 751.60 | 876.87 | 1002.14 | 1127.40 | 1377.94 | 1628.47 | 1879.00 | 2254.80 |
| Leicestershire Police and Crime Commissioner | 122.39 | 142.78 | 163.18 | 183.58 | 224.38 | 265.17 | 305.97 | 367.16 |
| Combined Fire Authority | 41.08 | 47.93 | 54.77 | 61.62 | 75.31 | 89.01 | 102.70 | 123.24 |

TABLE 5

COUNCIL TAX 2016/2017 BY AREA AND VALUATION BAND

| | BAND A | BAND B | BAND C | BAND D | BAND E | BAND F | BAND G | BAND H |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| APPLEBY MAGNA | 1,046.69 | 1,221.14 | 1,395.59 | 1,570.04 | 1,918.95 | 2,267.85 | 2,616.73 | 3,140.08 |
| ASHBY DE LA ZOUCH | 1,069.75 | 1,248.04 | 1,426.33 | 1,604.62 | 1,961.21 | 2,317.79 | 2,674.37 | 3,209.24 |
| ASHBY WOULD'S | 1,073.58 | 1,252.50 | 1,431.43 | 1,610.36 | 1,968.23 | 2,326.08 | 2,683.94 | 3,220.72 |
| BARDON | 1,020.79 | 1,190.92 | 1,361.05 | 1,531.18 | 1,871.45 | 2,211.71 | 2,551.97 | 3,062.36 |
| BELTON | 1,058.95 | 1,235.44 | 1,411.93 | 1,588.42 | 1,941.41 | 2,294.39 | 2,647.37 | 3,176.84 |
| BREEDON-ON-THE-HILL | 1,046.80 | 1,221.27 | 1,395.73 | 1,570.20 | 1,919.14 | 2,268.07 | 2,617.00 | 3,140.40 |
| CASTLE DONINGTON | 1,098.78 | 1,281.90 | 1,465.03 | 1,648.16 | 2,014.43 | 2,380.68 | 2,746.94 | 3,296.32 |
| CHARLEY | 1,054.28 | 1,230.00 | 1,405.71 | 1,581.42 | 1,932.85 | 2,284.28 | 2,635.70 | 3,162.84 |
| CHILCOTE | 1,020.79 | 1,190.92 | 1,361.05 | 1,531.18 | 1,871.45 | 2,211.71 | 2,551.97 | 3,062.36 |
| COALVILLE | 1,063.14 | 1,240.33 | 1,417.52 | 1,594.71 | 1,949.10 | 2,303.48 | 2,657.85 | 3,189.42 |
| COLEORTON | 1,042.11 | 1,215.79 | 1,389.48 | 1,563.16 | 1,910.54 | 2,257.90 | 2,605.27 | 3,126.32 |
| ELLISTOWN & BATTLEFLAT | 1,072.32 | 1,251.03 | 1,429.75 | 1,608.47 | 1,965.92 | 2,323.35 | 2,680.79 | 3,216.94 |
| HEATHER | 1,043.88 | 1,217.86 | 1,391.84 | 1,565.82 | 1,913.79 | 2,261.75 | 2,609.70 | 3,131.64 |
| HUGGLESCOTE & DONINGTON LE HEATH | 1,078.21 | 1,257.91 | 1,437.61 | 1,617.31 | 1,976.72 | 2,336.12 | 2,695.52 | 3,234.62 |
| IBSTOCK | 1,083.43 | 1,264.00 | 1,444.57 | 1,625.14 | 1,986.29 | 2,347.43 | 2,708.57 | 3,250.28 |
| ISLEY WALTON -CUM-LANGLEY | 1,029.88 | 1,201.52 | 1,373.17 | 1,544.81 | 1,888.11 | 2,231.40 | 2,574.69 | 3,089.62 |
| KEGWORTH | 1,075.90 | 1,255.22 | 1,434.53 | 1,613.85 | 1,972.49 | 2,331.12 | 2,689.75 | 3,227.70 |
| LOCKINGTON CUM HEMINGTON | 1,045.80 | 1,220.10 | 1,394.40 | 1,568.70 | 1,917.31 | 2,265.91 | 2,614.50 | 3,137.40 |
| LONG WHATTON & DISEWORTH | 1,054.67 | 1,230.45 | 1,406.22 | 1,582.00 | 1,933.56 | 2,285.12 | 2,636.67 | 3,164.00 |
| MEASHAM | 1,064.69 | 1,242.14 | 1,419.58 | 1,597.03 | 1,951.93 | 2,306.83 | 2,661.72 | 3,194.06 |
| NORMANTON-LE-HEATH | 1,020.79 | 1,190.92 | 1,361.05 | 1,531.18 | 1,871.45 | 2,211.71 | 2,551.97 | 3,062.36 |
| OAKTHORPE, DONISTHORPE & ACRESFORD | 1,061.05 | 1,237.90 | 1,414.74 | 1,591.58 | 1,945.27 | 2,298.96 | 2,652.63 | 3,183.16 |
| OSGATHORPE | 1,035.67 | 1,208.27 | 1,380.88 | 1,553.49 | 1,898.72 | 2,243.93 | 2,589.16 | 3,106.98 |
| PACKINGTON | 1,058.30 | 1,234.69 | 1,411.07 | 1,587.45 | 1,940.22 | 2,292.99 | 2,645.75 | 3,174.90 |
| RAVENSTONE WITH SNIBSTON | 1,064.89 | 1,242.38 | 1,419.85 | 1,597.34 | 1,952.31 | 2,307.27 | 2,662.23 | 3,194.68 |
| SNARESTONE | 1,052.96 | 1,228.45 | 1,403.94 | 1,579.43 | 1,930.42 | 2,281.40 | 2,632.39 | 3,158.86 |
| STAUNTON HAROLD | 1,022.94 | 1,193.43 | 1,363.92 | 1,534.41 | 1,875.40 | 2,216.38 | 2,557.35 | 3,068.82 |
| STRETTON-EN-LE-FIELD | 1,058.82 | 1,235.29 | 1,411.76 | 1,588.23 | 1,941.18 | 2,294.12 | 2,647.05 | 3,176.46 |
| SWANNINGTON | 1,048.50 | 1,223.25 | 1,398.00 | 1,572.75 | 1,922.26 | 2,271.76 | 2,621.25 | 3,145.50 |
| SWEPSTONE | 1,057.68 | 1,233.96 | 1,410.24 | 1,586.52 | 1,939.09 | 2,291.65 | 2,644.20 | 3,173.04 |
| WHITWICK | 1,072.50 | 1,251.25 | 1,430.00 | 1,608.75 | 1,966.26 | 2,323.75 | 2,681.25 | 3,217.50 |
| WORTHINGTON | 1,031.53 | 1,203.45 | 1,375.37 | 1,547.29 | 1,891.14 | 2,234.98 | 2,578.82 | 3,094.58 |

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL – 23 FEBRUARY 2016

| | |
|----------------------------------|---|
| Title of report | THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17 AND PRUDENTIAL INDICATORS 2016/17 TO 2018/19 |
| Contacts | <p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Financial Planning Manager (Deputy Section 151 Officer) 01530 454707 priresh.padaniya@nwleicestershire.gov.uk</p> |
| Purpose of report | To seek approval of the Treasury Management Strategy Statement, the prudential indicators and the Annual Minimum Revenue Provision Statement. |
| 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 CATs. |
| Risk Management | Borrowing and investment both carry an element of risk. This risk is moderated through the adoption of the Treasury and Investment Strategies, compliance with the CIPFA code of Treasury Management and the retention of Treasury Management Advisors (Arlingclose) to proffer expert advice. |
| Equalities Impact Screening | Not applicable. |
| Human Rights | Not applicable. |
| Transformational Government | Not applicable. |
| Comments of Head of Paid Service | The report is satisfactory. |

| | |
|--|---|
| Comments of Deputy Section 151 Officer | The report is satisfactory. |
| Comments of Deputy Monitoring Officer | The report is satisfactory. |
| Consultees | Cabinet – 9 February 2016. |
| Background papers | <p>The “<u>Annual Treasury Management Stewardship Report 2008/09 and Re-Adoption of the CIPFA Revised Code of Practice and Treasury Management Policy Statement 2011</u>” – Cabinet 16 June 2009</p> <p>The “<u>Housing Revenue Account (HRA) Business Plan</u>” – Cabinet 13 March 2012</p> <p>The “<u>Capital Programmes – General Fund, Coalville Special Expenses and Housing Revenue Account (HRA). Projected Outturn 2015/16 and Programmes 2016/17 to 2020/21</u>” – Cabinet 9 February 2016</p> |
| Recommendations | COUNCIL IS RECOMMENDED TO APPROVE THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17, PRUDENTIAL INDICATORS 2015/16 (REVISED) AND 2016/17 TO 2018/19, AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT 2016/17 |

1.0 INTRODUCTION

Local Government Treasury Management is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice and the Prudential Code. Local Authorities are required to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators (PIs) on an annual basis.

- 1.1 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 Public Services: Code of Practice was re-adopted at a meeting of Cabinet on 9 February 2016.
- 1.2 It is a requirement of the CIPFA Code of Practice that the annual Treasury Management Statement, Prudential Indicators and Annual Minimum Revenue Provision Statement are approved by full Council.
- 1.3 These documents were considered by Cabinet on 9 February 2016 and are attached at Appendix 1. An extract of the draft minutes of Cabinet are attached at Appendix 2.

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – 9 FEBRUARY 2016

| | |
|----------------------|--|
| Title of report | THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17 AND PRUDENTIAL INDICATORS 2016/17 TO 2018/19 |
| 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 | This report outlines the expected treasury operations for the forthcoming financial year and sets out the Authority's prudential indicators for 2016/17 to 2018/19. It fulfils key requirements of the Local Government Act 2003: <ul style="list-style-type: none"> • The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice for Treasury Management in the 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 | Not applicable. |
| Human Rights | Not applicable. |
| Transformational Government | Not applicable. |
| Comments of Head of Paid Service | The report is satisfactory |
| Comments of Section 151 Officer | The report is satisfactory |
| Comments of Monitoring Officer | The report is satisfactory |
| Consultees | None. |
| Background papers | <p>The <u>“Annual Treasury Management Stewardship Report 2008/09 and Re-Adoption of the CIPFA Revised Code of Practice and Treasury Management Policy Statement 2011”</u> – Cabinet 16th June 2009</p> <p>The <u>“Housing Revenue Account (HRA) Business Plan”</u> – Cabinet 13 March 2012</p> <p>The <u>“Capital Programmes – General Fund, Coalville Special Expenses and Housing Revenue Account (HRA). Projected Outturn 2015/16 and Programmes 2016/17 to 2020/21”</u> – Cabinet 9 February 2016</p> |
| Recommendations | <p>RECOMMEND THE RE-ADOPTION OF THE CIPFA TREASURY MANAGEMENT IN PUBLIC SERVICES: CODE OF PRACTICE.</p> <p>RECOMMEND THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17, PRUDENTIAL INDICATORS -REVISED 2015/16 AND 2016/17 TO 2018/19, AND THE ANNUAL MINIMUM REVENUE PROVISION STATEMENT, FOR APPROVAL BY FULL COUNCIL</p> |

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 1.6).
- c. The role of the Authority's treasury advisor (paragraph 1.7).
- d. Reporting and monitoring of treasury management activity (paragraph 1.8).
- e. Borrowing and debt rescheduling strategies. Total Authority's interest payments on existing debt are estimated at £2,787,941 in 2016/17.
- f. Investment Strategy. Security of capital is the first and most important investment policy objective. Total investment income is estimated at £182,000 in 2016/17 (General Fund - £116k, HRA - £66k).
- g. Treasury Management and Prudential Indicators for 2016/17 to 2018/19. These are designed to monitor borrowing limits, debt levels and investment returns.
- h. Annual Minimum Revenue Provision Statement for 2016/17. General Fund MRP is estimated at £610,990.

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 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.

The needs of the Authority's treasury management staff for training in investment management, are assessed through the 'BEE Valued' staff appraisal process and additionally when the responsibilities of individual members of staff change.

The Authority's treasury advisor provides seminars, conferences, workshops and training courses to refresh and enhance the knowledge of treasury management staff.

1.7 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, leasing advice, 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.

The quality of this service is monitored by officers on a regular basis, focusing on the supply of relevant, accurate and timely information across the services provided.

1.8 Reporting and Monitoring of Treasury Management Activity

The Treasury Management Stewardship Report for 2015/16 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 2016/17.

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 2016/17

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

- Re-adoption of the CIPFA Code of Practice for Treasury Management (APPENDIX A)
- The Borrowing Strategy 2016/17 (APPENDIX B)
- The Debt Rescheduling Strategy 2016/17 (APPENDIX C)
- The Annual Investment Strategy 2016/17 (APPENDIX D)
- The Apportionment of Interest Strategy 2016/17 (APPENDIX E)
- The Treasury Management and Prudential Indicators 2016/17 to 2018/19 (APPENDIX F)
- The Annual Minimum Revenue Provision (APPENDIX G)

2.2 External Factors. (Background Information provided by Treasury Advisors)

- **Economic Background:** Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.
- The outcome of the UK general election in May 2015, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.
- China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve raised policy

rates at its meeting in December 2015, the first rise in US policy rates since 2006. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

- Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.
- Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.
- Interest rate forecast: The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.
- A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of interest rate rises are likely to prompt short-term volatility in gilt yields.

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.

| Dec. 2015 | March 2016 | June 2016 | Sept. 2016 | Dec. 2016 | March 2017 | June 2017 | Sept. 2017 | Dec. 2017 |
|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| 0.50% | 0.50% | 0.50% | 0.75% | 0.75% | 1.00% | 1.00% | 1.25% | 1.25% |

The Authority's treasury advisor has forecast the first rise in official interest rate in Quarter 3 of 2016.

3.0 IMPLICATIONS FOR TREASURY ACTIVITY

- 3.1 The economic outlook, the financial health of sovereign states, major banks and investment counterparties, still provide major challenges and risk for treasury activity, particularly investment activity, during financial year 2016/17.
- 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:

| | 31.03.15 Actual £m | 31.03.16 Estimate £m | 31.03.17 Forecast £m | 31.03.18 Forecast £m | 31.03.19 Forecast £m |
|---------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| General Fund CFR | 13.7 | 14.2 | 15.3 | 15.4 | 16.1 |
| HRA CFR | 77.2 | 76.1 | 75.1 | 74.0 | 72.9 |
| Total CFR | 90.9 | 90.3 | 90.4 | 89.4 | 89.0 |
| Less: External Borrowing | 85.5 | 84.5 | 83.4 | 82.3 | 81.2 |
| Internal Borrowing | 5.4 | 5.8 | 7.0 | 7.1 | 7.8 |
| Less: Usable Reserves | (22.8) | (15.8) | (17.8) | (20.5) | (19.5) |
| Less: Working Capital | 5.6 | (1.5) | (1.5) | (1.5) | (1.5) |
| Investments (or New Borrowing) | 22.6 | 23.1 | 26.3 | 29.1 | 28.8 |

- 4.2 The Authority has an increasing General Fund CFR due to the use of borrowing to fund the Capital Programme.
- 4.3 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).

The following table shows the Investment and debt portfolio position:

| | Portfolio as at 31 March 2015 £m | Portfolio as at 22 Dec 2015 £m | Average Rate % |
|-------------------------------------|--|--------------------------------------|----------------------|
| External Borrowing: | | | |
| PWLB | 77.074 | 76.561 | 3.340% |
| Local Authorities | 1.000 | 1.000 | 6.875% |
| LOBO Loans | 7.440 | 7.440 | 4.770% |
| <i>Total External Borrowing</i> | <i>85.514</i> | <i>85.001</i> | |
| Other Long Term Liabilities | 0.126 | 0.126 | 3.150% |
| TOTAL GROSS EXTERNAL DEBT | 85.640 | 85.127 | |
| Investments: | | | |
| Short Term - Managed in-house | 15.755 | 21.846 | 0.54% |
| Long Term - Managed in-house | 5.000 | 9.500 | 1.23% |
| Fund Managers–Managed Externally | 0.000 | 0.000 | |
| Pooled Funds-Managed Externally | 0.500 | 14.400 | 0.39% |
| <i>Total Investments</i> | <i>21.255</i> | <i>45.746</i> | |
| NET DEBT | 64.385 | 39.381 | |

- 4.4 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 2016/17.

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.

BORROWING STRATEGY 2016/17

At the 31st March 2016, the Authority will hold loans totalling £84.5m (£76.1m HRA and £8.4m General Fund). This is a decrease of £1m on the previous year (£77.1m HRA and £8.4m General Fund) and is part of the Authority's strategy for funding previous years' Capital Programmes 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 balance sheet forecast in paragraph 4.1 shows that the authority does not expect to need to borrow in 2016/17.

The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to re-negotiate loans, should the Authority's long term plans change, is a secondary objective.

Given the significant cuts to public expenditure and in particular to local government funding 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, it is likely to be more cost effective in the short-term to either use internal resources or to borrow short term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal / short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2016/17 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

Sources: The approved sources of long-term and short-term borrowing are:

- Internal Borrowing
- Public Works Loan Board (PWLB) and any successor body
- UK Local Authorities
- any institution approved for investments
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except the Local Government Pension Scheme administered by Leicestershire County Council)
- Capital market bond investors
- UK Municipal Bonds Agency plc* and other special purpose companies created to enable local authority bond issues

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

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

*UK Municipal Bonds Agency Plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the Capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to the Council.

The Authority has previously raised the majority of its long-term borrowing from the PWLB 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 £84.5m, 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 2016/17 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.

DEBT RESCHEDULING STRATEGY 2016/17

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.

ANNUAL INVESTMENT STRATEGY 2016/17

The Authority holds invested funds which represent income received in advance of expenditure plus balances and reserves held as reflected in the balance sheet forecast in paragraph 4.1. Similar levels are expected to be maintained in 2016/17.

Investment Policy

Guidance from CLG on Local Governments in England requires that an Annual Investment Strategy (AIS) be approved by Full Council. Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently and to have regard to the security and liquidity of its investments before seeking the highest rate of return or yield. The 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 may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

Investment Strategy

Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to further invest in more secure asset classes during 2016/17. This is especially the case for the estimated £12m that is available for longer-term investment. The Authority's surplus cash is currently invested in; short-term unsecured bank or building society deposits and money market funds and short and long term with other Local Authorities. This strategy represents a continuation of the strategies adopted in 2014/15 and 2015/16.

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 underestimated 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
- Due to be repaid within 12 months of arrangement
- 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.

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 | £10m per manager |
| Negotiable instruments held in a broker's nominee account | £10m per broker |
| Foreign countries | £5m per country |
| Registered Providers | £5m in total |
| Unsecured Investments with Building Societies | £5m in total |
| Loans to unrated corporates | £5m in total |
| Money Market Funds | £15m in total |
| Total Investments without credit rating or rated below A- | £5m in total |
| Total Long-Term (Non-Specified) Investments | £12m in total |

Counterparty Criteria

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

| Counterparty | | Cash limit | | Time limit † |
|--|----------|-------------------|----------------|---------------------|
| | | Unsecured | Secured | |
| Banks (excluding the Authority's banking provider) & Building Societies, other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is: | AAA | £1.5m each | £3m each | 5 years* |
| | AA+ | | | 5 years* |
| | AA | | | 4 years* |
| | AA- | | | 3 years* |
| | A+ | | | 2 years |
| | A | | | 13 months |
| | A- | | | 6 months |
| | BBB+ | £1m each | £1.5m | 100days |
| BBB | £1m each | £1.5m | Next day | |
| Authority's Banking Provider *** | | £2.5m | | 13 months |
| UK Central Government (irrespective of credit rating) | | Unlimited | | 50 years** |
| UK Local Authorities (irrespective of credit rating) | | £5m each | | 25 years** |
| 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 |
| 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 limit for the Authority's Banking Provider is higher to allow for unforeseen fluctuations in income

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.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread risk widely.

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.

Money Market and other Pooled Funds: Shares in diversified investment vehicles consisting of 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. Short term Money

Market Funds that offer same-day liquidity and very low or no volatility 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.

Risk Assessment and Credit Ratings: 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 and forward starting transactions, 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 Corporate Portfolio Holder, 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.

APPORTIONMENT OF INTEREST STRATEGY 2016/17

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

Accordingly, on 1st April 2012, 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 and balance sheet forecast. For 2016/17, the budgeted investment income is £182,000 and is apportioned as follows: £116,000 General Fund and £66,000 Housing Revenue Account. Any over or under achievement of investment income is apportioned on this basis, at the end of the financial year.

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. Estimates of Capital Expenditure

The Authority's planned capital expenditure and financing is summarised in the table below. Further detail is provided in the Capital Programmes report taken to Cabinet on 9 February 2016.

| Capital Expenditure | 2015/16 Approved £m | 2015/16 Revised £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|---------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Non-HRA | 2.597 | 2.079 | 2.799 | 1.176 | 1.802 |
| HRA | 9.105 | 9.982 | 8.165 | 7.110 | 8.187 |
| Total | 11.702 | 12.061 | 10.964 | 8.286 | 9.989 |

Capital expenditure will be financed or funded as follows:

| Capital Financing | 2015/16 Approved £m | 2015/16 Revised £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|------------------------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Capital receipts | 0.789 | 1.060 | 1.797 | 1.711 | 1.711 |
| Government Grants | 0.637 | 0.298 | 0.298 | 0.298 | 0.298 |
| Major Repairs Allowance | 3.991 | 2.816 | 4.984 | 4.863 | 4.077 |
| Reserves | 1.517 | 2.249 | 1.667 | 0.106 | 0.134 |
| Other Contribution-S106 | 0.559 | 0.887 | 0.400 | 0.000 | 0.000 |
| Grants - Other | 0.000 | 0.944 | 0.000 | 0.000 | 0.000 |
| Revenue contributions | 3.159 | 2.771 | 0.136 | 0.566 | 2.401 |
| Total Financing | 10.652 | 11.025 | 9.282 | 7.544 | 8.621 |
| Supported borrowing | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Unsupported borrowing | 1.050 | 1.036 | 1.682 | 0.742 | 1.368 |
| Total Funding | 1.050 | 1.036 | 1.682 | 0.742 | 1.368 |
| Total Financing and Funding | 11.702 | 12.061 | 10.964 | 8.286 | 9.989 |

3. 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 | 2014/15 Actual £m | 2015/16 Estimate £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|-------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| Non-HRA | 13.730 | 14.199 | 15.270 | 15.396 | 16.117 |
| HRA | 77.159 | 76.127 | 75.072 | 73.993 | 72.890 |
| Total CFR | 90.889 | 90.326 | 90.342 | 89.389 | 89.007 |

The General Fund CFR is forecast to rise over the next three years. This is in line with the Capital programme schemes that are financed by debt. The detail of these schemes can be seen in more detail in the capital report presented to Cabinet on 9 February 2016.

4. 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.

| Debt – as at 31 st March | 2015 Actual £m | 2016 Estimate £m | 2017 Estimate £m | 2018 Estimate £m | 2019 Estimate £m |
|-------------------------------------|----------------|------------------|------------------|------------------|------------------|
| Borrowing | 85.514 | 84.482 | 83.427 | 82.348 | 81.245 |
| Finance Leases | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Transferred Debt | 0.126 | 0.117 | 0.108 | 0.100 | 0.093 |
| Total Debt | 85.640 | 84.599 | 83.535 | 82.448 | 81.338 |

The Section 151 Officer reports that the Authority has had no difficulty meeting this requirement in 2015/16, 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.

5. 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 | 2015/16 Approved % | 2015/16 Revised % | 2016/17 Estimate % | 2017/18 Estimate % | 2018/19 Estimate % |
|--|--------------------|-------------------|--------------------|--------------------|--------------------|
| Non-HRA | 7.30 | 8.27 | 8.33 | 8.88 | 10.33 |
| HRA | 13.81 | 12.79 | 12.78 | 12.78 | 12.77 |
| Total (Average) | 11.39 | 11.11 | 11.06 | 11.31 | 11.92 |

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 31/03/2015 | £m |
|--|---------------|
| Borrowing | 85.514 |
| Other Long-term Liabilities | 0.010 |
| Total | 85.524 |

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 the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed.

| Incremental Impact of Capital Investment Decisions | 2015/16 Approved £ | 2015/16 Revised £ | 2016/17 Estimate £ | 2017/18 Estimate £ | 2018/19 Estimate £ |
|---|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| Increase in Band D Council Tax | 2.05 | 1.97 | 2.31 | 2.91 | 3.38 |
| Increase/(Decrease) in Average Weekly Housing Rents * | 4.27 | 4.27 | (0.83) | (0.82) | (0.82) |

* Current Government Policy requires an actual decrease in Housing Rents of 1% per year for four years. This is reflected in the estimates above.

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 affordable borrowing limit determined in compliance under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). It is the maximum amount of debt that the Authority can legally owe.

| Authorised Limit for External Debt | 2015/16 Approved £m | 2015/16 Revised £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|---|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 95.967 | 95.895 | 96.579 | 94.710 | 94.979 |
| Other Long-term Liabilities | 0.700 | 0.700 | 0.700 | 0.700 | 0.700 |
| Total | 96.667 | 96.595 | 97.279 | 95.410 | 95.679 |

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 | 2015/16 Approved £m | 2015/16 Revised £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|---|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| Borrowing | 93.967 | 93.895 | 94.579 | 92.710 | 92.979 |
| Other Long-term Liabilities | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Total | 94.467 | 94.395 | 95.079 | 93.210 | 93.479 |

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, 9 February 2016. |

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

TREASURY MANAGEMENT INDICATORS

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 31/03/15 % | 2015/16 Approved % | 2015/16 Revised % | 2016/17 Estimate % | 2017/18 Estimate % | 2018/19 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 at least 12 months, measured from the start of the transaction year or the transaction date if later.

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 2016/17 % | Upper Limit for 2016/17 % |
|--|---------------------------|---------------------------|
| under 12 months | 0 | 40 |
| 12 months and within 24 months | 0 | 40 |
| 24 months and within 5 years | 0 | 40 |
| 5 years and within 10 years | 0 | 50 |
| 10 years and within 20 years | 0 | 50 |
| 20 years and within 30 years | 0 | 70 |
| 30 years and within 40 years | 0 | 50 |

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 risk and continued low returns from short-term unsecured bank investments, the Authority aims to maintain diversification into more secure and/or higher yielding asset classes during 2016/17. This is especially the case for the estimated £12m that is available for longer-term investment. The Authorities surplus cash is invested in various short-term unsecured bank deposits, notice accounts, money market funds and fixed term deposits with other Local Authorities.

| | 2015/16 Approved £m | 2015/16 Revised £m | 2016/17 Estimate £m | 2017/18 Estimate £m | 2018/19 Estimate £m |
|--------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Upper Limit | 10 | 10 | 12 | 12 | 12 |

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.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year. The broad aim of the CLG guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

MRP is not required to be charged to the Housing Revenue Account and where a local authority's overall CFR is £nil or a negative amount there is no requirement to charge MRP.

Following the payment made to exit the Housing Revenue Account subsidy system for the new self-financing arrangements from April 2012, MRP will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment. 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 2016/17, 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.

For Capital expenditure incurred before 1st April 2008, 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 2016/17:

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

The Authority will apply Option 2 in respect of unsupported capital expenditure.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2016, the 2016/17 budget for General Fund MRP is £610,990. The HRA Subsidy Reform payment for 2016/17 is £1,055,106.

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EXTRACT of the DRAFT MINUTES of the meeting of CABINET held in the Board Room, Council Offices, Coalville on Tuesday, 9 February 2016

9. THE TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17 AND PRUDENTIAL INDICATORS 2016/17 TO 2018/19

The Director of Resources presented the report to Members. He advised Members that it was an annual report and that the proposed statement complied with statutory, regulatory and professional requirements.

He informed Members that specific roles and responsibilities were identified, that an independent treasury advisor was utilised and that the treasury management activity was regularly reported to the Audit and Governance Committee.

Councillor N J Rushton supported the report and highlighted that the purpose of the statement was set out in section 2.1.

It was moved by Councillor N J Rushton, seconded by Councillor T Gillard and

RESOLVED THAT:

Cabinet

- A. Re-adopt the CIPFA Treasury Management in Public Services: Code of Practice.
- B. Recommend the Treasury Management Strategy Statement 2016/17, Prudential Indicators -revised 2015/16 and 2016/17 to 2018/19, and the Annual Minimum Revenue Provision Statement, for approval by Full Council.

Reason for decision: These are statutory requirements.

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NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

COUNCIL 23 FEBRUARY 2016

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| Title of report | ALLOCATION OF SEATS ON COMMITTEES (POLITICAL BALANCE) |
| Contacts | <p>Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Chief Executive 01530 454500 christine.fisher@nwleicestershire.gov.uk</p> <p>Interim Director of Resources 01530 454833 andrew.hunkin@nwleicestershire.gov.uk</p> <p>Head of Legal and Support Services (Monitoring Officer) 01530 454762 elizabeth.warhurst@nwleicestershire.gov.uk</p> |
| Purpose of report | To agree any changes to proportionality following the recent by-election and to appoint accordingly to the vacant seats on the Council's Committees. |
| Council Priorities | All |
| Implications: | |
| Financial/Staff | None applicable |
| Link to relevant CAT | None applicable |
| Risk Management | Failure to review the proportionality and appoint to the Council's Committees accordingly will see the Council failing in its duties set out in the Local Government and Housing Act. |
| Equalities Impact Screening | None applicable |
| Human Rights | None applicable |
| Transformational Government | None applicable |
| Comments of Head of Paid Service | The report is satisfactory. |
| Comments of Deputy Section 151 Officer | The report is satisfactory. |

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| Comments of Deputy Monitoring Officer | The report is satisfactory. |
| Consultees | None |
| Background papers | Local Government and Housing Act, Constitution and the declaration of results of the local elections available at www.nwleicestershire.gov.uk |
| Recommendations | <p>(1) THAT THE COUNCIL NOTES THE UNCHANGED POSITION REGARDING THE POLITICAL PROPORTIONALITY OF THE COUNCIL FOLLOWING THE DISTRICT BY-ELECTION FOR MEASHAM SOUTH.</p> <p>(2) THAT COUNCILLOR SHEAHAN BE APPOINTED TO THE VACANT SEATS AS SET OUT IN PARAGRAPH 2.4.</p> |

1.0 BACKGROUND

- 1.1 The requirements regarding political proportionality in the membership of Committees are embodied in the Local Government and Housing Act 1989, Section 15. It is a statutory requirement that where a relevant authority has a membership divided into different political groups then the decision making bodies on the Council must be proportional to the overall make-up of the Council. The Monitoring Officer has a statutory responsibility for ensuring the council implements proportionality correctly.
- 1.2 Exceptions to the rules include seats on the Cabinet, area-based Committees or any alternative arrangement that is unanimously passed by all Members on the Council.

2.0 VACANCY

- 2.1 On 4 December 2015, the Council was advised that Councillor T Neilson, a Labour group member, had resigned from his seat as district councillor for the Measham South ward.
- 2.2 A by-election was held on 4 February 2016 and the seat was won by Sean Sheahan also a Labour group member.
- 2.3 Due to the seat remaining with the same political group, there is no change to the political proportionality of the Council.
- 2.4 An approach has been made to the group whip and Councillor Sean Sheahan has been nominated to fill those Committee seats left vacant as a result of the resignation; namely Audit & Governance, Licensing and Appointments Committee; and a substitute on the Electoral Review Working Party.